

QUARTERLY BUDGET AND FINANCIAL REPORT

FIRST QUARTER -2021 / 2022 FINANCIAL
YEAR



UMNGENI MUNICIPALITY

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Part 1

1. Introduction

Section 52(d) of the Municipal Finance Management Act, No. 56 of 2003, states that “the Accounting Officer of a municipality must within 30 days of the each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.” In terms of this legislation, herein is the report of the performance of the Municipality for the period ended 30 September 2021 (first quarter).

2. Executive Summary

The financial performance of the municipality has been stable over the past three months. Budgeted revenue projections were under-achieved by 2%, there were no savings realized in the first quarter.

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

Table 1: Summary of operating revenue for the period ended 30 September 2021

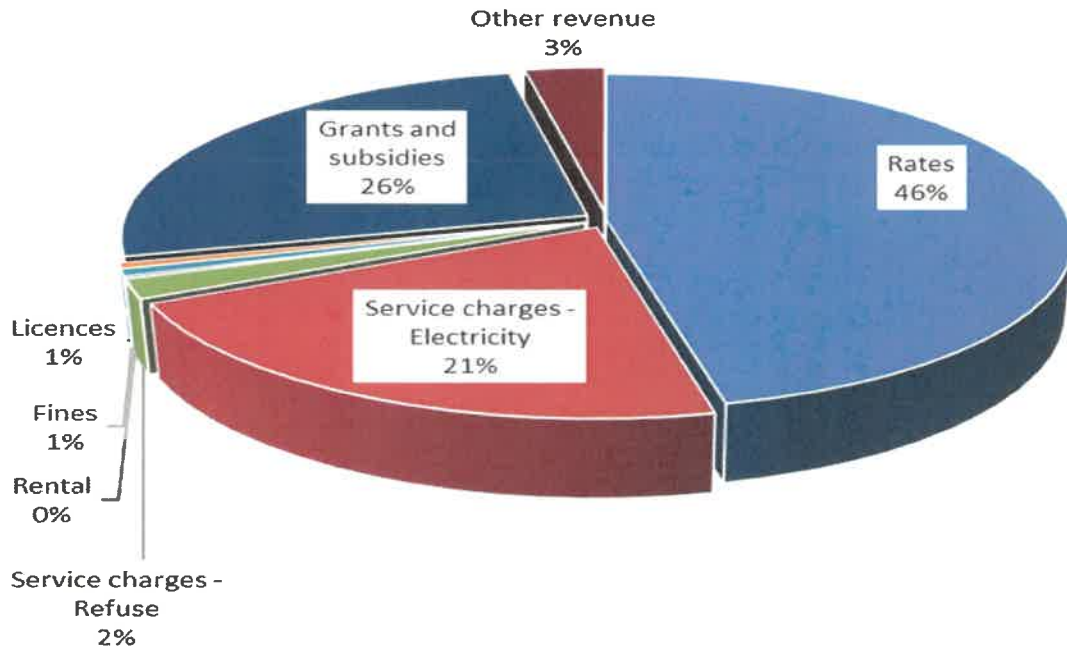
OPERATING REVENUE STATEMENT FOR THE MONTH ENDING SEPTEMBER 2021								
Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of YTD Budget Performance	% of Actual Budget Performance for the Quarter	Variance	YTD Variance %
Rates	225 140 914	59 285 217	18 263 725	59 220 119	100%	46%	(65 098,18)	0%
Service charges - Electricity	120 285 620	30 071 397	9 574 697	27 333 844	91%	21%	(2 737 552,77)	-9%
Service charges - Refuse	8 473 382	2 238 345	782 508	2 362 421	106%	2%	124 076,39	6%
Rental	1 069 394	267 345	96 059	277 989	104%	0%	10 643,76	4%
Fines	129 273	32 316	273 790	835 700	2586%	1%	803 384,27	2486%
Licences	5 672 518	1 418 127	168 296	662 969	47%	1%	(755 158,08)	-53%
Grants and subsidies	107 019 338	32 904 239	609 239	32 904 239	100%	26%	-	0%
Other revenue	20 585 733	4 646 398	1 380 892	4 019 050	86%	3%	(627 348,04)	-14%
TOTAL REVENUE	488 376 172	130 863 384	31 149 205	127 616 331	98%	100%	-3 247 053	-2%

The table above summarizes the income for the first quarter. This income excludes income from the transfer of capital grants. As can be seen above, 98 % of the projected annual budget was achieved. There has been under performance by 2% in total budget to date revenue. Council should note that underperformance by 9 % on service charges that is due to electricity illegal connections and theft, this has a huge negative impact on the estimated revenue budget for the year.

The figure below diagrammatically presents the income for the year:

Figure 1: Operating income for the 30 September 2021

OPERATING REVENUE FOR SEPTEMBER 2021



Rates income comprises 46% of the total income of the municipality, Grants and Subsidies are 26% of the total income. Service Charges – Electricity comprises 21 %, Service Charges – Refuse comprises of 2% and other revenue comprises 3 % of the total income of the municipality for the first quarter.

QUARTERLY BUDGET AND FINANCIAL REPORT

Expenditure

Table 2: Summary of Operating Expenditure for the period ended 30 September 2021

OPERATING PAYMENT STATEMENT FOR THE MONTH ENDING SEPTEMBER 2021								
Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of YTD Budget Performance	% of Actual Budget Performance for the Quarter	Variance	YTD Variance %
Employee Related Costs	135 715 928	32 518 021	10 940 181	31 861 644	97,98%	25%	656 376,97	2%
Bulk Purchases	145 583 163	36 395 790	16 324 017	50 982 353	140,08%	40%	(14 586 563,13)	-40%
Contracted Services	93 602 926	16 400 669	9 268 351	15 109 840	92,13%	12%	1 290 828,99	8%
Interest Expense	2 798 966	699 738	656 114	663 195	94,78%	1%	36 542,90	5%
General Expenses	68 924 276	11 585 540	5 185 063	10 880 203	93,91%	8%	705 337,06	6%
Depreciation	41 045 697	10 261 410	18 888 535	18 888 535	0,00%	15%	(8 627 124,94)	-84%
Transfers and Grants	585 411	146 349	30 000	90 000	61,50%	0%	56 349,00	39%
TOTAL EXPENDITURE	488 256 367	108 007 517	61 292 260	128 475 770	119%	100%	(20 468 253,15)	-19%

For the period ended 30 September 2021, the municipality had incurred operational expenditure of R 128 475 770 of this amount spent, R 50 982 353 relates to bulk purchases. The above reflects total over - spending by R 20,468 million or of 19 % which comprises of Bulk Purchases (R 14,5million) and Depreciation – non-cash item (R8, 6million).

Council should note the positive variance or savings on Contracted Services of R 1,290 million, this is because of cost containment measures in place.

The Municipality realized an over-expenditure of 19% in total expenditure which resulted in the overall performance being unfavorable.

Diagrammatically, the expenditure for the year is shown below:

OPERATING EXPENDITURE FOR SEPTEMBER 2021

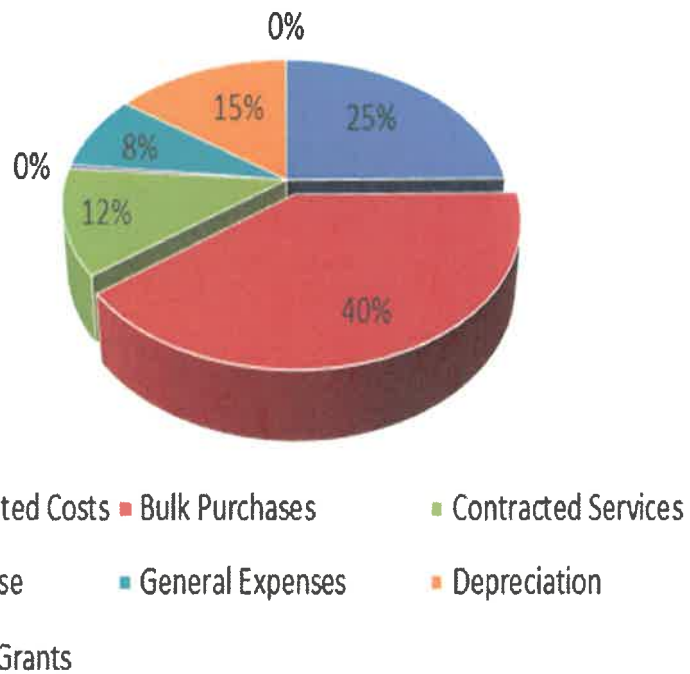


Figure 2: Summary of Expenditure for the year

As can be seen above, the salaries represents 25%, bulk purchases 40%, depreciation 15%, contracted services 12%, general expenditure 8% and the rest (Interest expense and transfers and grants are 1% and below of the total expenditure.

QUARTERLY BUDGET AND FINANCIAL REPORT

3. In-Year Budget Tables

Table 3: C1 Monthly Budget Statement Summary

KZN222 uMngeni - Table C1 Monthly Budget Statement Summary - M03 September									
Description	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	219 869	225 141	225 141	18 264	59 220	59 285	(65)	-0%	225 141
Service charges	91 305	128 759	128 759	10 357	29 696	32 310	(2 613)	-8%	128 759
Investment revenue	2 896	1 988	1 988	195	311	497	(186)	-37%	1 988
Transfers and subsidies	99 957	107 019	107 019	609	32 904	32 904	-		107 019
Other own revenue	25 854	25 469	25 469	1 724	5 485	5 867	(382)	-7%	25 469
Total Revenue (excluding capital transfers and contributions)	439 881	488 376	488 376	31 149	127 616	130 863	(3 247)	-2%	488 376
Employee costs	125 190	125 605	125 605	10 161	29 524	29 990	(467)	-2%	125 605
Remuneration of Councillors	9 330	10 111	10 111	779	2 338	2 528	(190)	-8%	10 111
Depreciation & asset impairment	75 452	41 046	41 046	18 889	18 889	10 261	8 627	84%	41 046
Finance charges	2 282	2 799	2 799	656	663	700	(37)	-5%	2 799
Materials and bulk purchases	128 685	146 605	146 605	16 424	51 399	36 651	14 748	40%	146 605
Transfers and subsidies	573	585	585	30	90	146	(56)	-39%	585
Other expenditure	196 779	161 505	161 505	14 353	25 573	27 731	(2 157)	-8%	161 505
Total Expenditure	538 291	488 256	488 256	61 292	128 476	108 008	20 468	19%	488 256
Surplus/(Deficit)	(98 410)	120	120	(30 143)	(859)	22 856	(23 715)	-104%	120
Transfers and subsidies - capital (monetary allocation)	31 183	20 524	20 524	3 660	3 660	5 131	(1 471)	-29%	20 524
Contributions & Contributed assets	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(67 227)	20 644	20 644	(26 483)	2 800	27 987	(25 187)	-90%	20 644
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(67 227)	20 644	20 644	(26 483)	2 800	27 987	(25 187)	-90%	20 644
Capital expenditure & funds sources									
Capital expenditure	44 201	29 048	29 048	(936)	(492)	3 501	(3 993)	-114%	29 048
Capital transfers recognised	29 103	20 524	20 524	315	759	3 018	(2 260)	-75%	20 524
Public contributions & donations	-	826	-	-	-	-	-		-
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	15 098	8 524	8 524	68	68	483	(415)	-86%	8 524
Total sources of capital funds	44 201	29 875	29 048	383	826	3 501	(2 674)	-76%	29 048
Financial position									
Total current assets	84 206	173 388	173 388		255 518				173 388
Total non current assets	1 139 268	1 181 484	1 181 484		1 122 681				1 181 484
Total current liabilities	95 597	154 786	154 786		54 806				154 786
Total non current liabilities	86 472	43 597	43 597		86 472				43 597
Community wealth/Equity	1 041 406	1 156 488	1 156 488		1 236 921				1 156 488
Cash flows									
Net cash from (used) operating	35 341	41 608	41 608	8 983	10 164	26 342	16 178	61%	41 608
Net cash from (used) investing	(41 690)	(29 048)	(29 048)	(1 293)	(2 136)	(2 319)	(184)	8%	(29 048)
Net cash from (used) financing	(3 720)	(2 887)	(2 887)	(1 029)	(1 367)	(1 367)	-		(2 887)
Cash/cash equivalents at the month/year end	22 030	41 772	41 772	-	47 285	54 755	7 469	14%	50 297
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	14 208	8 824	4 694	3 794	3 827	3 771	34 840	129 525	203 483
Creditors Age Analysis									
Total Creditors	17 623	-	23	-	-	-	-	-	17 646

QUARTERLY BUDGET AND FINANCIAL REPORT

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

KZN222 uMngeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September										
Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		302 574	302 301	302 301	20 472	88 685	84 401	4 284	5%	302 301
Executive and council		55 900	58 421	58 421	-	24 221	23 431	790	3%	58 421
Finance and administration		246 673	243 880	243 880	20 472	64 464	60 970	3 494	6%	243 880
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		10 245	5 161	5 161	25	51	1 234	(1 183)	-96%	5 161
Community and social services		7 571	4 786	4 786	21	43	1 140	(1 097)	-96%	4 786
Sport and recreation		0	2	2	-	-	0	(0)	-100%	2
Public safety		2 673	121	121	5	8	30	(23)	-75%	121
Housing		-	251	251	-	-	63	(63)	-100%	251
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		41 424	34 748	34 748	3 954	4 768	8 687	(3 919)	-45%	34 748
Planning and development		2 440	4 956	4 956	127	450	1 239	(789)	-64%	4 956
Road transport		38 984	29 792	29 792	3 827	4 318	7 448	(3 130)	-42%	29 792
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		116 816	166 622	166 622	10 357	37 770	41 656	(3 886)	-9%	166 622
Energy sources		100 873	149 623	149 623	9 575	31 855	37 406	(5 551)	-15%	149 623
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		15 943	16 999	16 999	783	5 915	4 250	1 665	39%	16 999
Other	4	4	69	69	0	2	17	(15)	-86%	69
Total Revenue - Functional	2	471 064	508 900	508 900	34 809	131 276	135 994	(4 718)	-3%	508 900
Expenditure - Functional										
Governance and administration		277 970	199 125	199 125	32 516	50 960	35 731	15 229	43%	199 125
Executive and council		44 643	40 084	40 084	3 840	9 851	10 021	(170)	-2%	40 084
Finance and administration		231 297	156 756	156 756	28 475	40 512	25 139	15 374	61%	156 756
Internal audit		2 030	2 285	2 285	201	597	571	26	5%	2 285
Community and public safety		34 221	38 287	38 287	2 628	7 960	9 572	(1 612)	-17%	38 287
Community and social services		12 987	13 011	13 011	1 000	3 078	3 253	(175)	-5%	13 011
Sport and recreation		9 114	11 273	11 273	554	1 781	2 818	(1 038)	-37%	11 273
Public safety		10 886	12 398	12 398	967	2 804	3 099	(296)	-10%	12 398
Housing		1 234	1 606	1 606	106	297	401	(104)	-26%	1 606
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		26 502	38 971	38 971	7 089	9 382	9 743	(361)	-4%	38 971
Planning and development		10 788	15 117	15 117	1 402	2 921	3 779	(859)	-23%	15 117
Road transport		15 714	23 854	23 854	5 687	6 461	5 964	498	8%	23 854
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		199 239	211 375	211 375	19 029	60 084	52 838	7 246	14%	211 375
Energy sources		166 793	184 957	184 957	17 491	55 958	46 239	9 718	21%	184 957
Water management		-	-	-	-	-	-	-	-	-
Waste water management		3 306	3 857	3 857	251	766	964	(199)	-21%	3 857
Waste management		29 140	22 560	22 560	1 287	3 361	5 634	(2 273)	-40%	22 560
Other		360	499	499	30	90	125	(35)	-28%	499
Total Expenditure - Functional	3	538 291	488 256	488 256	61 292	128 476	108 008	20 468	19%	488 256
Surplus/ (Deficit) for the year		(67 227)	20 644	20 644	(26 483)	2 800	27 987	(25 187)	-90%	20 644

QUARTERLY BUDGET AND FINANCIAL REPORT

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

KZN222 uMngeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September										
Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive and Council		290 148	295 464	295 464	19 515	87 297	82 148	5 148	6,3%	295 464
Vote 2 - Finance		5 852	4 607	4 607	722	977	1 152	(175)	-15,2%	4 607
Vote 3 - Corporate Services		5 407	1 321	1 321	101	283	330	(47)	-14,3%	1 321
Vote 4 - Planning Services		2 688	5 277	5 277	135	461	1 319	(858)	-65,1%	5 277
Vote 5 - Community Services		29 613	27 483	27 483	959	6 601	7 358	(757)	-10,3%	27 483
Vote 6 - Technical Services		137 356	174 749	174 749	13 377	35 658	43 687	(8 030)	-18,4%	174 749
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	471 064	508 900	508 900	34 809	131 276	135 994	(4 718)	-3,5%	508 900
Expenditure by Vote	1									
Vote 1 - Executive and Council		106 536	60 146	60 146	4 041	10 448	11 036	(589)	-5,3%	60 146
Vote 2 - Finance		105 907	73 666	73 666	21 387	25 275	16 171	9 104	56,3%	73 666
Vote 3 - Corporate Services		49 173	46 432	46 432	5 949	10 983	11 608	(625)	-5,4%	46 432
Vote 4 - Planning Services		12 356	17 221	17 221	1 538	3 308	4 305	(997)	-23,2%	17 221
Vote 5 - Community Services		69 040	62 202	62 202	4 385	12 244	12 740	(495)	-3,9%	62 202
Vote 6 - Technical Services		195 279	228 590	228 590	65 232	66 218	52 147	14 071	27,0%	228 590
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	538 291	488 256	488 256	102 532	128 476	108 008	20 468	19,0%	488 256
Surplus/ (Deficit) for the year	2	(67 227)	20 644	20 644	(67 723)	2 800	27 987	(25 187)	-90,0%	20 644

QUARTERLY BUDGET AND FINANCIAL REPORT

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

KZN222 uMngeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		219 869	225 141	225 141	18 264	59 220	59 285	(65)	0%	225 141
Service charges - electricity revenue		83 433	120 286	120 286	9 575	27 334	30 071	(2 738)	-9%	120 286
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		7 872	8 473	8 473	783	2 362	2 238	124	6%	8 473
Rental of facilities and equipment		1 278	1 069	1 069	96	278	267	11	4%	1 069
Interest earned - external investments		2 896	1 988	1 988	195	311	497	(186)	-37%	1 988
Interest earned - outstanding debtors		14 378	11 902	11 902	982	3 027	2 976	52	2%	11 902
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 675	129	129	274	836	32	803	2486%	129
Licences and permits		3 515	5 673	5 673	168	663	1 418	(755)	-53%	5 673
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		99 957	107 019	107 019	609	32 904	32 904	-	-	107 019
Other revenue		4 008	6 695	6 695	203	681	1 174	(493)	-42%	6 695
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		439 881	488 376	488 376	31 149	127 616	130 863	(3 247)	-2%	488 376
Expenditure By Type										
Employee related costs		125 190	125 605	125 605	10 161	29 524	29 990	(467)	-2%	125 605
Remuneration of councillors		9 330	10 111	10 111	779	2 338	2 528	(190)	-8%	10 111
Debt impairment		73 382	18 581	18 581	-	-	-	-	-	18 581
Depreciation & asset impairment		75 452	41 046	41 046	18 889	18 889	10 261	8 627	84%	41 046
Finance charges		2 282	2 799	2 799	656	663	700	(37)	-5%	2 799
Bulk purchases - electricity		126 997	145 583	145 583	16 324	50 982	36 396	14 587	40%	145 583
Inventory consumed		1 688	1 022	1 022	100	417	256	161	63%	1 022
Contracted services		71 874	93 603	93 603	9 268	15 110	16 401	(1 291)	-8%	93 603
Transfers and subsidies		573	585	585	30	90	146	(56)	-39%	585
Other expenditure		51 523	49 321	49 321	5 085	10 463	11 330	(867)	-8%	49 321
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		538 291	488 256	488 256	61 292	128 476	108 008	20 468	19%	488 256
Surplus/(Deficit)		(98 410)	120	120	(30 143)	(859)	22 856	(23 715)	(0)	120
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		31 183	20 524	20 524	3 660	3 660	5 131	(1 471)	(0)	20 524
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(67 227)	20 644	20 644	(26 483)	2 800	27 987			20 644
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(67 227)	20 644	20 644	(26 483)	2 800	27 987			20 644
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(67 227)	20 644	20 644	(26 483)	2 800	27 987			20 644
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(67 227)	20 644	20 644	(26 483)	2 800	27 987			20 644

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 7: C5 Monthly Budget Statement Capital Expenditure

<u>Capital Expenditure - Functional Classification</u>										
Governance and administration		2 207	1 026	1 026	5	5	257	(252)	-98%	1 026
Executive and council		-	247	247	5	5	62	(57)	-93%	247
Finance and administration		2 207	780	780	-	-	195	(195)	-100%	780
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		21 511	4 435	4 435	63	63	109	(46)	-42%	4 435
Community and social services		7 504	435	435	63	63	109	(46)	-42%	435
Sport and recreation		13 856	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		152	4 000	4 000	-	-	-	-		4 000
Health		-	-	-	-	-	-	-		-
Economic and environmental services		19 569	18 542	18 542	(1 004)	(560)	2 523	(3 083)	-122%	18 542
Planning and development		-	199	199	-	-	50	(50)	-100%	199
Road transport		19 569	18 343	18 343	(1 004)	(560)	2 473	(3 033)	-123%	18 343
Environmental protection		-	-	-	-	-	-	-		-
Trading services		914	5 045	5 045	-	-	613	(613)	-100%	5 045
Energy sources		914	1 094	1 094	-	-	-	-		1 094
Water management		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	3 951	3 951	-	-	613	(613)	-100%	3 951
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	44 201	29 048	29 048	(936)	(492)	3 501	(3 993)	-114%	29 048
Funded by:										
National Government		29 103	20 524	20 524	315	759	3 018	(2 260)	-75%	20 524
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
Transfers recognised - capital		29 103	20 524	20 524	315	759	3 018	(2 260)	-75%	20 524
Public contributions & donations	5	-	826	-	-	-	-	-		-
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		15 099	8 524	8 524	68	68	483	(415)	-86%	8 524
Total Capital Funding		44 201	29 875	29 048	383	826	3 501	(2 674)	-76%	29 048

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 8: C6 Monthly Budget Statement Financial Position

KZN222 uMngeni - Table C6 Monthly Budget Statement - Financial Position - M03 September						
Description	Ref	2020/21	Budget Year 2021/22			Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	
R thousands	1					
ASSETS						
Current assets						
Cash		10 872	16 563	16 563	9 970	16 563
Call investment deposits		11 611	24 657	24 657	37 315	24 657
Consumer debtors		49 558	120 029	120 029	203 483	120 029
Other debtors		12 166	12 153	12 153	4 749	12 153
Current portion of long-term receivables		-	(15)	(15)	-	(15)
Inventory		-	-	-	-	-
Total current assets		84 206	173 388	173 388	255 518	173 388
Non current assets						
Long-term receivables		5 718	3 818	3 818	5 718	3 818
Investments		-	-	-	-	-
Investment property		55 298	51 480	51 480	55 298	51 480
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1 072 746	1 120 674	1 120 674	1 056 159	1 120 674
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		-	7	7	-	7
Other non-current assets		5 506	5 506	5 506	5 506	5 506
Total non current assets		1 139 268	1 181 484	1 181 484	1 122 681	1 181 484
TOTAL ASSETS		1 223 475	1 354 872	1 354 872	1 378 199	1 354 872
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		4 181	1 524	1 524	2 815	1 524
Consumer deposits		4 763	4 634	4 634	4 759	4 634
Trade and other payables		62 414	87 660	87 660	22 994	87 660
Provisions		24 239	60 968	60 968	24 239	60 968
Total current liabilities		95 597	154 786	154 786	54 806	154 786
Non current liabilities						
Borrowing		10 973	17 434	17 434	10 973	17 434
Provisions		75 499	26 163	26 163	75 499	26 163
Total non current liabilities		86 472	43 597	43 597	86 472	43 597
TOTAL LIABILITIES		182 069	198 384	198 384	141 278	198 384
NET ASSETS	2	1 041 406	1 156 488	1 156 488	1 236 921	1 156 488
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 041 406	1 156 488	1 156 488	1 236 921	1 156 488
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 041 406	1 156 488	1 156 488	1 236 921	1 156 488

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 9: C7 Monthly Budget Statement Cash Flow

KZN222 uMngeni - Table C7 Monthly Budget Statement - Cash Flow - M03 September										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		236 390	195 873	195 873	20 731	60 694	39 645	21 049	53%	195 873
Service charges		81 904	112 669	112 669	7 314	22 172	18 778	3 394	18%	112 669
Other revenue		34 305	14 935	14 935	386	1 135	2 489	(1 354)	-54%	14 935
Government - operating		95 390	107 497	107 497	-	42 260	42 015	245	1%	107 497
Government - capital		21 764	20 524	20 524	6 477	16 506	10 029	6 477	65%	20 524
Interest		1 411	12 895	12 895	98	124	849	(726)	-85%	12 895
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(433 094)	(419 401)	(419 401)	(25 337)	(132 004)	(86 900)	45 104	-52%	(419 401)
Finance charges		(2 339)	(2 799)	(2 799)	(656)	(663)	(466)	197	-42%	(2 799)
Transfers and Grants		(390)	(585)	(585)	(30)	(60)	(98)	(38)	39%	(585)
NET CASH FROM/(USED) OPERATING ACTIVITIES		35 341	41 608	41 608	8 983	10 164	26 342	16 178	61%	41 608
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		125	-	-	-	-	-	-		-
Payments										
Capital assets		(41 814)	(29 048)	(29 048)	(1 293)	(2 136)	(2 319)	(184)	8%	(29 048)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(41 690)	(29 048)	(29 048)	(1 293)	(2 136)	(2 319)	(184)	8%	(29 048)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		(3 720)	(2 887)	(2 887)	(1 029)	(1 367)	(1 367)	-		(2 887)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3 720)	(2 887)	(2 887)	(1 029)	(1 367)	(1 367)	-		(2 887)
NET INCREASE/ (DECREASE) IN CASH HELD		(10 069)	9 673	9 673	6 661	6 661	22 656			9 673
Cash/cash equivalents at beginning:		32 099	32 099	32 099		40 624	32 099			40 624
Cash/cash equivalents at month/year end:		22 030	41 772	41 772		47 285	54 755			50 297

Part 2 – Supporting Documentation

1. Debtors Analysis

The gross outstanding debt from consumers amounts to R 203,483,309 as at 30 September 2021. This is depicted as follows:

Figure 3: Outstanding Debtors as at 30 September 2021

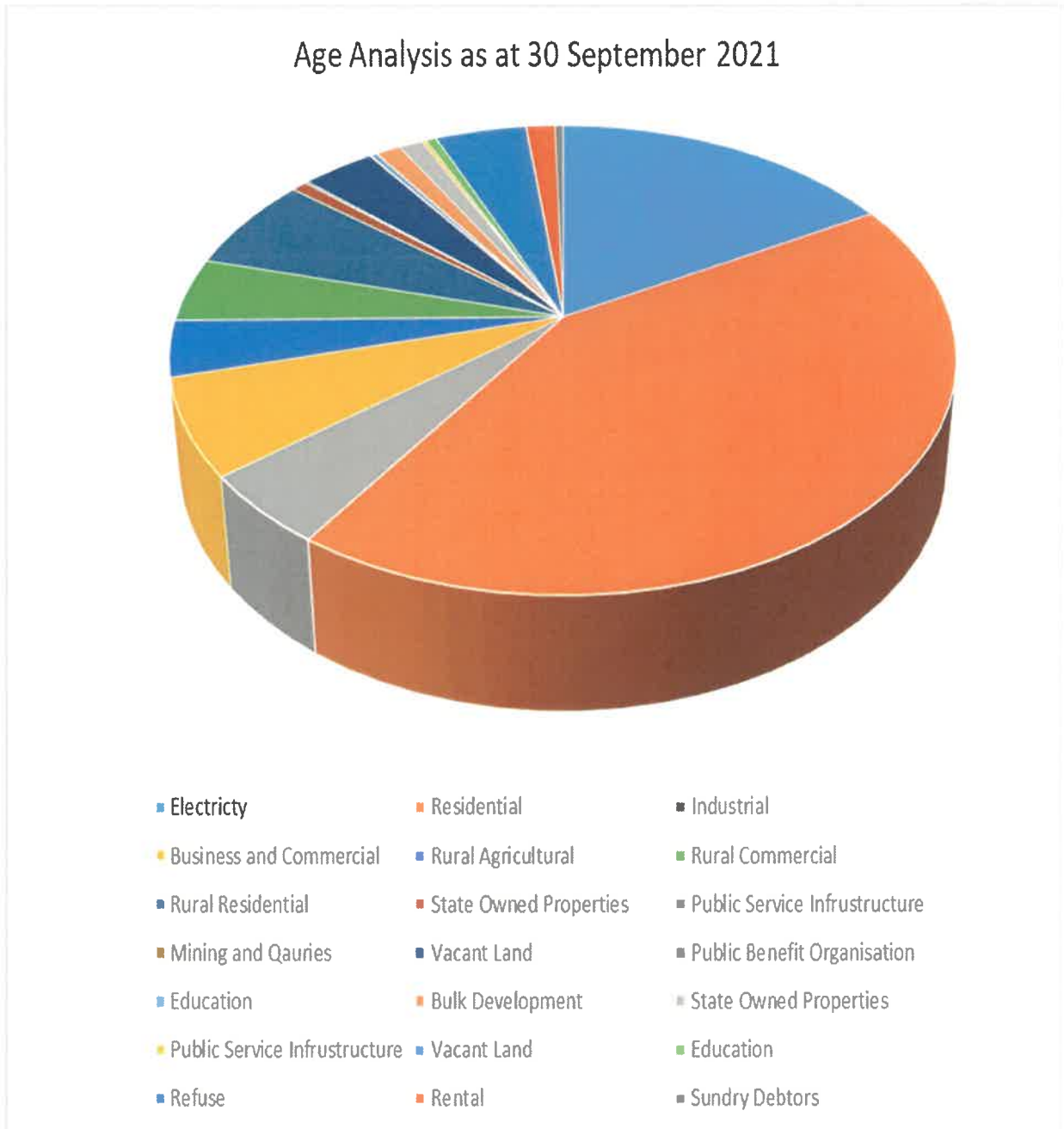
The table above details the outstanding debt as at 30 September 2021.

DEBTORS AGE ANALYSIS									
Detail	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Rates	23 841 076	7 315 835	3 764 437	3 085 732	2 939 942	3 031 271	27 617 668	71 979 290	143 575 250
Refuse	1 183 468	308 558	179 294	168 657	157 137	150 230	809 230	4 540 079	7 496 653
Electricity	10 535 222	906 445	524 368	345 097	499 095	337 140	2 385 076	13 644 404	29 176 847
Property Rental Debtors	88 307	34 001	32 665	31 591	33 211	33 290	180 117	943 288	1 376 468
Other	(21 439 845)	258 852	193 575	163 358	197 876	218 655	3 847 961	38 417 658	21 858 091
Total	14 208 227	8 823 691	4 694 339	3 794 434	3 827 261	3 770 587	34 840 051	129 524 719	203 483 309

2

Debtors per Category	Rand Value	Percentage
Electricity	34 185 956,61	17%
Residential	86 688 653,94	43%
Industrial	9 909 633,64	5%
Business and Commercial	13 452 745,35	7%
Rural Agricultural	7 893 538,63	4%
Rural Commercial	8 988 985,66	4%
Rural Residential	13 436 023,04	7%
State Owned Properties	1 542 080,39	1%
Public Service Infrastructure	307 504,51	0%
Mining and Qauries	343,75	0%
Vacant Land	7 248 012,60	4%
Public Benefit Organisation	85 979,55	0%
Education	654 268,46	0%
Bulk Development	2 444 910,18	1%
State Owned Properties	2 389 941,77	1%
Public Service Infrastructure	369 564,84	0%
Vacant Land	39 969,00	0%
Education	1 052 911,15	1%
Refuse	9 083 719,41	4%
Rental	2 849 865,66	1%
Sundry Debtors	858 700,39	0%
Total	203 483 308,53	100%

Table 10: Outstanding debt as at 30 September 2021



Above is the Pie chart for Outstanding Debtors as at 30 September 2021.

2. Short-Term Investment Portfolio Analysis

The Short-term investments of the municipality as at 30 September 2021, were as follows:

Table 10: Short-Term Investments as at 30 September 2021

INVESTMENTS		
Institution	Account Number	Balance Available
Absa - Call Account	9244 6715 85	5 311 132,17
Absa - Call Account	9154 612 908	13 550 088,05
Absa - Fixed Deposit	9312 7571 98	8 793 382,34
Absa - Fixed Deposit	9312 7569 80	279 207,29
First National Bank	6282 1205 425	1 299 449,40
Absa - Fixed Deposit	2074 952 988	203 286,64
Fnb - Fixed Deposit	7454 7419 339	2 276 533,36
Investec Bank-Call Account	1100503504451	0
FNB - Fixed Deposit	7437 2357 316	239 246,85
Rand Merchant Bank	RU 500475 658	2 677 816,68
Investec Bank-Call Account	1100503504500	1 659 174,37
Investec Bank-Call Account	110050350450	0,00
First National Bank	6254 7030 875	1 026 102,84
TOTAL INVESTMENT BALANCE		37 315 419,99

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

QUARTERLY BUDGET AND FINANCIAL REPORT

3. Allocation of grant receipts and expenditure

Grants for the period ended 30 September 2021 are as follows:

Table 11: Conditional and Unconditional grants

GRANTS REGISTER FOR 2021/2022 FINANCIAL YEAR												
GRANT	Roll over requested		Amount Withheld/ not approval	Roll-over approved	Expected income as per DORA	Total income	Total Income Received To Date (YTD)	DATE	TRANCHES	Expenditure (YTD)	Balance as at 12 October 2021	Percentage % Spent(YTD)
	Opening bal as per - AFS	From unspent Grant										
CONDITIONAL GRANTS												
MIG	R 0,00	R 0,00	R 0,00	R 0,00	R 24 146 000,00	R 16 506 000,00	R 16 506 000,00	23/09/2021	TRI-ANNUAL	R 3 659 607,50	R 12 846 392,50	15%
Finance Management Grant	R 0,00	R 0,00	R 0,00	R 0,00	R 1 720 000,00	R 1 720 000,00	R 1 720 000,00	26/08/21	ANNUAL	R 466 378,05	R 1 253 621,97	27%
Integrated National Electricity Programme Grant	R 0,00	R 0,00	R 0,00	R 0,00	R 18 486 000,00	R 8 000 000,00	R 8 000 000,00	23/07/2020	ANNUAL	R 0,00	R 8 000 000,00	0%
MAP Synergistic Partnership (Trad Councils)	R 159 795,78	R 0,00	R 0,00	R 0,00	R 0,00	R 159 795,78	159 795,78		ROLL-OVER	R 0,00	R 159 795,78	0%
Expanded Public Works Programme	R 0,00	R 0,00	R 0,00	R 0,00	R 980 000,00	R 980 000,00	245 000,00	03/08/2021	TRI-ANNUAL	R 142 680,83	R 1 02 319,17	15%
Cedara College/Kanya Village RD	R 414 218,54	R 0,00	R 0,00	R 0,00	R 0,00	R 414 218,54	414 218,54		ROLL-OVER	R 0,00	R 414 218,54	0%
Library Grant	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	-		ANNUAL	R 0,00	R 0,00	0%
Museum Costs	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	-		ANNUAL	R 0,00	R 0,00	0%
Massification	R 135 115,00	R 0,00	R 0,00	R 0,00	R 0,00	R 135 115,00	135 115,00		ROLL-OVER	R 0,00	R 135 115,00	0%
Schemes Support Programme & Nodal Plans	R 104 050,71	R 0,00	R 0,00	R 0,00	R 0,00	R 104 050,71	104 050,71		ROLL-OVER	R 0,00	R 104 050,71	0%
Housing Projects	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	R 0,00	-		ANNUAL	-	R 0,00	0%
Maintenance (Sport)	R 11 041,74	R 0,00	R 0,00	R 0,00	R 0,00	R 11 041,74	11 041,74		ROLL-OVER	-	R 11 041,74	0%
Tide deeds restoration programme	R 1 191 836,92	R 0,00	R 0,00	R 0,00	R 0,00	R 1 191 836,92	1 191 836,92		ANNUAL	-	R 1 191 836,92	0%
											R 0,00	
UNCONDITIONAL GRANTS												
Equitable Share	R 0,00	R 0,00	R 0,00	R 0,00	R 7 509 000,00	R 32 295 000,00	32 295 000,00	06/07/20	TRI-ANNUAL	R 32 295 000,00	R 0,00	42%
TOTAL BALANCE	R 2 016 058,69	R 0,00	R 0,00	R 0,00	R 122 841 000,00	R 61 517 058,69	60 782 058,69			R 36 563 666,36	R 24 218 392,33	60%

From the table above R 24 218 392 remains unspent. The reconciliations are checked by the respective Managers responsible for the above Grants and Finance department to ensure that amounts outstanding on projects are accurate.

From the R 24 218 392 that is unspent R 13 260 611 relates to capital grants as follows:

Table 12: Capital Grants Unspent

Grant	Amount Unspent
Cedara College/Kanya	414 218,54
MIG	12 846 392,50
TOTAL	13 260 611,04

4. Councilors Remuneration and employee benefits

QUARTERLY BUDGET AND FINANCIAL REPORT

The salaries and wages paid for to date are R 32 117 929. The table below summarizes the salaries and wages including Councilors remuneration:

Table 13: Employee Benefits and Councilors remuneration

Details	July 2021 - September 2021
Salaries and Wages	17 660 911,08
Contributions to UIF	139 415,08
Contribution to Medical Aid	1 463 066,94
Contribution to Pension	3 166 681,10
Travel allowance	1 229 152,36
Directors Remuneration	1 487 435,31
Housing allowance	97 286,49
Overtime	1 189 581,05
Standby	150 056,91
Cellphone allowance	103 990,00
Annual bonus	1 194 921,04
Own Transport	71 731,86
Contributions for Retired Staff	370 969,75
Leave Pay	476 834,79
Bargaining Council	216 954,80
Long Service Award	683 791,95
Acting Allowance	77 021,62
Councillors remuneration	2 338 127,25
TOTAL	32 117 929,38

5. Financial Performance

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

Table 14: Summary of Financial Performance

QUARTERLY BUDGET AND FINANCIAL REPORT

OPERATING REVENUE STATEMENT FOR THE MONTH ENDING SEPTEMBER 2021

Descriptions	Annual Budget	YTD budget	Monthly Actual	YTD Actual	% of YTD	% of Actual	Variance	YTD Variance
					Budget Performance	Budget Performance for the Quarter		
								%
Rates	225 140 914	59 285 217	18 263 725	59 220 119	100%	46%	(65 098,18)	0%
Service charges - Electricity	120 285 620	30 071 397	9 574 697	27 333 844	91%	21%	(2 737 552,77)	-9%
Service charges - Refuse	8 473 382	2 238 345	782 508	2 362 421	106%	2%	124 076,39	6%
Rental	1 069 394	267 345	96 059	277 989	104%	0%	10 643,76	4%
Fines	129 273	32 316	273 790	835 700	2586%	1%	803 384,27	2486%
Licences	5 672 518	1 418 127	168 296	662 969	47%	1%	(755 158,08)	-53%
Grants and subsidies	107 019 338	32 904 239	609 239	32 904 239	100%	26%	-	0%
Other revenue	20 585 733	4 646 398	1 380 892	4 019 050	86%	3%	(627 348,04)	-14%
TOTAL REVENUE	488 376 172	130 863 384	31 149 205	127 616 331	98%	100%	-3 247 053	-2%
Employee Related Costs	135 715 928	32 518 021	10 940 181	31 861 644	97,98%	25%	656 376,97	2%
Bulk Purchases	145 583 163	36 395 790	16 324 017	50 982 353	140,08%	40%	(14 586 563,13)	-40%
Contracted Services	93 602 926	16 400 669	9 268 351	15 109 840	92,13%	12%	1 290 828,99	8%
Interest Expense	2 798 966	699 738	656 114	663 195	94,78%	1%	36 542,90	5%
General Expenses	68 924 276	11 585 540	5 185 063	10 880 203	93,91%	8%	705 337,06	6%
Depreciation	41 045 697	10 261 410	18 888 535	18 888 535	0,00%	15%	(8 627 124,94)	-84%
Transfers and Grants	585 411	146 349	30 000	90 000	61,50%	0%	56 349,00	39%
TOTAL EXPENDITURE	488 256 367	108 007 517	61 292 260	128 475 770	119%	100%	(20 468 253,15)	-19%
Surplus (Deficit)	119 805	22 855 867	-30 143 055	-859 439	0	0	-23 715 306	
Capital Transfers	20 524 100	5 131 025	3 659 608	3 659 608		0,00%	1 471 417,40	
	20 643 905	27 986 892	-26 483 448	2 800 169				

It should be noted that the actual surplus is R - 859 439 excluding capital transfers.

6. Capital Performance

Table 16: Capital Expenditure

CAPITAL EXPENDITURE FOR 2021/2022						
Business Key	Department	Original Budget	Actual Expenditure to date	Percentage Spent	Project	Funding Source
20200720980910	Roads	3 247 409,00	314 753,25	10%	Emaromeni Road	Municipal Infrastructure Grant
20180305025721	Electricity	1 093 871,00	-	0%	Electrification Project	Transfer from Operational Revenue
20200720980901	Roads	4 120 675,00	-	0%	Field Road	Municipal Infrastructure Grant
20200720980886	Roads	5 203 699,00	443 873,71	9%	Burns Wick Russel and Rivers Road	Municipal Infrastructure Grant
20200720980904	Roads	1 966 277,00	-	0%	Fuze Road	Municipal Infrastructure Grant
20200720980892	Roads	3 535 351,00	-	0%	6th and 10th Street Japan	Municipal Infrastructure Grant
20170714062973	Executive & Council	246 537,00	4 500,00	2%	Procurement of furniture and office equipment	Transfer from Operational Revenue
20170714062976	Finance	464 482,00	-	0%	Procurement of furniture and office equipment	Transfer from Operational Revenue
20170714062964	Technical Services	269 781,00	-	0%	Procurement of furniture and office equipment	Transfer from Operational Revenue
20170714062961	Community Services	435 454,00	63 250,00	15%	Procurement of furniture and office equipment	Transfer from Operational Revenue
20170714062970	Planning & Development	199 004,00	-	0%	Procurement of furniture and office equipment	Transfer from Operational Revenue
20170714062967	Information Technology	315 222,00	-	0%	Procurement of furniture and office equipment	Transfer from Operational Revenue
20210707995939	Community Services	4 000 000,00	-	0%	Land Acquisition	Transfer from Operational Revenue
20190710031960	Refuse Removal & Landfill site	1 500 000,00	-	0%	Weigh Bridge	Transfer from Operational Revenue
20210707995973	Refuse Removal & Landfill site	2 450 689,00	-	0%	Transport assets	Municipal Infrastructure Grant
	TOTAL	29 048 451,00	826 376,96	3%		

Capital expenditure for the year has been fairly slow. Below is a table that highlights the capital expenditure:

As can be seen above, 3% of the Capital budget has been spent over three months. As shown above, Capital Budget is mostly funded by Grants (MIG). An improvement on spending will help to avoid the municipality in requesting either National or Provincial Treasury to approve roll overs. The above is the Capital Listing of all capital projects.

7. FINANCIAL RATIOS

$$\begin{aligned}
 7.1 \quad & \text{Personnel costs to total expenditure} = \text{employee related costs} / \text{total expenditure} \times 100 \\
 & = 31\,861\,644 / 128\,475\,770 \times 100 \\
 & = 25 \%
 \end{aligned}$$

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

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

$$= (9\ 970\ 047 - 24\ 218\ 392) + 37\ 315\ 420 / 128\ 475\ 770$$

$$= 2 \text{ months}$$

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

7.3 Creditors payment period = Trade creditors outstanding / Trade creditors Purchases x 91 days

$$= 17\ 645\ 759 / 87\ 863\ 642 \times 91 \text{ days}$$

$$= 18 \text{ days}$$

Creditors Payment Period (Trade Creditors)

This ratio indicates the average number of days taken for trade creditors to be paid and the norm is 30 days.

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

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

$$= (199\ 515\ 246 + 94\ 401\ 143) - (227\ 698\ 670 - 18\ 345\ 445) \times 100$$

$$= \frac{94\ 401\ 143}{263\ 571\ 679 - 185\ 137\ 863} \times 100$$

$$= \frac{94\ 401\ 143}{78\ 433\ 816}$$

$$= 83\%$$

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

7.6 Current Ratio = Current Assets / Current Liabilities

$$= 255\ 517\ 832 / 54\ 806\ 459$$

$$= 1:4$$

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

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

$$= 15\,109\,840 / 128\,475\,770 \times 100$$

$$= 12 \%$$

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

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

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

$$= 31\,855\,144 - 55\,957\,545 / 31\,855\,144 \times 100$$

$$= -76 \% \text{ (Electricity Deficit)}$$

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

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

$$= 826\,376 / 29\,048\,451 \times 100$$

$$= 3 \%$$

The norm ranges between 10% and 20%. A ratio less than 10% reflects lower spending by the municipality in infrastructure and holds potential risks to service delivery. A ratio of more than 20% reflects higher spending on infrastructure and acceleration in service delivery, but could also hold financial sustainability risks if the infrastructure does not include both economic (revenue generating) and social type infrastructure.

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

$$= 128\,475\,770 / 488\,256\,367 \times 100$$

$$= 26 \%$$

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

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

$$=127\ 616\ 331 /488\ 376\ 172 \times 100$$

$$= 26 \%$$

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

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

Conclusion

The financial performance of the municipality for the first quarter has been **unfavorable**. The Municipality had budgeted Revenue to the amount of **R130 863 384** but actual Revenue earned amounted to **R 127 616 331**. An amount of **R108 007 517** was estimated to be spent, but actual expenditure amounted to **R 128 475 770**. The overall estimated surplus was **R22 855 867 including** non-cash items, the actual deficit amounted to **R 859 439 inclusive of non-cash item**, this has led to a positive variance of **R 20 468 253**, therefore the Municipality did not perform well for the past three months of the financial year.

8. Municipal Manager's Quality Certificate

I, Mr. Hactor Sandanathi Buthelezi, Acting Municipal Manager of uMngeni Municipality, hereby certifies that the quarterly report on the implementation of the budget and financial state of affairs of the municipality for the first quarter of the financial year ending 30 September 2021 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Mr. HS Buthelezi

ACTING MUNICIPAL MANAGER OF UMNGENI MUNICIPALITY, KZN222

SIGNATURE:



DATE:

2021/10/27
