

QUARTERLY BUDGET AND FINANCIAL REPORT

THIRD QUARTER - 2022/ 2023
FINANCIAL YEAR



UMNGENI
MUNICIPALITY

Contents

Part 1	2
1. Introduction	2
2. Executive Summary	2
3. In-Year Budget Tables	6
Part 2 – Supporting Documentation	12
1. Debtors Analysis	13
2. Investment Portfolio Analysis	14
3. Allocation and grant receipts and expenditure	15
4. Councillor and employee benefits	16
5. Financial Performance	17
6. Capital Programme Performance	18
7. Financial Ratios	20
8. Municipal Manager’s Quality Certificate	
Figure 1: Operating income for the Third quarter	3
Figure 2: Summary of Expenditure for the Third quarter	5
3: Outstanding Debtors as at 31 March 2023	
Table 1: Summary of operating revenue for the period ended 31 March 2023	2
Table 2: Summary of Operating Expenditure for the period ended 31 March 2023	4
Table 3: C1 Monthly Budget Statement Summary	6
Table 4: C2 Monthly Budget Statement – Financial Performance (Standard Classification)	7
Table 5: C3 Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Vote)	8
Table 6: C4 Monthly Budget Statement – Financial Performance (Revenue and Expenditure)	9
Table 7: C5 Monthly Budget Statement Capital Expenditure	9
Table 8: C6 Monthly Budget Statement Financial Position	11
Table 9: C7 Monthly Budget Statement Cash Flow	12
Table 10: Outstanding debt as at 31 March 2023	Error! Bookmark not defined.
Table 11: Short-Term Investments as at 31 March 2023	14
Table 12: Outstanding conditional grants	15
Table 13: Capital Grants Unspent	16
Table 14: Employee Benefits and Councilors remuneration	16
Table 15: Summary of Financial Performance	17
Table 16: Capital Expenditure	Error! Bookmark not defined.

Part 1

1. Introduction

Section 52(d) of the Municipal Finance Management Act, No. 56 of 2003, states that “the Accounting Officer of a municipality must within 30 days of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.” In terms of this legislation, herein is the report of the performance of the Municipality for the period ended 31 March 2023 (Third quarter).

2. Executive Summary

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

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

Table 1: Summary of operating revenue for the period ended 31 March 2023

OPERATING REVENUE STATEMENT FOR THE QUARTER ENDING MARCH 2023											
Category	Ann'd Budget	YTD Budget	Month Actual	Q1 YTD Actual	Q2 YTD Actual	Q3 YTD Actual	YTD Actual	% of YTD Budget Performance	% of Ann'd Budget Total Revenue	Variance	Year-to-date Variance %
Rates	240,778,674	180,583,983	19,687,135	59,791,119	59,859,703	60,389,248	180,039,071	100%	47%	(544,912.43)	(0.00)
Service charges - Electricity	132,024,204	99,016,126	8,183,442	27,227,409	21,767,021	22,378,491	71,372,921	72%	19%	(27,645,205.38)	(0.28)
Service charges - Refuse	10,201,592	8,651,197	987,003	2,944,298	2,922,017	2,934,478	8,800,793	102%	2%	149,586.37	2%
Rental	1,298,998	974,997	735,202	249,048	300,636	914,632	1,464,317	150%	0%	489,319.56	50%
Fines	2,831,623	1,673,703	7,598	19,035	1,188,897	30,601	1,238,533	74%	0%	(435,170.27)	(0.26)
Licences	4,177,566	2,533,179	222,440	470,133	982,904	716,756	2,169,792	86%	1%	(663,387.02)	-14%
Grants and subsidies	100,921,407	97,845,703	26,944,473	34,865,480	36,035,749	26,944,473	97,845,703	100%	26%		0%
Other revenue	27,035,402	17,526,442	2,164,204	5,439,291	5,154,556	5,967,241	16,561,089	94%	4%	(665,352.98)	-6%
TOTAL REVENUE	519,270,496	408,807,330	58,941,488	131,005,813	128,210,485	120,275,920	379,492,218	93%	100%	-28,315,112	-7%

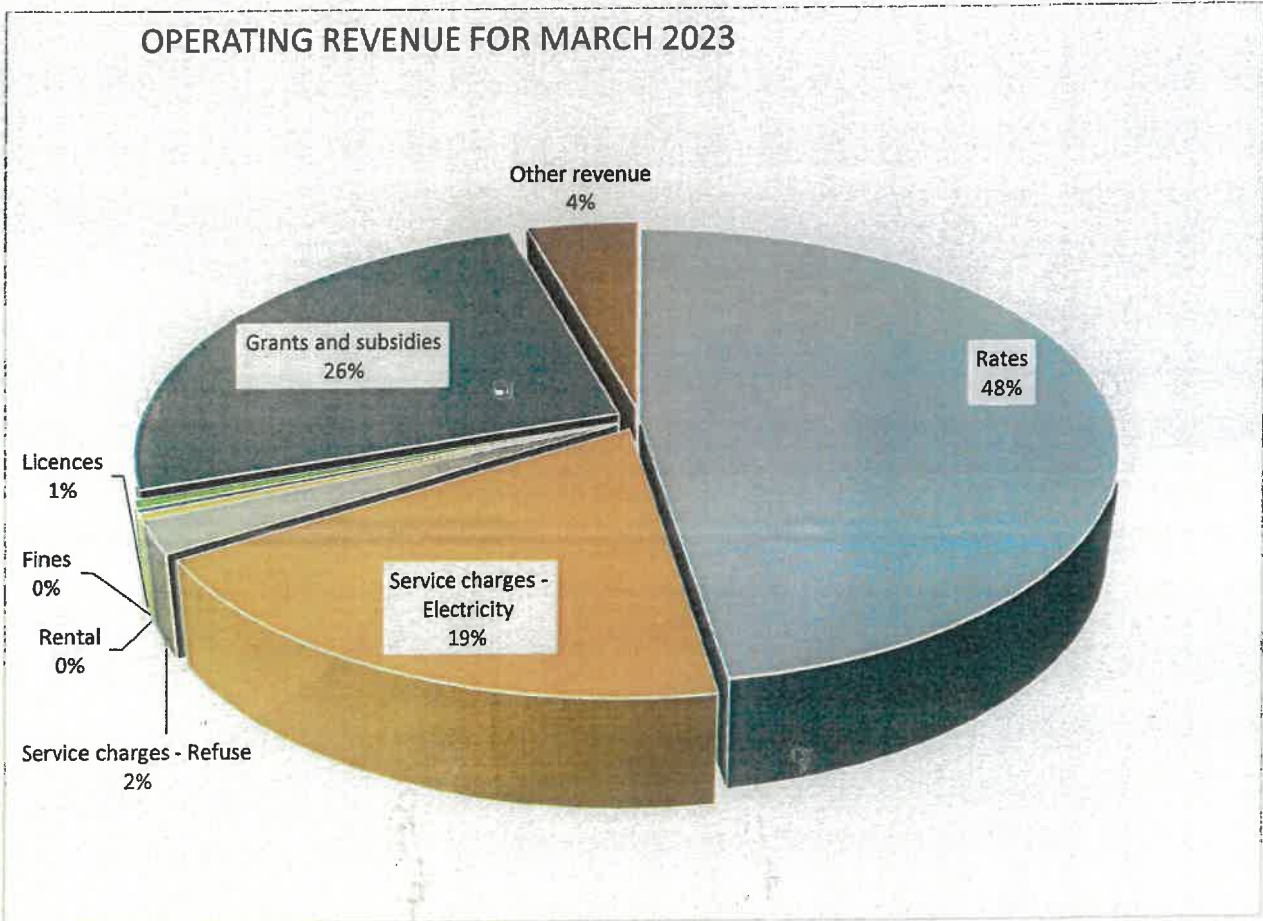
The table above summarizes the total revenue for the third quarter. This revenue excludes income from the transfer of capital grants. The 93 % of the projected year-to-date budget has been achieved for quarter three (March 2023). There is an overall unfavorable variance of 7% when comparing YTD budget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

Council should note the underperformance of 19 % on electricity service charges which is due to ongoing illegal connections and theft, this has a huge negative impact on the projected year -to -date revenue budget versus the actual year-to-date revenue billed by the municipality.

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

The figure below diagrammatically presents the income for the year:

Figure 1: Operating revenue for the 31 March 2023



Rates income comprises 48% of the total revenue of the municipality, Grants and Subsidies are 26% of the total income. Service Charges – Electricity comprises 19 %, Service Charges – Refuse comprises of 2% and other revenue comprises 4 % of the total income of the municipality for the third quarter.

Expenditure

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

OPERATING EXPENDITURE STATEMENT FOR THE QUARTER ENDING MARCH 2023											
Descriptions	Annual Budget	YTD Budget	Monthly Actual	Q1 YTD Actual	Q2 YTD Actual	Q3 YTD Actual	YTD Actual	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance	Year to date Variance %
Employee Related Costs	149,283,232	107,461,332	11,777,361	34,260,439	36,778,946	35,826,143	106,865,527	99.45%	30%	(58,864.56)	(0.01)
Bulk Purchases	160,369,680	120,277,260	7,867,197	50,123,780	29,462,004	25,575,114	105,160,898	87.43%	30%	(15,116,362.44)	-13%
Contracted Services	87,185,226	60,288,762	7,924,484	14,186,143	26,522,605	18,941,654	59,650,402	98.94%	17%	(638,359.58)	-1%
Interest Expense	477,392	358,038	0	456,488	1,370	1,716	459,574	128.36%	0%	101,536.06	28%
General Expenses	71,834,713	49,507,347	3,654,424	11,507,920	11,444,425	12,926,166	35,878,511	88.57%	10%	(4,626,836.83)	-11%
Depreciation	48,649,742	36,487,251	4,766,296	14,953,432	13,648,591	13,346,929	41,948,952	114.97%	12%	5,461,701.07	15%
Transfers and Grants	1,260,000	944,991	252,667	160,250	396,298	450,878	1,007,426	106.61%	0%	62,435.03	7%
TOTAL EXPENDITURE	519,049,985	366,325,041	36,242,428	125,648,452	118,254,238	107,668,601	350,971,291	96%	100%	(15,333,750.25)	-4%

For the quarter ended 31 March 2023, the municipality had incurred operational expenditure of R 107,0 million of this actual amount spent, R 25,5 million relates to bulk purchases, Employee Related Costs have costed R 35,8 million for the quarter (January to March).

The above table reflects total under - spending of R 15,3 million. The R15 million variance is for Bulk Purchases

The Municipality has underspent by 4% of the total expenditure which resulted in the overall performance being unfavorable.

Diagrammatically, the expenditure for the year is shown below:

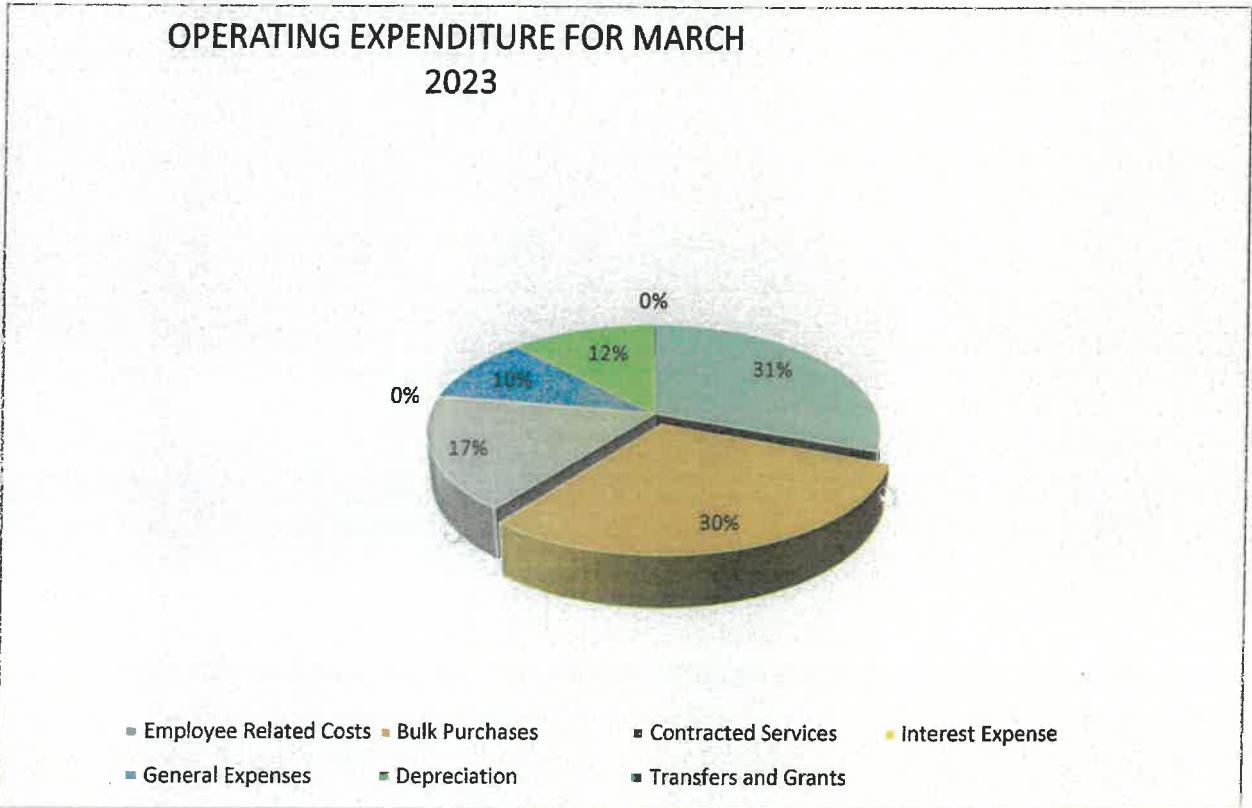


Figure 2: Summary of Expenditure for the year

As can be seen above, the salaries represent 31 %, bulk purchases 30%, depreciation 12%, contracted services 17%, general expenditure 10% and the rest (Interest expense and transfers and grants are 0% and below of the total expenditure.

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 - M09 March									
Description	2021/22	Budget Year 2022/23							
	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	231,694	239,768	240,779	19,687	180,039	180,584	(545)	-0%	240,052
Service charges	102,909	140,092	142,226	9,180	80,174	107,669	(27,496)	-26%	106,898
Investment revenue	2,533	1,783	2,877	284	1,827	1,958	(131)	-7%	2,436
Transfers and subsidies	106,605	124,627	100,921	26,944	97,846	97,846	-	-	100,921
Other own revenue	32,409	31,517	32,468	2,845	19,607	20,761	(1,143)	-6%	26,143
Total Revenue (excluding capital transfers and contributions)	476,149	537,787	519,270	58,941	378,492	408,807	(29,315)	-7%	476,450
Employee costs	123,938	133,380	138,537	10,923	99,032	99,402	(369)	-0%	132,043
Remuneration of Councilors	10,093	10,746	10,746	855	7,833	8,060	(227)	-3%	10,444
Depreciation & asset impairment	70,238	47,230	48,650	4,766	41,949	36,487	5,462	15%	55,932
Finance charges	6,447	1,874	477	-	460	358	102	28%	613
Materials and bulk purchases	158,896	163,623	163,557	7,926	106,617	122,668	(16,050)	-13%	142,156
Transfers and subsidies	654	1,270	1,260	253	1,007	945	62	7%	1,343
Other expenditure	152,465	179,478	155,833	11,520	94,073	98,406	(4,333)	-4%	125,430
Total Expenditure	522,731	537,601	519,060	36,242	350,971	366,325	(15,354)	-4%	467,962
Surplus/(Deficit)	(46,581)	186	211	22,699	28,521	42,482	(13,961)	-33%	8,488
Transfers and subsidies - capital (monetary allocations)	21,644	28,525	44,653	8,226	25,762	25,762	-	-	44,653
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(24,938)	28,712	44,863	30,925	54,283	68,244	(13,961)	-20%	53,141
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(24,938)	28,712	44,863	30,925	54,283	68,244	(13,961)	-20%	53,141
Capital expenditure & funds sources									
Capital expenditure	33,893	41,603	64,383	5,761	29,374	31,287	(1,913)	-6%	64,383
Capital transfers recognised	21,644	28,525	44,653	4,801	22,440	23,490	(1,049)	-4%	44,653
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	12,249	13,077	19,730	960	6,933	7,797	(864)	-11%	19,730
Total sources of capital funds	33,693	41,603	64,383	5,761	29,374	31,287	(1,913)	-6%	64,383
Financial position									
Total current assets	94,117	155,629	143,582	-	173,223	-	-	-	204,968
Total non current assets	1,075,772	1,088,947	1,110,432	-	1,065,102	-	-	-	1,110,432
Total current liabilities	78,798	98,221	98,479	-	35,410	-	-	-	98,479
Total non current liabilities	115,296	95,230	88,257	-	115,296	-	-	-	88,257
Community wealth/Equity	975,796	1,051,126	1,067,278	-	1,087,619	-	-	-	1,128,664
Cash flows									
Net cash from (used) operating	27,487	53,369	88,221	35,283	105,220	118,424	13,204	11%	71,948
Net cash from (used) investing	(33,893)	(41,603)	(64,083)	(6,379)	(28,177)	(38,212)	(10,035)	26%	(37,569)
Net cash from (used) financing	(2,457)	(3,215)	(10,176)	(87)	(10,637)	(9,830)	808	-8%	(9,992)
Cash/cash equivalents at the monthly/year end	13,622	38,856	44,268	-	79,240	100,687	21,447	21%	37,222
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	-	-	-	-	-	-	-	-	-
Creditors Age Analysis									
Total Creditors	8,236	-	48	-	-	-	-	312	8,596

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) - M09 March										
Description	Ref	2021/22			Budget Year 2022/23					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue - Functional										
Governance and administration		319,799	329,435	334,240	41,472	263,945	264,180	(235)	0%	339,306
Executive and council		58,183	66,595	66,595	18,341	66,305	66,046	259	0%	88,407
Finance and administration		261,616	262,840	267,645	23,131	197,640	198,134	(494)	0%	250,899
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		7,183	16,184	8,520	1,444	5,617	6,390	(772)	-12%	7,651
Community and social services		4,848	5,092	5,476	1,438	4,398	4,107	292	7%	5,786
Sport and recreation		1	0	3	0	3	2	1	45%	4
Public safety		1,392	2,802	2,802	6	1,216	2,101	(885)	-42%	1,622
Housing		952	8,300	240	-	-	180	(180)	-100%	240
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		30,022	35,590	33,935	7,635	29,093	30,451	(1,358)	-4%	32,013
Planning and development		2,203	5,157	3,966	504	2,495	2,975	(480)	-16%	3,326
Road transport		27,819	30,432	29,968	7,131	26,598	27,476	(878)	-3%	28,687
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		140,772	185,069	187,203	16,616	106,583	133,529	(26,947)	-20%	142,110
Energy sources		122,876	165,631	167,254	12,934	88,054	115,440	(27,386)	-24%	117,406
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	25	25	5	5	19	(14)	-74%	7
Waste management		17,896	19,414	19,924	3,677	18,524	18,070	453	3%	24,698
Other	4	7	24	26	1	16	19	(3)	-15%	22
Total Revenue - Functional	2	497,793	566,312	563,923	67,168	485,254	434,569	(29,315)	-7%	521,103
Expenditure - Functional										
Governance and administration		230,836	204,009	215,977	20,592	160,628	158,514	2,114	1%	214,171
Executive and council		45,928	36,804	39,961	3,641	28,777	28,971	(194)	-1%	38,369
Finance and administration		182,693	164,808	173,214	16,772	130,134	127,442	2,693	2%	173,513
Internal audit		2,216	2,397	2,802	178	1,717	2,101	(384)	-18%	2,289
Community and public safety		35,995	48,916	42,835	3,062	28,570	29,826	(1,256)	-4%	38,093
Community and social services		12,037	13,143	13,075	1,003	7,882	8,506	(624)	-7%	10,510
Sport and recreation		8,588	10,011	12,003	806	7,812	8,002	(190)	-2%	10,416
Public safety		13,240	16,068	16,053	1,166	11,897	12,040	(142)	-1%	15,863
Housing		2,130	9,694	1,705	107	978	1,279	(301)	-24%	1,304
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		35,955	43,130	38,581	2,444	22,802	23,236	(434)	-2%	30,402
Planning and development		11,923	15,985	17,720	1,333	11,251	11,590	(339)	-3%	15,001
Road transport		24,032	27,145	20,861	1,111	11,551	11,645	(95)	-1%	15,401
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		219,493	240,745	220,866	10,028	138,495	154,150	(15,655)	-10%	184,660
Energy sources		189,360	205,439	191,714	8,326	123,824	138,785	(14,962)	-11%	165,098
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2,907	3,124	3,244	307	2,315	2,433	(119)	-5%	3,086
Waste management		27,226	32,181	25,908	1,395	12,357	12,931	(574)	-4%	16,476
Other		452	800	800	97	477	600	(123)	-21%	636
Total Expenditure - Functional	3	522,731	537,601	519,060	36,242	350,971	366,325	(15,354)	-4%	467,962
Surplus/ (Deficit) for the year		(24,938)	28,712	44,863	30,925	54,283	68,244	(13,961)	-20%	53,141

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) - M09 March										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL	1	309,258	321,980	324,476	39,289	257,543	257,357	186	0.1%	331,251
Vote 2 - BUDGET AND TREASURY		7,522	4,719	6,982	941	3,826	5,236	(1,410)	-26.9%	5,101
Vote 3 - CORPORATE SERVICES		1,856	1,510	1,556	740	1,663	1,394	269	19.3%	2,217
Vote 4 - Planning Services		3,501	13,481	4,232	546	2,577	3,174	(597)	-18.8%	3,436
Vote 5 - Community Services		27,654	31,775	32,207	5,329	26,193	26,555	(362)	-1.4%	34,477
Vote 6 - Technical Services		148,002	192,847	194,470	20,323	113,453	140,852	(27,399)	-19.5%	144,622
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
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	497,793	566,312	563,923	67,168	405,254	434,569	(29,315)	-6.7%	521,103
Expenditure by Vote										
Vote 1 - EXECUTIVE AND COUNCIL	1	59,387	46,599	47,206	3,819	30,493	31,404	(911)	-2.9%	40,658
Vote 2 - BUDGET AND TREASURY		105,657	86,485	88,374	8,798	70,545	66,280	4,265	6.4%	94,060
Vote 3 - CORPORATE SERVICES		49,301	49,917	58,354	6,458	42,485	43,297	(811)	-1.9%	56,647
Vote 4 - Planning Services		14,504	26,480	20,225	1,537	12,706	13,669	(963)	-7.0%	16,941
Vote 5 - Community Services		66,640	76,939	73,113	4,451	42,841	44,834	(1,993)	-4.4%	57,121
Vote 6 - Technical Services		227,241	251,182	231,788	11,179	151,901	166,841	(14,940)	-9.0%	202,535
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
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	522,731	537,601	519,060	36,242	350,971	366,325	(15,354)	-4.2%	467,962
Surplus/ (Deficit) for the year	2	(24,938)	28,712	44,863	30,925	54,283	68,244	(13,961)	-20.5%	53,141

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) - M09 March										
Description	Ref	Budget Year 2022/23								
		2021/22	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		231,694	239,768	240,779	19,687	180,039	180,584	(545)	0%	240,052
Service charges - electricity revenue		93,539	130,401	132,024	8,193	71,373	99,018	(27,645)	-28%	95,164
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		9,370	9,691	10,202	967	8,801	8,651	150	2%	11,734
Rental of facilities and equipment		1,671	1,300	1,300	735	1,464	975	489	50%	1,952
Interest earned - external investments		2,533	1,783	2,877	284	1,827	1,958	(131)	-7%	2,436
Interest earned - outstanding debtors		19,369	15,617	17,080	1,258	11,182	11,610	(428)	-4%	14,909
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,405	2,803	2,832	8	1,239	1,674	(435)	-26%	1,651
Licences and permits		3,691	4,640	4,178	222	2,170	2,533	(363)	-14%	2,883
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		106,605	124,627	100,921	26,944	97,846	97,846	-	-	100,921
Other revenue		6,273	7,156	6,779	621	3,553	3,884	(331)	-9%	4,737
Gains		-	-	300	-	-	75	(75)	-100%	-
Total Revenue (excluding capital transfers and contributions)		476,149	537,787	519,270	58,941	379,492	408,807	(29,315)	-7%	476,450
Expenditure By Type										
Employee related costs		123,936	133,380	138,537	10,923	99,032	99,402	(369)	0%	132,043
Remuneration of councillors		10,093	10,746	10,746	655	7,833	8,060	(227)	-3%	10,444
Debt impairment		18,931	9,618	9,824	-	-	-	-	-	-
Depreciation & asset impairment		70,238	47,230	48,650	4,766	41,649	36,487	5,162	15%	55,932
Finance charges		6,447	1,874	477	-	460	358	102	28%	613
Bulk purchases - electricity		157,239	160,370	160,370	7,867	105,161	120,277	(15,116)	-13%	140,215
Inventory consumed		1,657	3,253	3,187	59	1,456	2,390	(934)	-39%	1,942
Contracted services		88,259	109,617	87,185	7,924	59,650	60,289	(638)	-1%	79,534
Transfers and subsidies		654	1,270	1,260	253	1,007	945	62	7%	1,343
Other expenditure		44,320	60,243	58,823	3,535	34,422	38,117	(3,695)	-10%	45,896
Losses		955	-	-	-	-	-	-	-	-
Total Expenditure		522,731	537,601	519,060	36,242	350,971	366,325	(15,354)	-4%	467,962
Surplus/(Deficit)		(46,581)	186	211	22,699	28,521	42,482	(13,961)	(0)	8,488
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		21,644	28,525	44,653	8,226	25,762	25,762	-	-	44,653
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		(24,938)	28,712	44,863	30,925	54,283	68,244			53,141
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(24,938)	28,712	44,863	30,925	54,283	68,244			53,141
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(24,938)	28,712	44,863	30,925	54,283	68,244			53,141
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(24,938)	28,712	44,863	30,925	54,283	68,244			53,141

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 7: C5 Monthly Budget Statement Capital Expenditure

Capital Expenditure - Functional Classification										
Governance and administration		1,055	1,691	2,905	69	522	679	(157)	-23%	2,905
Executive and council		256	580	184	55	98	136	(41)	-29%	184
Finance and administration		799	1,111	2,721	14	424	541	(116)	-22%	2,721
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2,092	2,939	1,639	76	433	729	(265)	-41%	1,639
Community and social services		383	2,939	1,639	76	433	729	(265)	-41%	1,639
Sport and recreation		1,709	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		19,267	31,485	37,396	5,616	26,485	27,047	(562)	-2%	37,396
Planning and development		164	729	729	-	40	547	(506)	-33%	729
Road transport		19,103	30,756	36,667	5,616	26,445	26,500	(55)	0%	36,667
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		11,478	5,488	22,442	-	1,933	2,832	(898)	-32%	22,442
Energy sources		11,478	5,138	20,392	-	1,933	2,294	(361)	-16%	20,392
Water management		-	150	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	200	2,050	-	-	537	(537)	-100%	2,050
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	33,893	41,603	64,383	5,761	29,374	31,287	(1,913)	-6%	64,383
Funded by:										
National Government		21,644	28,525	44,653	4,801	22,440	23,490	(1,049)	-4%	44,653
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		21,644	28,525	44,653	4,801	22,440	23,490	(1,049)	-4%	44,653
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		12,249	13,077	19,730	960	6,933	7,797	(864)	-11%	19,730
Total Capital Funding		33,893	41,603	64,383	5,761	29,374	31,287	(1,913)	-6%	64,383

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 8: C6 Monthly Budget Statement Financial Position

KZN222 uMngeni - Table C6 Monthly Budget Statement - Financial Position - M09 March						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		4,630	24,892	29,353	14,831	19,775
Call investment deposits		8,992	13,965	14,915	64,409	85,879
Consumer debtors		62,751	103,779	86,282	86,157	86,282
Other debtors		17,743	12,994	13,032	7,825	13,032
Current portion of long-term receivables		-	-	-	-	-
Inventory		-	-	-	-	-
Total current assets		94,117	155,629	143,582	173,223	204,968
Non current assets						
Long-term receivables		6,587	5,718	5,718	6,587	5,718
Investments		-	-	-	-	-
Investment property		19,590	56,998	56,726	19,383	56,726
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1,046,215	1,020,833	1,042,589	1,035,751	1,042,589
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		-	-	-	-	-
Other non-current assets		3,381	5,398	5,398	3,381	5,398
Total non current assets		1,075,772	1,088,947	1,110,432	1,065,102	1,110,432
TOTAL ASSETS		1,169,889	1,244,577	1,254,013	1,238,325	1,315,400
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		3,467	2,263	2,275	(9,992)	2,275
Consumer deposits		4,762	4,579	4,579	4,761	4,579
Trade and other payables		54,170	60,288	60,812	24,242	60,812
Provisions		16,399	31,091	30,812	16,399	30,812
Total current liabilities		78,798	98,221	98,479	35,410	98,479
Non current liabilities						
Borrowing		7,836	6,973	-	7,836	-
Provisions		107,460	88,257	88,257	107,460	88,257
Total non current liabilities		115,296	95,230	88,257	115,296	88,257
TOTAL LIABILITIES		194,093	193,451	186,736	150,706	186,736
NET ASSETS	2	975,796	1,051,126	1,067,278	1,087,619	1,128,664
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		975,796	1,051,126	1,067,278	1,087,619	1,128,664
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	975,796	1,051,126	1,067,278	1,087,619	1,128,664

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 9: C7 Monthly Budget Statement Cash Flow

KZN222 uMngeni - Table C7 Monthly Budget Statement - Cash Flow - M09 March										
Description	Ref	2021/22	Budget Year 2022/23							
		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		221,338	215,792	242,805	22,971	196,479	196,104	374	0%	261,971
Service charges		103,706	128,209	138,946	6,330	63,014	84,210	(21,196)	-25%	84,019
Other revenue		12,665	15,506	14,893	2,873	36,693	23,170	13,523	58%	48,924
Transfers and Subsidies - Operational		127,807	124,627	100,453	25,129	110,435	110,435	-		100,453
Transfers and Subsidies - Capital		21,644	28,525	44,653	9,855	49,653	44,653	5,000	11%	44,653
Interest		2,533	15,838	2,877	181	1,185	2,158	(973)	-45%	1,579
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(460,343)	(471,984)	(454,615)	(31,960)	(351,079)	(340,961)	10,118	-3%	(468,105)
Finance charges		(1,208)	(1,874)	(482)	-	(456)	(362)	95	-26%	(609)
Transfers and Grants		(654)	(1,270)	(1,310)	(97)	(703)	(982)	(280)	28%	(937)
NET CASH FROM/(USED) OPERATING ACTIVITIES		27,487	53,369	88,221	35,283	105,220	118,424	13,204	11%	71,948
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	300	-	-	75	(75)	-100%	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(33,893)	(41,603)	(64,383)	(6,379)	(28,177)	(38,287)	(10,110)	26%	(37,569)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(33,893)	(41,603)	(64,083)	(6,379)	(28,177)	(38,212)	(10,035)	26%	(37,569)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	(184)	(184)	(87)	(645)	162	(808)	-498%	-
Payments										
Repayment of borrowing		(2,457)	(3,031)	(9,992)	-	(9,992)	(9,992)	-		(9,992)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,457)	(3,215)	(10,176)	(87)	(10,637)	(9,830)	808	-8%	(9,992)
NET INCREASE/ (DECREASE) IN CASH HELD		(8,862)	8,552	13,963	28,617	66,405	70,382			24,387
Cash/cash equivalents at beginning:		22,484	30,305	30,305		12,835	30,305			12,835
Cash/cash equivalents at month/year end:		13,622	38,856	44,268		79,240	100,687			37,222

Part 2 – Supporting Documentation

1. Debtors Analysis

The gross trade and other receivables amount to R 266,0 million as at 31 March 2023. This is depicted as follows:

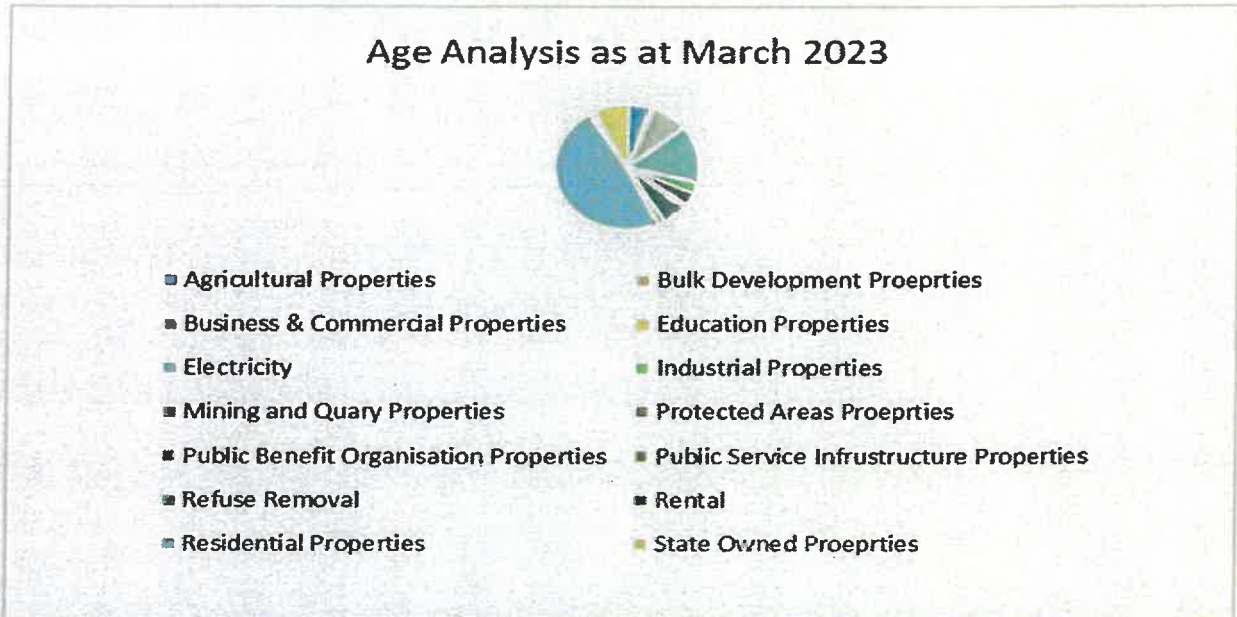
Figure 3: Outstanding Debtors as at 31 March 2023

The table above details the outstanding debt as at 31 December 2022.

	Current	30 days	60 days	90 days	120 days	150 days	Total
Agricultural Properties	1,301,949.86	739,505.17	452,665.77	368,910.66	805,730.50	10,106,259.09	13,775,021.05
Bulk Development Properties	0.00	0.00	0.00	0.00	0.00	1,454,138.21	1,454,138.21
Business & Commercial Properties	2,890,133.55	1,381,412.31	702,573.53	539,979.58	569,782.79	15,600,532.91	21,684,414.67
Education Properties	0.00	0.00	0.00	0.00	0.00	497,354.48	497,354.48
Electricity	5,750,268.58	1,558,575.82	742,361.42	928,675.94	519,430.12	30,042,595.28	39,541,907.16
Industrial Properties	700,353.58	323,594.72	237,696.95	222,090.84	162,573.82	5,888,587.89	7,534,897.80
Mining and Quarry Properties	9,786.41	9,622.50	9,622.50	9,622.50	17,706.84	8,472,638.95	8,528,999.70
Protected Areas Properties	1,603.75	0.00	0.00	0.00	0.00	0.00	1,603.75
Public Benefit Organisation Properties	195,870.29	78,075.10	66,420.65	25,198.63	69,564.62	1,150,401.31	1,585,530.60
Public Service Infrastructure Properties	0.00	0.00	0.00	0.00	0.00	870,878.23	870,878.23
Refuse Removal	988,641.82	577,814.67	491,200.55	471,162.53	481,027.60	11,905,230.99	14,915,078.16
Rental	74,952.58	37,601.61	34,526.08	31,998.78	31,508.91	3,556,974.35	3,767,562.31
Residential Properties	12,567,904.52	4,641,351.48	2,956,787.15	2,487,849.08	2,423,512.21	103,250,792.97	128,328,197.41
State Owned Properties	12,515.80	11,825.79	8,727.60	8,734.76	8,808.53	652,273.28	702,885.76
undry Debtors	68,883.11	25,132.12	1,954,826.33	3,084.56	41,342.78	883,311.10	2,976,580.00
Vacant Land Properties	832,442.93	419,572.83	373,509.47	511,894.37	2,290,690.87	15,426,419.45	19,854,529.92
	25,395,306.78	9,804,084.12	8,030,918.00	5,609,202.23	7,421,679.59	209,758,388.49	266,019,579.21

Debtors per Category	Total	%
Agricultural Properties	13,775,021.05	5%
Bulk Development Properties	1,454,138.21	1%
Business & Commercial Properties	21,684,414.67	8%
Education Properties	497,354.48	0%
Electricity	39,541,907.16	15%
Industrial Properties	7,534,897.80	3%
Mining and Quarry Properties	8,528,999.70	3%
Protected Areas Properties	1,603.75	0%
Public Benefit Organisation Properties	1,585,530.60	1%
Public Service Infrastructure Properties	870,878.23	0%
Refuse Removal	14,915,078.16	6%
Rental	3,767,562.31	1%
Residential Properties	128,328,197.41	48%
State Owned Properties	702,885.76	0%
Sundry Debtors	2,976,580.00	1%
Vacant Land Properties	19,854,529.92	7%
	266,019,579.21	1.00

Table 10: Outstanding debt as at 31 March 2023



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

2. Short-Term Investment Portfolio Analysis

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

Table 10: Short-Term Investments as at 31 March 2023

INVESTMENTS		
Institution	Account Number	Balance Available
Absa - Call Account	9244 6715 85	38,068,154.60
Absa - Call Account	9154 612 908	1,522,165.07
Absa - Fixed Deposit	9312 7571 98	12,378,570.04
Absa - Fixed Deposit	9312 7569 80	295,979.12
First National Bank	6282 1205 425	126,171.99
Absa - Fixed Deposit	2074 952 988	215,021.49
Fnb - Fixed Deposit	7454 7419 339	0.00
Investec Bank-Call Account	1100503504451	0
FNB - Fixed Deposit	7437 2357 316	0.00
Rand Merchant Bank	RU 500475 658	2,890,725.98
Investec Bank-Call Account	1100503504500	5,122,825.90
Investec Bank-Call Account	6302 8283 61	2,701,936.41
First National Bank	6254 7030 875	1,087,685.71
TOTAL INVESTMENT BALANCE		64,409,236.31

QUARTERLY BUDGET AND FINANCIAL REPORT

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.

3. Allocation of grant receipts and expenditure

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

Table 11: Conditional and Unconditional grants

GRANTS REGISTER FOR 2022/2023 FINANCIAL YEAR										
GRANT				EXPECTED RECEIPTS BY DATE	Total Income Received			Expenditure	Balance as at	Percentage %
CONDITIONAL GRANTS	Opening bal as per - AFS	Amount Withheld / not approval	Roll-over approved		(YTD)	DATE	TRANCHES	(YTD)	31 December 2022	Spent (YTD)
MIG										
MIG	R 0.00	R 0.00	R 0.00	R 30,816,000.00	R 30,816,000.00	22/07/2022;	TRI-ANNUAL	R 24,444,667.57	R 6,371,332.43	79%
Finance Management Grant	R 0.00	R 0.00	R 0.00	R 1,720,000.00	R 1,720,000.00	26/08/2022	ANNUAL	R 1,263,427.95	R 456,572.05	73%
Integrated National Electricity Programme Grant	R 0.00	R 0.00	R 0.00	R 18,855,000.00	18,855,000.00	22/07/2022;	ANNUAL	R 2,989,564.39	R 15,865,435.61	16%
Energy Efficiency & Demand-Side Management Grant	R 0.00	R 0.00	R 0.00	R 4,000,000.00	4,000,000.00	03/08/2022	TRI-ANNUAL	R 1,317,232.36	R 2,682,767.64	33%
MAP Synergistic Partnership (Trad Councils)	R 155,295.78	R 0.00	R 0.00	R 0.00	155,295.78		ROLL-OVER	R 3,000.00	R 152,295.78	0%
Expanded Public Works Programme	R 0.00	R 0.00	R 0.00	R 1,400,000.00	1,400,000.00	03/08/2022	TRI-ANNUAL	R 808,670.66	R 591,329.34	58%
Cedara College/Kanya Village RD	R 414,218.54	R 0.00	R 0.00	R 0.00	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 4,437,000.00	4,437,000.00		ANNUAL	R 3,468,695.04	R 968,304.96	78%
Museum Costs	R 0.00	R 0.00	R 0.00	R 235,000.00	235,000.00		ANNUAL	R 235,000.00	R 0.00	100%
Massification	R 135,115.00	R 0.00	R 0.00	R 0.00	135,115.00		ROLL-OVER	R 0.00	R 135,115.00	0%
Schemes Support Programme & Nodal Plans	R 104,050.71	R 0.00	R 0.00	R 0.00	104,050.71		ROLL-OVER	-	R 104,050.71	0%
Maintenance (Sport)	R 11,041.74		R 0.00	R 0.00	11,041.74		ROLL-OVER	-	R 11,041.74	0%
Title deeds restoration programme	R 239,981.92	R 0.00	R 0.00	R 0.00	239,981.92		ANNUAL	-	R 239,981.92	0%
										0%
										0%
										0%
										0%
										0%
										0%
										0%
										0%
										0%
TOTAL BALANCE	R 1,959,703.69	R 0.00	R 0.00	R 61,463,000.00	R 62,522,703.69	R 0.00	R 0.00	R 34,530,257.97	R 27,992,445.72	0%

From the table above the total grants R 27,7 million remains unspent as at-31 March 2023. The reconciliations are checked by the respective Managers responsible for the above Grants and Finance department to ensure that amounts outstanding on projects are accurate.

From the above unspent grants R 27,7 million an amount of R 24,4 million relates to capital grants as follows:

Table 12: Capital Grants Unspent

Capital Grants Not Spent	
Grant	Amount Unspent
Cedara College/Kanya	414,218.54
Energy Efficiency & Demand-Side Management Grant	2,682,767.64
INEP	15,000,000.00
MIG	6,371,332.43
TOTAL	24,468,318.61

4. Councilors Remuneration and employee benefits

The salaries and wages paid for to date are R 106,8 million. The table below summarizes the salaries and wages including Councilor's remuneration:

Table 13: Employee Benefits and Councilors remuneration

Details	Quarter 1	Quarter 2	Quarter 3	Total Employee Related Cost paid to date
Salaries and Wages	18,584,396.97	19,424,042.17	19,138,743.90	57,147,183.04
Contributions to UIF	144,155.14	150,329.23	156,857.68	451,342.05
Contribution to Medical Aid	1,572,167.16	1,584,423.36	1,701,625.80	4,858,216.32
Contribution to Pension	3,587,951.97	3,583,605.81	3,693,704.29	10,865,262.07
Travel allowance	1,401,058.53	1,467,120.20	1,514,362.48	4,382,541.21
Directors Remuneration	1,435,694.88	1,708,434.47	1,433,508.54	4,577,637.89
Housing allowance	96,518.15	95,306.38	97,729.92	289,554.45
Overtime	2,701,021.51	2,785,010.26	2,836,074.67	8,322,106.44
Standby	218,165.68	238,829.81	379,730.53	836,726.02
Cellphone allowance	51,750.00	43,750.00	8,134.00	103,634.00
Annual bonus	1,206,718.25	1,715,245.60	876,891.08	3,798,854.93
Contributions for Retired Staff	347,868.99	301,184.47	335,482.92	984,536.38
Leave Pay	20,909.94	1,156,242.93	466,176.09	1,643,328.96
Long Service Award	197,627.80	106,620.00	121,728.50	425,976.30
Acting Allowance	12,365.90	211,250.90	92,277.59	315,894.39
Bargaining Council	8,956.40	9,997.60	10,584.00	29,538.00
Councillors remuneration	2,705,919.65	2,563,637.67	2,563,637.67	7,833,194.99
TOTAL	34,293,246.92	37,145,030.86	35,427,249.66	106,865,527.44

4. Financial Performance

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

Table 14: Summary of Financial Performance

OPERATING REVENUE STATEMENT FOR THE QUARTER ENDING MARCH 2023											
Descriptions	Annual Budget	YTD Budget	Monthly Total	Q1 YTD Actual	Q2 YTD Actual	Q3 YTD Actual	YTD Actual	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance	Year-to-date Variance %
Rates	240,778,674	180,583,963	19,667,135	59,791,119	59,858,703	60,389,248	180,039,071	100%	47%	(544,912.43)	(0.00)
Service charges - Electricity	132,024,204	99,018,126	8,193,442	27,227,409	21,767,021	22,378,491	71,372,921	72%	19%	(27,645,205.38)	(0.28)
Service charges - Refuse	10,201,582	8,651,197	967,003	2,944,236	2,922,017	2,994,478	8,800,733	102%	2%	149,536.37	2%
Rental	1,299,998	974,997	735,702	249,048	300,636	914,632	1,464,317	150%	0%	489,319.56	50%
Fines	2,831,623	1,673,703	7,598	19,035	1,188,897	30,601	1,238,533	74%	0%	(435,170.27)	(0.26)
Licences	4,177,586	2,533,179	222,440	470,133	982,304	716,756	2,169,192	86%	1%	(363,387.02)	-14%
Grants and subsidies	100,921,407	97,845,703	26,944,473	34,865,480	36,035,749	26,944,473	97,845,703	100%	26%	-	0%
Other revenue	27,035,402	17,526,442	2,164,204	5,439,291	5,154,556	5,967,241	16,561,089	94%	4%	(965,352.90)	-6%
TOTAL REVENUE	519,270,496	408,607,330	58,941,498	131,005,813	128,210,465	120,275,920	379,482,218	93%	100%	-29,315,112	-7%
Employee Related Costs	149,283,232	107,461,382	11,777,361	34,260,439	36,778,946	35,826,143	106,865,527	99.45%	30%	(595,864.56)	(0.01)
Bulk Purchases	160,369,690	120,277,260	7,867,197	50,123,780	29,462,004	25,575,114	105,160,898	87.43%	30%	(15,116,362.44)	-13%
Contracted Services	87,185,226	60,288,762	7,924,484	14,186,143	26,522,605	18,941,654	59,650,402	98.94%	17%	(638,359.58)	-1%
Interest Expense	477,382	358,038	0	456,488	1,370	1,716	459,574	128.36%	0%	101,536.06	20%
General Expenses	71,834,713	40,507,347	3,654,424	11,507,920	11,444,425	12,926,156	35,878,511	88.57%	10%	(4,628,835.83)	-11%
Depreciation	48,649,742	36,487,251	4,766,295	14,953,432	13,648,591	13,346,929	41,948,952	114.97%	12%	5,461,701.07	16%
Transfers and Grants	1,260,000	944,991	252,667	160,250	396,298	450,878	1,007,426	106.61%	0%	62,435.03	7%
TOTAL EXPENDITURE	519,059,985	366,325,041	36,242,428	125,646,452	116,254,238	107,068,601	350,971,291	96%	100%	(15,353,750.25)	-4%
Surplus (Deficit)	210,511	42,482,289	22,699,070	5,357,360	9,956,247	13,207,320	28,520,927	0	0	0	
Capital Transfers	44,652,855	25,761,900	8,226,231	196,605	17,339,064	8,226,231	25,761,900		0.00%	-	
	44,863,366	68,244,189	30,925,301	5,553,965	27,285,310	21,433,551	54,282,827				

The year-to date actual surplus amounts to R 28,5 million excluding capital transfers as of 31 March 2023.

5. Capital Budget Performance

Table 16: Capital Actual Expenditure

Directorate	Department	Amended Budget	Actual Balance exc Shadow	Balance	Project
COMMUNITY SERVICES	Community Services	1,200,000.00	-	1,200,000.00	Transport assets
COMMUNITY SERVICES	Community Services	1,639,000.00	433,069.61	1,205,930.39	Procurement of furniture and office equipment
TECHNICAL SERVICES	Electricity	3,954,500.00	1,145,419.44	2,809,080.56	uMngeni Public Lighting
TECHNICAL SERVICES	Electricity	15,000,000.00	-	15,000,000.00	Substation
TECHNICAL SERVICES	Electricity	1,437,626.00	788,068.12	649,557.88	Electrification Project
EXECUTIVE & COUNCIL	Executive & Council	184,376.00	97,514.91	86,861.09	Procurement of furniture and office equipment
BUDGET & TREASURY	Finance	403,243.00	267,343.09	135,899.91	Procurement of furniture and office equipment
CORPORATE SERVICES	Human Resources	327,831.00	157,036.00	170,795.00	Procurement of furniture and office equipment
CORPORATE SERVICES	Information Technology	500,000.00	-	500,000.00	Procurement of furniture and office equipment
PLANNING & DEVELOPMENT	Planning & Development	729,000.00	40,368.74	688,631.26	Procurement of furniture and office equipment
CORPORATE SERVICES	Public Conveniences	290,000.00	-	290,000.00	Bus Shelters
COMMUNITY SERVICES	Refuse Removal & Landfill site	1,600,000.00	-	1,600,000.00	Weigh Bridge
COMMUNITY SERVICES	Refuse Removal & Landfill site	100,000.00	-	100,000.00	Waste Bins and Skip Holding Area
COMMUNITY SERVICES	Refuse Removal & Landfill site	350,000.00	-	350,000.00	Guard House
TECHNICAL SERVICES	Roads	10,810,000.00	5,040,914.10	5,769,085.90	Rehabilitation of Roads
TECHNICAL SERVICES	Technical Services	25,698,355.00	21,294,985.94	4,403,369.06	Transport assets
TECHNICAL SERVICES	Technical Services	158,694.00	108,924.00	49,770.00	Procurement of furniture and office equipment
	TOTAL	64,382,625.00	29,373,643.95	35,008,981.05	
			46%		

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

As can be seen above, 46% of the Capital budget has been spent over the first nine months of the financial year (excludes VAT). As shown above, Capital Budget is mostly funded by capital Grants (MIG and Energy efficiency and demand). The table above is the approved Capital Listing of all capital projects for 2022/2023 financial year.

6. FINANCIAL RATIOS

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

$$= 106,865,527 / 350,971,291 \times 100$$

$$= 30\%$$

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%.

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

$$= (14,831,148.27 - 27,992,445.72) + 64,409,236.31 / 31,476,132$$

$$= 1:1 \text{ month}$$

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

6.3 Creditors payment period = Trade creditors outstanding / Trade creditors Purchases x 274 days

$$= 8,666,278 / 70,538,748 \times 274 \text{ days}$$

$$= 33 \text{ days}$$

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

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

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

$$= \frac{(242\,013\,764 + 277\,650\,080) - (266\,019\,579 - 14\,175\,000)}{277\,650\,080} \times 100$$

$$= \frac{519\,663\,844 - 251\,844\,578}{277\,650\,080} \times 100$$

$$= \frac{267\,819\,266}{277\,650\,080}$$

$$= 96\%$$

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

6.5 Current Ratio = Current Assets / Current Liabilities

$$= 173,222,751 / 35,409,863$$

$$= 5:1$$

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

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

$$= 59,650,402 / 350,971,290 \times 100$$

$$= 17 \%$$

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

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

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

$$= 88,054,177 - 123,823,548 / 88,054,177 \times 100$$

$$= 41\% \text{ Deficit}$$

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

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

$$= 29,373,643 / 64,382,625 \times 100$$

$$= 46 \%$$

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

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

$$= 350,971,290 / 366,325,041 \times 100$$

$$= 96\%$$

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%.

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

$$= 379,492,218 / 408,807,330 \times 100$$

$$= 93 \%$$

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

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

Conclusion

The financial performance of the municipality for the third quarter has been **unfavorable**. The Municipality had budgeted Revenue to the amount of **R 408,8 million** but actual Revenue earned amounted to **R 379,4 million**. An amount of R 366,3million was estimated to be spent, but actual expenditure amounted to **R 350,9 million**. The overall estimated surplus was **R 42,4 million including** non-cash items, the actual surplus amounted to **R 28,5 million** inclusive of a non-cash item. The target for Quarter three was not met to have a surplus of R42,4 million.

8. Municipal Manager's Quality Certificate

I, Mr Mzingisi Hloba, 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 third quarter of the financial year ending 31 March 2023 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Mr M Hloba

MUNICIPAL MANAGER OF UMNGENI MUNICIPALITY, KZN222

SIGNATURE _____



DATE _____

13/04/2023