

uMNGENI MUNICIPALITY



ADJUSTMENTS BUDGET

2023/2024

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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February 2024

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Abbreviations and Acronym

ASGISA	Accelerated and Shared Growth Initiative	MBRR	Municipal Budget & Reporting Regulations	
BPC	Budget Planning Committee	MEC	Member of the Executive Committee	
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act	
CM	Municipality Manager	MIG	Municipal Infrastructure Grant	
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act	
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act	
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework	
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework	
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa	
EE	Employment Equity	NGO	Non-Governmental Organisations	
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators	
FBS	Free basic services	OHS	Occupational Health and Safety	
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan	
GDP	Gross Domestic Product	PBO	Public Benefit Organisations	
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care	
GFS	Government Financial Statistics	PMS	Performance Management System	
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment	
HR	Human Resources	PPP	Public Private Partnership	
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System	
IDP	Integrated Development Plan	RG	Restructuring Grant	
IT	Information Technology	RSC	Regional Services Council	
km	kilometre	SALGA	South African Local Government Association	
KPA	Key Performance Area	SAPS	South African Police Service	
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget	
kWh	kilowatt hour			
LED	Local Economic Development		Implementation Plan	
Mayor			SMME	Small Micro and Medium Enterprises

Part 1 – Adjustments Budget

1.1 Mayor’s Report

Introduction

Speaker of Council, Deputy Mayor, Members of the Executive Committee, Councillors and the administration of the Municipality led by the Municipal Manager:

In January 2024 the uMngeni Council took a decision to proceed to an adjustment budget based on the need to, among others, revise revenue and expenditure projections, and rationalize both operation and capital budgets.

At mid-year the municipality had underspend on both capital and operational budgets. In relation to capital budgets this was largely due to poor planning and execution as well as problems in the Supply Chain. Interventions continue to be put in place to improve this situation. This includes increasing capacity at the SCM unit, monitoring procurement plans at a committee level and holding officials accountable for their action/inaction. In relation to operational expenditure, low then projected demand on a number of items have meant that operating expenditure was just below 50% at midyear. A large portion of this was the under expenditure on employee related costs.

The municipality is still struggling to keep proper contract management with a number of contracts on month-to-month extensions. This again is due to poor management and a weak Supply Chain. It must be noted that a number of high value and critical contracts have been finalized and/or are about to be finalized. These include the security contract, the banking contract, the insurance contract, and the panel of civils. However, more attention must be paid to contract management by directors and directorates.

The major risk to the municipality remains high electricity losses. The municipality is projected to lose up to R80 million (conservatively) this year due to illegal connections. This poses a significant risk to the financial viability of the municipality. All efforts are being made by the council to support and provide solutions to reduce the losses however, the administration is unable to showing meaningful progress. With the national Eskom increases looming, the expected losses are set to increase.

In addition to electricity loses, the municipality is only showing minimal success in collecting outstanding debts. Despite increased support and attention by the finance portfolio and council as a whole, there has been slow progress.

In January the AG delivered the audit report. The report painted a picture of a municipality slowing improving however not without its challenges. Some of these challenges are listed

above. We can be proud of the municipal manager, the CFO and the teams (especially finance) involved for achieving an Unqualified Audit outcome with fewer findings. Special note must be placed on the improved criteria of consequence management and service delivery. Noting the progress it is also important to note the areas requiring improvement. The management of UIFW requires careful oversight. Failure to carry out basic condonements and write offs painted a bad picture for the municipality. Noting that most of the UIFW was from non-cash items such as depreciation and debt write offs, this is no excuse for officials not to present to MPAC and council. Interventions have been made in the IA unit that seek to avoid these administrative errors in the future. The municipality can also be proud of reducing wasteful expenditure to only R5800.00. The other issues raised by the AG related to SCM where instability and the lack of internal controls led to a number of findings. These are being address through the committees and through MPAC.

Hon. Speaker, in terms of projects and programmes the adjustment budget largely remains the same. Notable changes are:

- Increase in wet fuel to compensate for increased machinery and increasing fuel costs
- Increase in workshop expenditure to cater for breakdowns and repairs
- Shift of some road's capital funding to roads maintenance
- Addition of R7 million as a disaster grant for road repairs
- Decrease in employee related costs due to savings on overtime and unfilled posts (non-critical) – R6.4 million
- Increase in rates revenue projections by R1.5 million
- R2.4 million increase to electricity service charges to cater for the new Checkers Centre in Howick
- Refuse collection revenue adjusted upwards
- Licenses and permits adjusted downwards
- Upgrading of the Weighbridge – R 2,1m
- Provision for the boreholes that were already constructed in the beginning of the financial year – R 1,9m.
- A provision for the purchase of Municipal Vehicles for the following departments, Technical Services, Sports and Recreation and Finance Services.
- Provision for the office equipment
- R538k from Operational MIG to Capital MIG
- The allocation of funding towards tools and equipment for the roads and storm water department

As we near the final quarter of the 2023/2024 financial year all councillors must please play strict oversight and monitoring at committee level to ensure that we are exploring all options for revenue collection as well as saving where we can.

As we prepare for budget 2024/2025 it is critical to note that the national government has cut all grant funding to all municipalities. This significantly reduces our ability to deliver services. In addition, the increasing costs of doing business, the poor exchange rate, high fuel prices, high

unemployment, and increasing electricity costs means that the municipality must do more with far less. This is not simple an expression but a realization of the dire place that we find ourselves in as a country.

As I conclude, it has become far too comfortable for government employees to come up with excuses for why things cannot be done and why things take so long: especially the basics. As elected representative, from all parties, it is our duty to ensure that employees of government are delivery to the communities that we represent and that where there is no delivery without valid reason, we take the appropriate action.

I wish all councillors luck for the last half of the financial year. May we see positive change in our country to arrest the continued pressure and lack of support on local government.

Adjustment of the Service Delivery Implementation Plan.

In ensuring the alignment between the budget and the SDBIP, the Municipality has effectively adjusted all the items that have indicators for adjustment in line with the adjustment budget, to ensure that departments meet their targets without the fear of funding issues.

Adjustment Budget

Section 28 of the Municipal Finance Management Act (MFMA) read together with Budget and Reporting Regulations determines that municipalities must table an Adjustments Budget annually. Adjustments are made to the Main Appropriation in terms of Section 28 of the MFMA.

In terms of Section 28 Act which reads as follows: -

- (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget –
 - (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
 - (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
 - (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the Mayor of the municipality;
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to

include projected roll-overs when the annual budget for the current year was approved by the council;

- (f) may correct any errors in the annual budget; and
- (g) may provide for any other expenditure within a prescribed framework.

As per the MFMA only the Mayor may table an adjustments budget in the municipal

Council, but an adjustments budget in terms of sub-section (2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

The Acts also states that when an adjustments budget is tabled, it must be accompanied by:-

- (h) an explanation of how the adjustments budget affects the annual budget;
- (i) a motivation of any material changes to the annual budget;
- (j) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
- (k) any other supporting documentation that may be prescribed.

With the above accompanied by the assessment of the implementation of the budget and financial performance of the municipality in January 2024 for the first half of the financial year taking into consideration the monthly budget statements, it is imperative that the adjustment budget be approved in line with the relevant legislation. According to this assessment it was recommended to Council that the 2023/2024 annual budget be amended in February 2024 to revise projections for revenue and expenditures amongst the different votes.

I am pleased to announce that our budgeted operating revenue has been increased from R 571,8 million to R 577,9 million. Our budgeted operating expenditure has been increased by R 15,5m from R 571,5m to R 587,0m. This has left the Municipality with a deficit of R 9m. The deficit is as a result of the non-cash items that always result in an unauthorised expenditure.

This will have no effect on the rate randage or any other tariffs and charges of the municipality.

The adjustments budget I am presenting today was increased due to these factors, amongst other elements:

1. Property Rates –The Municipality has performed well in this line item due to the new developments within the municipality, there has been a slight improvement for the first six months of the financial year, and therefore a slight increase in the adjustment budget was necessary.
2. Service Charges – Electricity connection charges has been increased by R2,4m. The adjustment made is for the new development of the Howick Shopping Centre, the Municipality is aware and working tirelessly on the electricity illegal connection and theft. These losses result in vital funds being directed away from repairs and maintenance as

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well as other constitutional obligations. The municipality has implemented stricter and more urgent measures to encourage payment, replace faulty meters, collect outstanding debts, and reduce overall losses. In response to the losses the municipality is applying strategies and policies to overcome the situation.

3. Service Charges – Refuse Removal – there is an upward adjustment due to new developments and the item seems to be performing favourably and over the set target.
4. Interest earned on External Investments – the adjustment is informed by an interest that continually accrues on the monthly basis since the Municipality still has funds invested in Call Accounts and unspent conditional grants which are ring-fenced in the Investments accounts.
5. Interest on outstanding debtors – a slight increase on this item is due to the high number of debtors that was reported at Mid-year.
6. Fines have been increased by R147k due to the fines issued for the first six months of the financial year.
7. Licences and permits – a downward adjustment of R 660k has been actioned because it is evident that for the first six months of the financial year this item has underperformed leading to the downward adjustment. This of course had an adverse impact on the projected revenue set out in the original budget.
8. Transfers recognised-operational decreased by R 165k – this is the net amount for all movement within various grants (EPWP, MIG operational being reduced, Financial Management Grant (operational) has been reduced to provide for the Capital portion for the procurement of some capital items for interns under Finance Services, and lastly considering the unspent grants from 30 June 2023.
10. Other Revenue has been decreased to correct an error that was made in the original budget of budgeting for Cash discounts allowed for early debtor's settlement under revenue instead of expenditure.

Factors that compelled the Municipality to adjust the operating expenditure budget:

The operating expenditure budgets has been increased by R 15,5m.

Below are some of the factors that led to the adjustment of the expenditure budget: -

- (a) A decrease in Employee related costs of R 6,4m is mainly on overtime, a reduction salaries and wages for positions that were supposed to be filled at the beginning of the financial year but have not yet been filled by December 2023.
- (b) Depreciation has been greatly increased based on the mid-year actual balance as well as the audited balance recorded on the Annual Financial Statements for 2022/2023 financial year.

- (c) Finance Charges have been increased by R 13k; this is the provision for the finance lease.
- (d) There is an increase in Contracted Services of R1,1m which is the top-up for roads maintenance.
- (e) Other Expenditure has increased by R 4m, this is mainly the provision for the Electricity (the development of the Shopping centre R2m), items that were overspent at Midyear has also been provided for to avoid unauthorised expenditure at year end.

Executive Summary

The format and contents of the adjustments budget and supporting documentation must be in the format as specified in schedule B of the Municipal Budget and Reporting Regulations. The adjustments budget as submitted herewith contains the applicable adjustments budget tables B1 to B10.

It should be noted that municipal taxes and tariffs may not be increased during a financial year, and any amendments to the annual budget must remain funded in accordance with section 18 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA).

Table B1 provides high level summary on the adjusted budgeted financial performance, capital expenditure and funds sources, financial position, cash flows, cash backing/surplus reconciliation, asset management and free services whilst table B2-B10.

The adjustments budget herewith presented provides for a net increase in the total operating revenue of R 6,0m to the amount of R 577,9 m (original budget: R 571,8 m). When analysing this, the following factors become apparent.

- a. Property Rates adjustment has been increased by R1,5m based on the favourable performance for the first six months of the financial year.
- b. Service Charges – Electricity - Electricity have been increased by R2,4million. The adjustment has been added into the budget for the new development of the Howick Shop Centre that is under construction.
- c. Service Charges – Refuse Removal – there has been a need to adjust upward by 5% since refuse has overperformed.
- d. It became apparent that the Municipality increases Fines by R 148k because the performance for the first six months of the financial year and previous year audited amount have proved to be positive and necessitated an increase on this item.
- e. Licences and permits – a downward adjustment of R 660k was necessary because the department did not meet the target by mid-year.
- f. Transfers recognised-operational decreased by R 165k, this is due to a decrease in operational MIG and the EPWP Grants.

- g. Other Revenue has been decreased by R774k when compared to the original budget, the Municipality had to reduce the amount it had erroneously made for the cash discounts under revenue instead of expenditure.

The adjusted operating expenditure amounts to R 587,0m (original budget: R 571,5m) which reflects an increase of R 15,2m. The main contributing factors for the increase are as follows:

- (a) A decrease in Employee related costs of R 6,4m is due to an adjustment made on certain positions which were originally budgeted for but has not yet been filled, reduction made on overtime in certain department.
- (b) Depreciation has been increased by R 11,0m based on the 2022/2023 actual figure in the AFS, this item was under budgeted for. The Municipality is also doing it level best to eliminate unauthorised expenditure that may occur at the end of the financial year.
- (c) Finance Charges have been increased by R13k; this is the provision for the finance lease interest.
- (d) There is an increase in Contracted Services of R 1,1m, this is for the Roads Maintenance.
- (e) Other Expenditure has been increased by R 3,9m, to R 69,2m.

The adjusted capital expenditure for 2023/2024 amounted to R 93,6m.

- (a) In the Capital Budget there is a provision of the following items:
- Upgrading of the Weighbridge – R 2,1m
 - Provision for the boreholes that were already constructed in the beginning of the financial year – R 1,9m.
 - A provision for the purchase of Municipal Vehicles for the following departments, Technical Services, Sports and Recreation and Finance Services.
 - Provision for the office equipment.
 - R538k from Operational MIG to Capital MIG.

1.3 Adjustments Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2023/2024 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 1 MBRR Table B1 – Adjustments Budget Summary

KZN222 uMngeni - Table B1 Adjustments Budget Summary - 28/02/2024											
Description	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	253,564	253,564	--	--	--	--	1,500	1,500	255,064	265,989	278,491
Service charges	166,917	166,917	--	--	--	--	5,493	5,493	172,410	187,008	209,580
Investment revenue	3,030	3,030	--	--	--	--	--	--	3,030	3,178	3,327
Transfers recognised - operational	114,187	114,187	--	--	--	--	(165)	(165)	114,022	122,680	132,125
Other own revenue	34,199	34,199	--	--	--	--	(751)	(751)	33,448	35,869	37,554
Total Revenue (excluding capital transfers and contributions)	571,897	571,897	--	--	--	--	6,077	6,077	577,974	614,705	661,078
Employee costs	155,966	155,966	--	--	--	--	(6,486)	(6,486)	149,480	163,248	170,912
Remuneration of councillors	11,327	11,327	--	--	--	--	402	402	11,729	11,870	12,428
Depreciation & asset impairment	51,439	51,439	--	--	--	--	11,029	11,029	62,468	53,986	56,496
Interest	47	47	--	--	--	--	13	13	61	50	52
Inventory consumed and bulk purchases	194,921	82,574	--	--	--	--	1,444	1,444	84,018	93,577	98,320
Transfers and subsidies	1,520	1,520	--	--	--	--	425	425	1,945	1,583	1,668
Other expenditure	156,370	268,716	--	--	--	--	8,640	8,640	277,366	290,031	320,811
Total Expenditure	571,590	571,590	--	--	--	--	15,466	15,466	587,056	614,355	660,688
Surplus/(Deficit)	307	307	--	--	--	--	(9,389)	(9,389)	(9,081)	350	390
Transfers and subsidies - capital (monetary allocation)	48,108	48,108	--	--	--	--	6,284	6,284	54,392	41,618	38,195
Transfers and subsidies - capital (in-kind - all)	--	--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) after capital transfers & contributions	48,415	48,415	--	--	--	--	(3,104)	(3,104)	45,311	41,988	38,586
Share of surplus/ (deficit) of associate	--	--	--	--	--	--	--	--	--	--	--
Surplus/ (Deficit) for the year	48,415	48,415	--	--	--	--	(3,104)	(3,104)	45,311	41,988	38,586
Capital expenditure & funds sources											
Capital expenditure	83,818	83,818	--	--	--	--	9,810	9,810	93,627	73,832	71,924
Transfers recognised - capital	48,108	48,108	--	--	--	--	6,284	6,284	54,392	41,618	38,195
Borrowing	--	--	--	--	--	--	--	--	--	--	--
Internally generated funds	35,710	35,710	--	--	--	--	3,525	3,525	39,235	32,215	33,729
Total sources of capital funds	83,818	83,818	--	--	--	--	9,810	9,810	93,627	73,832	71,924
Financial position											
Total current assets	162,751	162,751	--	--	--	--	(53,920)	(53,920)	108,831	191,843	228,863
Total non current assets	1,142,810	1,142,810	--	--	--	--	(100,448)	(100,448)	1,042,362	1,162,657	1,159,271
Total current liabilities	109,218	109,218	--	--	--	--	(8,704)	(8,704)	100,514	116,189	124,127
Total non current liabilities	82,711	82,711	--	--	--	--	30,565	30,565	113,276	82,711	82,711
Community wealth/Equity	1,113,632	1,113,632	--	--	--	--	(176,228)	(176,228)	937,403	1,155,599	1,181,295
Cash flows											
Net cash from (used) operating	95,076	95,076	--	--	--	--	18,571	18,571	113,647	90,147	88,123
Net cash from (used) investing	(96,074)	(96,074)	--	--	--	--	(11,281)	(11,281)	(107,366)	(84,518)	(82,966)
Net cash from (used) financing	(189)	(189)	--	--	--	--	--	--	(189)	(195)	(205)
Cash/cash equivalents at the year end	40,982	40,982	--	--	--	--	(22,630)	(22,630)	18,352	46,416	51,968
Cash backing/surplus reconciliation											
Cash and investments available	40,982	40,982	--	--	--	--	(22,630)	(22,630)	18,352	46,416	51,968
Application of cash and investments	(44,608)	(44,608)	--	--	--	--	33,435	33,435	(11,173)	(65,264)	(94,433)
Balance - surplus (shortfall)	85,590	85,590	--	--	--	--	(56,065)	(56,065)	29,525	111,681	146,401
Asset Management											
Asset register summary (WDV)	1,137,092	1,137,092	--	--	--	--	(113,705)	(113,705)	1,023,387	1,156,938	1,153,552
Depreciation	51,439	51,439	--	--	--	--	11,029	11,029	62,468	53,986	56,496
Renewal and Upgrading of Existing Assets	19,700	19,700	--	--	--	--	6,598	6,598	26,298	19,637	21,685
Repairs and Maintenance	27,577	27,834	--	--	--	--	3,843	3,843	31,677	34,466	36,488
Free services											
Cost of Free Basic Services provided	--	--	--	--	--	--	--	--	--	--	--
Revenue cost of free services provided	75,975	75,975	--	--	--	--	(2,618)	(2,618)	73,357	79,690	83,435
Households below minimum service level											
Water:	--	--	--	--	--	--	--	--	--	--	--
Sanitation/sewerage:	--	--	--	--	--	--	--	--	--	--	--
Energy:	--	--	--	--	--	--	--	--	--	--	--
Refuse:	--	--	--	--	--	--	--	--	--	--	--

Explanatory notes to MBRR Table B1 – Adjustments Budget Summary

1. Table B1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - (a) The operating surplus / deficit (after Total Expenditure) is positive over the MTREF
 - (b) Capital expenditure is balanced by capital funding sources, of which
 - (i) Transfers recognised is reflected on the Financial Performance Budget;
 - (ii) Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - (iii) Internally generated funds are financed from a combination of the current Operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing / surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This placed the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections was highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 2 MBRR Table B2 – Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN222 uMngeni - Table B2 Adjustments Budget Financial Performance (functional classification) - 28/02/2024												
Standard Description	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2024/25	+2 2025/26
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
<i>Governance and administration</i>		357,070	357,070	-	-	-	-	666	666	357,736	376,597	397,158
Executive and council		74,474	74,474	-	-	-	-	134	134	74,608	82,683	89,410
Finance and administration		282,596	282,596	-	-	-	-	532	532	283,128	289,914	307,747
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		8,087	8,087	-	-	-	-	369	369	8,456	8,459	8,846
Community and social services		5,134	5,134	-	-	-	-	(47)	(47)	5,087	5,362	5,603
Sport and recreation		3	3	-	-	-	-	8	8	11	3	3
Public safety		2,950	2,950	-	-	-	-	168	168	3,118	3,095	3,240
Housing		-	-	-	-	-	-	240	240	240	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		37,653	37,653	-	-	-	-	4,696	4,696	42,349	36,721	38,239
Planning and development		6,471	6,471	-	-	-	-	(266)	(266)	6,205	4,266	4,467
Road transport		31,182	31,182	-	-	-	-	4,962	4,962	36,144	32,455	33,772
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		217,168	217,168	-	-	-	-	6,628	6,628	223,796	234,517	255,001
Energy sources		195,483	195,483	-	-	-	-	2,570	2,570	198,052	211,112	230,079
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		56	56	-	-	-	-	-	-	56	59	62
Waste management		21,629	21,629	-	-	-	-	4,058	4,058	25,687	23,346	24,860
Other		27	27	-	-	-	-	3	3	30	28	30
Total Revenue - Functional	2	620,005	620,005	-	-	-	-	12,361	12,361	632,366	656,323	699,274
Expenditure - Functional												
<i>Governance and administration</i>		214,671	214,521	-	-	-	-	13,005	13,005	227,526	218,780	228,980
Executive and council		42,844	42,844	-	-	-	-	3,712	3,712	46,556	47,780	50,026
Finance and administration		167,733	167,583	-	-	-	-	9,629	9,629	177,212	166,710	174,462
Internal audit		4,094	4,094	-	-	-	-	(335)	(335)	3,758	4,290	4,492
<i>Community and public safety</i>		65,779	65,765	-	-	-	-	(3,476)	(3,476)	62,289	71,422	74,768
Community and social services		13,710	13,710	-	-	-	-	(633)	(633)	13,077	14,352	15,017
Sport and recreation		16,270	16,270	-	-	-	-	(3,438)	(3,438)	12,831	17,051	17,852
Public safety		34,055	34,055	-	-	-	-	393	393	34,448	38,191	39,986
Housing		1,744	1,730	-	-	-	-	202	202	1,932	1,828	1,914
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		35,432	36,122	-	-	-	-	4,559	4,559	40,681	41,111	43,446
Planning and development		19,689	19,929	-	-	-	-	1,723	1,723	21,652	19,062	19,958
Road transport		15,743	16,193	-	-	-	-	2,836	2,836	19,029	22,049	23,487
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		254,239	253,939	-	-	-	-	1,297	1,297	255,237	281,502	311,881
Energy sources		223,744	223,744	-	-	-	-	3,698	3,698	227,442	249,543	278,420
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		3,420	3,420	-	-	-	-	18	18	3,438	3,584	3,752
Waste management		27,075	26,775	-	-	-	-	(2,419)	(2,419)	24,357	28,375	29,709
Other		1,469	1,243	-	-	-	-	80	80	1,323	1,540	1,612
Total Expenditure - Functional	3	571,590	571,590	-	-	-	-	15,466	15,466	587,056	614,355	660,688
Surplus/ (Deficit) for the year		48,415	48,415	-	-	-	-	(3,104)	(3,104)	45,311	41,968	38,586

Table 2 MBRR Table B2 – Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these

functional areas which enables the National Treasury to compile 'whole of government' reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised capital) and so does not balance to the operating revenue shown on Table B4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive and Council.

Table 3 MBRR Table B3 – Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN222 uMngeni - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28/02/2024												
Vote Description <i>(insert departmental structure etc)</i>	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavold.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	4	5	6	7	8	9	10	+1 2024/25	+2 2025/26
R thousands												
Revenue by Vote	1											
Vote 1 - EXECUTIVE AND COUNCIL		346,024	346,024	-	-	-	-	1,735	1,735	347,759	367,538	387,654
Vote 2 - BUDGET AND TREASURY		7,261	7,261	-	-	-	-	(951)	(951)	6,309	7,532	7,905
Vote 3 - CORPORATE SERVICES		1,670	1,670	-	-	-	-	17	17	1,687	1,750	1,833
Vote 4 - Planning Services		6,498	6,498	-	-	-	-	(24)	(24)	6,474	4,285	4,497
Vote 5 - Community Services		33,931	33,931	-	-	-	-	2,509	2,509	36,439	36,228	38,336
Vote 6 - Technical Services		224,622	224,622	-	-	-	-	9,076	9,076	233,697	238,980	259,049
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]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	620,005	620,005	-	-	-	-	12,361	12,361	632,366	656,323	699,274
Expenditure by Vote	1											
Vote 1 - EXECUTIVE AND COUNCIL		51,616	51,616	-	-	-	-	3,377	3,377	54,993	56,978	59,656
Vote 2 - BUDGET AND TREASURY		90,400	90,400	-	-	-	-	13,172	13,172	103,572	94,735	99,158
Vote 3 - CORPORATE SERVICES		47,556	47,556	-	-	-	-	(3,900)	(3,900)	43,656	43,824	45,883
Vote 4 - Planning Services		22,902	22,902	-	-	-	-	2,005	2,005	24,907	22,430	23,484
Vote 5 - Community Services		88,149	88,149	-	-	-	-	(6,939)	(6,939)	81,210	94,236	98,655
Vote 6 - Technical Services		270,966	270,966	-	-	-	-	7,752	7,752	278,718	302,152	333,851
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]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	571,590	571,590	-	-	-	-	15,466	15,466	587,056	614,355	660,688
Surplus/ (Deficit) for the year	2	48,415	48,415	-	-	-	-	(3,104)	(3,104)	45,311	41,968	38,586

Explanatory notes to MBRR Table B3 – Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 4 MBRR Table B4 – Adjustments Budgeted Financial Performance (revenue and expenditure)

KZN222 uMngeni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2024												
Description	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2024/25	+2 2025/26
Revenue												
Exchange Revenue												
Service charges - Electricity	2	156,164	156,164	-	-	-	-	2,435	2,435	158,599	175,740	197,782
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	10,752	10,752	-	-	-	-	3,059	3,059	13,811	11,269	11,798
Sale of Goods and Rendering of Services		5,609	5,609	-	-	-	-	430	430	6,039	5,880	6,156
Agency services		-	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		4,308	4,308	-	-	-	-	101	101	4,409	4,519	4,731
Interest earned from Current and Non Current Assets		3,030	3,030	-	-	-	-	-	-	3,030	3,178	3,327
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1,370	1,370	-	-	-	-	5	5	1,375	1,436	1,503
Licence and permits		2,445	2,445	-	-	-	-	121	121	2,566	2,564	2,685
Operational Revenue		1,563	1,563	-	-	-	-	(774)	(774)	789	1,639	1,716
Non-Exchange Revenue												
Property rates		253,564	253,564	-	-	-	-	1,500	1,500	255,064	255,989	278,491
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2,957	2,957	-	-	-	-	148	148	3,105	3,102	3,248
Licences or permits		1,954	1,954	-	-	-	-	(782)	(782)	1,173	2,050	2,147
Transfer and subsidies - Operational		114,187	114,187	-	-	-	-	(165)	(165)	114,022	122,660	132,125
Interest		13,677	13,677	-	-	-	-	-	-	13,677	14,348	15,022
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		316	316	-	-	-	-	-	-	316	331	347
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		571,897	571,897	-	-	-	-	6,077	6,077	577,974	614,705	681,078
Expenditure By Type												
Employee related costs		155,966	155,966	-	-	-	-	(6,486)	(6,486)	149,480	163,248	170,812
Remuneration of councillors		11,327	11,327	-	-	-	-	402	402	11,729	11,870	12,428
Bulk purchases - electricity		190,198	190,198	-	-	-	-	1,200	1,200	191,398	214,354	241,577
Inventory consumed		4,722	4,722	-	-	-	-	1,570	1,570	6,292	2,968	3,097
Debt Impairment		10,243	10,243	-	-	-	-	-	-	10,243	10,742	11,247
Depreciation and amortisation		51,439	51,439	-	-	-	-	11,029	11,029	62,468	53,986	56,496
Interest		47	47	-	-	-	-	13	13	61	50	52
Contracted services		80,964	81,054	-	-	-	-	1,019	1,019	82,073	91,983	96,651
Transfers and subsidies		1,520	1,520	-	-	-	-	425	425	1,945	1,593	1,668
Irrecoverable debts written off		-	-	-	-	-	-	1,030	1,030	1,030	-	-
Operational costs		65,163	65,073	-	-	-	-	4,202	4,202	69,275	63,571	66,559
Losses on disposal of Assets		-	-	-	-	-	-	1,062	1,062	1,062	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		571,590	571,590	-	-	-	-	15,466	15,466	587,056	614,355	680,888
Surplus/(Deficit)		307	307	-	-	-	-	(9,389)	(9,389)	(9,081)	350	390
Transfers and subsidies - capital (monetary allocations)		48,108	48,108	-	-	-	-	6,284	6,284	54,392	41,618	38,196
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		48,415	48,415	-	-	-	-	(3,104)	(3,104)	45,311	41,968	38,586
Income Tax		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		48,415	48,415	-	-	-	-	(3,104)	(3,104)	45,311	41,968	38,586
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		48,415	48,415	-	-	-	-	(3,104)	(3,104)	45,311	41,968	38,586
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		48,415	48,415	-	-	-	-	(3,104)	(3,104)	45,311	41,968	38,586

**EXPLANATORY NOTES TO TABLE B4 – Adjustments Budgeted Financial Performance
(revenue and expenditure)**

1. Total Original revenue is R 571,5million in 2023/2024 and increased to R 587,0million. Revenue to be generated from property rates is R 255,0m in the 2023/2024 financial year of operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
2. Service charges relating to electricity and refuse removal contributes to the revenue basket of the Municipality totalling R187,0 million for the 2023/2024 financial year.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 5 MBRR Table B5 – Adjustments Budgeted Capital Expenditure by vote, standard classification and funding source

KZN222 uMngeni - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2024												
Description	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2024/25	+2 2025/26
		A	5	6	7	8	9	10	11	12		
			A1	B	C	D	E	F	G	H		
R thousands												
Capital expenditure - Vote												
<i>Multi-year expenditure to be adjusted</i>												
	2											
Vote 1 - EXECUTIVE AND COUNCIL		1,100	1,100	--	--	--	--	(276)	(276)	824	1,154	1,208
Vote 2 - BUDGET AND TREASURY		200	200	--	--	--	--	500	500	700	210	220
Vote 3 - CORPORATE SERVICES		450	450	--	--	--	--	(48)	(48)	402	472	484
Vote 4 - Planning Services		300	300	--	--	--	--	--	--	300	315	329
Vote 5 - Community Services		780	780	--	--	--	--	--	--	780	818	857
Vote 6 - Technical Services		43,786	43,786	--	--	--	--	749	749	44,535	38,328	36,039
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]		--	--	--	--	--	--	--	--	--	--	--
Capital multi-year expenditure sub-total	3	46,616	46,616	--	--	--	--	924	924	47,540	41,297	39,148
<i>Single-year expenditure to be adjusted</i>												
	2											
Vote 1 - EXECUTIVE AND COUNCIL		--	--	--	--	--	--	646	646	646	--	--
Vote 2 - BUDGET AND TREASURY		--	--	--	--	--	--	500	500	500	--	--
Vote 3 - CORPORATE SERVICES		631	631	--	--	--	--	(631)	(631)	--	1,000	1,000
Vote 4 - Planning Services		3,550	3,550	--	--	--	--	(374)	(374)	3,176	--	--
Vote 5 - Community Services		900	900	--	--	--	--	--	--	900	--	--
Vote 6 - Technical Services		32,120	32,120	--	--	--	--	8,744	8,744	40,865	31,535	31,777
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]		--	--	--	--	--	--	--	--	--	--	--
Capital single-year expenditure sub-total		37,202	37,202	--	--	--	--	8,886	8,886	46,087	32,535	32,777
Total Capital Expenditure - Vote		83,818	83,818	--	--	--	--	9,810	9,810	93,627	73,832	71,924
Capital Expenditure - Functional												
<i>Governance and administration</i>		2,381	2,381	--	--	--	--	690	690	3,072	2,836	2,922
Executive and council		1,100	1,100	--	--	--	--	120	120	1,220	1,154	1,208
Finance and administration		1,281	1,281	--	--	--	--	320	320	1,602	1,682	1,714
Internal audit		--	--	--	--	--	--	250	250	250	--	--
<i>Community and public safety</i>		1,580	1,580	--	--	--	--	--	--	1,580	713	747
Community and social services		--	--	--	--	--	--	680	680	680	--	--
Sport and recreation		900	900	--	--	--	--	--	--	900	--	--
Public safety		680	680	--	--	--	--	(680)	(680)	--	713	747
Housing		--	--	--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--	--	--
<i>Economic and environmental services</i>		55,770	55,770	--	--	--	--	5,697	5,697	61,468	51,749	54,055
Planning and development		3,850	3,850	--	--	--	--	(374)	(374)	3,476	315	329
Road transport		51,920	51,920	--	--	--	--	6,071	6,071	57,991	51,435	53,737
Environmental protection		--	--	--	--	--	--	--	--	--	--	--
<i>Trading services</i>		24,086	24,086	--	--	--	--	3,422	3,422	27,508	18,534	14,189
Energy sources		22,486	22,486	--	--	--	--	921	921	23,407	16,655	12,432
Water management		--	--	--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--	--	--
Waste management		1,600	1,600	--	--	--	--	2,501	2,501	4,101	1,678	1,757
Other		--	--	--	--	--	--	--	--	--	--	--
Total Capital Expenditure - Functional	3	83,818	83,818	--	--	--	--	9,810	9,810	93,627	73,832	71,924
Funded by:												
National Government		46,708	46,708	--	--	--	--	6,284	6,284	52,992	41,618	38,195
Provincial Government		1,400	1,400	--	--	--	--	--	--	1,400	--	--
District Municipality		--	--	--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		--	--	--	--	--	--	--	--	--	--	--
Transfers recognised - capital	4	46,108	46,108	--	--	--	--	6,284	6,284	54,392	41,618	38,195
Borrowing		--	--	--	--	--	--	--	--	--	--	--
Internally generated funds		35,710	35,710	--	--	--	--	3,525	3,525	39,235	32,215	33,729
Total Capital Funding		83,818	83,818	--	--	--	--	9,810	9,810	93,627	73,832	71,924

Explanatory notes to Table B5 – Adjustments Budgeted Capital Expenditure

1. Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R 93,6m for the 2023/2024 financial year.
4. The capital programme is funded from National grants and internally generated funds. For 2023/2024, capital transfers totals R 54,3m (R24m MIG, R3,8 Energy Efficiency and Demand Side Grant and INEP R16m and R 7,4m for Disaster Recovery Grant) and internally generated funding totalling to R 39,6m.

Table 6 MBRR Table B6 – Adjustments Budgeted Financial Position

KZN222 uMngeni - Table B6 Adjustments Budget Financial Position - 28/02/2024												
Description	Ref	Budget Year 2023/24									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavold.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
ASSETS												
Current assets												
Cash and cash equivalents		40,982	40,982	-	-	-	-	(22,630)	(22,630)	18,352	46,416	51,968
Trade and other receivables from exchange transactions	1	24,686	24,686	-	-	-	-	1,465	1,465	26,151	26,178	34,439
Receivables from non-exchange transactions	1	85,471	85,471	-	-	-	-	(24,619)	(24,619)	60,851	107,637	130,845
Current portion of non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-	-	-
VAT		11,612	11,612	-	-	-	-	(8,135)	(8,135)	3,477	11,612	11,612
Other current assets		-	-	-	-	-	-	-	-	-	-	-
Total current assets		162,751	162,751	-	-	-	-	(53,929)	(53,929)	108,831	191,843	228,863
Non current assets												
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		56,087	56,087	-	-	-	-	(37,127)	(37,127)	18,960	55,415	54,714
Property, plant and equipment		1,075,606	1,075,606	-	-	-	-	(61,407)	(61,407)	1,014,200	1,086,124	1,093,441
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Living and non-living resources	1	-	-	-	-	-	-	-	-	-	-	-
Heritage assets		5,398	5,398	-	-	-	-	(2,018)	(2,018)	3,381	5,398	5,398
Intangible assets		-	-	-	-	-	-	(1,052)	(1,052)	(1,052)	-	-
Trade and other receivables from exchange transactions		5,718	5,718	-	-	-	-	1,166	1,166	6,884	5,718	5,718
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
Total non current assets		1,142,810	1,142,810	-	-	-	-	(100,448)	(100,448)	1,042,362	1,162,857	1,158,271
TOTAL ASSETS		1,305,561	1,305,561	-	-	-	-	(154,398)	(154,398)	1,151,193	1,354,500	1,388,134
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Financial liabilities		2,275	2,275	-	-	-	-	(1,797)	(1,797)	478	2,275	2,275
Consumer deposits		4,390	4,390	-	-	-	-	171	171	4,561	4,195	3,990
Trade and other payables from exchange transactions		51,427	51,427	-	-	-	-	18,755	18,755	70,182	51,753	54,595
Trade and other payables from non-exchange transactions		1,819	1,819	-	-	-	-	(1,819)	(1,819)	0	1,819	855
Provisions		41,840	41,840	-	-	-	-	(17,845)	(17,845)	23,995	47,595	53,801
VAT		7,466	7,466	-	-	-	-	(6,188)	(6,188)	1,288	8,562	8,811
Other current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		109,218	109,218	-	-	-	-	(8,704)	(8,704)	100,514	115,189	124,127
Non current liabilities												
Financial liabilities	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	82,711	82,711	-	-	-	-	30,565	30,565	113,276	82,711	82,711
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-	-
Total non current liabilities		82,711	82,711	-	-	-	-	30,565	30,565	113,276	82,711	82,711
TOTAL LIABILITIES		191,929	191,929	-	-	-	-	21,861	21,861	213,790	198,901	206,838
NET ASSETS	2	1,113,632	1,113,632	-	-	-	-	(176,228)	(176,228)	937,403	1,155,599	1,181,295
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1,113,632	1,113,632	-	-	-	-	(176,228)	(176,228)	937,403	1,155,599	1,181,295
Funds and Reserves		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		1,113,632	1,113,632	-	-	-	-	(176,228)	(176,228)	937,403	1,155,599	1,181,295

Explanatory notes to Table B6 – Adjustments Budgeted Financial Position

1. Table B6 is consistent with international standards of good financial management practice and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in

order of liquidity, i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 7 MBRR Table B7 – Adjustments Budgeted Cash Flow Statement

KZN222 uMngeni - Table B7 Adjustments Budget Cash Flows - 28/02/2024												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		240,886	240,886	-	-	-	-	(3,676)	(3,676)	237,210	252,690	264,566
Service charges		190,150	190,150	-	-	-	-	(2,490)	(2,490)	187,661	213,028	238,728
Other revenue		77,829	77,829	-	-	-	-	8,784	8,784	86,613	82,509	88,212
Transfers and Subsidies - Operational	1	114,187	114,187	-	-	-	-	(789)	(789)	113,398	122,660	132,125
Transfers and Subsidies - Capital	1	48,108	48,108	-	-	-	-	6,284	6,284	54,392	41,818	38,196
Interest		3,030	3,030	-	-	-	-	-	-	3,030	3,178	3,327
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(577,540)	(577,540)	-	-	-	-	10,620	10,620	(566,920)	(623,884)	(675,303)
Finance charges		(47)	(47)	-	-	-	-	(13)	(13)	(61)	(50)	(52)
Transfers and Grants	1	(1,528)	(1,528)	-	-	-	-	(148)	(148)	(1,676)	(1,602)	(1,677)
NET CASH FROM/(USED) OPERATING ACTIVITIES		95,076	95,076	-	-	-	-	18,571	18,571	113,647	90,147	88,123
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		316	316	-	-	-	-	-	-	316	331	347
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets		(96,390)	(96,390)	-	-	-	-	(11,281)	(11,281)	(107,672)	(84,850)	(82,713)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(96,074)	(96,074)	-	-	-	-	(11,281)	(11,281)	(107,356)	(84,518)	(82,366)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(189)	(189)	-	-	-	-	-	-	(189)	(195)	(205)
Payments												
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(189)	(189)	-	-	-	-	-	-	(189)	(195)	(205)
NET INCREASE/(DECREASE) IN CASH HELD		(1,188)	(1,188)	-	-	-	-	7,290	7,290	6,102	5,434	5,552
Cash/cash equivalents at the year begin:	2	42,170	42,170	-	-	-	-	(29,920)	(29,920)	12,250	40,982	46,416
Cash/cash equivalents at the year end:	2	40,982	40,982	-	-	-	-	(22,630)	(22,630)	18,352	46,416	51,968

Explanatory notes to Table B7 – Adjustments Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The collection rate for Property rate, Penalties and Collection charges, Rental of Facilities and equipment, service charges and Other Revenue is 93 percent that is in line with audited collection rate for the 2022/2023 financial year.
4. Licensing and Permits, Interest on External Investment and Operating and Capital Grants are at 100 percent.
5. Total expenditure is at 100% as per table B4 excluding non-cash items.

Table 8 MBRR Table B8 – Cash Backed Reserves / Accumulated Surplus Reconciliation

KZN222 uMngeni - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2024												
Description	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2024/25	+2 2025/26
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Cash and investments available												
Cash/cash equivalents at the year end	1	40,982	40,982	-	-	-	-	(22,630)	(22,630)	18,352	46,416	51,968
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-	-
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		40,982	40,982	-	-	-	-	(22,630)	(22,630)	18,352	46,416	51,968
Applications of cash and investments												
Unspent conditional transfers		1,819	1,819	-	-	-	-	(1,819)	(1,819)	0	1,819	855
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		(4,146)	(4,146)	-	-	-	-	7,244	7,244	3,099	(3,050)	(2,800)
Other working capital requirements	2	(84,122)	(84,122)	-	-	-	-	45,448	45,448	(36,674)	(111,619)	(146,088)
Other provisions		41,840	41,840	-	-	-	-	(17,438)	(17,438)	24,402	47,586	53,601
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(44,608)	(44,608)	-	-	-	-	33,435	33,435	(11,173)	(65,264)	(94,433)
Surplus (shortfall)		85,590	85,590	-	-	-	-	(56,065)	(56,065)	29,525	111,681	146,401
Other working capital requirements												
Debtors		135,549	135,549							108,856	163,372	200,683
Creditors due		51,427	51,427							70,182	51,753	54,595
Total		84,122	84,122							38,674	111,619	146,088
Debtors collection assumptions:												
Balance outstanding - debtors		115,875	115,875							93,886	139,534	171,002
Estimate of debtors collection rate		116.98%	116.98%							115.94%	117.06%	117.36%

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Explanatory notes to Table B9 - Asset Management

1. Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 10 MBRR Table B10 - Basic Service Delivery Measurement

KZN222 uMngeni - Table B10 Basic service delivery measurement - 28/02/2024												
Description	Ref	Budget Year 2023/24									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7	8	9	10	11	12	13	14		
Household service targets	1											
Water:												
Piped water inside dwelling		-	-	-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)		-	-	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	3,4	-	-	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:												
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Energy:												
Electricity (at least min. service level)		-	-	-	-	-	-	-	-	-	-	-
Electricity - prepaid (> min.service level)		-	-	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Refuse:												
Removed at least once a week (min.service)		-	-	-	-	-	-	-	-	-	-	-
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-	-	-
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	15											
Water (6 kilolitre per household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-	-	-
Informal Settlements		-	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitre per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	-	-	-	-	-
Highest level of free service provided												
Property rates (R'000 value threshold)		-	-	-	-	-	-	-	-	-	-	-
Water (kilolitre per household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (kilolitre per household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (band per household per month)		-	-	-	-	-	-	-	-	-	-	-
Electricity (kw per household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided (R'000)	17											
Property rates (brill adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		67,507	67,507	-	-	-	-	-	-	67,507	70,815	74,143
Water (in excess of 6 kilolitre per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		737	737	-	-	-	-	441	441	1,178	773	810
Refuse (in excess of one removal a week for indigent households)		7,731	7,731	-	-	-	-	(3,069)	(3,069)	4,672	8,102	8,482
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		75,975	75,975	-	-	-	-	(2,618)	(2,618)	73,357	79,690	83,435

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for + 3 050 households to be registered as indigent in 2023/2024, and therefore entitled to receiving Free Basic Services. The number is set to increase households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R 1,1m in 2023/2024. This is covered by the municipality's equitable share allocation from national government.

1.4 Council Resolutions

On 28 February 2024 the Council of uMngeni Local Municipality met in the Council Chambers of uMngeni Municipality to consider the adjustments budget of the municipality for the financial year 2023/2024. The Council approved and adopted the following resolutions:

1. That Council adopts the Adjustments Budget for the 2023/2024 financial year in terms of section 28 of the Municipal Finance Management Act, No. 56 of 2003 as set out in the following adjustments budget tables:
 - 1.1 Table B1: Adjustments Budget Summary
 - 1.2 Table B2: Adjustments Budget Financial Performance (Standard Classification)
 - 1.3 Table B3: Adjustments Budget Financial Performance (Revenue & Expenditure by Vote)
 - 1.3.1 Table B4: Adjustments Budget Financial Performance (Revenue by Source and Expenditure by Type)
 - 1.4 Table B5: Adjustments Capital Expenditure Budget by Vote & Funding
 - 1.5 Table B6: Adjustments Budget on Financial Position
 - 1.6 Table B7: Adjustments Budget on Cash Flow
 - 1.7 Table B8: Cash Backed Reserves / Accumulated Surplus Reconciliation
 - 1.8 Table B9: Asset Management
 - 1.8.1 Table B10: Basic Service Delivery Measurement

2. That the Adjustments Budget as per section 21 of the Municipal Budget & Reporting Regulations be submitted to Provincial and National Treasuries within 10 days after approval by Council.

Part 2 – Supporting Documentation

Part 2 of the Adjustments Budget contains supporting tables SB1 to SB20 of which information on the supporting tables is as follows: -

1. Adjustments to Budget Funding

The total original budget expenditure of R 571,5 million and adjustment budget of R 587,0 million is mainly funded by revenue from R 571,8m to R 577,9m respectively. On the capital side, the net amount of R 54,3m is funded from the MIG and INEP, Energy Efficiency and Demand Side Grant and Disaster Recovery Grant. An amount of R 39,2 funded from internal generated funds which is catered for in the cash-flow forecast up to June 2024. It is a commitment of the municipality to spend all the conditional grants allocation by 30 June 2024.

2. Adjustments to Expenditure on transfers and Grant Programme

Supporting Table SB8 provides details on the adjusted expenditure on transfers and grant programmes. The main adjustments are on the capital grants and other grant rollovers which can be summarised as follows:

1. All grants that were unspent on the 30 June 2023 as per Audited Annual Financial Grants.
2. A decrease in the MIG grant
3. A decrease of R130k in the EPWP Grant which is the operational Grant.

3. Adjustments made to Councillor Allowances and Employee Benefits

Supporting Table SB11 provides details on the proposed adjustments to councillor and staff benefits, but there are adjustments provided for Councillor's Allowance.

Supporting tables SB13, SB14, SB16 and SB17 reflects the adjustments to the monthly targets for operating revenue and expenditure as well as capital expenditure. The financial indicators presented with the annual budget remain unchanged and the projected performance indicators and benchmarks are reflected in supporting tables SB4.

4. Adjustments made to Capital Expenditure

The adjustments to the capital programmes are reflected in supporting table B5 and constitute an increase in capital expenditure of R 9,8 million.

- An amount of R 7,4m for Rehabilitation of Roads has been added which will be funded by National Treasury, R1,5m has been withheld by the National transferring office, this will have an impact on the project are in progress.
- R3,5 million will be funded from internally generated funds.

2.14 Municipal manager's quality certificate



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:

OFFICE OF THE MUNICIPAL MANAGER

- **Quality Certificate**

I, Mzingisi Hloba, Municipal Manager of uMngeni Municipality, hereby certify that the Adjustments Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME

MZINGISI HLOBA

MUNICIPAL MANAGER

UMNGENI MUNICIPALITY (KZN222)

SIGNATURE



DATE

28 FEBRUARY 2024