

# QUARTERLY BUDGET AND FINANCIAL REPORT

FIRST QUARTER - 2023/ 2024  
FINANCIAL YEAR



## UMNGENI MUNICIPALITY

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## Part 1

### 1. Introduction

Section 52(d) of the Municipal Finance Management Act, No. 56 of 2003, states that “the Accounting Officer of a municipality must within 30 days of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.” In terms of this legislation, herein is the report of the performance of the Municipality for the period ended 30 September 2023 (first quarter).

### 2. Executive Summary

The financial performance of the municipality has been stable over the past three months. The Annual Budgeted revenue projections were under-achieved by 7% with savings realized in the first quarter.

The table below summarizes the financial performance and detailed information is presented as per attached below budget tables.

*Table 1: Summary of operating revenue for the period ended 30 September 2023*

OPERATING REVENUE STATEMENT FOR THE QUARTER ENDING SEPTEMBER 2023									
Descriptions	Annual Budget	YTD budget	Monthly Actual	Q1 YTD Actual	YTD Actual	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance	Year to date Variance %
Rates	253,564,477.00	66,391,113.00	22,889,889.38	66,816,401.62	66,816,401.62	101%	45%	(425,288.62)	-1%
Service charges - Electricity	156,164,177.00	39,041,037.00	9,440,443.38	28,986,683.63	28,986,683.63	74%	20%	10,054,353.37	26%
Service charges - Refuse	10,752,478.00	2,688,120.00	991,059.82	2,979,053.25	2,979,053.25	111%	2%	(290,933.25)	-11%
Rental	1,370,048.00	342,510.00	108,159.63	332,375.23	332,375.23	97%	0%	10,134.77	3%
Interest earned - external investments	3,029,552.00	757,386.00	442,162.38	984,740.32	984,740.32	130%	1%	(227,354.32)	-30%
Interest earned - outstanding debtors	17,985,053.00	4,496,259.00	1,259,671.03	3,746,831.87	3,746,831.87	83%	3%	749,427.13	17%
Fines	2,957,170.00	739,290.00	17,365.05	26,127.96	26,127.96	4%	0%	713,162.04	96%
Licences and Permits	4,399,009.00	1,099,749.00	308,237.91	889,565.31	889,565.31	81%	1%	210,183.69	19%
Grants and subsidies	114,187,350.00	42,018,994.79	820,994.79	42,018,994.79	42,018,994.79	100%	28%	-	0%
Sale of Goods and Rendering of Services	5,609,203.00	1,402,275.00	298,801.33	889,455.85	889,455.85	63%	1%	512,819.15	37%
Operational revenue	1,878,595.00	469,638.00	125,431.23	31,408.92	31,408.92	7%	0%	438,229.08	93%
<b>TOTAL REVENUE</b>	<b>571,897,112</b>	<b>159,446,372</b>	<b>36,702,275.93</b>	<b>147,701,639</b>	<b>147,701,639</b>	<b>93%</b>	<b>100%</b>	<b>-11,744,733</b>	<b>-7%</b>

The table above summarizes the total revenue for the first quarter. This revenue excludes income from the transfer of capital grants. The projected year-to-date actual has been achieved by 93% for quarter one (September 2023). There is an overall unfavorable variance of 7% when comparing YTD budget and YTD Actual.

Council should record the underperformance of 26% on electricity service charges which is the result of the ongoing illegal connections and theft, this has a huge negative impact on the

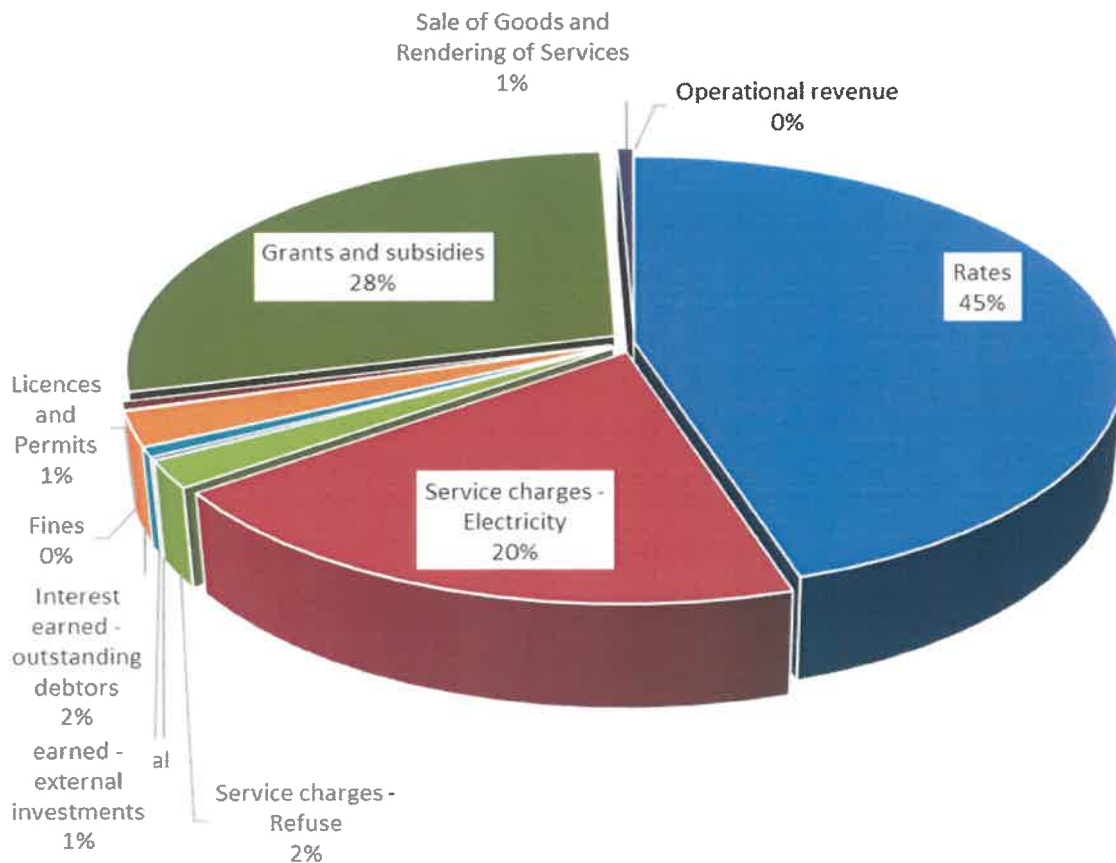
projected year -to -date revenue budget from electricity trading service and electricity bulk purchases by the municipality.

From the above table, it is evident that the major issue within revenue is the Electricity Service Charges, the Municipality will meet the target on its estimated forecasts for Revenue once all Revenue strategies are in place and are being implemented.

The figure below diagrammatically presents the income for the year:

Figure 1: Operating revenue for the 30 September 2023

OPERATING REVENUE FOR SEPTEMBER 2023



Rates income comprises 45% of the total revenue of the municipality, Grants and Subsidies are 28% of the total income. Service Charges – Electricity comprises 20%, Service Charges – Refuse comprises 2% and Interest earned – outstanding debtors comprises 2% of the total income of the municipality for the first quarter.

**Expenditure**

Table 2: Summary of Operating Expenditure for the period ended 30 September 2023

OPERATING PAYMENT STATEMENT FOR THE QUARTER ENDING SEPTEMBER 2023								
Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of YTD Budget Performance	% of Actual Budget Performance for the Quarter	Variance	Year to date Variance %
Employee Related Costs	155,965,773	37,191,078	11,912,043	35,465,614	95.36%	26%	1,725,463.78	5%
Remuneration of councillors	11,326,672	2,831,643	905,279	2,715,838	95.91%	2%	115,804.83	4%
Bulk Purchases	190,198,440	47,549,610	17,983,404	63,275,189	133.07%	46%	(15,725,578.74)	-33%
Debt impairment	10,242,707	0	0	0	0.00%	0%	-	0%
Contracted Services	80,964,258	20,226,003	6,043,933	9,038,070	44.69%	7%	11,187,933.43	55%
Interest Expense	47,362	11,838	11,529	12,930	109.22%	0%	(1,091.89)	-9%
Other Expenditure	65,163,035	16,290,570	6,344,516	11,859,009	72.80%	9%	4,431,560.78	27%
Depreciation	51,439,264	12,859,794	4,374,150	14,896,243	115.84%	11%	(2,036,449.09)	-16%
Inventory consumed	4,722,194	580,524	8,788	8,788	1.51%	0%	571,736.49	98%
Transfers and Grants	1,520,000	379,998	240,597	282,164	74.25%	0%	97,833.83	26%
<b>TOTAL EXPENDITURE</b>	<b>571,589,705</b>	<b>137,921,058</b>	<b>47,824,240</b>	<b>137,553,845</b>	<b>99.73%</b>	<b>100%</b>	<b>367,213.42</b>	<b>0%</b>

For the quarter ended 30 September 2023, the municipality had incurred operational expenditure of R 137m of this actual amount spent, R63m relates to bulk purchases, Employee Related Costs have costed R35m for the quarter (July to September 2023).

Asset physical verification on municipal assets for the first quarter was conducted with the aim of confirming the existence, location and condition of the municipal assets and maintaining the complete and accurate Fixed Asset Register. It is good practice and critical to have an idea of what assets you have, where they are located, when they were purchased, if they are still in use by the municipality. The Depreciation year-to-date actual is amounted to R14m and have been overspent by 15,84% at the end of quarter one.

The above table reflects an overall total under - spending of R 367k.

**The Municipality has underspent by 0,27% of the total expenditure which resulted in the overall performance being unfavorable.**

Diagrammatically, the expenditure for the year is shown below:

## OPERATING EXPENDITURE FOR SEPTEMBER 2023

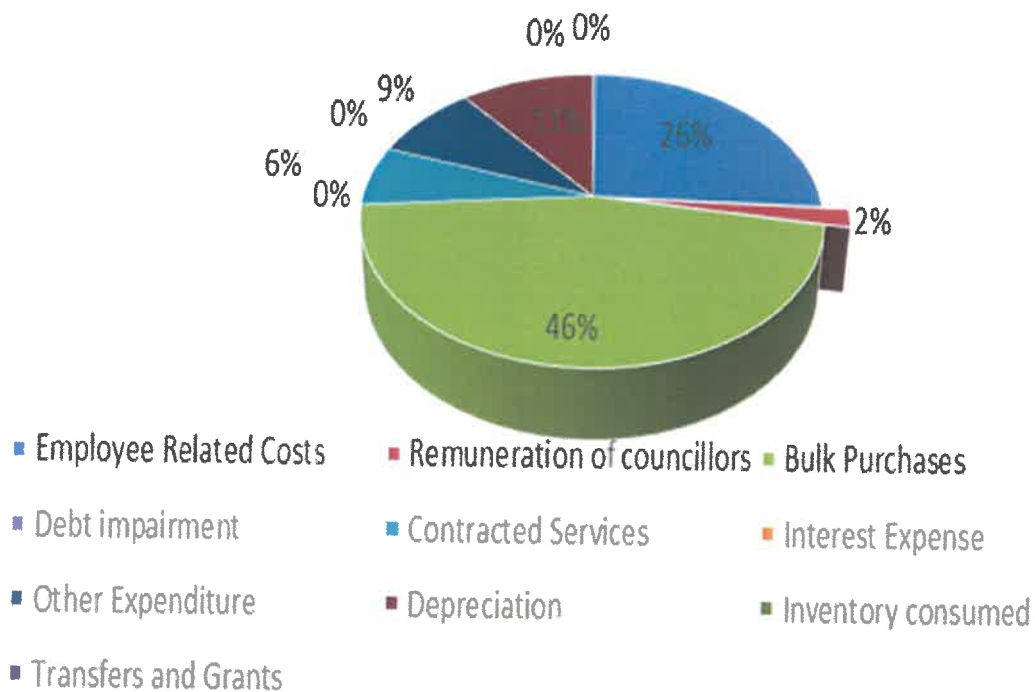


Figure 2: Summary of Expenditure for the year

As can be seen above, the salaries represent 26 %, bulk purchases 46%, depreciation 11%, contracted services 6%, general expenditure 9% and the rest (Interest expense and transfers and grants are 0% and below of the total expenditure.

### 3. In-Year Budget Tables

Table 3: C1 Monthly Budget Statement Summary

**QUARTERLY BUDGET AND FINANCIAL REPORT**

**KZN222 uMngeni - Table C1 Monthly Budget Statement Summary - M03 September**

Description	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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	238,062	253,564	253,564	22,890	66,816	66,391	425	1%	267,266
Service charges	106,251	166,917	166,917	10,432	31,966	41,729	(9,763)	-23%	127,863
Investment revenue	3,520	3,030	3,030	442	985	757	227	30%	3,539
Transfers and subsidies - Operational	101,039	114,187	114,187	821	42,019	42,019	-	-	114,187
Other own revenue	26,157	34,199	34,199	2,118	5,916	8,550	(2,634)	-31%	23,663
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>475,028</b>	<b>571,897</b>	<b>571,897</b>	<b>38,702</b>	<b>147,702</b>	<b>159,446</b>	<b>(11,745)</b>	<b>-7%</b>	<b>536,918</b>
Employee costs	137,502	155,966	155,966	11,912	35,466	37,191	(1,725)	-5%	141,862
Remuneration of Councillors	10,397	11,327	11,327	905	2,716	2,832	(116)	-4%	10,863
Depreciation and amortisation	119,468	51,439	51,439	4,374	14,896	12,860	2,036	16%	59,585
Interest	7,380	47	47	12	13	12	1	9%	52
Inventory consumed and bulk purchases	152,359	194,921	194,921	17,992	63,284	48,130	15,154	31%	253,136
Transfers and subsidies	1,407	1,520	1,520	241	282	380	(98)	-26%	1,129
Other expenditure	179,869	156,370	156,370	12,388	20,897	36,517	(15,619)	-43%	83,588
<b>Total Expenditure</b>	<b>608,382</b>	<b>571,590</b>	<b>571,590</b>	<b>47,824</b>	<b>137,554</b>	<b>137,921</b>	<b>(367)</b>	<b>-0%</b>	<b>550,215</b>
<b>Surplus/(Deficit)</b>	<b>(133,354)</b>	<b>307</b>	<b>307</b>	<b>(11,122)</b>	<b>10,148</b>	<b>21,525</b>	<b>(11,378)</b>	<b>-53%</b>	<b>(13,297)</b>
Transfers and subsidies - capital (monetary allocations)	49,703	48,108	48,108	7,866	7,866	7,866	-	-	48,108
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>(3,256)</b>	<b>18,014</b>	<b>29,391</b>	<b>(11,378)</b>	<b>-39%</b>	<b>34,810</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>(3,256)</b>	<b>18,014</b>	<b>29,391</b>	<b>(11,378)</b>	<b>-39%</b>	<b>34,810</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>59,380</b>	<b>83,818</b>	<b>83,818</b>	<b>6,548</b>	<b>11,144</b>	<b>20,954</b>	<b>(9,811)</b>	<b>-47%</b>	<b>83,818</b>
Capital transfers recognised	43,414	48,108	48,108	5,360	6,767	12,027	(5,260)	-44%	48,108
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	15,966	35,710	35,710	1,187	4,376	8,927	(4,551)	-51%	35,710
<b>Total sources of capital funds</b>	<b>59,380</b>	<b>83,818</b>	<b>83,818</b>	<b>6,548</b>	<b>11,144</b>	<b>20,954</b>	<b>(9,811)</b>	<b>-47%</b>	<b>83,818</b>
<b>Financial position</b>									
Total current assets	74,556	162,751	162,751		85,138				162,751
Total non current assets	1,012,265	1,142,810	1,142,810		1,008,512				1,142,810
Total current liabilities	80,536	109,218	109,218		76,875				109,218
Total non current liabilities	114,192	82,711	82,711		113,276				82,711
<b>Community wealth/Equity</b>	<b>892,093</b>	<b>1,113,632</b>	<b>1,113,632</b>		<b>903,499</b>				<b>1,113,632</b>
<b>Cash flows</b>									
Net cash from (used) operating	69,308	95,076	95,076	(4,682)	21,794	36,731	14,938	41%	47,653
Net cash from (used) investing	(60,700)	(96,074)	(96,074)	(7,288)	(12,091)	(21,019)	(8,927)	42%	(34,228)
Net cash from (used) financing	(9,980)	(189)	(189)	(230)	(512)	(47)	464	-982%	(2,046)
<b>Cash/cash equivalents at the month/year end</b>	<b>12,250</b>	<b>40,982</b>	<b>40,982</b>	<b>-</b>	<b>21,441</b>	<b>57,835</b>	<b>36,395</b>	<b>63%</b>	<b>23,629</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	-	-	-	-	-	-	-	-	-
<b>Creditors Age Analysis</b>									
Total Creditors	(1,339)	-	-	-	-	-	-	60	(1,279)

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 4: C2 Monthly Budget Statement – Financial Performance (Standard Classification)

KZN222 uMngeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September										
Description	Ref	Budget Year 2023/24								
		2022/23	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands	1	Audited Outcome								
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		329,255	357,070	357,070	25,726	103,812	100,078	3,733	4%	377,981
Executive and council		66,327	74,474	74,474	–	30,899	29,430	1,469	5%	86,400
Finance and administration		262,928	282,596	282,596	25,726	72,913	70,649	2,265	3%	291,581
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		6,954	8,087	8,087	38	68	2,022	(1,953)	-97%	4,949
Community and social services		5,486	5,134	5,134	22	46	1,283	(1,237)	-96%	4,860
Sport and recreation	3	3	3	3	–	–	1	(1)	-100%	–
Public safety		1,466	2,950	2,950	16	22	738	(715)	-97%	89
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		37,255	37,653	37,653	8,368	9,404	9,413	(9)	0%	32,965
Planning and development		3,230	6,471	6,471	197	656	1,618	(962)	-59%	2,624
Road transport		34,025	31,182	31,182	8,171	8,749	7,796	953	12%	30,341
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		151,243	217,168	217,168	10,433	42,276	55,792	(13,516)	-24%	169,103
Energy sources		129,635	195,483	195,483	9,440	34,758	48,871	(14,113)	-29%	139,031
Water management		–	–	–	–	–	–	–	–	–
Waste water management		40	56	56	2	7	14	(7)	-49%	29
Waste management		21,568	21,629	21,629	991	7,511	6,907	604	9%	30,043
<i>Other</i>	4	24	27	27	3	7	7	(0)	0%	27
<b>Total Revenue - Functional</b>	2	524,732	620,005	620,005	44,568	155,567	167,312	(11,745)	-7%	585,026
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		317,385	214,671	214,671	19,118	49,976	51,652	(1,676)	-3%	199,904
Executive and council		70,589	42,844	42,844	4,295	11,051	10,696	355	3%	44,204
Finance and administration		244,481	167,733	167,733	14,510	37,966	39,933	(1,967)	-5%	151,863
Internal audit		2,316	4,094	4,094	313	959	1,023	(64)	-6%	3,836
<i>Community and public safety</i>		39,457	65,779	65,765	2,939	9,278	14,180	(4,903)	-35%	37,110
Community and social services		10,863	13,710	13,710	915	2,505	3,427	(923)	-27%	10,019
Sport and recreation		11,208	16,270	16,270	718	2,011	2,567	(556)	-22%	8,044
Public safety		15,927	34,055	34,055	1,191	4,422	7,753	(3,332)	-43%	17,686
Housing		1,458	1,744	1,730	114	340	432	(92)	-21%	1,360
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		34,806	35,432	35,646	2,683	6,479	8,211	(1,732)	-21%	25,917
Planning and development		15,515	19,689	19,903	1,457	4,118	4,976	(858)	-17%	16,471
Road transport		19,291	15,743	15,743	1,225	2,362	3,236	(874)	-27%	9,447
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		215,921	254,239	254,239	22,965	71,661	63,560	8,101	13%	286,644
Energy sources		183,534	223,744	223,744	21,815	68,166	55,936	12,230	22%	272,665
Water management		–	–	–	–	–	–	–	–	–
Waste water management		3,091	3,420	3,420	188	568	855	(287)	-34%	2,270
Waste management		29,296	27,075	27,075	962	2,927	6,769	(3,841)	-57%	11,709
<i>Other</i>		814	1,469	1,269	120	160	317	(157)	-50%	640
<b>Total Expenditure - Functional</b>	3	608,382	571,590	571,590	47,824	137,554	137,921	(367)	0%	550,215
<b>Surplus/ (Deficit) for the year</b>		(83,651)	48,415	48,415	(3,256)	18,014	29,391	(11,378)	-39%	34,810



QUARTERLY BUDGET AND FINANCIAL REPORT

Table 5: C3 Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Vote)

KZN222 uMngeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September										
Vote 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
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		318,614	346,024	346,024	24,151	101,466	97,317	4,149	4.3%	403,954
Vote 2 - BUDGET AND TREASURY		6,990	7,261	7,261	843	1,377	1,815	(439)	-24.2%	5,506
Vote 3 - CORPORATE SERVICES		2,439	1,670	1,670	110	356	418	(61)	-14.6%	1,426
Vote 4 - Planning Services		3,254	6,498	6,498	235	709	1,624	(916)	-56.4%	2,835
Vote 5 - Community Services		31,169	33,931	33,931	1,323	8,436	9,983	(1,546)	-15.5%	38,420
Vote 6 - Technical Services		162,266	224,622	224,622	17,907	43,224	56,155	(12,932)	-23.0%	132,884
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>524,732</b>	<b>620,005</b>	<b>620,005</b>	<b>44,568</b>	<b>155,567</b>	<b>167,312</b>	<b>(11,745)</b>	<b>-7.0%</b>	<b>585,026</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		78,148	51,616	51,616	4,608	12,010	12,889	(879)	-6.8%	48,040
Vote 2 - BUDGET AND TREASURY		159,671	90,400	90,400	8,004	23,788	22,600	1,188	5.3%	95,152
Vote 3 - CORPORATE SERVICES		59,647	47,556	47,556	5,100	9,220	10,889	(1,669)	-15.3%	36,882
Vote 4 - Planning Services		17,786	22,902	22,902	1,691	4,618	5,725	(1,108)	-19.3%	18,471
Vote 5 - Community Services		73,099	88,149	88,149	4,228	13,077	18,776	(5,699)	-30.4%	52,308
Vote 6 - Technical Services		220,031	270,966	270,966	24,193	74,841	67,041	7,799	11.6%	299,362
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>608,382</b>	<b>571,590</b>	<b>571,590</b>	<b>47,824</b>	<b>137,554</b>	<b>137,921</b>	<b>(367)</b>	<b>-0.3%</b>	<b>550,215</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>(3,256)</b>	<b>18,014</b>	<b>29,391</b>	<b>(11,378)</b>	<b>-38.7%</b>	<b>34,810</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 6: C4 Monthly Budget Statement – Financial Performance (Revenue and Expenditure)

KZN222 uMngeni - 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
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>		122,657	185,240	185,240	11,958	35,762	46,310	(10,548)	-23%	143,046
Service charges - Electricity		94,406	156,164	156,164	9,440	28,987	39,041	(10,054)	-26%	115,947
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		11,845	10,752	10,752	991	2,979	2,688	291	11%	11,916
Sale of Goods and Rendering of Services		4,251	5,609	5,609	299	889	1,402	(513)	-37%	3,558
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3,990	4,308	4,308	312	903	1,077	(174)	-16%	3,610
Interest earned from Current and Non Current Assets		3,520	3,030	3,030	442	985	757	227	30%	3,939
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		2,152	1,370	1,370	108	332	343	(10)	-3%	1,330
Licence and permits		1,841	2,445	2,445	241	655	611	44	7%	2,621
Operational Revenue		651	1,563	1,563	125	31	391	(359)	-92%	126
<b>Non-Exchange Revenue</b>		352,371	386,657	386,657	24,744	111,940	113,136	(1,196)	-1%	393,872
Property rates		238,062	253,564	253,564	22,890	66,816	66,391	425	1%	267,266
Surcharges and Taxes		0	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,493	2,957	2,957	17	26	739	(713)	-96%	105
Licence and permits		978	1,954	1,954	67	234	489	(254)	-52%	937
Transfer and subsidies - Operational		101,039	114,187	114,187	821	42,019	42,019	-	-	114,187
Interest		10,214	13,677	13,677	948	2,844	3,419	(575)	-17%	11,377
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		585	316	316	-	-	79	(79)	-100%	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>475,028</b>	<b>571,897</b>	<b>571,897</b>	<b>36,702</b>	<b>147,702</b>	<b>159,446</b>	<b>(11,745)</b>	<b>-7%</b>	<b>536,918</b>
<b>Expenditure By Type</b>										
Employee related costs		137,502	155,966	155,966	11,912	35,466	37,191	(1,725)	-5%	141,862
Remuneration of councillors		10,397	11,327	11,327	905	2,716	2,832	(116)	-4%	10,863
Bulk purchases - electricity		150,208	190,198	190,198	17,983	63,275	47,550	15,726	33%	253,101
Inventory consumed		2,152	4,722	4,722	9	9	581	(572)	-98%	35
Debt impairment		3,024	10,243	10,243	-	-	-	-	-	-
Depreciation and amortisation		119,468	51,439	51,439	4,374	14,896	12,860	2,036	16%	59,585
Interest		7,380	47	47	12	13	12	1	9%	52
Contracted services		83,311	80,964	80,964	6,044	9,038	20,226	(11,188)	-55%	36,152
Transfers and subsidies		1,407	1,520	1,520	241	282	380	(98)	-26%	1,129
Irrecoverable debts written off		41,419	-	-	-	-	-	-	-	-
Operational costs		49,872	65,163	65,163	6,345	11,859	16,291	(4,432)	-27%	47,436
Losses on Disposal of Assets		2,243	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>608,382</b>	<b>571,590</b>	<b>571,590</b>	<b>47,824</b>	<b>137,554</b>	<b>137,921</b>	<b>(367)</b>	<b>0%</b>	<b>550,215</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocations)		(133,354)	307	307	(11,122)	10,148	21,525	(11,378)	(0)	(13,297)
Transfers and subsidies - capital (in-kind)		49,703	48,108	48,108	7,866	7,866	7,866	-	-	48,108
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>(3,256)</b>	<b>18,014</b>	<b>29,391</b>			<b>34,810</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>(3,256)</b>	<b>18,014</b>	<b>29,391</b>			<b>34,810</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>(3,256)</b>	<b>18,014</b>	<b>29,391</b>			<b>34,810</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>(3,256)</b>	<b>18,014</b>	<b>29,391</b>			<b>34,810</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 7: C5 Monthly Budget Statement Capital Expenditure

<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		2,877	2,381	2,381	1	1	595	(584)	-100%	2,381
Executive and council		227	1,100	1,100	-	-	275	(275)	-100%	1,100
Finance and administration		2,650	1,281	1,281	1	1	320	(319)	-100%	1,281
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		1,239	1,580	1,580	-	-	395	(395)	-100%	1,580
Community and social services		1,239	-	-	-	-	-	-	-	-
Sport and recreation		-	900	900	-	-	225	(225)	-100%	900
Public safety		-	680	680	-	-	170	(170)	-100%	680
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		36,787	55,770	55,770	6,017	10,034	13,943	(3,908)	-28%	55,770
Planning and development		331	3,850	3,850	-	-	962	(962)	-100%	3,850
Road transport		36,436	51,920	51,920	6,017	10,034	12,980	(2,946)	-23%	51,920
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		18,498	24,086	24,086	530	1,108	6,021	(4,913)	-82%	24,086
Energy sources		18,498	22,486	22,486	-	-	5,621	(5,621)	-100%	22,486
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	1,600	1,600	530	1,108	400	708	177%	1,600
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	59,380	83,818	83,818	6,548	11,144	20,954	(9,811)	-47%	83,818
<b>Funded by:</b>										
National Government		43,414	46,708	46,708	5,360	6,767	11,677	(4,910)	-42%	46,708
Provincial Government		-	1,400	1,400	-	-	350	(350)	-100%	1,400
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Deparm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		43,414	48,108	48,108	5,360	6,767	12,027	(5,260)	-44%	48,108
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		15,966	35,710	35,710	1,187	4,376	8,927	(4,551)	-51%	35,710
<b>Total Capital Funding</b>	7	59,380	83,818	83,818	6,548	11,144	20,954	(9,811)	-47%	83,818

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 8: C6 Monthly Budget Statement Financial Position

KZN222 uMngeni - 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
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		12,250	40,982	40,982	21,442	40,982
Trade and other receivables from exchange transactions		18,480	24,686	24,686	22,441	24,686
Receivables from non-exchange transactions		32,885	85,471	85,471	34,725	85,471
Current portion of non-current receivables		-	-	-	-	-
Inventory		-	-	-	-	-
VAT		10,941	11,612	11,612	6,529	11,612
Other current assets		-	-	-	-	-
<b>Total current assets</b>		<b>74,556</b>	<b>162,751</b>	<b>162,751</b>	<b>85,138</b>	<b>162,751</b>
<b>Non current assets</b>						
Investments		-	-	-	-	-
Investment property		19,314	56,087	56,087	19,245	56,087
Property, plant and equipment		982,687	1,075,606	1,075,606	979,003	1,075,606
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		3,381	5,398	5,398	3,381	5,398
Intangible assets		-	-	-	-	-
Trade and other receivables from exchange transactions		6,884	5,718	5,718	6,884	5,718
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>1,012,265</b>	<b>1,142,810</b>	<b>1,142,810</b>	<b>1,008,512</b>	<b>1,142,810</b>
<b>TOTAL ASSETS</b>		<b>1,086,821</b>	<b>1,305,561</b>	<b>1,305,561</b>	<b>1,093,650</b>	<b>1,305,561</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Financial liabilities		478	2,275	2,275	320	2,275
Consumer deposits		4,750	4,390	4,390	4,759	4,390
Trade and other payables from exchange transactions		71,587	52,366	52,366	47,196	52,366
Trade and other payables from non-exchange transactions		624	880	880	6,375	880
Provision		3,097	41,840	41,840	18,105	41,840
VAT		-	7,466	7,466	118	7,466
Other current liabilities		-	-	-	-	-
<b>Total current liabilities</b>		<b>80,536</b>	<b>109,218</b>	<b>109,218</b>	<b>76,875</b>	<b>109,218</b>
<b>Non current liabilities</b>						
Financial liabilities		-	-	-	-	-
Provision		114,192	62,711	62,711	86,315	62,711
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	20,000	20,000	26,961	20,000
<b>Total non current liabilities</b>		<b>114,192</b>	<b>82,711</b>	<b>82,711</b>	<b>113,276</b>	<b>82,711</b>
<b>TOTAL LIABILITIES</b>		<b>194,728</b>	<b>191,929</b>	<b>191,929</b>	<b>190,151</b>	<b>191,929</b>
<b>NET ASSETS</b>	<b>2</b>	<b>892,093</b>	<b>1,113,632</b>	<b>1,113,632</b>	<b>903,499</b>	<b>1,113,632</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		892,093	1,113,632	1,113,632	903,499	1,113,632
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>892,093</b>	<b>1,113,632</b>	<b>1,113,632</b>	<b>903,499</b>	<b>1,113,632</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 9: C7 Monthly Budget Statement Cash Flow

KZN222 uMngeni - Table C7 Monthly Budget Statement - Cash Flow - 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	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		259,757	240,886	240,886	23,422	67,608	67,122	486	1%	270,431
Service charges		106,251	190,150	190,150	9,287	24,540	38,538	(13,998)	-36%	98,160
Other revenue		9,153	77,829	77,829	4,291	5,762	19,457	(13,696)	-70%	23,046
Transfers and Subsidies - Operational		101,039	114,187	114,187	-	47,000	47,000	-		114,187
Transfers and Subsidies - Capital		49,703	48,108	48,108	1,000	8,636	8,636	-		48,108
Interest		3,520	3,030	3,030	283	387	757	(371)	-49%	1,546
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(458,470)	(577,540)	(577,540)	(42,772)	(131,883)	(144,385)	(12,502)	9%	(506,810)
Interest		(239)	(47)	(47)	(12)	(13)	(12)	1	-9%	(46)
Transfers and Subsidies		(1,407)	(1,528)	(1,528)	(183)	(243)	(382)	(139)	36%	(970)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>69,308</b>	<b>95,076</b>	<b>95,076</b>	<b>(4,682)</b>	<b>21,794</b>	<b>36,731</b>	<b>14,938</b>	<b>41%</b>	<b>47,653</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		585	316	316	-	-	79	(79)	-100%	316
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(61,285)	(96,390)	(96,390)	(7,288)	(12,091)	(21,098)	(9,006)	43%	(34,544)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(60,700)</b>	<b>(96,074)</b>	<b>(96,074)</b>	<b>(7,288)</b>	<b>(12,091)</b>	<b>(21,019)</b>	<b>(8,927)</b>	<b>42%</b>	<b>(34,228)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		12	(189)	(189)	(230)	(512)	(47)	(464)	982%	(2,046)
<b>Payments</b>										
Repayment of borrowing		(9,992)	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(9,980)</b>	<b>(189)</b>	<b>(189)</b>	<b>(230)</b>	<b>(512)</b>	<b>(47)</b>	<b>464</b>	<b>-982%</b>	<b>(2,046)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(1,372)</b>	<b>(1,188)</b>	<b>(1,188)</b>	<b>(12,200)</b>	<b>9,191</b>	<b>15,665</b>			<b>11,379</b>
Cash/cash equivalents at beginning:		13,622	42,170	42,170		12,250	42,170			12,250
Cash/cash equivalents at month/year end:		12,250	40,982	40,982		21,441	57,835			23,629

Part 2 – Supporting Documentation

1. Debtors Analysis

The gross trade and other receivables amount to R 245,9 million as at 30 September 2023. This is depicted as follows:

Figure 3: Outstanding Debtors as at 30 September 2023

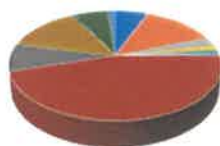
The table above details the outstanding debt as at 30 September 2023.

Debtors Categories	Current	30 days	60 days	90 days	120 days	150 days	Total
Agricultural Properties	1,358,022.30	720,815.40	511,156.34	378,050.94	341,600.16	11,141,940.29	14,451,585.43
Business & Commercial Properties	2,692,599.67	1,419,958.47	574,612.23	483,218.07	9,993,425.15	17,163,173.28	32,326,986.87
Industrial Properties	679,181.08	250,297.36	207,026.93	148,998.79	170,941.66	5,511,572.88	6,968,018.70
Mining and Quarry Properties	8,624.38	8,462.50	8,462.50	9,622.50	9,622.50	2,720,279.54	2,765,073.92
Public Benefit Organisation Properties	173,932.28	101,368.92	89,580.97	25,966.39	92,166.77	1,921,009.59	2,404,024.92
Public Service Infrastructure Properties	202,983.60	192,404.14	177,483.60	0.00	0.00	342,079.06	914,950.40
Public Service Purposes Properties	155,216.31	754,728.27	121,503.54	7,027.35	12,500.56	29,679.76	1,080,655.79
Residential Properties	13,431,572.59	4,940,094.41	3,161,259.27	2,521,994.13	2,630,040.53	84,951,619.62	111,636,580.55
Vacant Land Properties	922,173.31	543,464.82	458,871.37	386,267.66	642,901.36	17,060,378.01	20,014,056.53
Electricity	8,434,707.72	2,248,144.76	686,067.04	571,126.13	523,929.02	21,392,727.33	33,856,702.00
Sundry Debtors	52,995.64	88,961.86	35,542.59	336,405.32	36,172.41	674,020.62	1,224,098.44
Refuse Removal	1,008,898.60	556,160.20	448,707.65	476,614.51	480,550.76	11,845,207.44	14,816,139.16
Rental Properties	81,164.73	59,822.06	46,521.16	43,692.89	89,464.89	3,154,854.33	3,475,520.06
<b>Total</b>	<b>29,202,072.21</b>	<b>11,884,683.17</b>	<b>6,526,795.19</b>	<b>5,388,984.68</b>	<b>15,023,315.77</b>	<b>177,908,541.75</b>	<b>245,934,392.77</b>

Rates and Services	Amount	Percentage %
Agricultural Properties	14,451,585.43	6%
Business & Commercial Properties	32,326,986.87	13%
Industrial Properties	6,968,018.70	3%
Mining and Quarry Properties	2,765,073.92	1%
Public Benefit Organisation Properties	2,404,024.92	1%
Public Service Infrastructure Properties	914,950.40	0%
Public Service Purposes Properties	1,080,655.79	0%
Residential Properties	111,636,580.55	45%
Vacant Land Properties	20,014,056.53	8%
Electricity	33,856,702.00	14%
Sundry Debtors	1,224,098.44	0%
Refuse Removal	14,816,139.16	6%
Rental Properties	3,475,520.06	1%
<b>Total</b>	<b>245,934,392.77</b>	<b>100%</b>

Table 10: Outstanding debt as at 30 September 2023

September 2023



- Agricultural Properties
- Industrial Properties
- Public Benefit Organisation Properties
- Public Service Purposes Properties
- Vacant Land Properties
- Sundry Debtors
- Business & Commercial Properties
- Mining and Quarry Properties
- Public Service Infrastructure Properties
- Residential Properties
- Electricity
- Refuse Removal

Above is the Pie chart for Outstanding Debtors as at 30 September 2023

## 2. Short-Term Investment Portfolio Analysis

The Short- term investments of the municipality as at 30 September 2023, were as follows:

<b>INVESTMENTS</b>		
<b>Institution</b>	<b>Account Number</b>	<b>Balance Available</b>
Absa - Call Account	9244 6715 85	40,489.84
Absa - Call Account	9154 612 908	223,018.37
Absa - Fixed Deposit	9312 7571 98	3,605,553.40
Absa - Fixed Deposit	9312 7569 80	306,321.14
First National Bank	6282 1205 425	131,056.44
Absa - Fixed Deposit	2074 952 988	223,384.88
Fnb - Fixed Deposit	7454 7419 339	-
Investec Bank-Call Account	1100503504451	-
FNB - Fixed Deposit	7437 2357 316	-
Rand Merchant Bank	RU 500475 658	3,008,787.16
Investec Bank-Call Account	1100503504500	1,913,756.47
Investec Bank-Call Account	6302 8283 61	2,806,535.04
First National Bank	6254 7030 875	1,129,792.93
<b>TOTAL INVESTMENT BALANCE</b>		<b>13,388,695.67</b>

Table 10: Short-Term Investments as at 30 September 2023

Interest rates from other financial institutions are also being sourced to ensure that the maximum amount of interest is realized on these investments. All Municipal grants are cashed-back.

QUARTERLY BUDGET AND FINANCIAL REPORT

### 3. Allocation of grant receipts and expenditure

Grants for the period ended 30 September 2023 are as follows:

Table 11: Conditional and Unconditional grants

GRANTS REGISTER FOR 2023/2024 FINANCIAL YEAR										
GRANT	Opening balance per - AFS	Amount Withheld/ net approval	Roll-over approved	EXPENDITURE IN R		DATE	TRANCHES	Expenditure (YTD)	Balance as at 30 June 2023	Percentage % Spent(YTD)
				DOMA	Total Income Received					
<b>CONDITIONAL GRANTS</b>					(YTD)					
<b>MIG</b>										
MIG	R 0.00	R 0.00	R 0.00	R 26,810,000.00	R 7,636,000.00	22/07/2022;	TRI-ANNUAL	R 7,865,712.66	-R 229,712.66	103%
Finance Management Grant	R 0.00	R 0.00	R 0.00	R 1,720,000.00	R 1,720,000.00	26/08/2022	ANNUAL	R 220,610.99	R 1,499,389.01	13%
Integrated National Electricity Programme Grant	R 0.00	R 0.00	R 0.00	R 21,476,000.00	3,500,000.00	22/07/2022;	ANNUAL	R 0.00	R 3,500,000.00	0%
Energy Efficiency & Demand-Side Management Grant	R 0.00	R 0.00	R 0.00	R 4,000,000.00	1,000,000.00	03/08/2022	TRI-ANNUAL	R 0.00	R 1,000,000.00	0%
MAP Synergistic Partnership (Trad Councils)	R 133,795.78	R 0.00	R 0.00	R 0.00	155,295.78		ROLL OVER	R 0.00	R 155,295.78	0%
Expanded Public Works Programme	R 0.00	R 0.00	R 0.00	R 2,329,000.00	582,000.00	03/08/2022	TRI-ANNUAL	R 600,383.80	R 1,728,616.20	26%
Cedara College/Kanya Village RD	R 0.00	R 0.00	R 0.00	R 0.00	-		ROLL-OVER	R 0.00	R 0.00	0%
Library Grant	R 0.00	R 0.00	R 0.00	R 4,437,000.00	-		ANNUAL	R 0.00	R 0.00	0%
Museum Costs	R 0.00	R 0.00	R 0.00	R 249,000.00	-		ANNUAL	R 0.00	R 0.00	0%
Massification	R 135,115.00	R 0.00	R 0.00	R 0.00	135,115.00		ROLL-OVER	R 0.00	R 135,115.00	0%
Schemes Support Programme & Nodal Plans	R 104,050.71	R 0.00	R 0.00	R 0.00	104,050.71		ROLL-OVER	-	R 104,050.71	0%
Maintenance (Sport)	R 11,041.74		R 0.00	R 0.00	11,041.74		ROLL-OVER	-	R 11,041.74	0%
Title deeds restoration programme	R 239,981.92	R 0.00	R 0.00	R 0.00	239,981.92		ANNUAL	-	R 239,981.92	0%
Municipal Employment Initiative	R 0.00	R 0.00	R 0.00	R 1,000,000.00	-		ANNUAL	R 0.00	R 0.00	
Informal Trader Grant	R 0.00	R 0.00	R 0.00	R 1,400,000.00	-		ANNUAL	R 0.00	R 0.00	
										0%
<b>TOTAL BALANCE</b>	<b>R 623,985.15</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 63,421,000.00</b>	<b>R 15,083,485.15</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 8,686,707.45</b>	<b>R 8,143,777.70</b>	<b>0%</b>

From the table above the total grants R 8m remains unspent as at 30 September 2023. The reconciliations are checked by the respective Managers responsible for the above Grants and Finance department to ensure that amounts outstanding on projects are accurate.

From the above unspent grants of R 8million (include MIG overspending of R229k) , it is evident that there are unspent amounts on capital grants as follows:

Table 12: Capital Grants Unspent

Capital Grants Not Spent	
Grant	Amount Unspent
Energy Efficiency & Demand-Side Management Grant	1,000,000.00
INEP	3,500,000.00
MIG	-
<b>TOTAL</b>	<b>4,500,000.00</b>



#### 4. Councilors Remuneration and employee benefits

The salaries and wages paid to date are R 38,7 million. The table below summarizes the salaries and wages including Councilor's remuneration:

Table 13: Employee Benefits and Councilors remuneration

Details	Quarter 1	Total Employee Related Cost paid to date
Salaries and Wages	21,680,780.48	21,680,780.48
Contributions to UIF	161,635.71	161,635.71
Contribution to Medical Aid	1,768,874.42	1,768,874.42
Contribution to Pension	3,964,584.42	3,964,584.42
Travel allowance	1,564,031.12	1,564,031.12
Directors Remuneration	2,163,458.22	2,163,458.22
Housing allowance	108,307.41	108,307.41
Overtime	1,894,928.14	1,894,928.14
Standby	209,091.50	209,091.50
Cellphone allowance	27,750.00	27,750.00
Annual bonus	1,315,050.69	1,315,050.69
Contributions for Retired Staff	343,642.62	343,642.62
Leave Pay	337,442.19	337,442.19
Long Service Award	341,896.90	341,896.90
Acting Allowance	146,448.03	146,448.03
Bargaining Council	10,981.70	10,981.70
Councillors remuneration	2,705,919.65	2,705,919.65
<b>TOTAL</b>	<b>38,744,823.20</b>	<b>38,744,823.20</b>

#### 4. Financial Performance

The financial performance for the first quarter is highlighted in the afore-mentioned Executive Summary and is detailed in Table C4. The financial performance of the municipality has been favorable for the four quarter, as can be seen in the Summary of Financial Performance below. The table includes capital transfers.

Table 14: Summary of Financial Performance

## QUARTERLY BUDGET AND FINANCIAL REPORT

OPERATING REVENUE STATEMENT FOR THE QUARTER ENDING SEPTEMBER 2023								
Descriptions	Annual Budget	YTD budget	Monthly Actual	Q1 YTD Actual	YTD Actual	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance
Rates	253,564,477.00	66,391,113.00	22,889,889.38	66,816,401.62	66,816,401.62	101%	45%	(425,288.62)
Service charges - Electricity	156,164,177.00	39,041,037.00	9,440,443.38	28,986,683.63	28,986,683.63	74%	20%	10,054,353.37
Service charges - Refuse	10,752,478.00	2,688,120.00	991,059.82	2,979,053.25	2,979,053.25	111%	2%	(290,933.25)
Rental	1,370,048.00	342,510.00	108,159.63	332,375.23	332,375.23	97%	0%	10,134.77
Interest earned - external investments	3,029,552.00	757,386.00	442,162.38	984,740.32	984,740.32	130%	1%	(227,354.32)
Interest earned - outstanding debtors	17,985,053.00	4,496,259.00	1,259,671.03	3,746,831.87	3,746,831.87	83%	3%	749,427.13
Fines	2,957,170.00	739,290.00	17,385.05	26,127.96	26,127.96	4%	0%	713,162.04
Licences and Permits	4,399,009.00	1,099,749.00	308,297.91	889,565.31	889,565.31	81%	1%	210,183.69
Grants and subsidies	114,187,350.00	42,018,994.79	820,994.79	42,018,994.79	42,018,994.79	100%	28%	-
Sale of Goods and Rendering of Services	5,609,203.00	1,402,275.00	298,801.33	889,455.85	889,455.85	63%	1%	512,819.15
Operational revenue	1,878,595.00	469,638.00	125,431.23	31,408.92	31,408.92	7%	0%	438,229.08
<b>TOTAL REVENUE</b>	<b>571,897,112</b>	<b>159,446,372</b>	<b>36,702,275.93</b>	<b>147,701,639</b>	<b>147,701,639</b>	<b>93%</b>	<b>100%</b>	<b>-11,744,733</b>
Employee Related Costs	155,965,773.00	37,191,078.00	11,912,042.99	35,465,614.22	35,465,614.22	95%	26%	1,725,463.78
Remuneration of councillors	11,326,672.00	2,831,643.00	905,279.39	2,715,838.17	2,715,838.17	96%	2%	115,804.83
Bulk Purchases	190,198,440.00	47,549,610.00	17,983,404.39	63,275,188.74	63,275,188.74	133%	46%	(15,725,578.74)
Debt impairment	10,242,707.00	-	-	-	-	0%	0%	-
Contracted Services	80,964,258.00	20,226,003.00	6,043,933.33	9,038,069.57	9,038,069.57	45%	7%	11,187,933.43
Interest Expense	47,362.00	11,838.00	11,529.47	12,929.89	12,929.89	109%	0%	(1,091.89)
Other Expenditure	65,163,035.00	16,290,570.00	6,344,516.48	11,859,008.22	11,859,008.22	73%	9%	4,431,560.78
Depreciation	51,439,264.00	12,859,794.00	4,374,149.85	14,896,243.09	14,896,243.09	116%	11%	(2,036,449.09)
Inventory consumed	4,722,194.00	580,524.00	8,787.51	8,787.51	8,787.51	2%	0%	571,736.49
Transfers and Grants	1,520,000.00	379,998.00	240,597.00	282,164.17	282,164.17	74%	0%	97,833.83
<b>TOTAL EXPENDITURE</b>	<b>571,589,705.00</b>	<b>137,921,058.00</b>	<b>47,824,240.41</b>	<b>137,553,844.58</b>	<b>137,553,844.58</b>	<b>1.00</b>	<b>100%</b>	<b>367,213.42</b>
<b>Surplus (Deficit)</b>	<b>307,407.00</b>	<b>21,525,313.79</b>	<b>(11,121,964.48)</b>	<b>10,147,794.17</b>	<b>10,147,794.17</b>	<b>47.14%</b>	<b>0%</b>	<b>11,377,519.62</b>
Capital Transfers	48,107,650.00	7,865,712.66	7,865,712.66	7,865,712.66	7,865,712.66	100.00%	0%	-
	<b>48,415,057</b>	<b>29,391,026</b>	<b>-3,256,252</b>	<b>18,013,507</b>	<b>18,013,507</b>			

The year-to date actual deficit amounts to **R 11m** excluding capital transfers as of 30 September 2023.

## 5. Capital Budget Performance

**Table 16: Capital Actual Expenditure**

CAPITAL EXPENDITURE FOR 2023/2024 - Q1

Directorate	Department	Original Budget	Actual Balance inc Shadow	Available Budget	Project
COMMUNITY SERVICES	Community Services	680,000.00	-	680,000.00	CCTV CAMERAS
PLANNING & DEVELOPMENT	Economic Development & Growth	1,400,000.00	-	1,400,000.00	Informal Trader Infrastructure
PLANNING & DEVELOPMENT	Economic Development & Growth	900,000.00	-	900,000.00	Informal Trader Infrastructure
TECHNICAL SERVICES	Electricity	16,876,000.00	-	16,876,000.00	Substation
TECHNICAL SERVICES	Electricity	1,650,000.00	-	1,650,000.00	Electrification Project
TECHNICAL SERVICES	Electricity	3,960,000.00	-	3,960,000.00	uMngeni Public Lighting
EXECUTIVE & COUNCIL	Executive & Council	1,100,000.00	-	1,100,000.00	Procurement of furniture and office equipment
BUDGET & TREASURY	Finance	200,000.00	959.40	199,040.60	Procurement of furniture and office equipment
CORPORATE SERVICES	Human Resources	200,000.00	-	200,000.00	Procurement of furniture and office equipment
CORPORATE SERVICES	Information Technology	250,000.00	-	250,000.00	Procurement of furniture and office equipment
TECHNICAL SERVICES	LANDFILL SITES	1,500,000.00	1,108,452.00	391,548.00	Fencing of Landfill Sites
PLANNING & DEVELOPMENT	Planning & Development	300,000.00	-	300,000.00	Procurement of furniture and office equipment
PLANNING & DEVELOPMENT	Planning & Development	550,000.00	-	550,000.00	Transport assets
PLANNING & DEVELOPMENT	Planning & Development	700,000.00	-	700,000.00	Howick Falls upgrades
CORPORATE SERVICES	Public Conveniences	631,170.00	-	631,170.00	Bus Shelters
COMMUNITY SERVICES	Refuse Removal & Landfill site	100,000.00	-	100,000.00	Waste Bins and Skip Holding Area
TECHNICAL SERVICES	Roads	24,000,000.00	3,266,945.74	20,733,054.26	Buchanan road extension
TECHNICAL SERVICES	Roads	380,000.00	-	380,000.00	Procurement of Machinery and Equipment
TECHNICAL SERVICES	Roads	500,000.00	-	500,000.00	Howick CBD Revitalisation
TECHNICAL SERVICES	Roads	3,000,000.00	247,924.56	2,752,075.44	RE-GRAVELLING (Yarrow Farm, Colbourne Farm Road)
TECHNICAL SERVICES	Roads	3,000,000.00	310,552.83	2,689,447.17	Regravelling of Roads in Ward 5 - KwaDulela
TECHNICAL SERVICES	Roads	8,700,000.00	532,243.86	8,167,756.14	HAZA SCHOOL ROAD
TECHNICAL SERVICES	Roads	3,700,000.00	218,010.07	3,481,989.93	Upgrading of 27th Crescent Road
TECHNICAL SERVICES	Roads	1,050,000.00	196,340.54	853,659.46	Construction of uMtholampilo Walkway
COMMUNITY SERVICES	Sport & Recreation	250,000.00	-	250,000.00	Procurement of Machinery and Equipment
COMMUNITY SERVICES	Sport & Recreation	650,000.00	-	650,000.00	Transport assets
TECHNICAL SERVICES	Technical Services	350,000.00	-	350,000.00	Procurement of furniture and office equipment
TECHNICAL SERVICES	Technical Services	1,450,000.00	-	1,450,000.00	Transport assets
TECHNICAL SERVICES	Technical Services	5,790,480.00	5,262,117.65	528,362.35	Transport assets
	<b>TOTAL</b>	<b>83,817,650.00</b>	<b>11,143,546.65</b>	<b>72,674,103.35</b>	
	Percentage Spent in Quarter 1		13%		

Capital expenditure for the year is in line with the Annual budget, the above is a table that highlights the capital Amended Budget versus Actual balance expenditure:

As can be seen above, 13% of the Capital budget has been spent over the three months of the financial year (VAT exclusive). As shown above, Capital Budget is mostly funded by capital Grants (MIG and Energy efficiency and demand). The table above is the approved Capital Listing of all capital projects for 2023/2024 financial year.

## 6. FINANCIAL RATIOS

6.1 Personnel costs to total expenditure = employee related costs / total expenditure x 100

$$= 35,465,614.22 / 137,553,844.58 \times 100$$

$$= 26\%$$

This ratio measures the extent of Remuneration to Total Operating Expenditure. If the ratio exceeds the norm, it could indicate inefficiencies, overstaffing or even incorrect focus due to misdirected expenditure to non-service delivery related expenditure. The norm range between 25% and 40%.

6.2 Cash Coverage Ratio = ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortization, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)

$$= (8,053,291.42 - 6,375,277.70) + 13,388,695.67 / 43,450,091$$

$$= 1:0:35 \text{ days}$$

The ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue during that month. The norm ranges between 1 to 3 months.

6.3 Creditors payment period = Trade creditors outstanding / Trade creditors Purchases x 365 days

$$= 186,659 / 109,621,398 \times 91 \text{ days}$$

$$= 16 \text{ days}$$

Creditors Payment Period (Trade Creditors) This ratio indicates the average number of days taken for trade creditors to be paid and the norm is 30 days.

A period of longer than 30 days to settle creditors is normally an indication that the municipality may be experiencing cash flow problems, however in certain instances this may be as a result of disputes, processing of payments, etc.

6.4 Collection Rate = Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off / Billed Revenue x 100

$$= \frac{(230\,328\,806 + 100\,074\,563) - (245\,934\,392 - 7\,479\,711)}{100\,074\,563} \times 100$$

$$= \frac{330\,403\,369 - 238\,454\,981}{100\,074\,563} \times 100$$

$$= 92\%$$

The ratio indicates the collection rate, i.e. level of payments. It measures increases or decreases in debtors relative to monthly billed revenue. To determine the real collection rate, bad debts written-off are taken into consideration. The norm is 95%.

6.5 Current Ratio = Current Assets / Current Liabilities

$$= 85,137,727 / 76,874,594$$

$$= 1:1$$

The ratio is used to assess the municipality's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The norm ranges between 1.5 and 2.1. The higher the current ratio, the more capable the municipality will be to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at the desired level.

6.6 Contracted Services % of Total Operating Expenditure = Contracted Services / Total Operating Expenditure X 100

$$= 6,043,933 / 47,824,240 \times 100$$

$$= 13\%$$

This ratio measures the extent to which the municipalities' resources are committed towards contracted services to perform municipal-related functions, and the norm ranges between 2% and 5%.

A ratio more than the Norm could indicate that many functions are being outsourced to consultants, or that contracted services are not effectively utilized.

6.7 Net Surplus / Deficit Electricity = Total Electricity Revenue less Total Electricity Expenditure / Total Electricity Revenue X 100

$$= 9,440,443 - 17,983,404 / 9,440,443 \times 100$$

$$= -90\% \text{ Deficit}$$

This ratio measures the extent to which the municipality generates a surplus or deficit in rendering electricity services. The purpose of the ratio is to determine the contribution made by the provision of Electricity Services, being one major function of a municipality. The norm ranges between 0% and 15%.

6.8 Capital Expenditure to Total Expenditure = Total Capital Expenditure/Total Budgeted Expenditure x 100

$$= 11,143,546 / 83,817,650 \times 100$$

$$= 13\%$$

The norm ranges between 10% and 20%. A ratio of less than 10% reflects lower spending by the municipality on infrastructure and holds potential risks to service delivery. A ratio of more than 20% reflects higher spending on infrastructure and acceleration in service

delivery but could also hold financial sustainability risks if the infrastructure does not include both economic (revenue generating) and social type infrastructure.

6.9 Operating Expenditure Budget Implementation Indicator = Actual Operating Expenditure/Budgeted Operating Expenditure X 100

$$= 137,553,844 / 531,436,595 \times 100$$

$$= 26\%$$

This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the fourth quarter. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. The norm ranges between 95% and 100%.

6.10 Operating Revenue Budget Implementation Indicator = Actual Operating Revenue/Budgeted Operating Revenue x 100

$$= 147,701,639 / 571,897,112 \times 100$$

$$= 26 \%$$

This ratio measures the extent of Actual Operating Revenue (excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the third quarter. The norm ranges between 95% and 100%.

The ratio measures the extent to which the Total Capital Expenditure of the Municipality is funded through Internally Generated Funds. There is no norm at this stage. The funding mix for capital expenditure is dependent on the municipal policy and ability to raise revenue from different sources. Increased capacity for internally generated funding is required in some circumstances, which could also improve the balance in funding sources.

### Conclusion

The financial performance of the municipality for the first quarter has been **unfavorable**. The Municipality had budgeted Revenue to the amount of **R 159m** however actual Revenue earned amounted to **R147m**. An amount of **R 137,9m** was estimated to be spent, but actual expenditure amounted to **R 13 7,5m**. The overall estimated surplus was **R 21m including** non-cash items, the actual deficit amounted to **R 11m deficit** inclusive of a non-cash item. Therefore, the target for the Quarter was not met.

## 18. Municipal Manager's Quality Certificate

I, Mr Mzingisi Hloba, Municipal Manager of uMngeni Municipality, hereby certifies that the quarterly report on the implementation of the budget and financial state of affairs of the municipality for the first quarter of the financial year ending 30 September 2023 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

**Mr M Hloba**

**MUNICIPAL MANAGER OF UMNGENI MUNICIPALITY, KZN222**

SIGNATURE \_\_\_\_\_



DATE 19 OCTOBER 2023



**uMngeni Municipality**

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Our Ref.: .....

Your Ref.: .....

Date: October 2023

**Office of the Municipal Manager**

**A COUNCIL MEETING HELD ON MONDAY 31 OCTOBER 2023 IN THE COUNCIL CHAMBER AT 11:00**

**C.1023.179 BUDGET AND FINANCIAL REPORT – Q1**

On a proposal moved by Councillor TA Duggan and seconded by, Councillor TS Sikhakhane, it was

**RESOLVED**

That Council notes and approves the Quarterly Report for Quarter 1.

1. That Council notes the Quarterly Report in terms of Section 11(4) of the Municipal Finance Management Act 56 of 2003.
2. That Council approves the S11 withdrawals report for Quarter One.

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Certified true extract of the minutes of the meeting.

Signed-----

Mr Mzingisi Hloba  
**MUNICIPAL MANAGER**