

REPORT TO THE uMGUNGUNDLOVU DISTRICT MUNICIPALITY COUNCIL



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For consideration

1st Level – Finance/EXCO : 19/03/2025

2nd Level – Council : 27/03/2025

SUBJECT: PRELIMINARY MONTHLY IN YEAR MONITORING FINANCIAL REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2025

DATE : 14 MARCH 2025

1. PURPOSE

The purpose of this report is to comply with section 71 of the Municipal Finance Management Act (MFMA) and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009.

2. STRATEGIC OBJECTIVE

To ensure good governance, financial viability, and optimal institutional transformation with capacity to execute its mandate."

3. BACKGROUND

Section 71 of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations" necessitates that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance.

"The Mayor of a municipality-Section 71(1)The accounting officer of a municipality must by no later than **10 working days after the end of each month** submit to the Mayor or of the municipality and the relevant treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for the month and for the financial year up to the end of that month: ...".

The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts, and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act."

For the reporting period ending **28 February 2025** the ten working day reporting limit expires on **14 March 2025**.

4. REPORT

Below is the summary of financial performance for the period ended **28 FERUARY 2025**.

Table 1

Summary of Financial Performance	
Actual Revenue to Budgeted Revenue	70
Actual OPEX to budgeted OPEX	68
Actual CAPEX to budgeted CAPEX	61
Employee related cost exp to total OPEX	25
% Conditional Grant Utilisation	96
Cash Coverage Ratio	3.23
Debt Service to Revenue Ratio	1.03
% Debt to Revenue Ratio	9.32
Creditors Age Analysis	R9 000 or 0.09% of invoices outside 30 days
Debt Collection Rate YTD	53
Debt Collection Rate Overall	48

4.1 Operating Budget

The year-to-date (YTD) operating revenue raised as at 28 February 2025 is **R 1.029 billion** against the adjusted budget of **R 1.459 billion** for the year, where **R 56.567 million** was raised in the current month. This reflects a revenue rate of **70%** against the budget estimate.

As at 28 February 2025, the YTD operating expenditure was **R 997.374 million** against the adjusted budget of **R 1.457 billion**, where **R 115.634 million** was incurred in the current month. This reflects an expenditure rate of **68%** against the budget estimate.

The resulting YTD operating surplus is **R 31.632 million**.

Year to date expenditure for MIG is **R 49.627 million** which represents **74%** of the adjusted budget estimate.

WSIG expenditure to date is **R 29.495 million** which represents **46%** of the adjusted budget estimate.

Year to date capital expenditure from internal funding is **R 5.153 million** which represents **66%** of the adjusted budget estimate.

The total capital expenditure to date is **R 84.276 million** which represents **61%** of the adjusted budget.

The resulting surplus after capital transfers and contributions was **R 153.123 million**.

4.2 Employee Related Costs and Councilor Allowances

The total salaries budget for Councillors amounts to **R 16.319 million** while salaries original budget for staff amounts to **R 356.444 million** resulting in a total salaries budget to **R 372.763 million**. This represents **26%** of the total operational budget which is within the norm of 25% - 40% in terms of National Treasury circular 71 of 2014.

As at 28 February 2025, **68%** of the Councillors' allowances budget was spent at a total of **R 11.025 million** and **66%** was spent on the employee costs at a total of **R 236.493 million**. The total incurred salary cost including Councillor's allowances represented **25%** of total operating expenditure for the period which is below the norm of 25-40% as set by National Treasury circular 71.1. This ratio will continue to flatten in the coming months as and when the municipality incurs other categories of operational expenditure.

4.3 Conditional Grants

As at the 28 February 2025, a total of **R 134.349 million** of conditional grant allocations were received since 01 July 2024 whilst an additional **R 21.263 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 were at **93%** and **97%**, respectively. The overall conditional grant utilisation is at **96%** of available funds with an unspent value of **R 6.152 million**.

4.4 Cash and Cash Equivalents

The cash in bank as at 28 February 2025 amounted to **R 67.297 million**.

The municipality holds an investment of **R 210 million** with Standard Bank for a period of 3 months maturing on 19 March 2025 at an interest rate of **8.55%**. An amount of **R 1.377 million** was accrued in investment / interest income for the month of February 2025. The investment closing balance amounted to **R 213.542 million** resulting in a total cash and cash equivalents balance of **R 280.838 million**.

The cash coverage ratio as at 28 February 2025 is **3.23** based on average of R 85 million per month fixed operating expenditure. This indicates that the municipality as at 28 February 2025 has enough cash to run its operation for **96.95 days** based on a 30-day calendar month. The norm as set out in the uniform financial ratios and norms circular 71 is 30 to 90 days.

4.5 Borrowings

As at 28 February 2025, the loan book was at a total balance of **R 135.504 million** with a fixed interest rate of **10.889%**. The debt to revenue ratio is **9.32%** 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 **1.03%** of the YTD operating income.

4.6 Outstanding Creditors

The balance of trade payables as at 28 February 2025 was **R 9.942 million** where a total of **R 9 000** or **0.09%** of invoices remained outside the compliance period of 30 days.

4.7 Billing Revenue and Debtors

Billing revenue for the month of February 2024 was **R 54.659 million** (VAT inclusive). Actual collections during February 2025 were **R 27.313 million** which represented **53%** of the January 2025 billed revenue of **R 51.727 million**. The average collection rate for the current year is **58%** compared to **52%** for the same period in the previous financial year. The overall collection rate taking into account the opening gross debtors is **48%**. The Meter Audit is in progress, the outcome of which will be instrumental in addressing the challenges experienced with the customer database and will ultimately assist in improving the collection rate.

The percentage of collection for Water Schemes improved to 7% in February 2025. Indigent registration efforts remain at the forefront in these areas.

The debtors book value as at 28 February 2025 amounted to **R 1.479 billion**. A total of **R 1.282 billion** or **87%** relates to amounts owing for more than 90 days.

COMMENTS FROM THE JOINT EXECUTIVE AND FINANCE COMMITTEES

At a joint meeting of the Executive and Finance Committee held on 19 March 2025, the Committees supported the recommendations hereunder and made the following comments:

- The R9000 that was not paid would have assisted the in the municipality getting compliance.
- Revenue enhancement needs to be improved upon to ensure that people do not accede 30 days in arrears.
- Councillors and staff members owings must be reflected on the annual report.

RECOMMENDATIONS

1. That the Full Council notes that in compliance with Section 71 of the MFMA and in terms of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations", the **preliminary** financial results regarding the operating and capital budgets for the eighth month of the 2024/2025 financial year, and supporting documents as required by National Treasury (Schedule C) have been submitted to Council.
2. That the Full Council notes that in order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009, this report must be submitted to the National Treasury and the relevant Provincial Treasury **within five days** of tabling of the report in the Council, in both a Council approved document and in electronic format.
3. That the Full Council approves that:
 - 3.1 The operating surplus is **R 31.632 million** and the surplus after capital transfers and contributions is **R 153.123 million**.
 - 3.2 Capital expenditure for the period ending 28 February 2025 is **R 84.276 million**.
 - 3.3 Unspent conditional grants for the period ending 28 February 2025 are **R 6.152 million**.
 - 3.4 The cumulative salaries cost of **R 247.521 million** represented **25%** of the total operating expenditure, within the norm of 25-40% as set by National Treasury circular 71.1.
 - 3.5 Cash and cash equivalents for the period ending 28 February 2025 are **R 280.838 million**.
 - 3.6 Outstanding borrowings as at 28 February 2025 are **R 135.504 million**.
 - 3.7 Trade payables for the period ending 28 February 2025 are **R 9.942 million**.
 - 3.8 Trade receivables for the period ending 28 February 2025 are **R 1.479 billion**.
4. That the Full Council notes the total cash and cash equivalents of **R 280.838 million** translates to a positive cash coverage of **96.95 days** in compliance with the National Treasury norm of 30 – 90 days.

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IN-YEAR MONITORING REPORT FOR THE PERIOD ENDED 28 FEBRUARY 2025

1. Operating Budget

Summary financial performance report **SF1** for the period ending 28 February 2025 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 - M08 February									
Description	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									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	487 382	619 549	542 325	43 812	346 567	361 550	(14 983)	-4%	619 549
Investment revenue	34 566	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	34 566	25 713	34 307	2 174	23 659	22 871	788	3%	25 713
Other own revenue	809 031	851 384	883 014	10 581	658 780	588 250	70 530	12%	-
Total Revenue (excluding capital transfers and contributions)	1 365 545	1 496 646	1 459 645	56 567	1 029 006	972 671	56 336	6%	1 496 646
Expenditure									
Employee costs	312 776	365 584	356 444	28 579	236 493	237 629	(1 136)	-	365 584
Remuneration of Councillors	16 377	16 484	16 319	1 330	11 028	10 880	149	-	16 484
Depreciation and amortisation	90 700	60 943	60 943	5 126	40 722	40 629	93	-	60 943
Interest	16 859	15 921	15 921	1 122	10 313	10 614	(301)	-	15 921
Inventory consumed and bulk purchases	203 736	296 339	256 839	17 932	161 329	171 226	(9 897)	-	296 339
Transfers and subsidies	12 037	12 900	12 979	210	12 910	8 653	4 258	49%	12 900
Other expenditure	757 358	617 865	738 125	61 335	524 579	498 462	28 117	6%	617 865
Total Expenditure	1 409 844	1 386 036	1 457 570	115 634	997 374	976 092	21 283	2%	1 386 036
Surplus/(Deficit)	(44 298)	110 610	2 075	(59 068)	31 632	(3 421)	35 053	-1025%	110 610
Transfers and subsidies - capital (monetary allocations)	196 895	196 255	180 286	5 085	121 490	120 190	1 300	1%	196 255
Transfers and subsidies - capital (in-kind)	3 339	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	155 936	306 865	182 361	(52 982)	153 123	116 770	36 353	31%	306 865
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	155 936	306 865	182 361	(52 982)	153 123	116 770	36 353	31%	306 865

The year-to-date (YTD) operating revenue raised as at 28 February 2025 is **R 1.029 billion** against the adjusted budget of **R 1.459 billion** for the year, where **R 56.567 million** was raised in the current month. This reflects a revenue rate of **70%** against the budget estimate.

As at 28 February 2025, the YTD operating expenditure was **R 997.374 million** against the adjusted budget of **R 1.457 billion**, where **R 115.634 million** was incurred in the current month. This reflects an expenditure rate of **68%** against the budget estimate.

The resulting YTD operating surplus is **R 31.632 million**.



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Given that it is month eight of the financial year we would anticipate at least **67%** revenue generation and expenditure incurrence that does not substantially vary from an average of **67%**. The operating revenue and expenditure analysis against budget estimates is detailed below:

- *Service charges*
 - i. Service charges relating to water are below the target at **63%** of the budget estimate. This is aligned to consumption of water by consumers within the district. The municipality anticipates that the consumption of water will slightly increase with the completion of Lindokuhle/Mpolweni and Nkanyezini Water Projects in the coming months.
 - ii. Service charges relating to sanitation are in line with the target at **67%** of the budget estimate.
 - iii. Interest on outstanding debtors is above target at **75%** of the budget estimate indicating ageing of debt beyond the 30-day payment period.
- *Licences and Permits*

Environmental Health licences and permits is slightly below the target at **62%**, this income is aligned to the number of licences issued.
- *Investment revenue*

This income is raised at **69%** of the budget estimate which is well above the target. This is due to higher than anticipated interest earned on the short-term investments made in the current year as well as interest earned on positive bank balances.
- *Transfers and Subsidies*

Transfers and subsidies are at **75%** when compared to the DoRA allocations for the financial year. This results from the receipt of the two tranches of the Equitable Share allocation as per the National Treasury Payment Schedule as well as conditions met for the operational conditional grants.
- *Employee Related Costs*

The employee related costs are within the budget estimate at **66%**.
- *Remuneration of Councillors*

This item is slightly above the budget estimate at **68%**.
- *Depreciation and Impairment*

The depreciation cost is in line with the budget estimate at **67%**.
- *Debt Impairment*

The computation of the debt impairment was performed on an individual customer basis taking into account the ageing of outstanding balances as well as the last payment date. The provision raised is above the budget estimate at **85%**.
- *Finance Costs*

The finance costs are in line with the budget estimate at **65%**.
- *Inventory Consumed*

This cost is slightly below the budget estimate at **63%**.

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- *Inventory Losses*
This cost relates to estimated water losses resulting from water leakages and illegal connections and is above the budget estimate at **70%**. The ongoing meter audit is anticipated to contribute to the identification of consumption currently not accounted for which will ultimately reduce this item.
- *Contracted Services*
The contracted services cost is slightly below the budget estimate at **65%**.
- *Transfers and Subsidies*
Both tranches of the allocation to the municipal entity have been transferred resulting in costs incurred at **99%**.
- *Operational costs*
These costs which include operating leases and other municipal running costs are below target at **55%**.

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

2. Capital Expenditure

The total adjusted capital budget for the 2024/2025 financial year is **R 137.905 million** (excluding VAT). This includes the allocations from the Municipal Infrastructure Grant (MIG) of **R 66.693 million**; the Water Services Infrastructure Grant (WSIG) of **R 63.441 million**; and assets funded by internally generated funds of **R 7.772 million**.

Table 2

Month	MIG	WSIG	Internal Funding	Total
July	15 972 317	-	250 000	16 222 317
August	10 406 349	629 121	51 845	11 087 316
September	2 609 481	2 652 553	72 034	5 334 068
October	5 434 542	540 017	138 989	6 113 548
November	2 578 393	2 293 104	2 556 794	7 428 291
December	10 484 501	12 464 811	-	22 949 312
January	713 773	7 011 784	1 647 292	9 372 849
February	1 428 487	3 903 224	436 513	5 768 225
Total Expenditure-to-Date	49 627 843	29 494 615	5 153 467	84 275 925
Budget	66 692 928	63 440 696	7 771 667	137 905 291
% Spend	74	46	66	61

Year to date expenditure for MIG is **R 49.627 million** which represents **74%** of the adjusted budget estimate.

WSIG expenditure to date is **R 29.495 million** which represents **46%** of the adjusted budget estimate.

Year to date capital expenditure from internal funding is **R 5.153 million** which represents **66%** of the adjusted budget estimate.

The total capital expenditure to date is **R 84.276 million** which represents **61%** of the adjusted budget.

The resulting surplus after capital transfers and contributions was **R 153.123 million**.

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 16.319 million** while salaries budget for staff amounts to **R 356.444 million** resulting in a total salaries budget to **R 372.763 million**. This represents **26%** 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, and the salaries cost for Councillors as at 28 February 2025 were spent at **R 236.493 million (66%)** and **R 11.028 million (68%)**, respectively. Therefore, the salary costs incurred to date were at a total of **R 247.521 million** which represents **66%** of the total salaries budget and **25%** of the total operating expenditure to date, which is slightly below the norm of 25-40% as set by National Treasury circular 71.1. This ratio will flatten as and when other categories of expenditure are further incurred.

July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
33%	29%	30%	30%	34%	24%	25%	25%

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 December 2024 are based on the October 2024 promulgation which was effective for payment from July 2024.

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Table 3

DC22 uMgungundlovu - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February										
Summary of Employee and Councillor remuneration	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		A	B	C					%	D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		12 156	12 670	13 432	997	8 254	8 954	(700)	-8%	12 670
Pension and UIF Contributions		381	458	447	36	312	298	14	5%	458
Medical Aid Contributions		236	281	347	29	213	231	(18)	-8%	281
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		1 009	1 013	966	80	632	644	(12)	-2%	1 013
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2 585	2 062	1 128	188	1 616	752	864	115%	2 062
Sub Total - Councillors		16 377	16 484	16 319	1 330	11 028	10 880	149	1%	16 484
% Increase	4		0.6%	-0.4%						0.6%
Senior Managers of the Municipality										
Basic Salaries and Wages		3 671	5 982	6 011	233	3 314	4 007	(694)	-17%	5 982
Pension and UIF Contributions		8	13	9	0	6	6	(0)	-8%	13
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		89	90	209	(209)	-	139	(139)	-100%	90
Motor Vehicle Allowance		596	1 080	824	76	516	549	(33)	-6%	1 080
Cellphone Allowance		59	130	76	157	191	51	140	276%	130
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		0	1	1	0	0	0	(0)	-9%	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		135	-	43	(43)	-	29	(28)	-100%	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		4 559	7 294	7 173	135	4 027	4 782	(755)	-16%	7 294
% Increase	4		60.0%	57.3%						60.0%
Other Municipal Staff										
Basic Salaries and Wages		174 794	208 504	195 254	16 817	131 743	130 836	907	1%	208 504
Pension and UIF Contributions		42 696	48 227	44 773	3 758	29 902	29 848	53	0%	48 227
Medical Aid Contributions		15 139	22 176	14 648	1 481	11 125	9 765	1 359	14%	22 176
Overtime		8 279	7 677	12 093	1 078	8 342	8 062	280	3%	7 677
Performance Bonus		13 675	16 637	16 180	289	15 443	10 787	4 656	43%	16 637
Motor Vehicle Allowance		13 265	14 678	16 300	2 337	10 481	10 867	(386)	-4%	14 678
Cellphone Allowance		228	-	-	(183)	72	-	72	#DIV/0!	-
Housing Allowances		1 259	1 295	1 267	105	848	844	3	0%	1 295
Other benefits and allowances		23 544	23 863	27 576	2 245	18 607	18 384	223	1%	23 863
Payments in lieu of leave		4 282	-	826	-	-	550	(550)	-100%	-
Long service awards		3 918	2 800	4 925	120	3 173	3 284	(110)	-3%	2 800
Post-retirement benefit obligations	2	5 340	10 192	10 482	-	-	6 988	(6 988)	-100%	10 192
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		1 800	2 241	3 948	395	2 730	2 632	98	4%	2 241
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		308 217	358 290	349 271	28 444	232 465	232 847	(382)	0%	358 290
% Increase	4		16.2%	13.3%						16.2%
Total Parent Municipality		329 154	382 068	372 763	29 909	247 521	248 509	(988)	0%	382 068
			16.1%	13.2%						16.1%
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS										
		329 154	382 068	372 763	29 909	247 521	248 509	(988)	0%	382 068
% Increase	4		16.1%	13.2%						16.1%
TOTAL MANAGERS AND STAFF		312 776	365 584	356 444	28 579	236 493	237 629	(1 136)	0%	365 584

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4. Conditional Grants

As at the 28 February 2025, a total of **R 134.349 million** of conditional grant allocations were received since 01 July 2024 whilst an additional **R 21.263 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 were at **93%** and **97%**, respectively. The overall conditional grant utilisation is at **96%** of available funds with an unspent value of **R 6.152 million**.

Table 4

uMgungundlovu Distict Municipality Conditional Grants Register as at 28 February 2025							
Description	Adjusted Opening Balance	Receipts	Roll Over Repayments	Total Available	Expenditure	Balance	Percentage
Operating Grants							
Accelerated Water Intervention Grant	12 339	-		12 339	-	12 339	0.00
Camperdown WWW	4 000 095	-		4 000 095	-	4 000 095	0.00
Expanded Public Works Programme Grant	-	1 889 000		1 889 000	1 285 766	603 234	68.07
Finance Management Grant	-	1 200 000		1 200 000	478 202	721 798	39.85
Geospatial Grant	35	-		35	-	35	0.00
IDP Spatial Development Grant	101 850	-		101 850	-	101 850	0.00
Municipal Infrastructure Grant	5 000 000	-		5 000 000	3 379 289	1 620 711	67.59
Water Services Infrastructure Grant	-	14 299 335		14 299 335	21 218 049	(6 918 714)	148.38
Public Transport Plan Grant	308 817	-		308 817	-	308 817	0.00
Rasset & DGDS Grant	126 989	-		126 989	-	126 989	0.00
Rural Roads Asset Management Grant	90	2 840 000		2 840 090	1 463 434	1 376 656	51.53
Spatial Development Framework Grant	12 150	-		12 150	-	12 150	0.00
South African National Biodiversity Institute	150 000	-		150 000	145 136	4 864	96.76
Total Operating Grants	9 712 365	20 220 335		29 940 700	27 869 876	1 970 824	93.42
Capital Grants							
Accelerated Sanitation Intervention Grant	(0)	-		(0)	-	(0)	0.00
Municipal Infrastructure Grant	-	78 420 000		78 420 000	82 172 331	(3 752 331)	104.78
ORIO Grant	11 550 860	-		11 550 860	-	11 550 860	0.00
Water Services Infrastructure Grant	208	35 700 665		35 700 873	39 318 089	(3 617 217)	110.13
Disaster Relief Grant	179	-		179	-	179	0.00
Total Capital Grants	11 551 246	14 120 665		125 671 911	121 490 420	4 181 492	96.67
Total Grants	21 263 612	134 349 000		155 612 612	149 460 296	6 152 316	96.05

5. Cash and cash equivalents.

The cash in bank as at 28 February 2025 amounted to **R 67.297 million**.

The municipality holds an investment of **R 210 million** with Standard Bank for a period of 3 months maturing on 19 March 2025 at an interest rate of **8.55%**. An amount of **R 1.377 million** was accrued in investment / interest income for the month of February 2025. The investment closing balance amounted to **R 213.542 million** resulting in a total cash and cash equivalents balance of **R 280.838 million**.

The cash coverage ratio as at 28 February 2025 is **3.23** based on average of R 85 million per month fixed operating expenditure. This indicates that the municipality as at 28 February 2025 has enough cash to run its operation for **96.95 days** based on a 30-day calendar month. The norm as set out in the uniform financial ratios and norms circular 71 is 30 to 90 days.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY



Table 5

Period of investment (Yrs/Months)	Type of investment	Expiry date of investment	Accrued interest for the month	Yield (%)	Market value at beginning of the month	Change in market value	Market value at end of the month
3months	Fixed Investment	2025-03-19	1 377 370	8.55%	212 164 438	1 377 370	213 541 808

Table 6

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	5 878 987	-2 759 417	3 119 570
Salaries Account	50940092196	415 783	389 585	805 369
Water Services Account	62023616462	-109	-	109
NSTD Call Account	62215748289	118 040 064	-65 107 140	52 932 924
Mandela Race Account	62411577193	930 645	4 340	934 986
Mandela ABSA	4094362410	1 220 075	-444	1 219 631
Corporate Cheque Account	62597807125	4 956 269	23 831	4 980 100
Public Sector Cheque Account	62243484417	-	0.00	0
WSIG	63110014618	1 301	-103.51	1 198
RRAMS	63110016490	817 814	569 969.69	1 387 784
MIG	63110015822	622	-106.38	516
Retention	63110016987	1 906 729	7 935.83	1 914 664
Total Cash Balances		134 168 182	-66 871 548	67 296 634

6. Borrowings

As at 28 February 2025, the loan book was at a total balance of **R 135.504 million** with a fixed interest rate of **10.889%**. The debt to revenue ratio is **9.32%** 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 **1.03%** of the YTD operating income.

Table 7

LOAN REGISTER : DEVELOPMENT BANK OF SOUTH AFRICA (DBSA) FEBRUARY 2025							
Agreement Number	Project Description	Interest Rate %	Opening Balance at 01/01/2025	Add: Interest Accrued	Less: Interest paid	Less :Capital Repayments	Closing Balance at 31/01/2025
12007869	uMgungundlovu Various Water Projects	10.889	134 381 118	1 122 513	-	-	135 503 632

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

7. Creditors Age Analysis

The balance of trade payables as at 28 February 2025 was **R 9.942 million** where a total of **R9 000** or **0.09%** of invoices remained outside the compliance period of 30 days.

Table 8

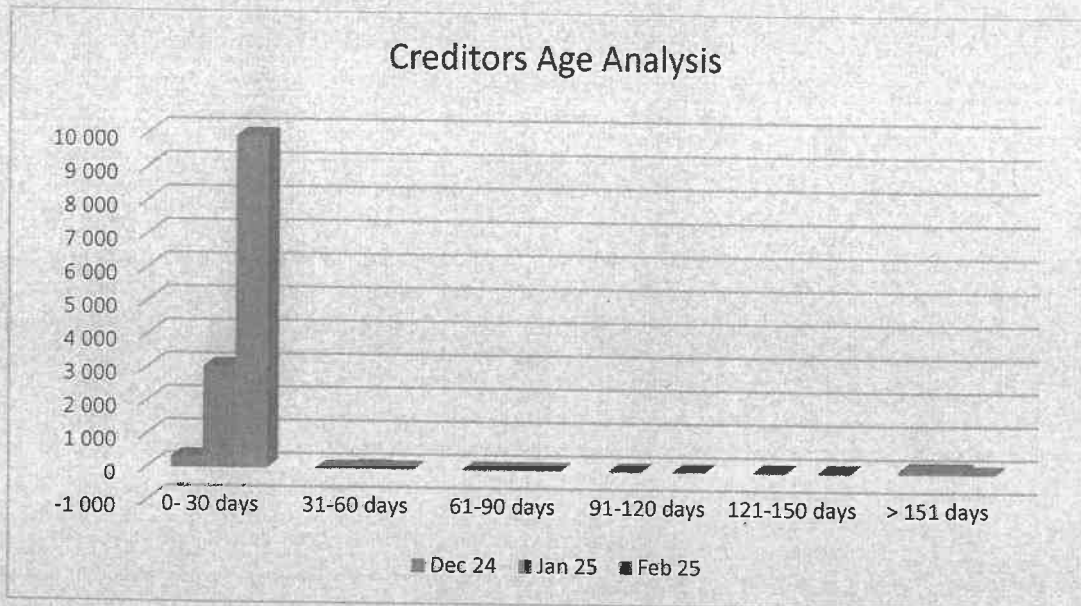
Creditors Age Analysis			
	Dec-24	Jan-25	Feb-25
0- 30 days	315	3 043	9 933
31-60 days	0	22	1
61-90 days	4	1	0
91-120 days	-2		0
121-150 days	0		0
> 151 days	95	93	8
	412	3 159	9 942
Above 30 days amount	97	116	9
Percentage	23.5%	3.7%	0.09%

Table 9

DC22 uMgungundlovu - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

Description	NT Code	Budget Year 2024/25									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	6 432	1	-	-	-	-	4	4	6 442	6 442
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	3 500	-	-	-	-	-	-	-	3 500	3 500
Total By Customer Type	1000	9 933	1	-	-	-	-	4	4	9 942	9 942

Graph 1



The breakdown of creditors balances in excess of the 30-day period is as follows:

Supplier	Amount	Comments
UMS001 (Umshwathi - KZ Local Municipality)	8 389	Awaiting new lease agreement

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 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.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

8. Billing Revenue and Debtors

Billing revenue for the month of February 2024 was **R 54.659 million** (VAT inclusive). Actual collections during February 2025 were **R 27.313 million** which represented **53%** of the January 2025 billed revenue of **R 51.727 million**. The average collection rate for the current year is **58%** compared to **52%** for the same period in the previous financial year. The overall collection rate taking into account the opening gross debtors is **48%**. The Meter Audit is in progress, the outcome of which will be instrumental in addressing the challenges experienced with the customer database and will ultimately assist in improving the collection rate.

The percentage of collection for Water Schemes improved from 4% in January 2025 to 7% in February 2025. Indigent registration efforts remain at the forefront in these areas.

8.1 Billing Summary: December 2024 to February 2025

Table 10

The table below details the Monthly **Billing per Area**.

Area	24-Dec	25-Jan	25-Feb
uMshwathi	5 308 540	5 370 313	6 889 245
uMngeni	17 621 220	20 040 044	21 857 080
Mpofana	4 065 581	4 472 971	4 369 239
iMpendle	868 749	748 071	798 951
Mkhambathini	1 038 157	995 269	947 763
Richmond	2 649 253	2 712 270	2 970 021
Water Schemes	7 100 051	7 274 580	7 223 939
Bulk Customers	9 112 270	10 113 476	9 603 734
Total	47 763 821	51 726 992	54 659 972

8.2 Credit Control and Debt Collection: Billing vs Receipts

Table 11

The table below details financial year to date **Monthly Billing against the Receipts** for the 2024/2025 financial year.

BILLING VS RECEIPTS			
Month	Billing	Receipts	Collection %
Jul 24	45 701 188	28 067 683	61%
Aug 24	53 834 107	33 379 964	62%
Sep 24	49 094 363	32 744 130	67%
Oct 24	47 955 175	31 788 796	66%
Nov 24	49 932 352	26 926 251	54%
Dec 24	54 808 188	24 696 896	45%
Jan 25	51 726 992	27 312 806	53%
Feb 25	54 659 972		

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Table 12

The table below details the **Classification of Receipts** for February 2025.

Customer Classification	Feb 25
Government	5 689 763
Business	12 162 734
Households	9 020 366
Indigent Households	212 363
Church	218 636
Councillors	8 945
Total	27 312 807

Table 13

The table below details **Basis of Receipts** for February 2025.

Basis of Receipts	Feb 25
Direct Deposits	23 313 346
Easy Pay	1 955 682
Post Office	31 562
Customer Care	1 651 982
Manual Receipts	360 236
Total	27 312 807

Table 14

The table below indicates the comparison of collection rate between 2023/2024 financial year and the 2024/2025 financial year.

2023/24 Financial Year				2024/25 Financial Year			
Month	Billing	Receipts	Collections %	Month	Billing	Receipts	Collections %
Jul 23	50 264 912	21 943 594	44%	Jul 24	45 701 188	28 067 683	61%
Aug 23	49,999,090	23,236,267	46%	Aug 24	53,834,108	33,379,964	62%
Sep 23	53 391 378	29 855 140	57%	Sep 24	49 094 364	32 744 131	67%
Oct 23	57 776 973	30 239 800	52%	Oct 24	47 955 175	31 788 796	66%
Nov 23	48 280 276	19 815 217	41%	Nov 24	49 932 352	26 926 252	54%
Dec 23	45 946 193	25 237 563	54%	Dec 24	54 808 188	24 696 896	45%
Jan 23	46 316 890	32 517 354	70%	Dec 24	51 726 992	27 312 806	53%

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Table 15

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

Jan-25			
	SALES RAISED	RECEIPTS	% COLLECTION
Howick	13,553,720.85	10,795,326.24	80%
Tumbleweed	170,236.52	3,569.52	2%
Lidgeton	189,563.41	2,563.28	1%
Hilton	9,799,654.65	6,797,236.58	69%
Mpophomeni	1,851,623.36	170,365.89	9%
Bulk	10,953,568.23	6,797,008.23	62%
Mpofana	2,815,164.58	486,235.14	17%
Mpofana- Brunt	1,956,823.41	35,264.87	2%
Richmond	2,789,516.34	690,756.34	25%
uMshwathi	2,358,321.52	585,623.56	25%
uMkhambathini	1,145,618.62	420,365.85	37%
iMpendle	897,562.14	298,235.23	33%
Water Schemes	3,245,618.74	230,256.12	7%
Total	51,726,992.37	27,312,806.85	53%

Table 16

The table below details a breakdown of billing and receipt for water Schemes taken by Umngeni water.

Water Schemes	Sales Raised	Receipts	% Collection	Comment
Hopewell	260,362.15	5,896.62	2%	Rural Scheme
Manyavu	250,239.45	5,741.25	2%	Rural Scheme
Intermediate Cross	221,236.53	6,796.52	3%	Farm Scheme
Swayimana	311,236.54	4,889.63	2%	Rural Scheme
Table Mountain	312,658.95	4,776.54	2%	Rural Scheme
Whispers	227,456.87	6,789.56	3%	Farm Scheme
Camperdown	540,235.85	117,236.85	22%	Farm Scheme
Birnoum Wood	41,563.24	2,956.32	7%	Farm Scheme
Claridge	370,458.63	52,893.94	14%	Farm Scheme
Efaye	41,569.52	2,896.52	7%	Rural Scheme
Cuphulaka	192,728.82	7,895.63	4%	Rural Scheme
Mayizekanye	214,635.85	5,697.21	3%	Rural Scheme
Mpolweni	261,236.34	5,789.53	2%	Rural Scheme
Total	3,245,618.74	230,256.12	7%	

UMGUNGUNDLOVU DISTRICT MUNICIPALITY



Table 17

The table below detail the age analysis for customers grouped as Councillors as at 28 February 2025

Customer	Current	30 Days	60 Days	90 Days	120 Days	150 Days	180 Days	Balance
5922261941	580.16	414.24						994.40
5922193491	2,007.81	5,566.49	5,571.44	1,852.58	5,573.69	2,707.54	191,601.17	214,880.72
5922275001	523.28	253.22	457.83					1,234.33
Totals:	3,111.25	6,233.95	6,029.27	1,852.58	5,573.69	2,707.54	2,707.54	217,109.45

Table 18

The table below detail the age analysis for customers grouped as UMDM Staff membes as at 28 February 2025

Customer	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
5922111502	26,484.84	2,385.92	1,660.96	3,752.79	1,577.57	3,263.94	1,786.15	40,912.17
5922111593	208,060.47	16,093.02	16,295.32	16,320.55	2,416.08	2,366.96	2,153.57	263,705.97
5922113000	12,894.83	445.24	331.23	384.07	354.66	3,860.26	8,304.05	26,574.34
5922192290	36,461.15	845.88	860.56	850.84	865.56	864.57	841.65	41,590.21
5922192292	29,013.78	801.70	814.92	807.63	820.91	820.93	802.22	33,882.09
5922193000	28,130.22	802.75	816.00	808.65	821.97	821.97	803.15	33,004.71
5922193001	27,790.64	800.44	813.62	806.39	819.64	819.69	801.09	32,651.51
5922193002	27,494.19	798.40	811.51	804.39	817.58	817.67	799.27	32,343.01
5922213198	10,909.97	1,740.67	2,450.71	2,555.59	2,485.18	3,945.00	1,650.47	25,737.59
5922213319	163,402.84	1,304.01	1,338.04	1,270.44	1,303.47	1,273.45	1,163.27	171,055.52
5922213962						1,008.92	1,248.78	2,257.70
5922226809	54,496.82	1,331.16	1,353.55	1,340.19	1,362.67	1,362.09	1,329.04	62,575.52
5922227305	25,015.97	1,344.76	1,711.87	2,900.20	1,094.61	1,657.36	1,281.62	35,006.39
5922251794			620.89	1,381.30	128.43	1,386.97	2,394.80	5,912.39
5922262141	50,460.54	1,318.09	1,340.06	1,327.40	1,349.47	1,349.18	1,317.38	58,462.12
5922262474	55,614.57	1,337.11	1,359.71	1,346.01	1,368.70	1,367.97	1,334.36	63,728.43
5922274100						1,395.77	107.07	1,502.84
5922316386							1,477.75	1,477.75
5922411734	47,903.21	915.14	932.13	918.59	935.57	933.04	903.48	53,441.16
5922411911	28,420.25	347.23	322.56	311.33	1,748.44	572.79	309.18	32,031.78
5922411939	33,260.96	852.69	867.61	848.33	853.91	845.48	816.65	38,345.63
5922721404	40,881.96	692.59	705.94	694.39	707.69	705.14	680.73	45,068.44
5922741014	77,771.64	4,188.36	4,778.79	4,775.36	6,353.83	5,819.63	4,965.34	108,652.95
Totals:	982,732.07	37,855.16	39,695.98	43,714.44	27,665.19	37,258.78	37,420.01	1,206,341.63

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

8.3 Debtors Age Analysis

The debtors book value as at 28 February 2025 amounted to **R 1.479 billion**. A total of **R 1.282 billion** or **87%** relates to amounts owing for more than 90 days.

Table 19

Debtors Age Analysis By Customer Group			
Category	Total	Total > 90 days	% > 90 days
Organs of State	56 012	44 597	80%
Commercial	42 709	25 095	59%
Households	1 200 926	1 060 397	88%
Other	179 563	152 298	85%
Total	1 479 210	1 282 387	87%

Table 20

DC22 uMgungundlovu - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

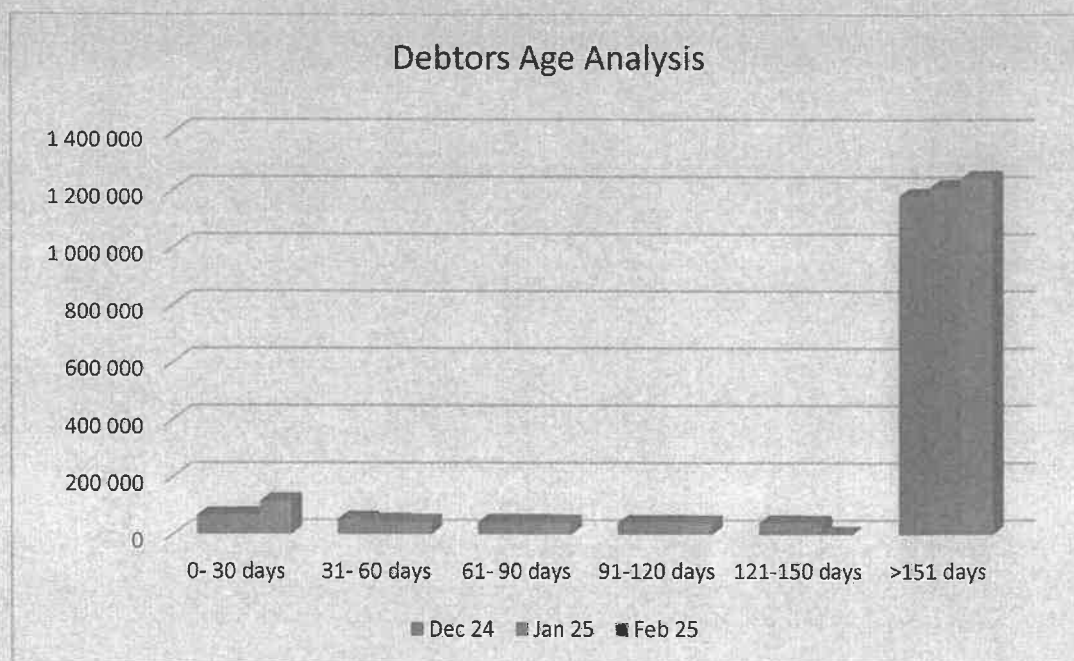
Description	NT Code	Budget Year 2024/25									Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr			
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	84 938	27 938	26 639	25 384	18	24 528	152 340	667 009	1 008 794	869 280	
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	10 797	3 749	4 271	3 717	-	3 353	24 092	79 884	129 862	111 046	
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	(96)	(96)	(96)	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	(320)	(320)	(320)	
Interest on Arrear Debtor Accounts	1810	19 392	9 979	9 335	9 721	(4)	9 081	58 275	220 699	336 478	297 772	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	
Other	1900	(157)	(52)	(5)	(34)	(13)	876	172	3 704	4 492	4 705	
Total By Income Source	2000	114 970	41 613	40 240	38 788	1	37 839	234 879	970 880	1 479 210	1 282 387	
2023/24 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	8 789	1 445	1 172	1 028	(2)	1 435	14 128	28 008	56 012	44 597	
Commercial	2300	14 776	2 100	738	1 455	-	1 824	5 996	15 821	42 709	25 095	
Households	2400	76 695	31 660	32 174	30 864	(5)	28 904	183 897	816 737	1 200 926	1 060 397	
Other	2500	14 700	6 408	6 157	5 441	8	5 676	30 858	110 315	179 563	152 298	
Total By Customer Group	2800	114 970	41 613	40 240	38 788	1	37 839	234 879	970 880	1 479 210	1 282 387	

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

Table 21

Debtors Age Analysis			
	Dec 24	Jan 25	Feb 25
0- 30 days	65 146	67 683	114 970
31- 60 days	52 059	45 927	41 613
61- 90 days	42 298	41 668	40 240
91-120 days	39 056	39 542	38 788
121-150 days	39 528	38 331	1
>151 days	1 181 730	1 211 154	1 243 598
TOTAL	1 419 817	1 444 305	1 479 210
> 90 days	1 260 314	1 289 027	1 282 387
	89%	89%	87%

Graph 2



9. IN-YEAR BUDGET STATEMENT TABLES: FEBRUARY 2025 REPORT

The preliminary financial results for the period ended 28 February 2025 (i.e., 8th month of the 2024/2025 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, Section 71 by submitting the ‘In-year report’ to Finance and Executive Committees on the implementation of the budget and the financial status of the municipality.



UMGUNGUNDLOVU DISTRICT MUNICIPALITY

ANNEXURES:

Annexure – Schedule C

**FINANCIAL SERVICES DEPARTMENT
PRELIMINARY IN-YEAR FINANCIAL REPORT (MONTHLY BUDGET STATEMENT) FOR THE PERIOD ENDING 28 FEBRUARY 2025
REPORT CHECKED AND PASSED FOR SUBMISSION TO: FINANCE COMMITTEE**

	COMPREHENSIVENES S (FACTS, COMMENTS, RECOMMENDATIONS ANNEXURES)	CORRECTNESS	QUALITY
MANAGER: BUDGET AND REPORTING MISS L NGUBANE SIGNATURE:..... DATE:	(√)	(√)	(√)
MANAGER: REVENUE AND DEBTORS MR J CELE SIGNATURE:..... DATE:	(√)	(√)	(√)
ACTING MANAGER: EXPENDITURE AND PAYROLL MS P DLAMINI SIGNATURE:..... DATE:	(√)	(√)	(√)
MANAGER: SUPPLY CHAIN MANAGEMENT MR B SARAWAN SIGNATURE:..... DATE:	(√)	(√)	(√)
HEAD OF DEPARTMENT: CHIEF FINANCIAL OFFICER MR V KUNENE SIGNATURE: DATE:	(√)	(√)	(√)



UMGUNGUNDOVU DISTRICT MUNICIPALITY

Municipal Manager's quality certification

I, Dr. E.X. Muthwa, Acting 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 **FEBRUARY 2025** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: Dr. E.X. Muthwa

Acting Municipal Manager: uMgungundlovu District Municipality

Signature: _____

Date: _____