

UMUZIWABANTU MUNICIPALITY



MID-YEAR BUDGET AND PERFORMANCE REPORT

2023/2024 FINANCIAL YEAR

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1.EXECUTIVE SUMMARY

The Midyear Assessment report is a tool which seeks to review the progress that is being made by Umuziwabantu Municipality in realizing the targets it had set itself at the beginning of the financial year. It clearly documents the achievements over the past six months of the financial year (01/07/2023 to 31/12/2023 and more fundamental, illustrates some of the challenges that confront the progress that has been accomplished by the municipality over this period. To provide a telling

background to this report, this section provides a broad overview of the financial performance of Umuziwabantu Municipality

Purpose

The purpose of the report is to account to the public for the 2023/2024 mid-year institutional performance of Umuziwabantu Municipality.

This report contains information which is based on the service delivery and budget implementation plan formulated for the financial year 2023/2024 and concentrates on both the financial and service delivery performance assessment. The report was compiled using first and second quarter.

To inform Council of the municipality's mid – year performance (up to December 2023) against the approved budget in compliance with Section 72 (1)(a) and 52 (d) of the MFMA and the requirements as promulgated in the Government Gazette No 32141 of 17 April 2009, by providing a statement on the implementation of the budget and financial situation of the municipality to the Executive Mayor, as legislated.

Strategic Objective

The strategic objective of this report is to ensure good governance, financial viability, and optimal institutional transformation with capacity to execute its mandate.

Background

Section 72(1) of the MFMA and Section 28 of Government Gazette Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Finance Management Act of 2003 and Municipal Budget and Reporting Regulations” necessitates that specific financial particular be reported on and in a prescribed format, hence this report to meet legislative compliance.

Challenges and Progress

Section 71(1) a(iii) request the accounting officer to assess the performance of a municipality during the first half of the financial year, consideration the past year's annual report and progress on resolving problems identified in the annual report.

In terms of Section 72 (1, 2 and 3) of the MFMA

1. The accounting officer of a municipality must by 25 January of each year –

(a) Assess the performance of the municipality during the first half of the financial year, considering:

- (i) The monthly statements referred to in section 71 for the first half of the financial year.
- (ii) The municipality's service delivery performance during the first half of the financial year, and the service delivery targets, and performance identified in the annual report; and performance indicators set in the service delivery and budget implementation plan.
- (iii) The past year's annual report, and progress on resolving problems identified in the annual report; and
- (iv) The performance of every municipal entity under the sole or shared control of the municipality, considering reports in terms of section 88 from any such entities and

(b) Submit a report on such assessment to –

- (i) The mayor of the municipality.
- (ii) The National Treasury; and

2. The statement referred to in section 71 (1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.

3. The accounting officer must, as part of the review -

- (a) Make recommendations as to whether an adjustments budget is necessary; and
- (b) Recommend revised projections for revenue and expenditure to the extent that this may be necessary.

(I) FINANCIAL PERFORMANCE ASSESSMENT FOR THE PAST SIX MONTHS

The Mid Year Performance Review is an assessment of the first six months of the financial year. It includes a financial review as well as a performance review in terms of the organizational scorecard for the 2023/2024.

| Description | Approved budget 2023-2024 '000 | YTD Actual (December 2023) '000 | Balance | YTD % Spent |
|-----------------------------|---------------------------------------|----------------------------------------|----------------|--------------------|
| Total Operating Revenue | 204 177 | 133 176 | 71 001 | 65% |
| Total Operating Expenditure | 271 497 | 126 778 | 144 719 | 47% |
| | | | | |

| | | | | |
|----------------------|--------|--------|--------|-----|
| Total Capital Budget | 47 122 | 11 153 | 35 969 | 24% |
| | | | | |

II)TOTAL OPERATING REVENUE

The operating revenue budget that was approved by Council is R204 million and the actual revenue collected for the period ended 31 December 2023 is R133 million which is 65 per cent of the total revenue budget. Some revenue votes need to be adjusted accordingly.

Some revenue line items are still below 50% as at December 2023, which means there is a need to adjust i.e. rental facilities and equipment, interest on investment, traffic fines, other revenue, agency services line item etc.

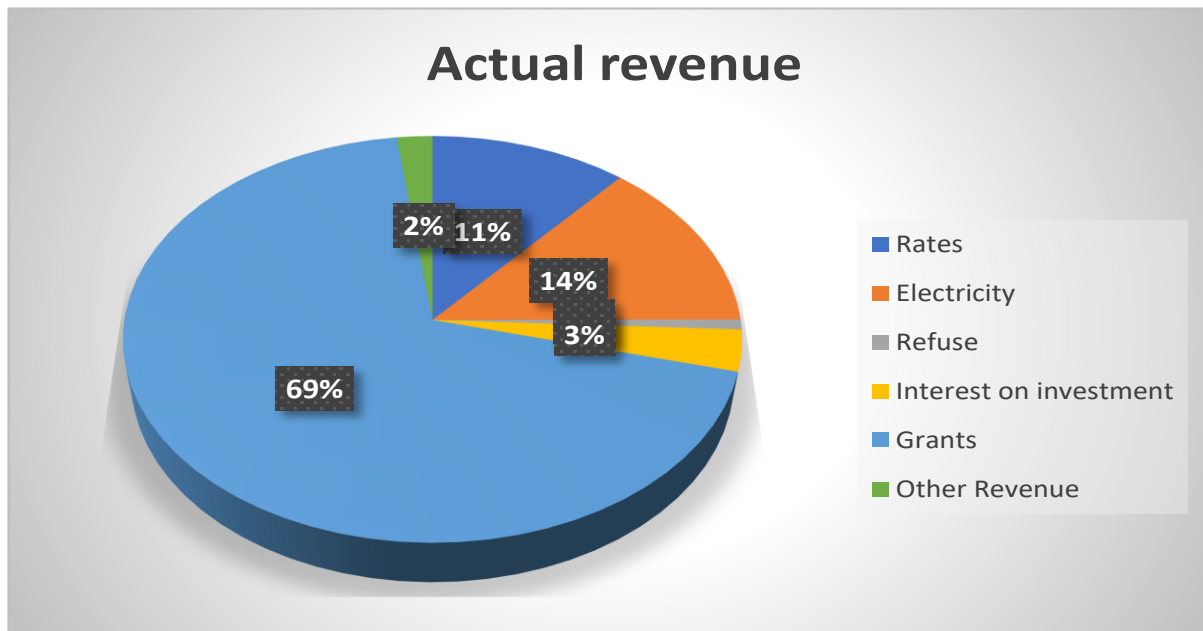
MID YEAR ACTUAL REVUNUE COLLECTED

| Decription | Approved budget 2023/2024 R" 000 | YTD Actual(December 2023)R" 000 | Balance | YTD % |
|----------------------------|-----------------------------------------|----------------------------------------|----------------|--------------|
| Property rates | 26,017 | 15,082 | 10,935 | 58% |
| Service charges-electricit | 39,823 | 18,165 | 21,658 | 46% |
| Service charges-refuse | 2,845 | 1,050 | 1,795 | 37% |
| Interest on investment | 6,576 | 4,388 | 2,188 | 67% |
| Licence & permits | 1,401 | 434 | 967 | 31% |
| Agency services | 975 | 281 | 694 | 29% |
| Traffic fines | 159 | 1,020 | -861 | 642% |
| Grants recognised | 122,726 | 91,777 | 30,949 | 75% |
| Other revenue | 3,655 | 841 | 2,814 | 23% |
| TOTAL | 204,177 | 133,038 | 71,139 | 65% |

Revenue/Funding Source Analysis

This section seeks to analyze the variances between the budgeted and actual revenue as of 31 December 2023. Looking at the above table, there are some line items that are below nor above the total budget which means there will be a need to do the adjustment budget.

Chart 1 below looks at the revenue sources by major line-item categories service charges e.g. (Rates, Refuse Removal and Electricity Service Charges), government grant and subsidies (operational and capital), interest on investments and other revenue. A comparison of the actual Year to date revenue received as per their funding sources is elaborated in detail below.



The municipality budgeted R 26 million from property rates for the whole year and as at the half year mark R15 million had been recorded which is 58% above by 8% as at December 2023.

Service Charges:

| Descriptions | Annual Budget '000 | YTD budget | YTD actual | YTD Variance% |
|------------------------------|--------------------|------------|------------|---------------|
| Rates | 26 017 | 13 008 | 15 082 | 16% |
| Service charges(electricity) | 39 823 | 19 912 | 18 165 | -9% |
| Refuse removal | 2 845 | 1 423 | 1 050 | - 26% |
| | | | | |

The municipality recorded an under collection from service charges such as electricity and the pro rata estimate for refuse removal. Given the seasonal nature of electricity demand, we expect an increase in its demand towards the end of the third quarter until the end of the financial year. Refuse removal has performed worse when compared with other services with a negative percentage of 26%. Rates services is showing positive variance of 16% since it also includes old debts.

III) MID-YEAR EXPENDITURE FOR THE PAST SIX MONTHS

| Description | Original budget 2023/2024 '000 | YTD Actuals | Balance | %Spent |
|-------------------------------|--------------------------------|----------------|----------------|------------|
| Employee related cost | 94,612 | 41,792 | 52,820 | 44% |
| Remuneration of councilor's | 11,542 | 5,412 | 6,130 | 47% |
| Debt impairment | 3,300 | | - | 0% |
| Finance charges | 33 | - | 33 | 0% |
| Repairs and maintenance | 17,893 | 4,620 | 13,273 | 26% |
| Bulk purchases of electricity | 49,276 | 27,534 | 21,742 | 56% |
| Depreciation | 25,755 | 7,257 | 18,498 | 28% |
| Contracted services | 41,810 | 17,822 | 23,988 | 43% |
| Inventory consumed | 1,083 | 519 | 564 | 48% |
| Transfers and subsidies | 255 | | 255 | 0% |
| General expenses | 25,938 | 21,822 | 4,116 | 84% |
| TOTAL | 271,497 | 126,778 | 141,419 | 47% |

Operational Expenditure Analysis

The following section seeks to analyze the operational budget expenditures as of 31 December 2023. A high-level analysis is being presented. Some of the expenditures are below 50% and some are above 50% which means there is a need for the Adjustment budget.

Bulk Purchases

This expenditure refers to the amount of money spent on buying electricity and to be sold to the Harding residents. An amount of R49 million has been budgeted for and as at the end of the first half of the year, R27 million was spent which is 55% spent. There will be no adjustment since it is not above by a huge percentage.

Fuel and Oil

| Function | Segment | Total Budget | Total Actual | Remaining Bud | Pending |
|--------------|----------|---------------------|---------------------|---------------------|------------------|
| Disaster M | Wet Fuel | 296,184.00 | 271,811.24 | 24,372.76 | - |
| Roads: Infr | Wet Fuel | 2,065,484.00 | 1,356,385.40 | 709,098.60 | 25,778.41 |
| Road and | WET FUEL | 253,224.00 | 156,120.73 | 97,103.27 | 17,892.68 |
| Finance: D | Wet Fuel | 14,904.00 | - | 14,904.00 | - |
| Electricity | Wet Fuel | 215,004.00 | 124,788.93 | 90,215.07 | - |
| Solid Was | Wet Fuel | 719,256.00 | 485,015.87 | 234,240.13 | 28,968.51 |
| Mayor and | Wet Fuel | 852,600.00 | 512,932.81 | 339,667.19 | 17,916.30 |
| TOTAL | | 4,416,656.00 | 2,907,054.98 | 1,509,601.02 | 90,555.90 |

The total budget for the 2023/24 financial year for fuel and oil is R4.4 million. The expenditure as at December 2023 is R 2.9 million which is 66% spent which is 16% above the straight-line budgeting, there will be an adjustment in these line items.

| Repairs and Maintenance Expenditure by Asset Class | | | | |
|-----------------------------------------------------------|------------------------|-----------------------|-------------------------|-------------------|
| | Original Budget | Year TD Actual | Remaining Budget | YTD Budget |
| | R (000) | R (000) | | R (000) |
| Infrastructure | | | | |
| Roads | | | | - |
| Roads Structures | 1,149 | | 1,149 | 575 |
| | | | | |
| Solid Waste Infrastructure | | | | |
| Landfill Sites | 200 | | 200 | 100 |
| Waste Drop-off Points | 8,240 | 188 | 8,052 | 4,120 |
| | | | | |
| Community Assets | | | | |
| Community Facilities | | | | - |
| Halls | 1,409 | 1,343 | 66 | 705 |
| | | | | |
| Other Assets | | | | |
| Operational Buildings | | | | |
| Municipal Offices | 209 | 197 | 12 | 105 |
| | | | | |
| Machinery and Equipment | | | | |
| Machinery & Equipment | 3,177 | 528 | 2,649 | 1,589 |
| | | | | |
| Transport Assets | | | | |
| Transport Assets | 3,509 | 2,364 | 1,145 | 1,755 |
| | | | | |
| TOTAL | 17,893 | 4,620 | 13,273 | 8,947 |

The total budget for the 2023-24 financial years for repairs and maintenance is R17 million. The expenditure as of December 2023 is R 4.6 million which is 26% spent instead of 50% estimated straight line budgeting. Some contributing factor is due to stringent internal control cost cutting, other programmes will be implemented in the third quarter as per the SDBIP.

Depreciation

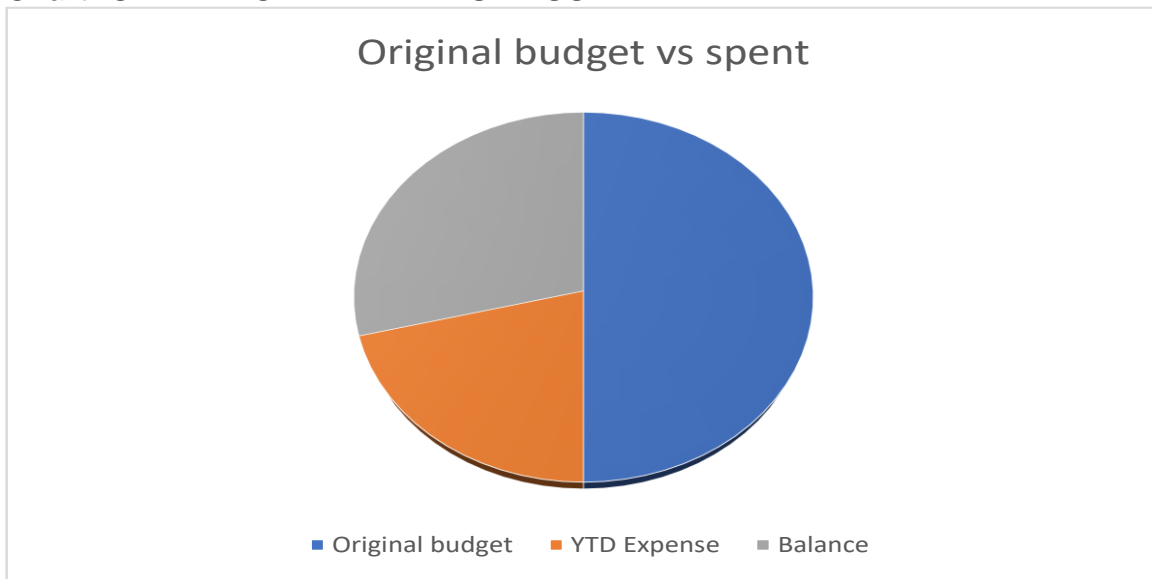
The municipality had envisaged to spend R 25 million when they were doing projections for the current fiscal year. The actual expenditure incurred by June 2023 was R23.2 million (Certified by Auditor General). The expenditure for this line item is

at R 7.2 million which is 31% spent as of December 2023, however there will be journals that will be processed at year end for this line item.

Debt Impairment

An amount of R 2.5 million was allocated under dept impairment, expenditure/journals for this vote is normally recorded annually due to the nature of this line item.

Chart: OPERATION EXPENDITURE SUMMARY



Total Operating Expenditure

The approved budget operational expenditure (Including Depreciation) is R271 million, while the year-to-date expenditure is R126 million representing 46% of the approved budget which is below by 4% when comparing with the straight-line budgeting of 50%. The unspent balance on the Operational budget amounts to R 144.7 million, some contributing factors for spending less in some of the votes include cost cutting measures and other votes were over budgeted in the original budget. The Municipality is expecting an increase in some votes/ programs in the third quarter and fourth quarter. Some projects will reflect an increase in terms of spending in the third as well as fourth quarter. However, there are some votes that are required to be adjusted accordingly.

IV) SALARIES WAGES AND ALLOWANCES

Table 4: Salaries Wages and Allowances

| DESCRIPTION | BUDGET '000 | YTD Expenditure | BALANCE | % |
|--------------------------|----------------|--------------------|---------|-----|
| SALARIES & WAGES | R 94 612 | R41 792 | 52 820 | 44% |
| COUNCILLOR ALLOWANCES | R 11 542 | R 5 412 | 6 130 | 47% |
| TOTAL | R 106 154 | R 47 204 | 58 950 | 44% |
| | | | | |

The total annual budget for salaries and allowances (including councillor allowances) is R106 million. As at the end of December 2023, R47 million had been spent. This is 44% of the budgeted amount and it is 6% below when comparing with 50% of an estimated straight-line budgeting.

The expenditure on Salaries Wages and Councillor Allowances has averaged 47% for a period of 6 months. The Councillor allowances are slightly below the projected figure and the budget balance will be more than sufficient to cater for the increases retrospectively as the draft Gazette is not yet published for the new upper limits.

V) TOTAL CAPITAL BUDGET

The total capital budget which was approved is R47 million. As at the end of December 2023 expenditure on capital budget is R12 million which is 24% of the total capital expenditure spent, this is way below 50% which means there is a problem in terms of accelerating service delivery to the community. The municipality will ensure that it's expediting the supply chain processes in terms of appointing suitable bidders on time.

Detailed Capital Budget against expenditure

| Project Name | Total Budget | Total Actual Expenditure | Percentage |
|----------------------------------------------|----------------------|---------------------------------|-------------------|
| Dolopini-4 Road | 3,249,996.00 | - | - |
| D908-Kwamayela-5 Road | 3,249,996.00 | - | - |
| Hangwini-9 Road | 3,249,996.00 | - | - |
| Mangashuza-10 Road | 3,249,996.00 | - | - |
| Emazibukweni to KwaShabane access road | 300,000.00 | 258,955.00 | 86.32 |
| Upgrade field street-professional fees | 300,000.00 | - | - |
| Enduvini and Edolophini access road - | 300,000.00 | - | - |
| Mhlwazini Access Bridge - Ward 2 | 1,022,100.00 | 2,051,321.44 | 200.70 |
| Harding Sportfield - Ward 3 | 9,325,440.00 | 4,077,732.04 | 43.73 |
| Outsourced-Construction of Municipal Offices | 1,650,000.00 | - | - |
| Staford Access Road-Internal Funding | 1,599,996.00 | 77,500.00 | 4.84 |
| Fence Areodrome | 50,004.00 | - | - |
| Computer Software:A | 60,000.00 | - | - |
| Computer Software:Upgrade Microsft | 60,000.00 | - | - |
| Cemetry Recording Computer System | 564,996.00 | - | - |
| GENERATOR 100 KVA | 200,004.00 | 253,410.00 | 126.70 |
| Surveillance CBD Cameras | 99,996.00 | - | - |
| Computer Equipment:In-use:Co | | 142,600.00 | |
| Lightning Conductor | 500,004.00 | - | - |
| Curcuit Breaker | 700,008.00 | 413,718.17 | 59.10 |
| Furniture and Office Equipme | 80,004.00 | 68,885.00 | 86.10 |
| Knap Sack | 99,996.00 | - | - |
| Mini Fridge | 3,000.00 | - | - |
| Construction of Mazakhele Community Hall | 9,775,824.00 | 638,788.40 | 6.53 |
| Construction of Fantini Road | 4,490,976.00 | 127,918.98 | 2.85 |
| Construction of Access Road C ward1 | 300,000.00 | 248,663.75 | 82.89 |
| Firearms | 140,004.00 | 3,651.30 | 2.61 |
| Excavator | 2,499,996.00 | 2,790,000.00 | 111.60 |
| | | - | |
| TOTAL | 47,122,332.00 | 11,153,144.08 | 23.67 |

As per the attached excel spreadsheet there is a need to adjust some of the capital projects to avoid unauthorized expenditure.

vi)CONDITIONAL GRANTS REPORT

| GRANT | GRANTS REGISTER AS AT DECEMBER 2023 | | | | | | BALANCE PER GL | %SPENT YTD |
|-------------------------|-------------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| | OPENING BALANCE JULY 2023 | RESTATED BALANCE | AMOUNT RECEIVED | TOTAL RECEIVED | AMOUNT SPENT | BALANCE | | |
| Electrification | 18,489.07 | 18,489.07 | 640,000.00 | 658,489.07 | 658,489.07 | - | | 100.00 |
| MIG | - | - | 16,652,000.00 | 16,652,000.00 | 8,720,162.79 | 7,931,837.21 | 7,931,837.21 | 52.37 |
| Corridor | 4,204,561.40 | 4,204,561.40 | - | 4,204,561.40 | - | 4,204,561.40 | 4,204,561.40 | - |
| EEDSM | 157,234.28 | 157,234.28 | - | 157,234.28 | 157,234.28 | - | - | 100.00 |
| FMG | - | - | 1,850,000.00 | 1,850,000.00 | 1,089,442.54 | 760,557.46 | 760,557.46 | 58.89 |
| LIBRARY | - | - | 1,950,000.00 | 1,950,000.00 | 1,429,855.29 | 520,144.71 | 520,144.71 | |
| EPWP | - | - | 808,000.00 | 808,000.00 | 769,850.66 | 38,149.34 | 38,149.34 | 95.28 |
| DISASTER RECOVERY GRANT | - | - | 6,562,000.00 | 6,562,000.00 | - | 6,562,000.00 | 6,562,000.00 | - |
| TOTAL | 4,380,284.75 | 4,380,284.75 | 28,462,000.00 | 32,842,284.75 | 12,825,034.63 | 20,017,250.12 | 20,017,250.12 | 39.05 |

The overall percentage spent is 39% which means the municipality failed to spend at least 50% as at December which is putting the municipality at risk of applying for roll over approvals. The municipality has to date received the Municipal Infrastructure Grant (MIG) Allocations equaling R16 million, however the total allocation for MIG is R 27 million, expenditure as at December is R 8 million which is 30% spent of the overall allocation. The balance of the MIG grant to be received is R 11 million (R6,7 mil. Dec 2023 and R4,3 mil.) which is expected to be received in March 2023. The municipality is still going to spend the unutilized grants and make sure that spending is in line with the business plan or memorandum of agreements. Other grants will indicate more spending during third quarter as per their procurement plan.

Equitable share grant

- The budget allocation for equitable share is R 117 million, the amount received as of December is R 87.8 million, last tranche amount of R 29.2 million is expected to be received in March.

Grants that have been withheld

- Corridor grant, the municipality has received the official letter from the department intending to withdraw this grant due to its spending.
- Mig budget allocation is R 27 million, the amount of R 8.1 million was received in August and R8.5 million was received in October. The municipality has not received the grant trench of R6.7 million which was supposed to be received in December due to low spending of the grant.
- EEDSM, the municipality as received the official letter from the National Treasury intending to withdraw this grant.
- Disaster grant allocation is R 13.5 million, the municipality has received R6.5 million in august, the second tranche was not received in December due to the spending that is not moving.

VII) UNCONDITIONAL GRANTS

The municipality budgeted R117 million for equitable share however year to date received is at R87 million and the balance of R30 million will be received in March 2023.

VII) CASH AND INVESTMENTS

| | | REGISTER/BANK STATEMENT AS AT DECEMBER 2023 | | | | | |
|---------------------------------|----------|---------------------------------------------|-----------------------|------------------------|---------------------|---------------|-----------------------|
| ACCOUNT NUMBER | BANK | OPENING BALANCE | DEPOSITS (+) | WITHDRAWALS (-) | CAPITALISED (+) | CHARGE S | CLOSING BALANCE |
| CALL ACC-61240006266 | FNB | 55,140.27 | - | -29,500.00 | 1,377.89 | - | 27,018.16 |
| CALL ACC-62766746542 | FNB | 8,763.17 | - | -9,014.82 | 251.65 | - | 0.00 |
| CALL ACC -62618238655 | FNB | 41,637.23 | - | -42,832.92 | 1,195.69 | - | 0.00 |
| CALL ACC- 63012454855 | FNB | 387,553.08 | - | -398,682.34 | 11,129.26 | - | -0.00 |
| CALL ACC-62605479767 | FNB | 99,438.91 | - | -102,294.47 | 2,855.56 | - | 0.00 |
| FIXED DEPOSIT - 62943043638 | FNB | 2,873,198.92 | 42,660,242.44 | -20,000,000.00 | 527,413.85 | -80.00 | 26,060,775.21 |
| FIXED DEPOSIT - 76203550580 | FNB | - | 35,000,000.00 | -22,238,176.71 | 800,176.71 | - | 13,562,000.00 |
| FIXED DEPOSIT - 62907392740 | FNB | 844,976.22 | - | -869,241.18 | 24,264.96 | - | -0.00 |
| FNB-76202798199 | FNB | 25,000,000.00 | - | -10,000,000.00 | 727,397.26 | - | 15,727,397.26 |
| | | | | | | | |
| CALL ACC - 037165014802/01 | Nedbank | 11,335,810.90 | - | - | 468,218.68 | - | 11,804,029.58 |
| CALL ACC - 037165014802/16 | Nedbank | 543,327.88 | - | - | 22,441.46 | - | 565,769.34 |
| CALL ACC - 037165013008/77 | Nedbank | 16,464,889.87 | - | -16,574,505.37 | 185,191.03 | - | 75,575.53 |
| CALL DEPOSIT - 037165026169/01 | Nedbank | 28,170,532.85 | 35,940,191.78 | -56,425,494.63 | 575,105.26 | - | 8,260,335.26 |
| FIXED DEPOSIT - 037165026169/21 | Nedbank | - | 30,000,000.00 | -30,940,191.78 | 940,191.78 | - | -0.00 |
| FIXED DEPOSIT - 037165026169/22 | Nedbank | - | 25,000,000.00 | - | - | - | 25,000,000.00 |
| FIXED DEPOSIT - 037165026169/23 | Nedbank | - | 15,000,000.00 | - | - | - | 15,000,000.00 |
| CALL DEPOSIT - 1100529803500 | Investec | 278,165.21 | - | - | 11,553.28 | - | 289,718.49 |
| | | | | | | | |
| NOTICE DEPOSIT - 258884908/003 | STD BANK | 2,090,510.19 | - | - | 89,642.80 | - | 2,180,152.99 |
| | | | | | | | |
| Total | | 88,193,944.70 | 183,600,434.22 | -157,629,934.22 | 4,388,407.12 | -80.00 | 118,552,771.82 |

Primary Bank Account: As at the end of December 2023 the municipality had R 13 123 322 in the primary bank account. This account is held with FNB.

Investments: the municipality had total amount of investments as at the end of the December 2023 of R 118.5 million. All these investments are invested with Standard bank, INVESTEC, First National bank, and Nedbank, therefore our cash at bank amount is R 131.6 million.

Interest on Investments

The municipal budget for Interest on investment is R 6.5 million, year to date received is at R 4.3 million which represent 66% interest earned on investments which is above by 16% this line item will be adjusted.

viii)DEBTORS AGE ANALYSIS

Debtors: The total debt owed to the municipality as at the end of December 2023 was R34 million illustrated as per the below schedule. The table presented below summarizes the Debtors Age Analysis as of 31 December 2023.

| AGE ANALYSIS FOR 31 DECEMBER 2023 | | | | | | | | | |
|------------------------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|-------------|
| TYPE_OF_ | Current | 30 Days | 60 Days | 90 Days | 120 Days | 150 Days | 180 Days | Total | % |
| RATES | 2,098,880.01 | 971,919.56 | 649,849.47 | -4,395,694.08 | 698,324.24 | 1,727,075.33 | 23,479,086.87 | 25,229,441.40 | 73% |
| ELECTRICI | 2,448,151.26 | 808,321.84 | 560,857.40 | 519,832.72 | 410,678.68 | 241,455.22 | 1,567,919.58 | 6,557,216.69 | 19% |
| REFUSE | 361,584.53 | 185,487.33 | 164,623.55 | 125,479.92 | 106,306.22 | 97,311.14 | 1,535,130.13 | 2,575,922.83 | 7% |
| TOTAL | 4,908,615.80 | 1,965,728.73 | 1,375,330.42 | -3,750,381.44 | 1,215,309.14 | 2,065,841.69 | 26,582,136.58 | 34,362,580.92 | 100% |
| | | | | | | | | | |
| ACCOUNT | Current | 30 Days | 60 Days | 90 Days | 120 Days | 150 Days | 180 Days | Total | |
| RESIDENT | 768,039.03 | 683,436.63 | 308,076.80 | 497,688.91 | 448,323.55 | 411,911.84 | 8,529,516.46 | 11,646,993.22 | 34% |
| AGRICULT | 31,082.95 | 32,403.20 | 24,659.75 | 31,139.65 | 22,724.50 | 1,055,755.86 | 3,663,740.41 | 4,861,506.32 | 14% |
| COMMERC | 2,760,544.74 | 730,305.97 | 403,121.12 | 358,120.18 | 312,222.28 | 260,450.88 | 4,885,584.14 | 9,710,349.31 | 28% |
| GOVERNMENT | 1,348,949.08 | 519,582.93 | 639,472.75 | -4,637,330.18 | 432,038.81 | 337,723.11 | 9,503,295.57 | 8,143,732.07 | 24% |
| TOTAL | 4,908,615.80 | 1,965,728.73 | 1,375,330.42 | -3,750,381.44 | 1,215,309.14 | 2,065,841.69 | 26,582,136.58 | 34,362,580.92 | 100% |

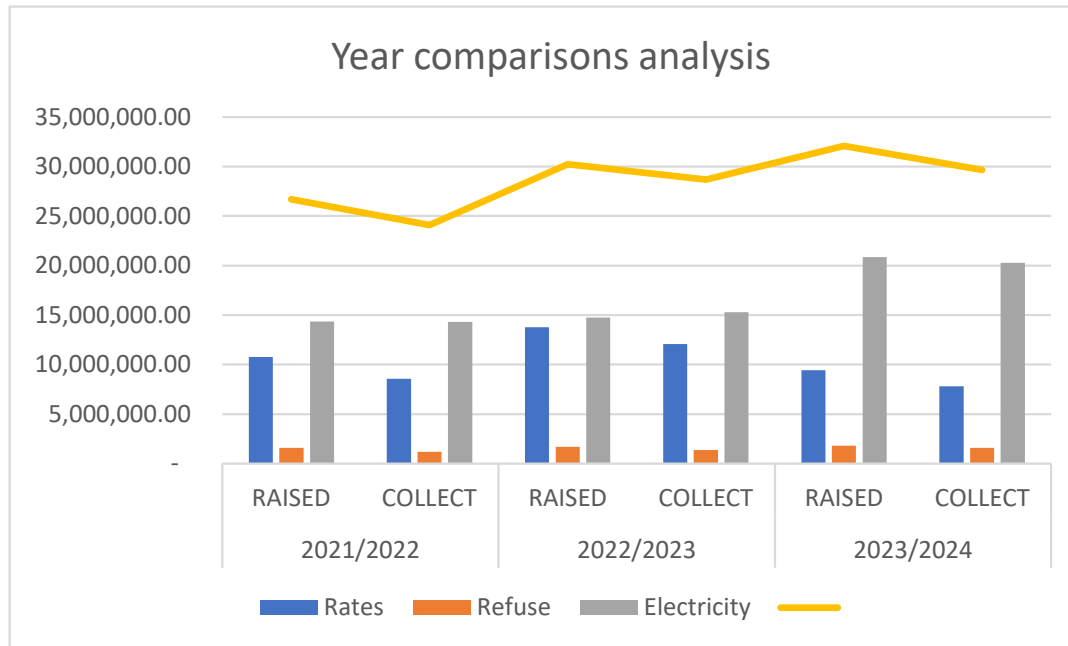
| GOVERNMENT DEBTS DECEMBER 2023 | | | | | | | | |
|---------------------------------------|---------------------|-------------------|-------------------|----------------------|-------------------|-------------------|---------------------|---------------------|
| ACCOUNT_TYPE | Current | 30 Days | 60 Days | 90 Days | 120 Days | 150 Days | 180 Days and over | Total |
| GOVERNMENT OTHER | 59,466.28 | 123,648.08 | 271,741.28 | 122,897.89 | 84,160.11 | 39,274.54 | 1,737,729.34 | 2,438,917.52 |
| 2227-NATIONAL PUBLIC WORKS | 53,140.72 | 5,317.17 | 5,272.10 | -229,966.04 | 5,313.12 | 5,064.59 | 19,088.20 | -136,770.14 |
| NON PROFIT | 11,066.24 | 7,769.16 | 4,004.03 | 3,850.18 | 3,291.57 | 9,556.51 | 42,145.81 | 81,683.50 |
| 2218-PWD NATIONAL-JUSTICE | 46,907.15 | 47,334.33 | 44,591.23 | 35,094.88 | 23,405.40 | 23,211.89 | 9,017.46 | 229,562.34 |
| 2224-PWD NATIONAL S.A.P.S | 40,422.44 | -17,371.69 | 586.08 | 586.08 | 561.26 | - | 6,245.41 | 31,029.58 |
| 2214-PWD NATIONAL-HOME AFFAIRS | 6,564.39 | 3,724.21 | 4,962.54 | 2,952.76 | 2,027.56 | 2,016.34 | 148,581.96 | 170,829.76 |
| 2251-PWD PROVINCE-EDUCATION | 655,841.81 | 236,975.21 | 242,713.40 | -2,712,640.32 | 246,987.41 | 198,582.16 | 5,127,855.94 | 3,996,315.61 |
| 2252-PWD PROVINCE-HEALTH | 408,996.93 | 81,239.99 | 34,020.52 | -1,652,478.70 | 38,510.25 | 32,815.43 | 39,242.71 | -1,017,652.87 |
| 2256-PWD PROVINCE-TRANSPORT | 2,670.25 | 2,622.24 | 2,596.33 | -5,688.83 | - | - | - | 2,199.99 |
| SANRAL | 6.62 | 6.62 | 6.62 | 6.62 | 6.62 | 6.07 | 752.21 | 791.38 |
| 2290-NATIONAL - RSA | 8,221.62 | 8,221.59 | 8,212.56 | 8,203.53 | 8,192.82 | 8,368.16 | 1,443,960.12 | 1,493,380.40 |
| TOTAL | 1,293,304.45 | 499,486.91 | 618,706.69 | -4,427,181.95 | 412,456.12 | 318,895.69 | 8,574,619.16 | 7,290,287.07 |

July 2023-December 2023

| DEBTORS ANALYSIS | | | |
|-------------------------|---------------------|----------------------|---------------------|
| | Jul-23 | | |
| CATEGORY | RAISED | COLLECTED | % COLLECTION |
| RATES | 2,778,819.53 | -1,080,898.65 | 39% |
| REFUSE | 298,607.90 | -202,960.75 | 68% |
| ELECTRICITY | 3,436,619.32 | -2,757,720.40 | 80% |
| TOTAL | 6,514,046.75 | -4,041,579.80 | 62% |
| | Aug-23 | | |
| RATES | 1,339,518.00 | -1,415,979.00 | 106% |
| REFUSE | 298,287.28 | -244,119.97 | 82% |
| ELECTRICITY | 3,564,820.91 | -2,372,812.02 | 67% |
| TOTAL | 5,202,626.19 | -4,032,910.99 | 78% |
| | Sep-23 | | |
| RATES | 1,339,518.00 | -1,142,434.05 | 85% |
| REFUSE | 298,287.28 | -251,441.14 | 84% |
| ELECTRICITY | 3,390,555.82 | -4,383,545.10 | 129% |
| TOTAL | 5,028,361.10 | -5,777,420.29 | 115% |
| | Oct-23 | | |
| RATES | 1,287,740.41 | -1,496,608.60 | 116% |
| REFUSE | 297,725.62 | -285,541.76 | 96% |
| ELECTRICITY | 3,695,506.15 | -4,068,128.13 | 110% |
| TOTAL | 5,280,972.18 | -5,850,278.49 | 111% |
| | Nov-23 | | |
| RATES | 1,342,571.25 | -1,431,088.60 | 107% |
| REFUSE | 297,613.29 | -303,662.60 | 102% |
| ELECTRICITY | 3,403,941.39 | -2,819,538.36 | 83% |
| TOTAL | 5,044,125.93 | -4,554,289.56 | 90% |
| | Dec-23 | | |
| RATES | 1,342,571.25 | -1,227,616.86 | 91% |
| REFUSE | 297,613.29 | -229,478.26 | 77% |
| ELECTRICITY | 3,369,323.53 | -3,875,951.75 | 115% |
| TOTAL | 5,009,508.07 | -5,333,046.87 | 106% |

PREVIOUS YEARS COMPARISON AS AT DECEMBER REPORT

| | 2021/2022 | | 2022/2023 | | 2023/2024 | |
|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| SERVICE | RAISED | COLLECT | RAISED | COLLECT | RAISED | COLLECT |
| Rates | 10,776,301.00 | 8,562,031.00 | 13,766,672.28 | 12,053,636.58 | 9,430,738.00 | 7,794,625.00 |
| Refuse | 1,584,142.00 | 1,195,077.00 | 1,699,434.00 | 1,368,491.21 | 1,788,135.00 | 1,577,204.00 |
| Electricity | 14,347,958.00 | 14,320,187.00 | 14,762,824.84 | 15,281,937.24 | 20,860,767.00 | 20,277,696.00 |
| | 26,708,401.00 | 24,077,295.00 | 30,228,931.12 | 28,704,065.03 | 32,079,640.00 | 29,649,525.00 |
| PERCENTAGE | 63% | | 90% | | 92% | |



iv) CREDITORS AGE ANALYSIS

Creditors: The total acknowledged debt owed by the municipality to its suppliers as at the end of December 2023 was R 198 379.00 and those invoices are within 30 days.

iv) Cost coverage ratio

The norm is 3 months however the municipality cost coverage ratio is sitting at 5 months which is a positive thing for the municipality, it means that the municipality can still operate for five months without receiving any further grants.

Financial Analysis & Ratios – AS AT DEC 2023

| Asset Management | | | |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-----------------|
| RATIO | FORMULA | NORM | ACTUAL |
| Capital Expenditure to Total Expenditure | Total Capital Expenditure/Total Expenditure (Total operating expenditure + Capital Expenditure) x 100 | 10% - 20% | 9% |
| Debtors Management | | | |
| Collection rate | (Gross Debtors closing balance + Billed revenue - Gross Debtors opening balance + bad debts written off)/Billed revenue x 100 | 100% | 103% |
| Net Debtors Days | ((Gross Debtors - bad debt provision) / actual billed revenue)) x 365 | 30 days | 818 Days |
| Liquidity Management | | | |
| Cash/Cost coverage ratio (Excluding Unspent Conditional Grants) | ((Cash & Cash Equivalents - Unspent Conditional grants - Overdraft) + Short term investments) /monthly fixed operational Expenditure excluding (depreciation, Amortisation, Provision for Bad Debts, Impairment and losses on Disposal of Assets) | 1-3 months | 5 Months |
| Current Ratio | Current Assets / Current Liabilities | 1.5 - 2:1 | 2.0 |
| Distribution Losses | | | |
| Electricity Distribution Losses (%) | (Number of Electricity units purchased and/or Generated - Number units of Electricity units sold) / number of Electricity units purchased &/ Generated) x100 | 7% - 10% | 17% |
| Expenditure Management | | | |
| Contracted Services % of Total Operating Expenditure | Contracted Services / Total Operating Expenditure x 100 | 2% - 5% | 14% |
| Remuneration as % Total Operating Expenditure | Remuneration (Employee related costs & Councillors Remuneration) / Total Operating Expenditure x 100 | 25% - 40% | 37% |

