

# QUARTERLY BUDGET AND FINANCIAL REPORT

SECOND 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 31 December 2023 (second quarter).

### 2. Executive Summary

The financial performance of the municipality has been stable over the past six months. The Annual Budgeted revenue projections were under-achieved by 7% with savings realized in the second 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 31 December 2023

OPERATING REVENUE STATEMENT FOR THE QUARTER ENDING DECEMBER 2023										
Descriptions	Annual Budget	YTD budget	Monthly Actual	Q1 YTD Actuals	Q2 YTD Actuals	YTD Actuals	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance	Year to date Variance %
Rates	253,564,477.00	126,782,226.00	21,299,401.99	66,816,401.62	63,162,317.86	129,978,719.48	103%	46%	(3,196,493.48)	-3%
Service charges - Electricity	156,164,177.00	78,082,074.00	8,940,559.11	28,986,683.63	25,782,541.22	54,769,224.85	70%	19%	23,312,849.15	30%
Service charges - Refuse	10,752,478.00	5,376,240.00	984,376.06	2,979,053.25	2,953,272.88	5,932,326.13	110%	2%	(556,066.13)	-10%
Rental	1,370,048.00	685,020.00	104,819.31	332,375.23	334,577.13	666,952.36	97%	0%	18,067.64	3%
Interest earned - external investments	3,029,552.00	1,514,772.00	220,064.80	984,740.32	588,523.73	1,573,264.05	104%	1%	(58,492.05)	-4%
Interest earned - outstanding debtors	17,965,053.00	8,992,518.00	1,324,118.52	3,746,831.87	4,011,498.08	7,758,329.95	86%	3%	1,234,188.05	14%
Fines	2,957,170.00	1,478,580.00	1,686,302.07	26,127.96	1,711,306.48	1,737,434.44	118%	1%	(258,854.44)	-18%
Licences and Permits	4,399,009.00	2,189,496.00	271,545.48	889,565.31	920,810.22	1,810,375.53	82%	1%	389,122.47	18%
Grants and subsidies	114,187,350.00	78,695,137.87	33,075,801.66	42,018,994.79	36,676,143.08	78,695,137.87	100%	28%	-	0%
Sale of Goods and Rendering of Services	5,609,203.00	2,504,550.00	405,391.05	889,455.85	896,608.81	1,786,064.66	71%	1%	718,485.34	29%
Operational revenue	1,878,595.00	939,276.00	113,599.28	31,408.92	122,281.67	153,690.59	16%	0%	785,585.41	84%
<b>TOTAL REVENUE</b>	<b>671,897,112.00</b>	<b>307,249,891.87</b>	<b>68,425,979.33</b>	<b>147,701,638.75</b>	<b>137,159,881.16</b>	<b>284,861,519.91</b>	<b>93%</b>	<b>100%</b>	<b>22,388,371.96</b>	<b>7%</b>

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

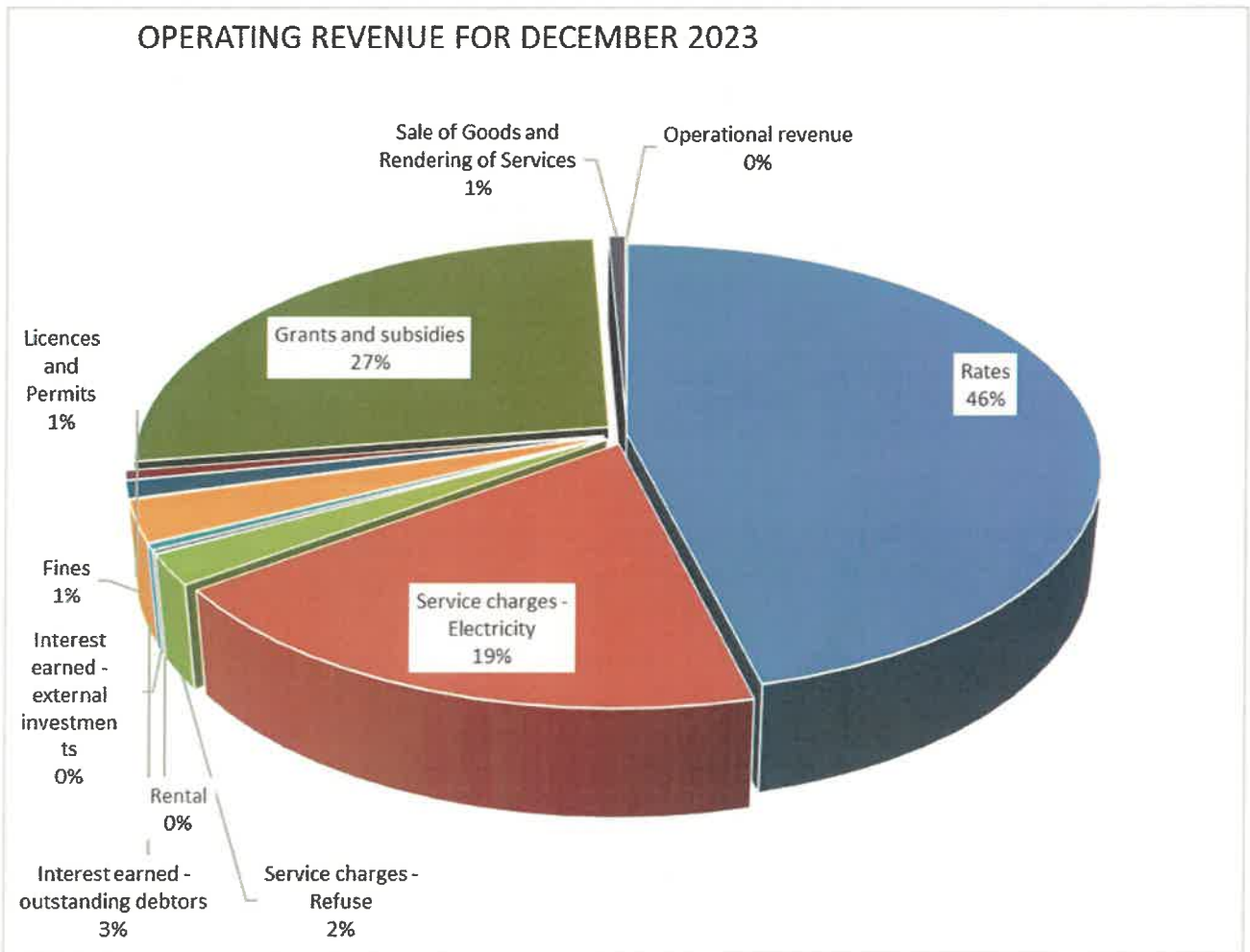
Council should record the underperformance of 30% on electricity service charges which is the result of the ongoing illegal connections and theft, this has a huge negative impact on the projected

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 31 December 2023



Rates income comprises 46% of the total revenue of the municipality, Grants and Subsidies are 27% of the total income. Service Charges – Electricity comprises 19%, Service Charges – Refuse comprises 2% and Interest earned – outstanding debtors comprises 3% of the total income of the municipality for the second quarter.

## QUARTERLY BUDGET AND FINANCIAL REPORT

### Expenditure

Table 2: Summary of Operating Expenditure for the period ended 31 December 2023

OPERATING PAYMENTS STATEMENT FOR THE QUARTER ENDING DECEMBER 2023										
Descriptions	Annual Budget	YTD budget	Monthly Actual	Q1 YTD Actual	Q2 YTD Actual	YTD Actual	% of YTD Budget Performance	% of Year-to-date Total Expenditure	Variance	Year to date Variance %
Employee Related Costs	155,965,773.00	77,982,156.00	12,796,110.55	35,465,614.22	36,280,818.68	71,746,432.90	92%	27%	6,235,723.10	8%
Remuneration of councillors	11,326,672.00	5,663,286.00	917,773.53	2,715,838.17	3,439,504.35	6,155,342.52	109%	2%	(482,056.52)	-9%
Bulk Purchases	190,198,440.00	95,099,220.00	23,803,758.53	63,275,188.74	36,751,414.05	100,026,602.79	105%	38%	(4,927,382.79)	-5%
Debt impairment	10,242,707.00	-	-	-	-	-	0%	0%	-	0%
Contracted Services	80,964,258.00	40,527,000.00	7,213,647.77	9,036,069.57	22,044,993.29	31,083,062.86	77%	12%	9,443,937.14	23%
Interest Expense	47,362.00	23,676.00	816.67	12,929.89	5,320.14	18,250.03	77%	0%	5,425.97	23%
Other Expenditure	65,163,035.00	32,636,112.00	5,599,011.96	11,859,009.22	12,455,106.34	24,314,115.56	75%	9%	8,321,996.44	25%
Depreciation	51,439,264.00	25,719,588.00	5,126,284.39	14,896,243.09	15,195,823.41	30,092,066.50	117%	11%	(4,372,478.50)	-17%
Inventory consumed	4,722,194.00	2,361,048.00	196,220.06	6,787.51	539,589.75	548,377.26	23%	0%	1,812,670.74	77%
Transfers and Grants	1,520,000.00	759,996.00	321,458.70	282,164.17	434,497.16	716,661.33	94%	0%	43,334.67	6%
<b>TOTAL EXPENDITURE</b>	<b>571,589,705.00</b>	<b>280,772,082.00</b>	<b>55,977,082.16</b>	<b>137,553,844.58</b>	<b>127,147,067.17</b>	<b>264,700,911.75</b>	<b>94%</b>	<b>100%</b>	<b>16,071,170.25</b>	<b>6%</b>

For the quarter ended 31 December 2023, the municipality incurred total operational expenditure of R 127m from the total actual amount spent, R38m relates to bulk purchases, Employee Related Costs have costed R27m for the quarter (July to December 2023).

Asset physical verification on municipal assets by the municipal officials and internal audit unit for the second 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 amounts to R 30m and have been overspent by 17% at the end of quarter two of the current financial year.

The above table reflects an overall total under - spending of R 12,8m.

**The Municipality has underspent by 5% of the total expenditure which resulted in the overall performance being unfavorable.**

Diagrammatically, the expenditure for the year is shown below:

OPERATING EXPENDITURE FOR QUARTER TWO  
2023

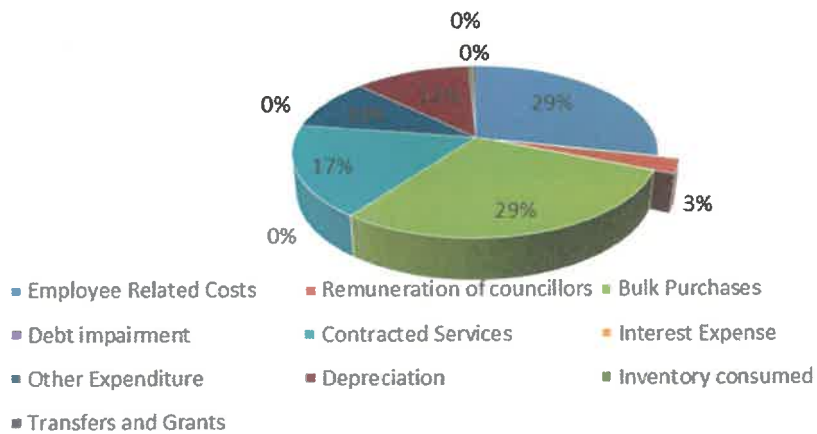


Figure 2: Summary of Expenditure for the year

As can be seen above, the salaries represent 29 %, bulk purchases 29%, depreciation 12%, contracted services 17%, general expenditure 10% 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 - M06 December

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	21,299	129,979	126,782	3,196	3%	259,957
Service charges	106,251	166,917	166,917	9,925	60,702	83,458	(22,757)	-27%	121,403
Investment revenue	3,520	3,030	3,030	220	1,573	1,515	58	4%	3,147
Transfers and subsidies - Operational	101,039	114,187	114,187	33,076	78,695	78,695	-	-	114,187
Other own revenue	26,157	34,199	34,199	3,906	13,913	16,799	(2,887)	-17%	27,826
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>475,028</b>	<b>571,897</b>	<b>571,897</b>	<b>68,426</b>	<b>284,862</b>	<b>307,250</b>	<b>(22,388)</b>	<b>-7%</b>	<b>526,520</b>
Employee costs	137,502	155,966	155,966	12,798	71,746	74,782	(3,036)	-4%	143,493
Remuneration of Councillors	10,397	11,327	11,327	918	6,155	5,663	492	9%	12,311
Depreciation and amortisation	119,468	51,439	51,439	5,126	30,092	25,720	4,372	17%	60,184
Interest	7,380	47	47	1	18	24	(5)	-23%	37
Inventory consumed and bulk purchases	152,359	194,921	194,921	24,000	100,575	97,460	3,115	3%	201,150
Transfers and subsidies	1,407	1,520	1,520	321	717	760	(43)	-6%	1,433
Other expenditure	179,869	156,370	156,370	12,813	55,397	73,163	(17,766)	-24%	110,794
<b>Total Expenditure</b>	<b>608,382</b>	<b>571,590</b>	<b>571,590</b>	<b>55,977</b>	<b>264,701</b>	<b>277,572</b>	<b>(12,871)</b>	<b>-5%</b>	<b>529,402</b>
<b>Surplus/(Deficit)</b>	<b>(133,354)</b>	<b>307</b>	<b>307</b>	<b>12,449</b>	<b>20,161</b>	<b>29,678</b>	<b>(9,517)</b>	<b>-32%</b>	<b>(2,882)</b>
Transfers and subsidies - capital (monetary allocations)	49,703	48,108	48,108	6,014	14,857	14,857	-	-	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>18,462</b>	<b>35,018</b>	<b>44,535</b>	<b>(9,517)</b>	<b>-21%</b>	<b>45,226</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>18,462</b>	<b>35,018</b>	<b>44,535</b>	<b>(9,517)</b>	<b>-21%</b>	<b>45,226</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>6,710</b>	<b>31,223</b>	<b>41,909</b>	<b>(10,685)</b>	<b>-25%</b>	<b>83,818</b>
Capital transfers recognised	49,703	48,108	48,108	3,974	14,103	24,054	(9,951)	-41%	48,108
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	9,677	35,710	35,710	2,736	17,121	17,855	(734)	-4%	35,710
<b>Total sources of capital funds</b>	<b>59,380</b>	<b>83,818</b>	<b>83,818</b>	<b>6,710</b>	<b>31,223</b>	<b>41,909</b>	<b>(10,685)</b>	<b>-25%</b>	<b>83,818</b>
<b>Financial position</b>									
Total current assets	74,556	162,751	162,751		127,746				162,751
Total non current assets	1,012,265	1,142,810	1,142,810		1,012,487				1,142,810
Total current liabilities	80,765	109,218	109,218		97,861				109,418
Total non current liabilities	114,192	82,711	82,711		113,276				82,711
<b>Community wealth/Equity</b>	<b>691,864</b>	<b>1,113,632</b>	<b>1,113,632</b>		<b>929,096</b>				<b>1,113,432</b>
<b>Cash flows</b>									
Net cash from (used) operating	69,308	95,076	95,076	27,673	68,472	57,573	(10,899)	-19%	86,873
Net cash from (used) investing	(60,700)	(96,074)	(96,074)	(6,464)	(36,684)	(48,037)	(11,353)	24%	(73,052)
Net cash from (used) financing	(9,980)	(189)	(189)	(61)	(627)	(95)	532	-563%	(16)
<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>43,411</b>	<b>51,612</b>	<b>8,200</b>	<b>16%</b>	<b>26,055</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	-	-	-	-	-	-	-	-	-
<b>Creditors Age Analysis</b>									
Total Creditors	(11,115)	-	-	-	-	-	-	3,960	(7,155)

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) - M06 December										
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>Revenue - Functional</b>										
<i>Governance and administration</i>		329,255	357,070	357,070	48,398	198,063	188,940	9,123	5%	366,574
Executive and council		66,327	74,474	74,474	24,719	55,617	47,642	7,975	17%	74,474
Finance and administration		262,928	282,596	282,596	23,679	142,446	141,298	1,149	1%	292,100
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6,954	8,087	8,087	1,191	4,339	4,043	296	7%	8,370
Community and social services		5,486	5,134	5,134	2,507	2,611	2,567	44	2%	4,913
Sport and recreation		3	3	3	-	-	1	(1)	-100%	-
Public safety		1,466	2,950	2,950	1,685	1,728	1,475	253	17%	3,456
Housing		-	-	-	(3,000)	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		37,255	37,653	37,653	3,679	14,062	18,827	(4,765)	-25%	33,175
Planning and development		3,230	6,471	6,471	395	1,384	3,235	(1,851)	-57%	2,768
Road transport		34,025	31,182	31,182	3,283	12,678	15,591	(2,914)	-19%	30,407
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		151,243	217,168	217,168	21,170	83,242	110,584	(27,341)	-25%	168,485
Energy sources		129,635	195,483	195,483	16,555	69,133	97,741	(28,609)	-29%	138,265
Water management		-	-	-	-	-	-	-	-	-
Waste water management		40	56	56	6	20	28	(8)	-28%	41
Waste management		21,568	21,629	21,629	4,610	14,089	12,814	1,275	10%	28,179
<i>Other</i>	4	24	27	27	2	12	14	(2)	-11%	24
<b>Total Revenue - Functional</b>	2	524,732	620,005	620,005	74,440	299,719	322,407	(22,688)	-7%	574,628
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		317,385	214,671	214,521	18,059	100,172	106,660	(6,487)	-6%	200,345
Executive and council		70,589	42,844	42,844	3,288	21,456	21,422	34	0%	42,912
Finance and administration		244,481	167,733	167,583	14,656	77,449	83,191	(5,742)	-7%	154,899
Internal audit		2,316	4,094	4,094	115	1,267	2,047	(780)	-38%	2,534
<i>Community and public safety</i>		39,457	65,779	65,765	5,085	25,413	31,682	(6,269)	-20%	50,827
Community and social services		10,863	13,710	13,710	954	5,302	6,855	(1,553)	-23%	10,604
Sport and recreation		11,208	16,270	16,270	1,323	4,995	8,135	(3,140)	-39%	9,990
Public safety		15,927	34,055	34,055	2,654	14,393	15,827	(1,435)	-9%	28,786
Housing		1,458	1,744	1,730	154	723	865	(142)	-16%	1,446
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		34,806	35,432	35,822	3,755	18,723	17,411	1,313	8%	37,447
Planning and development		15,515	19,689	19,929	1,345	7,890	9,464	(1,574)	-17%	15,780
Road transport		19,291	15,743	15,893	2,410	10,833	7,946	2,887	36%	21,666
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		215,921	254,239	254,239	28,936	119,928	124,398	(4,471)	-4%	239,855
Energy sources		183,534	223,744	223,744	26,873	111,706	111,372	333	0%	223,411
Water management		-	-	-	-	-	-	-	-	-
Waste water management		3,091	3,420	3,420	240	1,184	1,710	(526)	-31%	2,367
Waste management		29,296	27,075	27,075	1,823	7,038	11,316	(4,278)	-38%	14,077
<i>Other</i>		814	1,469	1,243	143	464	622	(158)	-25%	928
<b>Total Expenditure - Functional</b>	3	608,382	571,590	571,590	55,977	264,701	280,772	(16,071)	-6%	529,402
<b>Surplus/ (Deficit) for the year</b>		(83,651)	48,415	48,415	18,462	35,018	41,635	(6,617)	-16%	45,226



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) - M06 December										
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	47,343	193,362	183,417	9,945	5.4%	357,363
Vote 2 - BUDGET AND TREASURY		6,990	7,261	7,261	616	2,567	3,630	(1,063)	-29.3%	5,134
Vote 3 - CORPORATE SERVICES		2,439	1,670	1,670	220	813	835	(22)	-2.6%	1,626
Vote 4 - Planning Services		3,254	6,498	6,498	(2,651)	1,396	3,249	(1,853)	-57.0%	2,792
Vote 5 - Community Services		31,169	33,931	33,931	9,062	20,154	18,965	1,189	6.3%	40,308
Vote 6 - Technical Services		162,266	224,622	224,622	19,849	81,427	112,311	(30,884)	-27.5%	167,404
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>74,440</b>	<b>299,719</b>	<b>322,407</b>	<b>(22,688)</b>	<b>-7.0%</b>	<b>574,628</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		78,148	51,616	51,616	3,403	22,723	25,808	(3,085)	-12.0%	45,446
Vote 2 - BUDGET AND TREASURY		159,671	90,400	90,400	9,744	50,362	45,200	5,162	11.4%	100,723
Vote 3 - CORPORATE SERVICES		59,647	47,556	47,556	3,193	16,121	23,578	(7,457)	-31.6%	32,243
Vote 4 - Planning Services		17,786	22,902	22,902	1,642	9,077	10,951	(1,874)	-17.1%	18,155
Vote 5 - Community Services		73,099	88,149	88,149	6,823	33,360	42,474	(9,114)	-21.5%	66,720
Vote 6 - Technical Services		220,031	270,966	270,966	31,173	133,058	132,761	296	0.2%	266,115
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>55,977</b>	<b>264,701</b>	<b>280,772</b>	<b>(16,071)</b>	<b>-5.7%</b>	<b>529,402</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>18,462</b>	<b>35,018</b>	<b>41,635</b>	<b>(6,617)</b>	<b>-15.9%</b>	<b>45,226</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) - M06 December										
Description	Ref	Budget Year 2023/24								
		2022/23 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	11,357	68,193	92,620	(24,427)	-26%	136,386
Service charges - Electricity		94,406	156,164	156,164	8,941	54,769	78,082	(23,313)	-30%	109,538
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		11,845	10,752	10,752	964	5,932	5,376	556	10%	11,865
Sale of Goods and Rendering of Services		4,251	5,609	5,609	405	1,786	2,805	(1,018)	-36%	3,572
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3,990	4,308	4,308	326	1,859	2,154	(295)	-14%	3,718
Interest earned from Current and Non Current Assets		3,520	3,030	3,030	220	1,573	1,515	58	4%	3,147
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		2,152	1,370	1,370	105	667	685	(18)	-3%	1,334
Licence and permits		1,841	2,445	2,445	262	1,453	1,222	231	19%	2,906
Operational Revenue		651	1,563	1,563	114	154	781	(628)	-80%	307
<b>Non-Exchange Revenue</b>		352,371	386,657	386,657	57,069	216,668	214,930	1,738	1%	390,134
Property rates		238,062	253,564	253,564	21,299	129,979	126,782	3,196	3%	259,957
Surcharges and Taxes		0	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,493	2,957	2,957	1,686	1,737	1,479	259	18%	3,475
Licence and permits		978	1,954	1,954	9	357	977	(620)	-63%	715
Transfer and subsidies - Operational		101,039	114,187	114,187	33,076	78,695	78,695	-	-	114,187
Interest		10,214	13,677	13,677	998	5,900	6,839	(939)	-14%	11,799
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		585	316	316	-	-	158	(158)	-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>68,426</b>	<b>284,862</b>	<b>307,550</b>	<b>(22,688)</b>	<b>-7%</b>	<b>526,520</b>
<b>Expenditure By Type</b>										
Employee related costs		137,502	155,966	155,966	12,798	71,746	77,982	(6,236)	-8%	143,493
Remuneration of councillors		10,397	11,327	11,327	918	6,155	5,663	492	9%	12,311
Bulk purchases - electricity		150,208	190,198	190,198	23,804	100,027	95,099	4,927	5%	200,053
Inventory consumed		2,152	4,722	4,722	196	548	2,361	(1,813)	-77%	1,097
Debt impairment		3,024	10,243	10,243	-	-	-	-	-	-
Depreciation and amortisation		119,468	51,439	51,439	5,126	30,092	25,720	4,372	17%	60,184
Interest		7,380	47	47	1	18	24	(5)	-23%	37
Contracted services		83,311	80,964	80,964	7,214	31,083	40,527	(9,444)	-23%	62,166
Transfers and subsidies		1,407	1,520	1,520	321	717	760	(43)	-6%	1,433
Irrecoverable debts written off		41,419	-	-	-	-	-	-	-	-
Operational costs		49,872	65,163	65,163	5,599	24,314	32,636	(8,322)	-25%	48,628
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>55,977</b>	<b>264,701</b>	<b>280,772</b>	<b>(16,071)</b>	<b>-6%</b>	<b>529,402</b>
<b>Surplus/(Deficit)</b>		<b>(133,354)</b>	<b>307</b>	<b>307</b>	<b>12,449</b>	<b>20,161</b>	<b>26,778</b>	<b>(6,617)</b>	<b>(0)</b>	<b>(2,882)</b>
Transfers and subsidies - capital (monetary allocations)		49,703	48,108	48,108	6,014	14,857	14,857	-	-	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>18,462</b>	<b>35,018</b>	<b>41,635</b>			<b>45,226</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(83,651)</b>	<b>48,415</b>	<b>48,415</b>	<b>18,462</b>	<b>35,018</b>	<b>41,635</b>			<b>45,226</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>18,462</b>	<b>35,018</b>	<b>41,635</b>			<b>45,226</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>18,462</b>	<b>35,018</b>	<b>41,635</b>			<b>45,226</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 7: C5 Monthly Budget Statement Capital Expenditure

<u>Capital Expenditure - Functional Classification</u>										
<i>Governance and administration</i>		2,877	2,381	2,381	496	496	1,191	(694)	-58%	2,381
Executive and council		227	1,100	1,100	194	194	550	(356)	-65%	1,100
Finance and administration		2,650	1,281	1,281	302	302	641	(339)	-53%	1,281
Internal audit		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		1,239	1,580	1,580	77	77	790	(713)	-90%	1,580
Community and social services		1,239	-	-	-	-	-	-		-
Sport and recreation		-	900	900	77	77	450	(373)	-83%	900
Public safety		-	680	680	-	-	340	(340)	-100%	680
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<i>Economic and environmental services</i>		36,767	55,770	55,770	5,255	24,986	27,885	(2,899)	-10%	55,770
Planning and development		331	3,850	3,850	218	595	1,925	(1,330)	-69%	3,850
Road transport		36,436	51,920	51,920	5,037	24,392	25,960	(1,569)	-6%	51,920
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		18,498	24,086	24,086	882	5,664	12,043	(6,379)	-53%	24,086
Energy sources		18,498	22,486	22,486	882	4,341	11,243	(6,902)	-61%	22,486
Water management		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	1,600	1,600	-	1,323	800	523	65%	1,600
<i>Other</i>		-	-	-	-	-	-	-		-
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>59,380</b>	<b>83,818</b>	<b>83,818</b>	<b>6,710</b>	<b>31,223</b>	<b>41,909</b>	<b>(10,685)</b>	<b>-25%</b>	<b>83,818</b>
<u>Funded by:</u>										
National Government		49,703	46,708	46,708	3,974	14,103	23,354	(9,251)	-40%	46,708
Provincial Government		-	1,400	1,400	-	-	700	(700)	-100%	1,400
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (Nal / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-		-
<b>Transfers recognised - capital</b>		<b>49,703</b>	<b>48,108</b>	<b>48,108</b>	<b>3,974</b>	<b>14,103</b>	<b>24,054</b>	<b>(9,951)</b>	<b>-41%</b>	<b>48,108</b>
<b>Borrowing</b>	6	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Internally generated funds</b>		<b>9,677</b>	<b>35,710</b>	<b>35,710</b>	<b>2,736</b>	<b>17,121</b>	<b>17,855</b>	<b>(734)</b>	<b>-4%</b>	<b>35,710</b>
<b>Total Capital Funding</b>	7	<b>59,380</b>	<b>83,818</b>	<b>83,818</b>	<b>6,710</b>	<b>31,223</b>	<b>41,909</b>	<b>(10,685)</b>	<b>-25%</b>	<b>83,818</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 8: C6 Monthly Budget Statement Financial Position

KZN222 uMngeni - Table C6 Monthly Budget Statement - Financial Position - M06 December						
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	43,411	40,982
Trade and other receivables from exchange transactions		18,480	24,686	24,686	24,008	24,686
Receivables from non-exchange transactions		32,885	85,471	85,471	50,212	85,471
Current portion of non-current receivables		-	-	-	-	-
Inventory		-	-	-	-	-
VAT		10,941	11,612	11,612	10,115	11,612
Other current assets		-	-	-	-	-
<b>Total current assets</b>		<b>74,556</b>	<b>162,751</b>	<b>162,751</b>	<b>127,746</b>	<b>162,751</b>
<b>Non current assets</b>						
Investments		-	-	-	-	-
Investment property		19,314	56,087	56,087	19,175	56,087
Property, plant and equipment		982,687	1,075,606	1,075,606	983,047	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>1,012,487</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>1,140,233</b>	<b>1,305,561</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Financial liabilities		478	2,275	2,275	161	2,275
Consumer deposits		4,750	4,390	4,390	4,683	4,390
Trade and other payables from exchange transactions		71,816	52,366	52,366	58,425	52,566
Trade and other payables from non-exchange transactions		624	880	880	16,254	880
Provision		3,097	41,840	41,840	18,105	41,840
VAT		-	7,466	7,466	232	7,466
Other current liabilities		-	-	-	-	-
<b>Total current liabilities</b>		<b>80,765</b>	<b>109,218</b>	<b>109,218</b>	<b>97,861</b>	<b>109,418</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>194,957</b>	<b>191,929</b>	<b>191,929</b>	<b>211,137</b>	<b>192,129</b>
<b>NET ASSETS</b>	<b>2</b>	<b>891,864</b>	<b>1,113,632</b>	<b>1,113,632</b>	<b>929,096</b>	<b>1,113,432</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		891,864	1,113,632	1,113,632	929,096	1,113,432
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>891,864</b>	<b>1,113,632</b>	<b>1,113,632</b>	<b>929,096</b>	<b>1,113,432</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 9: C7 Monthly Budget Statement Cash Flow

KZN222 uMngeni - Table C7 Monthly Budget Statement - Cash Flow - M06 December										
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	19,791	134,162	125,443	8,718	7%	272,323
Service charges		106,251	190,150	190,150	7,511	48,476	85,075	(36,600)	-43%	96,951
Other revenue		9,153	77,829	77,829	5,086	14,005	26,914	(12,910)	-48%	28,010
Transfers and Subsidies - Operational		101,039	114,187	114,187	37,395	85,445	85,445	-		114,187
Transfers and Subsidies - Capital		49,703	48,108	48,108	2,000	22,738	22,738	-		48,108
Interest		3,520	3,030	3,030	145	673	1,515	(842)	-56%	1,346
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(458,470)	(577,540)	(577,540)	(44,110)	(236,526)	(288,770)	(52,244)	18%	(473,052)
Interest		(239)	(47)	(47)	(1)	(18)	(24)	(5)	23%	(37)
Transfers and Subsidies		(1,407)	(1,528)	(1,528)	(145)	(482)	(764)	(282)	37%	(964)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>69,308</b>	<b>95,076</b>	<b>95,076</b>	<b>27,673</b>	<b>68,472</b>	<b>57,573</b>	<b>(10,899)</b>	<b>-19%</b>	<b>86,873</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		585	316	316	-	-	158	(158)	-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)	(6,464)	(36,684)	(48,195)	(11,511)	24%	(73,368)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(60,700)</b>	<b>(96,074)</b>	<b>(96,074)</b>	<b>(6,464)</b>	<b>(36,684)</b>	<b>(48,037)</b>	<b>(11,353)</b>	<b>24%</b>	<b>(73,052)</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)	(61)	(627)	(95)	(532)	563%	(16)
<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>(61)</b>	<b>(627)</b>	<b>(95)</b>	<b>532</b>	<b>-563%</b>	<b>(16)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(1,372)</b>	<b>(1,188)</b>	<b>(1,188)</b>	<b>21,149</b>	<b>31,161</b>	<b>9,441</b>			<b>13,805</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		43,411	51,612			26,055

Part 2 – Supporting Documentation

1. Debtors Analysis

The gross trade and other receivables amount to R 251,8 million as at 31 December 2023. This is depicted as follows:

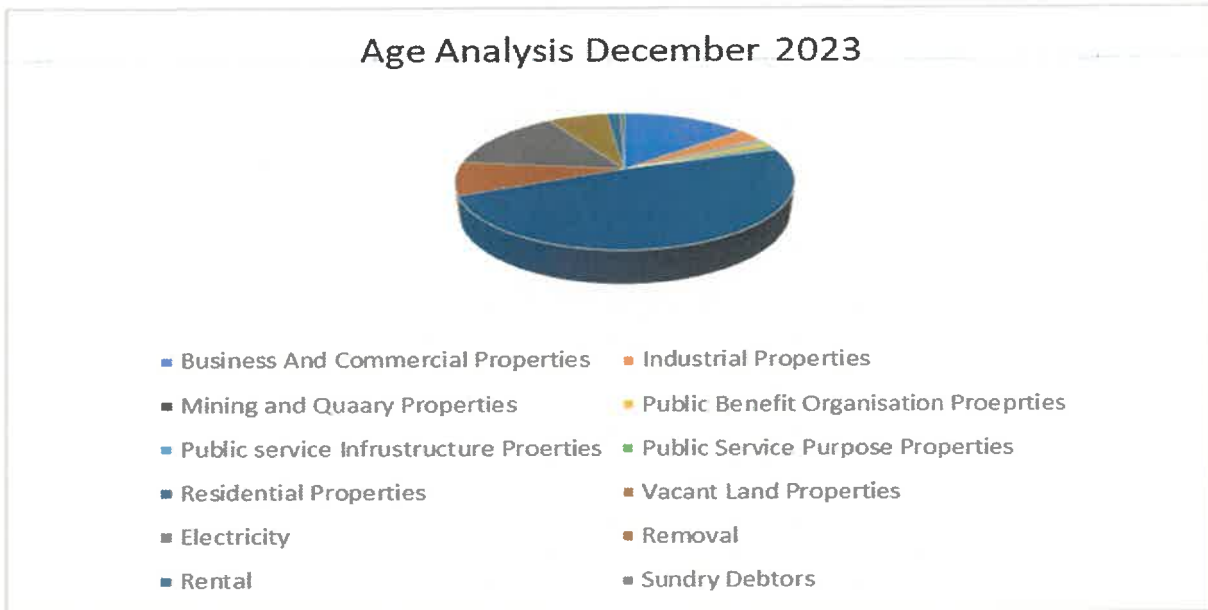
Figure 3: Outstanding Debtors as at 31 December 2023

The table above details the outstanding debt as at 31 December 2023.

Rates	Current	30 days	60 days	90 days	120 days	150 days	Total
Agriculture Properties	1,392,046.21	634,885.06	443,873.45	613,175.21	355,317.55	11,195,094.21	14,634,391.69
Business And Commercial Properties	2,657,399.12	954,891.80	518,190.03	502,622.35	750,426.19	28,090,583.82	33,474,113.31
Industrial Properties	663,526.28	271,340.19	155,476.00	138,158.86	126,614.03	5,679,155.45	7,034,270.81
Mining and Quarry Properties	8,626.71	8,462.50	8,462.50	8,462.50	8,462.50	2,680,893.49	2,723,370.20
Public Benefit Organisation Properties	173,658.63	41,645.03	35,822.05	36,010.13	36,323.63	1,842,396.54	2,165,856.01
Public service Infrastructure Properties	202,554.80	183,652.44	185,470.71	180,651.64	182,060.59	507,595.38	1,441,985.56
Public Service Purpose Properties	132,882.97	78,169.75	86,527.48	78,060.91	348,614.57	299,839.09	1,024,094.77
Residential Properties	12,748,358.80	4,614,941.06	3,034,931.92	2,718,990.91	2,412,792.49	90,196,067.86	115,726,083.04
Vacant Land Properties	895,958.72	446,991.30	427,150.94	348,534.05	309,968.97	16,245,705.51	18,674,309.49
<b>Total Rates</b>	<b>18,875,012.24</b>	<b>7,234,979.13</b>	<b>4,895,905.08</b>	<b>4,624,666.56</b>	<b>4,530,580.52</b>	<b>156,737,331.35</b>	<b>196,898,474.88</b>
<b>Services</b>							
Electricity	6,876,331.10	2,116,930.42	675,055.17	732,766.06	711,635.50	23,107,976.78	34,220,695.03
Removal	980,031.13	546,279.56	441,160.04	422,554.09	407,199.68	13,115,963.50	15,913,188.00
Rental	89,820.58	65,052.69	52,586.29	42,988.21	41,676.73	3,362,336.40	3,654,460.90
Sundry Debtors	106,427.13	89,614.75	14,131.42	9,541.31	75,125.52	910,212.73	1,205,052.86
<b>Total Services</b>	<b>8,052,609.94</b>	<b>2,817,877.42</b>	<b>1,182,932.92</b>	<b>1,207,849.67</b>	<b>1,235,637.43</b>	<b>40,496,489.41</b>	<b>54,993,396.79</b>
<b>Total Rates and Services</b>	<b>26,927,622.18</b>	<b>10,052,856.55</b>	<b>6,078,838.00</b>	<b>5,832,516.23</b>	<b>5,766,217.95</b>	<b>197,233,820.76</b>	<b>251,891,871.67</b>

Services	Rand Value	Percentage %
Agriculture Properties	14,634,391.69	6%
Business And Commercial Properties	33,474,113.31	13%
Industrial Properties	7,034,270.81	3%
Mining and Quarry Properties	2,723,370.20	1%
Public Benefit Organisation Properties	2,165,856.01	1%
Public service Infrastructure Properties	1,441,985.56	1%
Public Service Purpose Properties	1,024,094.77	0%
Residential Properties	115,726,083.04	46%
Vacant Land Properties	18,674,309.49	7%
Electricity	34,220,695.03	14%
Removal	15,913,188.00	6%
Rental	3,654,460.90	1%
Sundry Debtors	1,205,052.86	0%
<b>Total</b>	<b>251,891,871.67</b>	<b>100%</b>

Table 10: Outstanding debt as at 31 December 2023



Above is the Pie chart for Outstanding Debtors as at 31 December 2023

## 2. Short-Term Investment Portfolio Analysis

The Short- term investments of the municipality as at 31 December 2023, were as follows:

<b>INVESTMENTS</b>		
<b>Institution</b>	<b>Account Number</b>	<b>Balance Available</b>
Absa - Call Account	9244 6715 85	13,256,122.72
Absa - Call Account	9154 612 908	7,806,456.16
Absa - Fixed Deposit	9312 7571 98	645,424.05
Absa - Fixed Deposit	9312 7569 80	311,736.86
First National Bank	6282 1205 425	133,633.23
Absa - Fixed Deposit	2074 952 988	228,831.05
Rand Merchant Bank	RU 500475 658	3,071,544.97
Investec Bank-Call Account	1100503504500	962,328.76
Investec Bank-Call Account	6302 8283 61	139,327.89
First National Bank	6254 7030 875	143,714.58
<b>TOTAL INVESTMENT BALANCE</b>		<b>26,699,120.27</b>

Table 10:Short-Term Investments as at 31 December 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.

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### 3. Allocation of grant receipts and expenditure

Grants for the period ended 31 December 2023 are as follows:

Table 11: Conditional and Unconditional grants

GRANTS REGISTER FOR 2023/2024 FINANCIAL YEAR										
GRANT	Opening bal as per - AFS	Amount Withheld/ not approval	Roll-over approved	Expected income as per - DORA	Total Income Received	DATE	TRANCHES	Expenditure (YTD)	Balance as at 30 June 2023	Percentage % Spent(YTD)
<b>MIG</b>										
MIG	R 0.00	R 0.00	R 0.00	R 26,810,000.00	R 18,338,000.00	22/07/2022;	TRI-ANNUAL	R 10,879,245.25	R 7,458,754.75	59%
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 636,879.23	R 1,083,120.77	37%
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 3,000,000.00	R 500,000.00	14%
Energy Efficiency & Demand-Side Management Grant	R 0.00	R 0.00	R 0.00	R 4,000,000.00	3,000,000.00	03/08/2022	TRI-ANNUAL	R 978,199.20	R 2,021,800.80	24%
MAP Synergistic Partnership (Trad Councils)	R 133,795.78	R 0.00	R 0.00	R 0.00	133,795.78		ROLL-OVER	R 0.00	R 133,795.78	0%
Expanded Public Works Programme	R 0.00	R 0.00	R 0.00	R 2,329,000.00	1,632,000.00	03/08/2022	TRI-ANNUAL	R 1,414,768.06	R 217,231.94	61%
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	4,437,000.00		ANNUAL	R 2,487,490.58	R 1,949,509.42	56%
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 1,000,000.00	
Informal Trader Grant	R 0.00	R 0.00	R 0.00	R 1,400,000.00	-		ANNUAL	R 0.00	R 1,400,000.00	
										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 33,250,985.15</b>		<b>R 0.00</b>	<b>R 19,396,582.32</b>	<b>R 16,254,402.83</b>	<b>0%</b>

From the table above the total grants R 16m remains unspent as at 31 December 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 9,9million, 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	2,021,800.80
INEP	500,000.00
MIG	7,458,754.75
<b>TOTAL</b>	<b>9,980,555.55</b>



#### 4. Councilors Remuneration and employee benefits

The salaries and wages paid to date are R 79,2 million. The table below summarizes the salaries and wages including Councilor's remuneration:

Table 13: Employee Benefits and Councilors remuneration

Details	Quarter 1	Quarter 2	Total Employee Related Cost paid to date
Salaries and Wages	21,680,780.48	22,507,964.53	44,188,745.01
Contributions to UIF	161,635.71	163,626.61	325,262.32
Contribution to Medical Aid	1,768,874.42	1,774,268.86	3,543,143.28
Contribution to Pension	3,964,584.42	3,998,056.11	7,962,640.53
Travel allowance	1,564,031.12	1,588,864.16	3,152,895.28
Directors Remuneration	2,163,458.22	1,076,450.38	3,239,908.60
Housing allowance	108,307.41	107,241.00	215,548.41
Overtime	1,894,928.14	1,265,711.72	3,160,639.86
Standby	209,091.50	369,201.45	578,292.95
Cellphone allowance	27,750.00	24,750.00	52,500.00
Annual bonus	1,315,050.69	1,857,932.54	3,172,983.23
Contributions for Retired Staff	343,642.62	328,522.38	672,165.00
Leave Pay	337,442.19	1,578,388.81	1,915,831.00
Long Service Award	341,896.90	337,235.14	679,132.04
Acting Allowance	146,448.03	111,629.92	258,077.95
Bargaining Council	10,981.70	10,913.42	21,895.12
Councillors remuneration	2,705,919.65	3,449,422.87	6,155,342.52
<b>TOTAL</b>	<b>38,744,823.20</b>	<b>40,550,179.90</b>	<b>79,295,003.10</b>

#### 4. Financial Performance

The financial performance for the second 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 second quarter, as can be seen in the Summary of Financial Performance below. The table includes capital transfers.

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 14: Summary of Financial Performance

OPERATING REVENUE STATEMENT FOR THE QUARTER ENDING DECEMBER 2023										
Descriptions	Annual Budget	YTD budget	Monthly Actual	Q1 YTD Actuals	Q2 YTD Actuals	YTD Actuals	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance	Year to date Variance %
Rates	253,564,477.00	126,782,226.00	21,299,401.99	66,816,401.62	63,162,317.86	129,978,719.48	103%	46%	(3,196,493.48)	-3%
Service charges - Electricity	156,164,177.00	78,082,074.00	8,940,559.11	28,986,683.63	25,782,541.22	54,769,224.85	70%	19%	23,312,849.15	30%
Service charges - Refuse	10,752,478.00	5,376,240.00	984,376.06	2,979,053.25	2,953,272.88	5,932,326.13	110%	2%	(556,086.13)	-10%
Rental	1,370,048.00	685,020.00	104,819.31	332,375.23	334,577.13	666,952.36	97%	0%	18,067.64	3%
Interest earned - external investments	3,029,552.00	1,514,772.00	220,064.80	984,740.32	588,523.73	1,573,264.05	104%	1%	(58,492.05)	-4%
Interest earned - outstanding debtors	17,985,053.00	8,992,518.00	1,324,118.52	3,746,831.87	4,011,498.08	7,758,329.95	86%	3%	1,234,188.05	14%
Fines	2,957,170.00	1,478,580.00	1,686,302.07	26,127.96	1,711,306.48	1,737,434.44	118%	1%	(258,854.44)	-18%
Licences and Permits	4,399,009.00	2,199,498.00	271,545.48	889,565.31	920,810.22	1,810,375.53	82%	1%	389,122.47	18%
Grants and subsidies	114,187,350.00	78,695,137.87	33,075,801.66	42,018,994.79	36,676,143.08	78,695,137.87	100%	28%	-	0%
Sale of Goods and Rendering of Services	5,609,203.00	2,804,550.00	405,391.05	889,455.85	896,608.81	1,786,064.66	64%	1%	1,018,485.34	36%
Operational revenue	1,878,595.00	939,276.00	113,599.28	31,408.92	122,281.67	153,690.59	16%	0%	785,585.41	84%
<b>TOTAL REVENUE</b>	<b>571,897,112.00</b>	<b>307,549,891.87</b>	<b>68,425,979.33</b>	<b>147,701,638.75</b>	<b>137,159,881.16</b>	<b>284,861,519.91</b>	<b>93%</b>	<b>100%</b>	<b>22,688,371.96</b>	<b>7%</b>
Employee Related Costs	165,965,773.00	77,982,156.00	12,798,110.55	35,465,614.22	36,280,818.68	71,746,432.90	92%	27%	6,235,723.10	8%
Remuneration of councillors	11,326,672.00	5,663,286.00	917,773.53	2,715,838.17	3,439,504.35	6,155,342.52	109%	2%	(492,056.52)	-9%
Bulk Purchases	190,198,440.00	95,099,220.00	23,803,758.53	63,275,188.74	36,751,414.05	100,026,602.79	105%	38%	(4,927,382.79)	-5%
Debt impairment	10,242,707.00	-	-	-	-	-	0%	0%	-	0%
Contracted Services	80,964,258.00	40,527,000.00	7,213,647.77	9,038,069.57	22,044,993.29	31,083,062.86	77%	12%	9,443,937.14	23%
Interest Expense	47,362.00	23,676.00	816.67	12,929.89	5,320.14	18,250.03	77%	0%	5,425.97	23%
Other Expenditure	65,163,035.00	32,636,112.00	5,599,011.96	11,859,009.22	12,455,106.34	24,314,115.56	75%	9%	8,321,996.44	25%
Depreciation	51,439,264.00	25,719,588.00	5,126,284.39	14,896,243.09	15,195,823.41	30,092,066.50	117%	11%	(4,372,478.50)	-17%
Inventory consumed	4,722,194.00	2,361,048.00	196,220.06	8,787.51	539,589.75	548,377.26	23%	0%	1,812,670.74	77%
Transfers and Grants	1,520,000.00	759,996.00	321,458.70	282,164.17	434,497.16	716,661.33	94%	0%	43,334.67	6%
<b>TOTAL EXPENDITURE</b>	<b>571,589,705.00</b>	<b>280,772,082.00</b>	<b>55,977,082.16</b>	<b>137,553,844.58</b>	<b>127,147,067.17</b>	<b>264,700,911.75</b>	<b>94%</b>	<b>100%</b>	<b>16,071,170.25</b>	<b>6%</b>
Surplus (Deficit)	307,407.00	26,777,809.87	12,448,897.17	10,147,794.17	10,012,813.99	20,160,608.16	37.39%	0%	6,617,201.71	3257%
Capital Transfers	48,107,650.00	14,857,444.45	6,013,532.59	7,865,712.66	6,991,731.79	14,857,444.45	47.06%	0%	-	15%
	<b>48,415,057.00</b>	<b>41,635,254.32</b>	<b>18,462,429.76</b>	<b>18,013,506.83</b>	<b>17,004,545.78</b>	<b>35,018,052.61</b>				

The year-to date actual Surplus amounts to **R 20,1m** excluding capital transfers as of 31 December 2023.

5. Capital Budget Performance

Table 16: Capital Actual Expenditure

CAPITAL EXPENDITURE FOR 2023/2024 - Q2				
Department	Original Budget	Actual Balance inc Shadow	Available Budget	Project
Community Services	680,000.00	-	680,000.00	Procurement of furniture and office equipment
Economic Development & Growth	1,400,000.00	-	1,400,000.00	Informal Trader Infrastructure
Economic Development & Growth	900,000.00	-	900,000.00	Informal Trader Infrastructure
Electricity	16,876,000.00	2,608,695.65	14,267,304.35	Substation
Electricity	1,650,000.00	-	1,650,000.00	Electrification Project
Electricity	3,960,000.00	1,732,543.87	2,227,456.13	uMngeni Public Lighting
Executive & Council	1,100,000.00	194,368.00	905,632.00	Procurement of furniture and office equipment
Finance	200,000.00	143,741.80	56,258.20	Procurement of furniture and office equipment
Human Resources	200,000.00	158,098.00	41,902.00	Procurement of furniture and office equipment
Information Technology	250,000.00	-	250,000.00	Procurement of furniture and office equipment
LANDFILL SITES	1,500,000.00	1,322,729.20	177,270.80	Fencing of Landfill Sites
Planning & Development	300,000.00	218,197.00	81,803.00	Procurement of furniture and office equipment
Planning & Development	550,000.00	376,450.00	173,550.00	Transport assets
Planning & Development	700,000.00	-	700,000.00	Howick Falls upgrades
Public Conveniences	631,170.00	-	631,170.00	Bus Shelters
Refuse Removal & Landfill site	100,000.00	-	100,000.00	Waste Bins and Skip Holding Area
Roads	24,000,000.00	13,856,260.00	10,143,740.00	Buchanan road extension
Roads	380,000.00	-	380,000.00	Procurement of Machinery and Equipment
Roads	500,000.00	-	500,000.00	Howick CBD Revitalisation
Roads	3,000,000.00	247,924.56	2,752,075.44	RE-GRAVELLING (Yarrow Farm, Colbourne Farm Road)
Roads	3,000,000.00	1,622,873.53	1,377,126.47	Regraveling of Roads in Ward 5 - KwaDulela
Roads	8,700,000.00	1,702,881.17	6,997,118.83	HAZA SCHOOL ROAD
Roads	3,700,000.00	827,351.13	2,872,648.87	Upgrading of 27th Crescent Road
Roads	1,050,000.00	98,170.27	951,829.73	Construction of uMtholampilo Walkway
Sport & Recreation	250,000.00	76,950.40	173,049.60	Procurement of Machinery and Equipment
Sport & Recreation	650,000.00	-	650,000.00	Transport assets
Technical Services	350,000.00	128,046.00	221,954.00	Procurement of furniture and office equipment
Technical Services	1,450,000.00	645,986.34	804,013.66	Transport assets
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>31,223,384.57</b>	<b>52,594,265.43</b>	
<b>Percentage Spent in Quarter 2</b>		<b>37%</b>		

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

As can be seen above, 37% of the Capital budget has been spent over the six 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

$$= 12,798,110 / 55,977,082 \times 100$$

$$= 23\%$$

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)

$$= (16,712,211.35 - 16,254,402.83) + 26,699,120.27 / 50,850,798$$

$$= 1:0:53 \text{ days}$$

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

$$= 12,515,083.94 / 199,766,935.19 \times 365 \text{ days}$$

$$= 22 \text{ days}$$

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 because 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

$$= \frac{(230\,328\,806 + 200\,996\,678) - (251\,891\,871 - 7\,479\,711)}{200\,996\,678} \times 100$$

$$= \frac{431\,325\,484 - 244\,412\,160}{200\,996\,678} \times 100$$

$$= 186\,913\,324$$

200 996 678

= **93%**

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

$$= 127,746,155.12 / 97,860,987.92$$

$$= 1:1$$

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

$$= 22,044,993 / 127,147,067 \times 100$$

$$= 17 \%$$

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

$$= 8,940,559 - 23,803,758 / 8,940,559 \times 100$$

$$= -166\% \text{ Deficit}$$

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

$$= 31,223,384 / 83,817,650 \times 100$$

$$= 37\%$$

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

$$= 264,700,911 / 571,589,705 \times 100$$

$$= 46\%$$

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

$$= 284,861,519 / 571,897,112 \times 100$$

$$= 50\%$$

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 second quarter has been **favorable**. The Municipality had budgeted Revenue to the amount of **R 307m** however actual Revenue billed amounted to **R284m**. An amount of **R 280m** was estimated to be spent, but actual expenditure amounted to **R 264m**. The overall estimated surplus was **R 26m including** non-cash items, the actual surplus amounted to **R 20m surplus** 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 second quarter of the financial year ending 31 December 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

11/01/2024



**uMngeni Municipality**

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Email: [manager@umngeni.gov.za](mailto:manager@umngeni.gov.za)  
Website: [www.umngeni.gov.za](http://www.umngeni.gov.za)

Our Ref.: .....  
Your Ref.: .....  
Date: 31 January 2024

**Office of the Municipal Manager**

**A COUNCIL MEETING HELD ON WEDNESDAY 31 JANUARY 2024 IN THE COUNCIL CHAMBER AT 09:00**

**C.0124.12 BUDGET AND FINANCIAL REPORT – Q2**

On a proposal moved by, Councillor CT Mthlane, and seconded by, Councillor RS Sokhela, it was

**RESOLVED**

That Council notes and approves the Quarterly Report for Quarter 2.

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Certified true extract of the minutes of the meeting.

Signed-----

Mr Mzingisi Hloba  
**MUNICIPAL MANAGER**