



**2023/24 Q1**

**QUARTERLY REVIEW (S52)**

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## **PURPOSE**

To report to Council on the quarterly review of the financial and performance results for the first quarter of the 2023/24 financial year as required by section 52 of the Municipal Finance Management Act.

## **STRATEGIC OBJECTIVE**

Promoting good governance

## **WARDS AFFECTED**

All wards

## **IDP LINKAGE**

Financial Reporting

## **MAYOR'S REPORT**

In terms of S52 of the MFMA

The mayor of a municipality

(d) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality;

## **EXECUTIVE SUMMARY**

Section 52 of the Municipal Finance Management Act (MFMA) requires that The mayor of a municipality—

(a) Must provide general political guidance over the fiscal and financial affairs of the municipality;

(b) In providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;

(c) Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;

(d) Must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and

(e) Must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor

The following annexure are attached to this item:

Annexure A – S71 for the month ending 30 September 2023

## SUMMARY OF FINANCIAL PERFORMANCE

### ANALYSIS OF OPERATING REVENUE (JULY 2023 – SEPTEMBER 2023) EXCLUDING CAPITAL TRANSFERS:

DC23 Uthukela - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 - September										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		241 289	212 742	-	20 011	61 120	53 186	7 934	15%	212 742
Service charges - Waste Water Management		17 998	17 412	-	1 375	4 265	4 353	(88)	-2%	17 412
Service charges - Waste management		-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		820	6 575	-	56	110	1 644	(1 534)	-93%	6 575
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		36 488	51 112	-	5 202	14 618	12 778	1 840	14%	51 112
Interest from Current and Non Current Assets		3 922	6 289	-	1 347	2 561	1 572	989	63%	6 289
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	-	-	-	-	-	-
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		73 448	2 384	-	(3 759)	1 051	596	455	76%	2 384
Non-Exchange Revenue										
Property rates		-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		12	39	-	7	14	10	5	50%	39
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		516 839	585 779	-	-	241 329	146 445	94 884	65%	585 779
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		319	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and		891 135	882 331	-	24 239	325 067	220 583	104 485	47%	882 331

Operating revenue recognised for the period July 2023 to September 2023 amounts to R325 million resulting in a 47% positive variance from the R221 million which was anticipated.

The -5 % variance although minute must still be analysed in order to assess its impact on the budgeting process as a whole, as well as future cash flows.

This variance has been attributed to the following:

#### WATER& SANITATION SALES:

Water Sales income recognised is 14% above what is originally anticipated, sanitation sales income recognised is 2% below what was originally anticipated.

#### INTEREST FROM OUTSTANDING DEBTORS:

This line item has yielded 14% positive variance, the interest billed on consumer accounts has been slightly above projections for the 1<sup>st</sup> Quarter of 2023/24 financial year.

## INTEREST FROM INVESTMENTS:

This line item has a positive variance of 63%.

## ANALYSIS OF OPERATING EXPENDITURE (JULY 2023 – SEPTEMBER 2023)

DC23 Uthukela - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 - September										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>Expenditure By Type</u>										
Employee related costs		366 528	371 090	-	26 580	85 038	92 773	(7 734)	-8%	371 090
Remuneration of councillors		6 463	6 709	-	533	1 544	1 677	(133)	-8%	6 709
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		62 022	44 822	-	2 917	3 420	11 206	(7 786)	-69%	44 822
Debt impairment		172 981	156 966	-	-	-	39 242	(39 242)	-100%	156 966
Depreciation and amortisation		81 732	95 609	-	22 936	22 936	23 902	(966)	-4%	95 609
Interest		6 649	-	-	-	-	-	-	-	-
Contracted services		158 830	198 197	-	7 765	10 925	49 549	(38 624)	-78%	198 197
Transfers and subsidies		-	3 285	-	-	-	821	(821)	-100%	3 285
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		182 508	173 857	-	5 027	17 883	43 464	(25 582)	-59%	173 857
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		1 037 712	1 050 536	-	65 759	141 745	262 634	(120 888)	-46%	1 050 536

The total operating expenditure of the municipality for the financial year is R142 million a -46% negative variance from the R 263 million which was anticipated.

## EMPLOYEE RELATED COSTS:

Employee related cost incurred is -8% below what is expected in the 1<sup>st</sup> quarter of the financial year.

## INVENTORY CONSUMED:

The bulk of inventory consumed comprises of fuel, oil and chemicals. Other materials have a negative variance of 69% in the 1<sup>st</sup> quarter of the financial.

## CONTRACTED SERVICES:

The bulk of contracted services comprise of vehicle repairs, hire of plant, water tankers, repairs to pumps and pipelines.

## GENERAL EXPENDITURE:

The municipality must aim to cap general expenditure at the budgeted amount in order to avoid any unauthorised expenditure. The implementation of the budget funding plan seeks to cut avoidable expenditure which does not relate to service delivery the municipality has managed to eliminate nice to haves, and soft projects in order to reduce expenditure related to this line item.

## **SUMMARY OF CAPITAL PROJECT IMPLEMENTATION**

GRANT REGISTER - 2023/24							
Summary of Grants received, expenditure & Funds available as at 30 SEPTEMBER 2023							
		Audited Balance as at	Budget Amount 2022/23	Received	Spent & transferred to income		Closing Balance/ Unspent
Name of Grant owner	Grant Type	01/07/2023		2023/24	2023/24	% Spent on received amount	2023/24
NN KHUZWAYO	MUNICIPAL INFRASTRUCTURE GRANT	7 990 235,13	221 342 000,00	66 403 000,00	51 118 189,38	69%	23 275 045,75
NN KHUZWAYO	WATER & SANITATION INFRASTRUCTURE GRANT	5 648 483,42	85 000 000,00	34 000 000,00	24 796 318,15	63%	14 852 165,27
		13 638 718,55	306 342 000,00	100 403 000,00	75 914 507,53	67%	38 127 211,02

The expenditure on capital projects yielded a negative of 3.8% the variance is also impacted by the unapproved portion of the rollover which was not withheld from the equitable share.



## STATEMENT OF FINANCIAL POSITION

DC23 Uthukela - Table C6 Monthly Budget Statement - Financial Position - M03 - September						
Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		14 370	40 381	-	206 851	40 381
Trade and other receivables from exchange transactions		52 176	187 200	-	98 090	187 200
Receivables from non-exchange transactions		5 929	6 200	-	2 839	6 200
Current portion of non-current receivables		51 350	-	-	3 514	-
Inventory		7 490	20 000	-	21 614	20 000
VAT		220 987	132 717	-	240 038	132 717
Other current assets		1 658	-	-	6 396	-
<b>Total current assets</b>		<b>353 960</b>	<b>386 498</b>	<b>-</b>	<b>579 342</b>	<b>386 498</b>
<b>Non current assets</b>						
Investments		-	-	-	-	-
Investment property		-	-	-	-	-
Property, plant and equipment		3 174 178	3 271 073	-	3 226 838	3 271 073
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		-	-	-	-	-
Intangible assets		5 199	-	-	5 177	-
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>3 179 378</b>	<b>3 271 073</b>	<b>-</b>	<b>3 232 014</b>	<b>3 271 073</b>
<b>TOTAL ASSETS</b>		<b>3 533 338</b>	<b>3 657 571</b>	<b>-</b>	<b>3 811 357</b>	<b>3 657 571</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Financial liabilities		1 092	-	-	949	-
Consumer deposits		18 149	20 735	-	19 474	20 735
Trade and other payables from exchange transactions		494 113	404 404	-	486 921	404 404
Trade and other payables from non-exchange transactions		(3 757)	3 798	-	99 029	3 798
Provision		24 425	51 331	-	33 586	51 331
VAT		240 998	84 805	-	285 339	84 805
Other current liabilities		6 091	-	-	8 336	-
<b>Total current liabilities</b>		<b>781 111</b>	<b>565 073</b>	<b>-</b>	<b>933 633</b>	<b>565 073</b>
<b>Non current liabilities</b>						
Financial liabilities		-	-	-	-	-
Provision		13 500	36 991	-	15 060	36 991
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		18 777	-	-	18 777	-
<b>Total non current liabilities</b>		<b>32 277</b>	<b>36 991</b>	<b>-</b>	<b>33 837</b>	<b>36 991</b>
<b>TOTAL LIABILITIES</b>		<b>813 388</b>	<b>602 064</b>	<b>-</b>	<b>967 471</b>	<b>602 064</b>
<b>NET ASSETS</b>	2	<b>2 719 949</b>	<b>3 055 507</b>	<b>-</b>	<b>2 843 886</b>	<b>3 055 507</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		2 711 776	3 055 507	-	2 843 886	3 055 507
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>2 711 776</b>	<b>3 055 507</b>	<b>-</b>	<b>2 843 886</b>	<b>3 055 507</b>

## CASH FLOW STATEMENT:

DC23 Uthukela - Table C7 Monthly Budget Statement - Cash Flow - M03 - September

Description	Ref	2022/23	Budget Year 2023/24							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		-	-	-	-	-	-	-		-
Service charges		132 127	100 995	100 995	11 722	28 481	25 249	3 232	13%	100 995
Other revenue		52 598	180 203	180 203	1 249	7 360	45 051	(37 691)	-84%	180 203
Transfers and Subsidies - Operational		492 457	587 779	587 779	-	243 883	146 945	96 939	66%	587 779
Transfers and Subsidies - Capital		289 919	306 342	306 342	66 403	100 403	76 586	23 818	31%	306 342
Interest		3 399	6 289	6 289	1 347	2 561	1 572	989	63%	6 289
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		103 541	(799 604)	(799 604)	(25 054)	(30 385)	(199 901)	169 516	-85%	(799 604)
Interest		-	-	-	-	-	-	-		-
Transfers and Subsidies		-	(3 285)	3 285	-	-	(821)	821	-100%	(3 285)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1 074 042</b>	<b>378 719</b>	<b>385 289</b>	<b>55 666</b>	<b>352 303</b>	<b>94 680</b>	<b>(257 624)</b>	<b>-272%</b>	<b>378 719</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		239 054	(308 395)	(308 395)	(14 801)	(15 921)	(77 099)	61 178	-79%	(308 395)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>239 054</b>	<b>(308 395)</b>	<b>(308 395)</b>	<b>(14 801)</b>	<b>(15 921)</b>	<b>(77 099)</b>	<b>(61 178)</b>	<b>79%</b>	<b>(308 395)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing		(406)	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(406)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>1 312 689</b>	<b>70 323</b>	<b>76 894</b>	<b>40 865</b>	<b>336 382</b>	<b>17 581</b>			<b>70 323</b>
Cash/cash equivalents at beginning:		45 858	(29 942)	(29 942)		13 689	(29 942)			13 689
Cash/cash equivalents at month/year end:		1 358 547	40 381	46 952		350 071	(12 361)			84 012



## ANALYSIS OF OUTSTANDING DEBTORS:

DC23 Uthukela - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 - September

Description	NT Code	Budget Year 2023/24								
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1200	23 736	18 483	17 094	16 550	15 242	14 755	14 618	514 195	634 672
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	1 532	1 039	923	825	5 006	759	735	24 050	34 869
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	4 973	4 895	4 649	4 556	4 462	4 335	4 228	157 809	189 907
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1900	390	569	239	261	192	159	199	7 543	9 552
Total By Income Source	2000	30 631	24 986	22 905	22 192	24 903	20 007	19 779	703 597	869 000
2022/23 - totals only		31 744	24 629	26 058	23 549	22 985	20 395	95 886	637 381	882 627
Debtors Age Analysis By Customer Group										
Organs of State	2200	4 092	2 380	1 834	1 650	1 395	1 427	1 282	26 102	40 162
Commercial	2300	4 899	2 081	1 619	1 482	1 254	1 296	1 627	35 836	50 093
Households	2400	21 640	20 526	19 452	19 060	22 255	17 285	16 870	641 659	778 744
Other	2500	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	30 631	24 986	22 905	22 192	24 903	20 007	19 779	703 597	869 000

Reflected above is the age analysis of debtors as at the end September 2023 totalling over R869 million.

### Midyear Collection Rate:

The average collection rate stood at 43% at the end of September 2023

CONSUMER DEBTORS - PAYMENTS VS BILLING AS AT 30 SEPTEMBER 2023				
MONTH	BILLING	MONTHS	RECIEPTS	RECOVERY RATE %
June 2023	25,608,838.15	July 2023	15,146,405.33	59.15%
July 2023	30,432,078.23	August 2023	9,514,192.41	31.26%
August 2023	30,257,372.83	September 2023	12,208,941.91	40.35%
<b>TOTAL</b>	<b>86,298,289.21</b>		<b>36,869,539.65</b>	<b>43%</b>
<b>TOTALS</b>				
BILLING - JUNE 2023 - AUGUST 2023		86,298,289.21		
RECIEPTS - JULY 2023- AUGUST 2023		36,869,539.65		
DIFFERENCE		<b>49,428,749.56</b>	43%	

## ANALYSIS OF CASH & INVESTMENTS:

DC23 Uthukela - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 - September					
Investments by maturity Name of institution & investment ID	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
<b>R thousands</b>					
<b>Municipality</b>					
FNB	40 991	192	(20 000)		21 184
NEDBANK	1 222	8			1 230
INVESTEC	374	2			376
ABSA	112 556	706	(30 000)		83 262
STANDARD BANK	7 451	51			7 502
<b>Municipality sub-total</b>	<b>162 593</b>		<b>(50 000)</b>	<b>-</b>	<b>113 553</b>
<b>Entities</b>					
					-
<b>Entities sub-total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>162 593</b>		<b>(50 000)</b>	<b>-</b>	<b>113 553</b>

The table above reflects investments as at the end of the first quarter, at the various institutions. The total investments totalled R113.5 million.

<b>Bank Balances</b>				
The following reflects bank balances at 30 September 2023				
DESCRIPTION	JULY 2023	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023
FNB MAIN ACCOUNT 62252306280	45,605,682.93	19,697,050.48	61,912,762.42	-
FNB WATER ACCOUNT 62253072385	0	0	0	0
	<b>45,605,682.93</b>	<b>19,697,050.48</b>	<b>61,912,762.42</b>	<b>0.00</b>
<b>Total cash held</b>	<b>19,697,050.48</b>			


At the end of September 2023 cash on hand was R61.9 million

## ANALYSIS OF GRANTS RECEIVED:

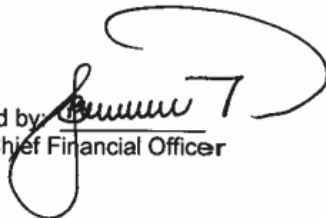
Grant allocations received at the end of September 2023 were as follows:

DC23 Uthukela - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 - September

Description	Ref	2022/23	Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands									
<b>RECEIPTS:</b>	1,2								
<b>Operating Transfers and Grants</b>									
National Government:		484 959	587 779	-	-	243 883	146 945	96 938	66,0%
Expanded Public Works Programme Integrated Grant		-	1 816	-	-	454	454	0	0,0%
Local Government Financial Management Grant	3	(197)	2 100	-	-	2 100	525	1 575	300,0%
Municipal Systems Improvement Grant		-	2 000	-	-	-	500	(500)	-100,0%
Rural Road Asset Management Systems Grant		-	2 672	-	-	-	668	(668)	-100,0%
Equitable Share		485 156	579 191	-	-	241 329	144 798	96 531	66,7%
Provincial Government:		(102)	-	-	-	-	-	-	-
Specify (Add grant description)		(102)	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>		484 857	587 779	-	-	243 883	146 945	96 938	66,0%
<b>Capital Transfers and Grants</b>									
National Government:		95 000	306 342	-	66 403	102 273	76 586	25 688	33,5%
Rural Road Asset Management Systems Grant		(0)	-	-	-	1 870	-	1 870	#DIV/0!
Municipal Infrastructure Grant		-	221 342	-	66 403	66 403	55 336	11 067	20,0%
Water Services Infrastructure Grant		95 000	85 000	-	-	34 000	21 250	12 750	60,0%
Provincial Government:		-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	91	-	91	#DIV/0!
Education, Training and Development Practices SETA		-	-	-	-	91	-	91	#DIV/0!
<b>Total Capital Transfers and Grants</b>		95 000	306 342	-	66 403	102 364	76 586	25 778	33,7%
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		579 857	894 121	-	66 403	346 247	223 530	122 717	54,9%


Prepared by   
Accountant: Budget

Reviewed by:   
Senior Manager Finance

Approved by:   
Chief Financial Officer

**Municipal manager's quality certificate**

I **Mpumelelo Bongani**, municipal manager of UThukela District Municipality, hereby certify that the Section 52 and supporting documentation for September 2023 have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: Mpumelelo Bongani Mnguni  
Municipal Manager of UThukela District Municipality (DC23)  
Signature: 

Date: 11 October 2023