



UMNGENI MUNICIPALITY

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

2022/2023

Compiled in terms of Section 72 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
(MFMA)

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INTRODUCTION

In terms of Section 72 of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) the Accounting Officer must by 25 January of each year assess the budget and performance of the municipality during the first half of the financial year. A report on such assessment must in terms of Section 72(1)(b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury.

The accounting officer must, as part of the review-

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

The mid-year performance supporting tables were prepared in accordance with section 72 of the MFMA.

OPERATIONAL INCOME AND EXPENDITURE ANALYSIS

The operating budget as reflected in Table C1 of the Budget Statement Tables can be summarized as follows:-

DETAILS	2022/2023 APPROVED BUDGET	ACTUALS AS AT 31/12/2022	% OF ANNUAL BUDGET PERFORMANCE
Total Revenue	537,787,036	259,216,297	48%
Total Expenditure	537,600,649	243,902,690	45%
Surplus / Deficit	186,387	15,313,607	

OPERATING REVENUE

OPERATING REVENUE STATEMENT FOR THE MONTH ENDING DECEMBER 2022					
Descriptions	Annual Budget	YTD budget	YTD Actual	% of Annual Budget Performance	YTD Variance
Rates	239,768,466	119,884,224	119,649,823	50%	(234,401.20)
Service charges - Electricity	130,401,407	65,200,692	48,994,430	38%	(16,206,261.92)
Service charges - Refuse	9,690,833	5,845,414	5,866,315	61%	20,901.18
Rental	1,299,998	649,998	549,684	42%	(100,313.91)
Fines	2,803,245	1,401,618	1,207,931	43%	(193,686.55)
Licences	4,640,421	1,820,200	1,453,036	31%	(367,163.74)
Grants and subsidies	124,626,800	70,901,230	70,901,230	57%	-
Other revenue	24,555,866	11,277,878	10,593,848	43%	(684,030.25)
TOTAL REVENUE	537,787,036	276,981,254	259,216,297	48%	-17,764,956

The Municipality's total revenue is sitting at 48% as of December 2022, however the targeted revenue should be at least at 50% at mid-year when compared against the Annual Budget. From the above table it can be seen that the Annual projected revenue for the financial year ending 30 June 2023 was R537,787,036, the year-to-date Actual is R 259,216,297, which then indicates the overall under-performance by 2% as indicated in the table above.

The reasons for the variances will be explained with reference to the above table, and is explained as follows: -

PROPERTY RATES

The actual balance for the first six months of the financial year for Property rates is R119,649,823 against the budgeted amount of R119,884,224. The report reflects a variance of R 234,401, however the achieved 50% in Property Rates is in line with the targeted percentage at the Mid-Year.

SERVICE CHARGES – ELECTRICITY

Directorate	Section	Item	Annual Budget	Year to date Actual	YTD Variance	% of Year to date Actual
TECHNICAL SERVICES	Electricity	Disconnection/Reconnection Fees	-	193,149.10	- 193,149.10	0%
TECHNICAL SERVICES	Electricity	Disconnection/Reconnection Fees	- 1,477,256.00	222,229.60	- 1,699,485.60	-15%
TECHNICAL SERVICES	Electricity	Meter Compliance Testing	- 2,705.00	-	- 2,705.00	0%
TECHNICAL SERVICES	Electricity	Notice Revenues	- 52,824.00	15,834.62	- 68,658.62	-30%
TECHNICAL SERVICES	Electricity	Prepaid	- 32,180,091.00	6,913,380.74	- 39,093,471.74	-21%
TECHNICAL SERVICES	Electricity	Conventional	- 101,094,867.00	41,775,028.63	- 142,869,895.63	-41%
TECHNICAL SERVICES	Electricity	Conventional	5,000,000.00	178,958.91	4,821,041.09	4%
TECHNICAL SERVICES	Electricity	Ancillary Charges	- 500,000.00	-	- 500,000.00	0%
TECHNICAL SERVICES	Electricity	Availability Charges	- 93,664.00	53,766.30	- 147,430.30	-57%
			- 130,401,407.00	49,352,347.90	- 179,753,754.90	-38%

The annual budget for Service Charges – Electricity was R130,401,407, Actual Electricity billed is R 49,352,347 which is equivalent to 38% of the Annual budget, therefore there is a negative performance of R16,206,273 that is equivalent to 12% under-achievement as at 31 December 2022. The main contributing factor for underperformance is the electricity theft and illegal connections.

There is a significant threat that if the trend continues, Council will continue to incur an operating loss on the electricity-Trading services. Council is requested to fully support all revenue enhancement strategies to be implemented in order to recover the losses and stabilize the financial situation. Electricity losses is one of the audit issues raised by Auditor General in 2021/2022 financial year.

SERVICE CHARGES -REFUSE

The Municipality has budgeted R 9,690,833 for refuse-services charges, billed revenue is amounted to R 5,866,315 that resulted a yielded positive variance of R 20,901 or 11 % when compared to the annual approved budget. For the first six months, this item has over-achieved in its performance.

RENTAL OF FACILITIES

The Annual budgeted amount to R1,299,998 for Rental of facilities and equipment, this has underperformed by R 100,313 or 15% when comparing the annual budget and year-to-date actual, the Municipality had targeted to bill R649,998 but billed is R 549,684. The management must develop the rental policy and renew the expired lease agreements in order to improve on the targeted amount for this line item at the of financial year end.

TRAFFIC FINES

Traffic Fines – the Municipality projected an annual budget of R 2,803,245 in traffic fines, the actual amount that has been issued for the first six months is R 1,207,931, there is a negative variance of R 193,686, this variance will be recovered because the fines that issued in December (festive season) will be captured in January in the system, so the Municipality will not adjust this item downwards.

LICENCES AND PERMITS

There is a negative variance of R 367,163.74 under Licenses and Permits, the actual amount is R 1,453,036 whereas the annual budget was R 4,640,421 this is an indication for a downward adjustment for this item as the Actual is sitting at 31% by the Mid-Year.

OTHER REVENUE

Directorate	Section	Item	Item Description	Annual Budget	Actual Balance exc S	% of Year to date Actual
COMMUNITY SERVICES	Cemetery	Cemetery and Burial	Revenue:Exchange Revenue:Sales of Goods and Re	262,045.00	107,203.33	41%
TECHNICAL SERVICES	Electricity	Integrated National Electrification	Revenue:Non-exchange Revenue:Transfers and Su	-	-	0%
EXECUTIVE & COUNCIL	Executive & Council	Electricity	Revenue:Exchange Revenue:Interest, Dividend and	1,942,718.00	1,279,210.72	66%
EXECUTIVE & COUNCIL	Executive & Council	Waste Management	Revenue:Exchange Revenue:Interest, Dividend and	685,490.00	718,413.24	105%
EXECUTIVE & COUNCIL	Executive & Council	Insurance Refund	Revenue:Exchange Revenue:Operational Revenue:	302,801.00	-	0%
EXECUTIVE & COUNCIL	Executive & Council	Property Rates	Revenue:Non-exchange Revenue:Interest, Dividend	12,989,037.00	5,472,778.77	42%
BUDGET & TREASURY	Finance	Short Term Investments and Call	Revenue:Exchange Revenue:Interest, Dividend and	-	34,559.22	0%
BUDGET & TREASURY	Finance	Short Term Investments and Call	Revenue:Exchange Revenue:Interest, Dividend and	1,204,525.00	729,041.15	61%
BUDGET & TREASURY	Finance	Short Term Investments and Call	Revenue:Exchange Revenue:Interest, Dividend and	578,034.00	345,311.09	60%
BUDGET & TREASURY	Finance	Administrative Handling Fees	Revenue:Exchange Revenue:Operational Revenue:	85,604.00	26,146.30	31%
BUDGET & TREASURY	Finance	Transaction Handling Fees	Revenue:Exchange Revenue:Operational Revenue:	928.00	886.09	95%
BUDGET & TREASURY	Finance	Discounts and Early Settlements	Revenue:Exchange Revenue:Operational Revenue:	-	4,000.00	0%
BUDGET & TREASURY	Finance	Incidental Cash Surpluses	Revenue:Exchange Revenue:Operational Revenue:	1,572.00	278.27	18%
BUDGET & TREASURY	Finance	Objections and Appeals	Revenue:Exchange Revenue:Sales of Goods and Re	-	15,777.26	0%
BUDGET & TREASURY	Finance	Objections and Appeals	Revenue:Exchange Revenue:Sales of Goods and Re	314,399.00	8,119.86	3%
BUDGET & TREASURY	Finance	Clearance Certificates	Revenue:Exchange Revenue:Sales of Goods and Re	746,061.00	346,113.65	46%
BUDGET & TREASURY	Finance	Tender Documents	Revenue:Exchange Revenue:Sales of Goods and Re	67,669.00	40,869.70	60%
CORPORATE SERVICES	Human Resources	Skills Development Levy Refund	Revenue:Exchange Revenue:Operational Revenue:	184,978.00	112,889.41	61%
COMMUNITY SERVICES	Library	Photo copies, Faxes and Telephon	Revenue:Exchange Revenue:Sales of Goods and Re	6,816.00	2,188.69	32%
COMMUNITY SERVICES	Museum	Entrance Fees	Revenue:Exchange Revenue:Sales of Goods and Re	554.00	-	0%
PLANNING & DEVELOPMENT	Planning & Development	Advertisements	Revenue:Exchange Revenue:Sales of Goods and Re	150,000.00	12,949.00	9%
PLANNING & DEVELOPMENT	Planning & Development	Application Fees for Land Usage	Revenue:Exchange Revenue:Sales of Goods and Re	780,000.00	1,604.37	0%
PLANNING & DEVELOPMENT	Planning & Development	Building Plan Approval	Revenue:Exchange Revenue:Sales of Goods and Re	2,515,637.00	1,123,753.70	45%
PLANNING & DEVELOPMENT	Planning & Development	Building Plan Clause Levy	Revenue:Exchange Revenue:Sales of Goods and Re	107,746.00	52,564.89	49%
PLANNING & DEVELOPMENT	Planning & Development	Town Planning and Servitudes	Revenue:Exchange Revenue:Sales of Goods and Re	1,600,000.00	227,149.92	14%
PLANNING & DEVELOPMENT	Planning & Development	Maps	Revenue:Exchange Revenue:Sales of Goods and Re	4,000.00	-	0%
CORPORATE SERVICES	Public Conveniences	Entrance Fees	Revenue:Exchange Revenue:Sales of Goods and Re	25,000.00	-	0%
COMMUNITY SERVICES	Sport & Recreation	Entrance Fees	Revenue:Exchange Revenue:Sales of Goods and Re	249.00	896.69	360%
PLANNING & DEVELOPMENT	Tourism	Domestic Services	Revenue:Exchange Revenue:Sales of Goods and Re	-	260.87	0%
Total				24,555,863.00	10,593,847.75	43%
					12,277,931.50	50%
					1,684,083.75	Difference

The municipality's 'other own revenue' has seen a negative variance of R 1,684,084 as at 31 December 2022 due to shared services (Town Planning and servitudes) which are still to be received before the end of the financial year. This has underperformed by 7%. Included in the above table is Interest charges-Property rates, the hall hire, sundries, building plans and electricity reconnection, etc. There will be a need to reduce some of the item listed above since the target actual for 50% has not been met.

OPERATING EXPENDITURE

OPERATING EXPENDITURE STATEMENT FOR THE MONTH ENDING DECEMBER 2022					
Descriptions	Annual Budget	YTD budget	YTD Actual	% of Annual Budget Performance	YTD Variance
Salaries	144,126,315	71,442,192	71,039,384	49%	402,807.61
Bulk Purchases	160,369,680	80,184,840	79,585,783	50%	599,056.78
Contracted Services	109,617,154	54,790,128	40,708,748	37%	14,081,379.90
Interest Expense	1,873,951	636,966	457,858	24%	179,107.89
Other Expenditure	73,113,790	23,773,540	22,952,345	31%	821,194.58
Depreciation	47,229,759	23,614,866	28,602,023	61%	(4,987,156.71)
Transfers and Grants - FBE	1,270,000	634,992	556,548	44%	78,443.77
TOTAL EXPENDITURE	537,600,649	255,077,524	243,902,690	45%	11,174,833.82

Expenditure incurred during the first six months amounted to R 243,902,690, the Municipality has spent 45% of its Annual Budget which means on overall there is a positive variance (savings) of 5%.

EMPLOYEE RELATED COSTS

The total approved budget for employee related costs for 2021/2022 budget year amounts to R 144,126,315, actual expenditure is R 71,442,192. The Municipality has spent 49 % to date which results in a saving realized of 1% (R 402,807) this is attributable to unfilled posts due to resignations, retirements, deaths, and the appointment of temporal employees which results in a saving on Municipal benefits.

REMUNERATION OF COUNCILLORS

The approved budget for the remuneration of Councilors for the 2022/2023 budget is R 10,746,369. The budgeted expenditure to date is R 5,373,144 and actual expenditure is R 5,373,144 Council should note that there has been a positive variance of R 103,586, on this item but it is difficult to comment whether this positive variance is a true reflection because the Upper Limits Circular for the current financial year have not yet been issued by the Department of Cooperative Governance and Traditional Affairs.

DEPRECIATION

Based on the Audited Property, Plant and equipment as at 30 June 2022 the actual depreciation amounted to R 70,237,570. It seems that the provision for depreciation is under provided for, and should be adjusted accordingly during the Adjustments Budget process.

FINANCE CHARGES

Finance charges actuals for borrowings were in line with the budget as per loan amortization, but in August the Municipality settled the last loan it had with DBSA. Therefore, the unspent amount will be reduced according during the adjustment budget.

BULK PURCHASES

The annual approved budget for Bulk purchases amounted to R 160,369,680. The budgeted expenditure as at 31 December 2022 was R 80,184,840 and the actual expenditure to date is R 79,585,783, bulk expenditure is at 50 % which means there is no need for an adjustment on this item.

CONTRACTED SERVICES

Directorate	Section	Item	Item Description	Actual Balan	Amended Budget	percentage Sp
COMMUNITY SERVICES	Cemetery	Collection	Expenditure:Contracted Services	-	9,555.00	0%
COMMUNITY SERVICES	Cemetery	Maintenance of Buildings and Facilities	Expenditure:Contracted Services	-	50,000.00	0%
CORPORATE SERVICES	Community Halls	Maintenance of Buildings and Facilities	Expenditure:Contracted Services	-	500,000.00	0%
COMMUNITY SERVICES	Community Services	Animal Care	Expenditure:Contracted Services	63,000.00	277,220.00	23%
COMMUNITY SERVICES	Community Services	Fire Services	Expenditure:Contracted Services	25,000.00	350,587.00	7%
COMMUNITY SERVICES	Community Services	Security Services	Expenditure:Contracted Services	-	75,000.00	0%
COMMUNITY SERVICES	Disaster Management	Cleaning Services	Expenditure:Contracted Services	-	100,000.00	0%
COMMUNITY SERVICES	Disaster Management	Aerial Surveillance	Expenditure:Contracted Services	189,000.00	700,000.00	27%
PLANNING & DEVELOPM	Economic Development & Grow	Agriculture	Expenditure:Contracted Services	300,000.00	600,000.00	50%
TECHNICAL SERVICES	Electricity	Administrative and Support Staff	Expenditure:Contracted Services	2,438,054.22	6,000,000.00	41%
TECHNICAL SERVICES	Electricity	Electricity	Expenditure:Contracted Services	2,607,678.93	18,855,000.00	14%
TECHNICAL SERVICES	Electricity	Electrical	Expenditure:Contracted Services	317,511.95	500,000.00	64%
TECHNICAL SERVICES	Electricity	Maintenance of Unspecified Assets	Expenditure:Contracted Services	2,558,324.57	7,000,000.00	37%
TECHNICAL SERVICES	Electricity	Maintenance of Unspecified Assets	Expenditure:Contracted Services	1,483,628.27	2,500,000.00	59%
TECHNICAL SERVICES	Electricity	Prepaid Electricity Vendors	Expenditure:Contracted Services	298,519.71	697,930.00	43%
EXECUTIVE & COUNCIL	Executive & Council	Audit Committee	Expenditure:Contracted Services	531,169.52	601,466.00	88%
EXECUTIVE & COUNCIL	Executive & Council	Communications	Expenditure:Contracted Services	181,917.92	568,000.00	32%
EXECUTIVE & COUNCIL	Executive & Council	Human Resources	Expenditure:Contracted Services	-	3,081.00	0%
EXECUTIVE & COUNCIL	Executive & Council	Valuer and Assessors	Expenditure:Contracted Services	-	37,324.00	0%
EXECUTIVE & COUNCIL	Executive & Council	Pest Control and Fumigation	Expenditure:Contracted Services	211,734.32	274,607.00	77%
BUDGET & TREASURY	Finance	Valuer	Expenditure:Contracted Services	2,524,025.52	4,024,000.00	63%
BUDGET & TREASURY	Finance	Accounting and Auditing	Expenditure:Contracted Services	516,325.82	1,220,000.00	42%
BUDGET & TREASURY	Finance	Business and Financial Management	Expenditure:Contracted Services	246,919.59	1,221,344.00	20%
BUDGET & TREASURY	Finance	Commissions and Committees	Expenditure:Contracted Services	2,763,532.46	2,783,339.00	99%
BUDGET & TREASURY	Finance	Collection	Expenditure:Contracted Services	722,842.38	1,501,554.00	48%
PLANNING & DEVELOPM	Housing	Legal Advice and Litigation	Expenditure:Contracted Services	-	8,300,000.00	0%
CORPORATE SERVICES	Human Resources	Medical Examinations	Expenditure:Contracted Services	190,099.50	200,000.00	95%
CORPORATE SERVICES	Human Resources	Legal Advice and Litigation	Expenditure:Contracted Services	1,300,725.42	2,500,000.00	52%
CORPORATE SERVICES	Human Resources	Employee Wellness	Expenditure:Contracted Services	41,103.22	160,000.00	26%
CORPORATE SERVICES	Municipal Offices	Security Services	Expenditure:Contracted Services	10,012,225.59	12,000,000.00	83%
CORPORATE SERVICES	Municipal Offices	Maintenance of Buildings and Facilities	Expenditure:Contracted Services	1,561,749.52	1,720,755.00	91%
PLANNING & DEVELOPM	Planning & Development	Land and Quantity Surveyors	Expenditure:Contracted Services	-	550,000.00	0%
PLANNING & DEVELOPM	Planning & Development	Water	Expenditure:Contracted Services	4,000.00	750,000.00	1%
PLANNING & DEVELOPM	Planning & Development	Maintenance of Equipment	Expenditure:Contracted Services	-	13,343.00	0%
CORPORATE SERVICES	Property Services	Maintenance of Buildings and Facilities	Expenditure:Contracted Services	152,518.56	164,770.00	93%
COMMUNITY SERVICES	Refuse Removal & Landfill site	Administrative and Support Staff	Expenditure:Contracted Services	-	5,000,000.00	0%
COMMUNITY SERVICES	Refuse Removal & Landfill site	Geodetic, Control and Surveys	Expenditure:Contracted Services	665,800.00	5,000,000.00	13%
TECHNICAL SERVICES	Roads	Administrative and Support Staff	Expenditure:Contracted Services	-	1,290,800.00	0%
TECHNICAL SERVICES	Roads	Maintenance of Unspecified Assets	Expenditure:Contracted Services	4,993,724.79	15,950,000.00	31%
COMMUNITY SERVICES	Sport & Recreation	Clearing and Grass Cutting Services	Expenditure:Contracted Services	493,236.80	1,500,000.00	33%
COMMUNITY SERVICES	Sport & Recreation	Maintenance of Equipment	Expenditure:Contracted Services	-	100,000.00	0%
PLANNING & DEVELOPM	Tourism	Agriculture	Expenditure:Contracted Services	77,090.69	200,000.00	39%
COMMUNITY SERVICES	Traffic Police	Business and Financial Management	Expenditure:Contracted Services	-	15,600.00	0%
COMMUNITY SERVICES	Traffic Police	Maintenance of Buildings and Facilities	Expenditure:Contracted Services	635,127.20	635,222.00	100%
COMMUNITY SERVICES	Traffic Police	Maintenance of Equipment	Expenditure:Contracted Services	7,384.95	80,000.00	9%
TECHNICAL SERVICES	Workshops	Maintenance of Unspecified Assets	Expenditure:Contracted Services	2,594,776.68	3,000,000.00	86%
		Total		40,708,748.10	109,580,497.00	37%

The Municipality's annual budget is R 109,617,154, the actual expenditure is R 40,708,748. The Municipality has spent 37% of the Annual Budget, leading to a variance of 13%, an assessment and consultation with the Directors will be done to evaluate where there is a need to adjust on the item or not. The Council should note the audit issues raised by the Auditor General regarding the indicators of impairment for maintenance of the municipal buildings and roads and stormwater infrastructure assets during the 2021/202 financial year.

From the above, maintenance of buildings and facilities for municipal offices is sitting at 91%, Property services at 93% and Traffic police at 100% as at 31 December 2022. It is recommended that council adjusts on maintenance of municipal buildings and master plan for roads and stormwater infrastructure assets during the 2022/2023 adjustment budget in trying to action the issues that were raised, which are also included in the Audit Action Plan.

OTHER EXPENDITURE

Other expenditure comprises of operational costs of the municipality, the annual budget for this item is R 73,113,790, the actual expenditure to date is R 22,952,345 – which is at 31% of Annual Budget leading to a saving of 19 %. The contributing factor to this saving is the implementation of the Cost Containment Strategies which outlines that Municipalities should cut down on expenditures.

Due to the significant matters outlined above, including the material under collection of revenue, an adjustment budget in terms of section 28(2)(A) is necessitated and departments are advised to cut down on expenditure. Full details will be provided in the adjustment budget which will be tabled in February 2022.

CAPITAL BUDGET PERFORMANCE

Below is the comparison between the target and actual expenditure for the first six months of the financial year.

The total Capital budget summary is as follows: -

Directorate	Section	Amended Budget	Actual Balance exr	Available Budget	Project	Fund
TECHNICAL SERVICES	Technical Services	24,525,200.00	15,308,753.35	9,216,446.65	Transport assets	Municipal Infrastructure Grant
TECHNICAL SERVICES	Electricity	4,000,000.00	1,145,419.44	2,854,580.56	uMngeni Public Lighting	Energy Efficiency and Demand Side Management Grant
TECHNICAL SERVICES	Electricity	1,137,626.00	788,068.12	349,557.88	Electrification Project	Transfer from Operational Revenue
COMMUNITY SERVICES	Traffic Police	290,000.00	-	290,000.00	Bus Shelters	Transfer from Operational Revenue
EXECUTIVE & COUNCIL	Executive & Council	580,398.00	34,375.76	485,542.24	Procurement of furniture and office equipment	Transfer from Operational Revenue
BUDGET & TREASURY	Finance	483,061.00	247,063.09	184,942.91	Procurement of furniture and office equipment	Transfer from Operational Revenue
COMMUNITY SERVICES	Community Services	2,939,000.00	208,471.61	2,581,925.39	Procurement of furniture and office equipment	Transfer from Operational Revenue
TECHNICAL SERVICES	Technical Services	280,572.00	58,694.00	171,648.00	Procurement of furniture and office equipment	Transfer from Operational Revenue
PLANNING & DEVELOPMENT	Planning & Development	729,000.00	40,368.74	688,631.26	Procurement of furniture and office equipment	Transfer from Operational Revenue
CORPORATE SERVICES	Information Technology	300,000.00	-	293,066.00	Procurement of furniture and office equipment	Transfer from Operational Revenue
CORPORATE SERVICES	Information Technology	-	-	-	Procurement of furniture and office equipment	Transfer from Operational Revenue
CORPORATE SERVICES	Human Resources	327,831.00	118,138.70	175,193.45	Procurement of furniture and office equipment	Transfer from Operational Revenue
TECHNICAL SERVICES	Roads	5,660,000.00	4,226,069.10	1,433,930.90	Roads Rehabilitation	Transfer from Operational Revenue
COMMUNITY SERVICES	Refuse Removal & Landfill site	200,000.00	-	200,000.00	Waste Bins and Skip Holding Area	Transfer from Operational Revenue
COMMUNITY SERVICES	Refuse Removal & Landfill site	150,000.00	-	150,000.00	Borehole	Transfer from Operational Revenue
		41,602,688.00	22,175,421.91	19,075,465.24		
			53%			

Analysis of Capital Budget

As per the above table, the municipality spent R 22,175,421 as at 31 December 2022. It should be at 50% of its Annual Capital Budget but the table above clearly indicate that the actual expenditure is actually at 53% which is in line with the budget.

AN ADJUSTMENTS BUDGET, IN TERMS OF SECTION 28(2) (D) OF THE MFMA, IS RECOMMENDED. COUNCIL AND MANAGEMENT IS URGED TO EXERCISE CAUTION AND PRUDENCE IN THE UTILISATION OF THE AVAILABLE GRANT FUNDS.

IMPACT OF UNDER-EXPENDITURE

Low capital expenditure may affect the municipality's long-term strategy through revision of the IDP and this would contribute to increased backlogs.

Under-expenditure will affect financial and non-financial performance of the municipality which is aligned to the Performance Management System, and may result in community protests due to poor service delivery.

It will impose pressure on cash flows in the third and fourth quarters.

CASH MANAGEMENT

Cash flow predictions are as anticipated.

OUTSTANDING DEBTORS

The increase in debtors is due to the current economic climate, unemployment and Covid – 19 Epidemic.

ADJUSTMENTS BUDGET

Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia for the following:-

'An adjustments budget may be tabled in the Municipal Council at any time after the Mid-Year Budget and Performance Assessment has been tabled in the Council, but no later than 28 February of each year. Furthermore, except under certain circumstances only one adjustments budget may be tabled in Council during a financial year.'

Accordingly, a report on adjustments budget will be submitted for consideration by Council on or before 28 February 2023.



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MR M HLOBA
MUNICIPAL MANAGER



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Our Ref.:
Your Ref.:
Date: January 2023

Office of the Municipal Manager

**A COUNCIL MEETING HELD IN THE COUNCIL CHAMBER ON TUESDAY 31 JANUARY
2023 AT 09:00**

C.0123.11

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT

On a proposal moved by Mayor, Councillor CJ Pappas, and seconded by the Deputy Mayor, Councillor S Mnikathi, it was

RESOLVED

That Council approves the proposal for the Adjustment budget.

Certified true extract of the minutes of the meeting

Signed-----

Mr Mzingisi Hloba
MUNICIPAL MANAGER