

# QUARTERLY BUDGET AND FINANCIAL REPORT

FOURTH QUARTER -2021 / 2022  
FINANCIAL YEAR



UMNGENI  
MUNICIPALITY

# Contents

<b>Part 1</b> .....	2
<b>1. Introduction</b> .....	2
<b>2. Executive Summary</b> .....	2
<b>3. In-Year Budget Tables</b> .....	6
<b>Part 2 – Supporting Documentation</b> .....	12
<b>1. Debtors Analysis</b> .....	13
<b>2. Investment Portfolio Analysis</b> .....	14
<b>3. Allocation and grant receipts and expenditure</b> .....	15
<b>4. Councillor and employee benefits</b> .....	16
<b>5. Financial Performance</b> .....	17
<b>6. Capital Programme Performance</b> .....	18
<b>7. Financial Ratios</b> .....	20
<b>8. Municipal Manager’s Quality Certificate</b> .....	223
Figure 1: Operating income for the Fourth quarter .....	3
Figure 2: Summary of Expenditure for the fourth quarter .....	5
3: Outstanding Debtors as at 30 June 2022 .....	
Table 1: Summary of operating revenue for the period ended 30 June 2022 .....	2
Table 2: Summary of Operating Expenditure for the period ended 30 June 2022 .....	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 30 June 2022 .....	<b>Error! Bookmark not defined.</b>
Table 11: Short-Term Investments as at 30 June 2022 .....	14
Table 12: Outstanding conditional grants .....	15
Table 13: Capital Grants Unspent .....	15
Table 14: Employee Benefits and Councilors remuneration .....	16
Table 15: Summary of Financial Performance .....	17
Table 16: Capital Expenditure .....	<b>Error! Bookmark not defined.</b>

## 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 June 2022 (Fourth quarter).

### 2. Executive Summary

The financial performance of the municipality has been stable over the past twelve months. Budgeted revenue projections were under-achieved by 5%, there are savings realized in the fourth 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 June 2022*

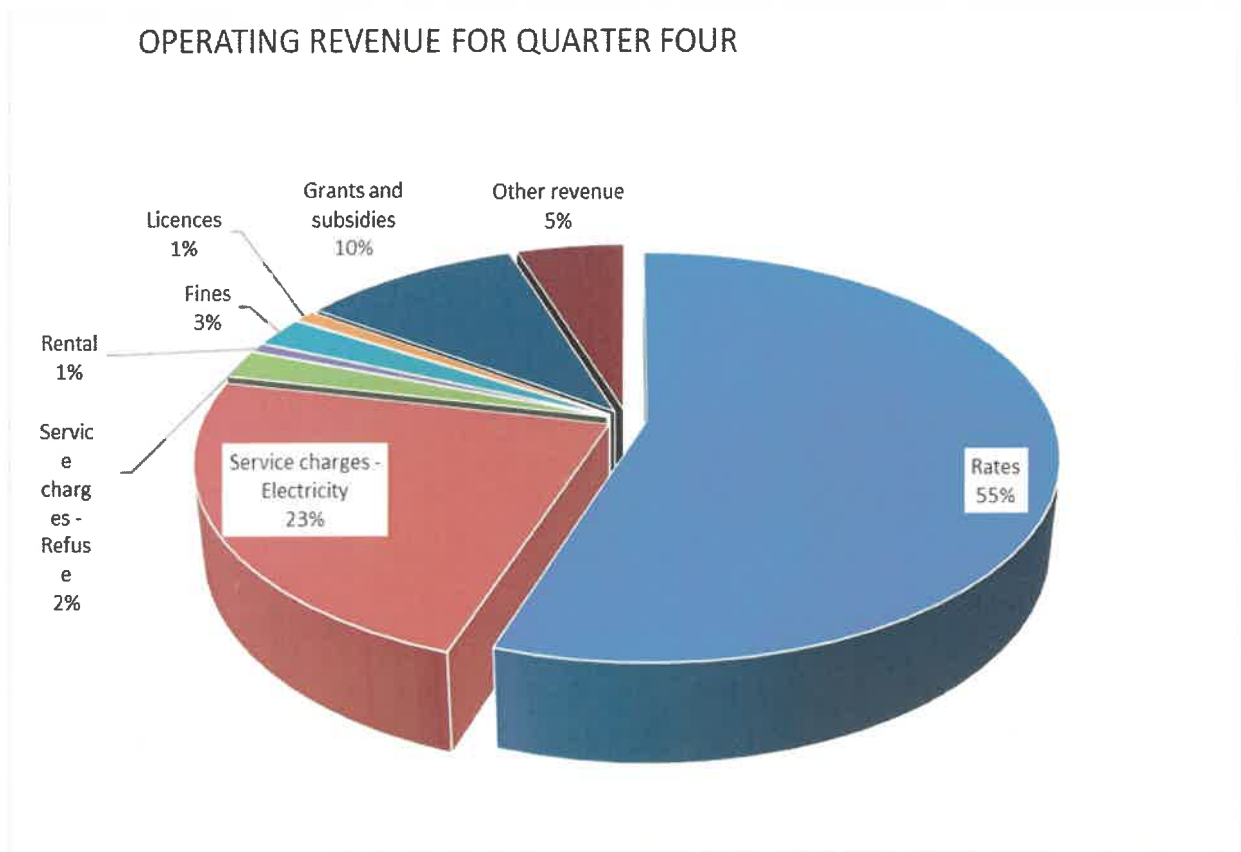
OPERATING REVENUE STATEMENT FOR QUARTER FOUR											
Descriptions	Annual Budget	YTD budget	Q1 Performance	Q2 Performance	Q3 Performance	Q4 Performance	YTD Actual	% of YTD Budget Performance	% of Year To Date Total Revenue	Variance	YTD Variance as a Percentage
Rates	227,640,914	227,640,914	59,220,119	57,168,243	56,619,488	58,662,773	231,670,623	102%	49%	4,029,709.13	2%
Service charges - Electricity	120,832,455	120,832,455	27,333,844	20,686,930	20,375,512	24,736,184	93,132,470	77%	20%	(27,699,984.95)	-23%
Service charges - Refuse	9,246,978	9,246,978	2,362,421	2,360,312	2,253,048	2,382,572	9,358,353	101%	2%	111,375.18	1%
Rental	1,240,456	1,240,456	277,989	327,137	292,854	773,458	1,671,438	135%	0%	430,981.86	35%
Fines	1,444,893	1,444,893	835,700	-796,089	23,315	2,507,733	2,570,659	178%	1%	1,125,766.38	78%
Licences	4,015,974	4,015,974	662,969	960,888	1,064,790	1,002,087	3,690,734	92%	1%	(325,239.77)	-8%
Grants and subsidies	106,944,234	106,944,234	32,904,239	34,839,254	27,138,516	10,805,761	105,687,769	99%	22%	(1,256,465.14)	-1%
Other revenue	27,049,865	27,049,865	4,019,050	5,787,366	10,092,322	5,367,805	25,266,544	93%	5%	(1,783,320.82)	-7%
<b>TOTAL REVENUE</b>	<b>498,415,769</b>	<b>498,415,769</b>	<b>127,616,331</b>	<b>121,334,041</b>	<b>117,859,845</b>	<b>106,238,374</b>	<b>473,048,591</b>	<b>95%</b>	<b>100%</b>	<b>-25,367,178</b>	<b>-5%</b>

The table above summarizes the total revenue for the fourth quarter. This revenue excludes income from the transfer of capital grants. As can be seen above, 95 % of the projected year-to-date budget was achieved at the end of June 2022. There is an overall negative variance of 5 %.

Council should note that underperformance by 20 % on electricity service charges is due to 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 June 2022



Rates income comprises 55% of the total income of the municipality, Grants and Subsidies are 10% of the total income. Service Charges – Electricity comprises 23 %, Service Charges – Refuse comprises of 2% and other revenue comprises 5 % of the total income of the municipality for the fourth quarter.

QUARTERLY BUDGET AND FINANCIAL REPORT

**Expenditure**

Table 2: Summary of Operating Expenditure for the period ended 30 June 2022

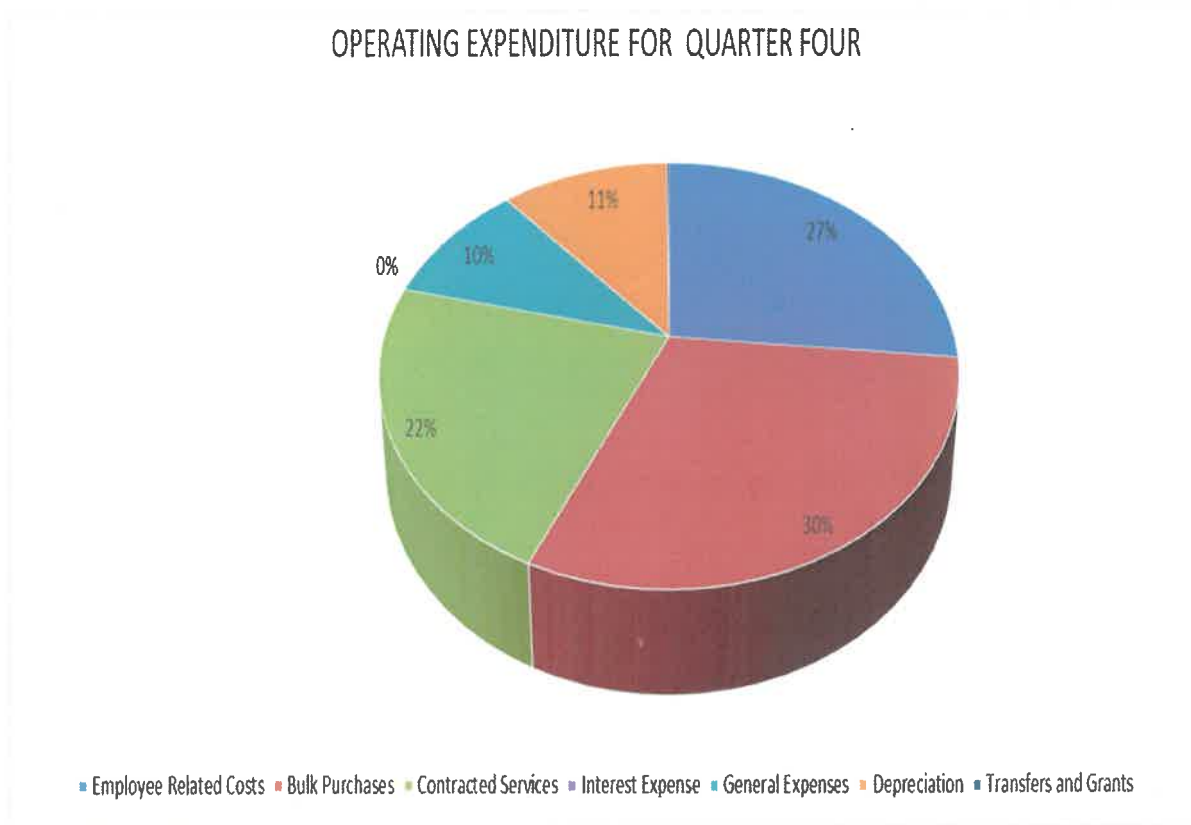
OPERATING PAYMENT STATEMENT FOR QUARTER FOUR											
Descriptions	Annual Budget	YTD budget	Q1 Performance	Q2 Performance	Q3 Performance	Q4 Performance	YTD Actual	% of YTD Budget Performance	% of Year To Date Total Revenue	Variance	YTD Variance as a Percentage
Employee Related Costs	135,690,880	135,690,880	31,861,644	32,947,487	32,451,834	33,656,270	130,917,235.68	96%	27%	4,773,644	4%
Bulk Purchases	149,222,742	149,222,742	50,982,353	32,614,692	26,912,894	38,092,175	148,602,114.47	100%	31%	620,628	0%
Contracted Services	101,829,303	101,829,303	15,109,840	25,183,609	29,088,218	28,080,842	97,462,509.03	96%	20%	4,366,794	4%
Interest Expense	2,288,122	2,288,122	663,195	12	608,454	161	1,271,821.91	56%	0%	1,016,300	44%
General Expenses	63,450,789	63,450,789	10,880,203	11,410,851	10,410,730	12,471,670	45,173,454.78	71%	9%	18,277,334	29%
Depreciation	45,066,568	45,066,568	18,888,535	15,890,249	6,776,090	14,046,555	55,601,428.17	0%	12%	-10,534,860	-23%
Transfers and Grants	694,165	694,165	90,000	204,400	150,550	208,950	653,900.00	94%	0%	40,265	6%
<b>TOTAL EXPENDITURE</b>	<b>498,242,569</b>	<b>498,242,569</b>	<b>128,475,770</b>	<b>118,251,301</b>	<b>106,398,771</b>	<b>126,556,623</b>	<b>479,682,464</b>	<b>133%</b>	<b>100%</b>	<b>18,560,105</b>	<b>4%</b>

For the quarter ended 30 June 2022, the municipality had incurred operational expenditure of R 479 682 million of this amount spent, R 148,602 million relates to bulk purchases, Employee Related Costs have costed R 130,9 million for twelve months. The above reflects total under - spending by R 18,560 million however there is a negative variance of R 10,5 million for depreciation due to under - budgeting for non-cash items.

Council should note the positive variance or savings on Contracted Services of R 4, 3 million which is due to the cost containment measures in place that yielded some positive results in some line items.

**The Municipality has underperformed by 4% total expenditure which resulted in the overall performance being favorable.**

Diagrammatically, the expenditure for the year is shown below:



*Figure 2: Summary of Expenditure for the year*

As can be seen above, the salaries represents 27%, bulk purchases 30%, depreciation 11%, contracted services 22%, 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 - M12 June									
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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	219,869	225,141	227,641	20,753	231,671	227,641	4,030	2%	231,671
Service charges	91,305	128,759	130,079	10,847	102,491	130,079	(27,589)	-21%	102,491
Investment revenue	2,896	1,988	1,701	224	1,535	1,701	(166)	-10%	1,535
Transfers and subsidies	99,957	107,019	106,944	10,806	105,688	106,944	(1,256)	-1%	105,688
Other own revenue	25,868	25,469	32,050	5,062	31,664	32,050	(386)	-1%	31,664
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>439,895</b>	<b>488,376</b>	<b>498,416</b>	<b>47,692</b>	<b>473,049</b>	<b>498,416</b>	<b>(25,367)</b>	<b>-5%</b>	<b>473,049</b>
Employee costs	125,190	125,605	125,443	10,835	121,298	125,443	(4,145)	-3%	121,298
Remuneration of Councillors	9,330	10,111	10,248	841	9,619	10,248	(629)	-6%	9,619
Depreciation & asset impairment	56,792	41,046	45,067	4,780	55,601	45,067	10,535	23%	55,601
Finance charges	7,139	2,799	2,288	0	1,272	2,288	(1,016)	-44%	1,272
Materials and bulk purchases	129,445	146,605	150,897	16,395	149,973	150,897	(925)	-1%	149,973
Transfers and subsidies	573	585	694	134	654	694	(40)	-6%	654
Other expenditure	191,883	161,505	163,605	19,305	141,265	163,605	(22,340)	-14%	141,265
<b>Total Expenditure</b>	<b>520,352</b>	<b>488,256</b>	<b>498,243</b>	<b>52,290</b>	<b>479,682</b>	<b>498,243</b>	<b>(18,560)</b>	<b>-4%</b>	<b>479,682</b>
<b>Surplus/(Deficit)</b>	<b>(80,457)</b>	<b>120</b>	<b>173</b>	<b>(4,597)</b>	<b>(6,634)</b>	<b>173</b>	<b>(6,807)</b>	<b>-3930%</b>	<b>(6,634)</b>
Transfers and subsidies - capital (monetary allocation)	31,183	20,524	21,644	4,528	20,966	21,644	(677)	-3%	20,966
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(49,274)</b>	<b>20,644</b>	<b>21,817</b>	<b>(69)</b>	<b>14,332</b>	<b>21,817</b>	<b>(7,485)</b>	<b>-34%</b>	<b>14,332</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(49,274)</b>	<b>20,644</b>	<b>21,817</b>	<b>(69)</b>	<b>14,332</b>	<b>21,817</b>	<b>(7,485)</b>	<b>-34%</b>	<b>14,332</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>40,883</b>	<b>29,048</b>	<b>37,653</b>	<b>9,934</b>	<b>25,756</b>	<b>37,653</b>	<b>(11,898)</b>	<b>-32%</b>	<b>37,653</b>
Capital transfers recognised	29,130	20,524	21,644	4,528	21,644	21,644	-	-	21,644
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	11,753	8,524	16,010	5,406	4,112	16,010	(11,898)	-74%	16,010
<b>Total sources of capital funds</b>	<b>40,883</b>	<b>29,048</b>	<b>37,653</b>	<b>9,934</b>	<b>25,756</b>	<b>37,653</b>	<b>(11,898)</b>	<b>-32%</b>	<b>37,653</b>
<b>Financial position</b>									
Total current assets	84,689	173,388	116,418		109,215				116,418
Total non current assets	1,108,373	1,181,484	1,100,960		1,078,554				1,100,960
Total current liabilities	86,886	154,786	95,733		67,464				95,733
Total non current liabilities	105,590	43,597	99,230		105,590				99,230
<b>Community wealth/Equity</b>	<b>1,000,586</b>	<b>1,156,488</b>	<b>1,022,414</b>		<b>1,014,714</b>				<b>1,022,414</b>
<b>Cash flows</b>									
Net cash from (used) operating	35,341	43,045	44,596	(33,807)	21,192	34,596	13,404	39%	21,192
Net cash from (used) investing	(41,690)	(32,867)	(34,767)	(8,313)	(29,095)	(37,653)	(8,559)	23%	(29,095)
Net cash from (used) financing	(3,720)	66,171	1,876	(120)	(1,293)	-	1,293	#DIV/0!	(1,293)
<b>Cash/cash equivalents at the month/year end</b>	<b>22,030</b>	<b>108,448</b>	<b>43,804</b>	<b>-</b>	<b>12,835</b>	<b>29,042</b>	<b>16,206</b>	<b>56%</b>	<b>12,835</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	25,756	5,553	4,417	4,288	6,217	3,623	18,679	152,006	220,539
<b>Creditors Age Analysis</b>									
Total Creditors	-	-	-	-	-	-	-	23	23

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) - M12 June										
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
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		302,581	302,301	311,383	23,445	316,864	311,383	5,480	2%	318,798
Executive and council		55,900	58,421	58,421	47	58,179	58,421	(242)	0%	58,179
Finance and administration		246,681	243,880	252,963	23,399	258,685	252,963	5,722	2%	260,619
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10,245	5,161	7,488	3,507	8,357	7,488	870	12%	8,357
Community and social services		7,571	4,786	4,852	59	4,848	4,852	(4)	0%	4,848
Sport and recreation		0	2	0	-	1	0	1	270%	1
Public safety		2,673	121	1,443	2,496	2,557	1,443	1,113	77%	2,557
Housing		-	251	1,192	952	952	1,192	(240)	-20%	952
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		41,431	34,748	33,223	6,830	28,432	33,223	(4,791)	-14%	28,432
Planning and development		2,447	4,956	5,084	408	2,203	5,084	(2,880)	-57%	2,203
Road transport		38,984	29,792	28,139	6,422	26,229	28,139	(1,910)	-7%	26,229
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		116,816	166,622	167,943	18,439	140,354	167,943	(27,589)	-16%	140,354
Energy sources		100,873	149,623	150,170	17,641	122,470	150,170	(27,700)	-18%	122,470
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		15,943	16,999	17,773	798	17,884	17,773	111	1%	17,884
<i>Other</i>	4	4	69	23	-	7	23	(15)	-67%	7
<b>Total Revenue - Functional</b>	<b>2</b>	<b>471,078</b>	<b>508,900</b>	<b>520,059</b>	<b>52,221</b>	<b>494,015</b>	<b>520,059</b>	<b>(26,045)</b>	<b>-5%</b>	<b>495,949</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		259,211	199,125	204,027	17,638	198,813	204,027	(5,214)	-3%	198,812
Executive and council		44,334	40,084	45,130	4,263	43,218	45,130	(1,911)	-4%	43,218
Finance and administration		212,847	156,756	156,612	13,208	153,379	156,612	(3,233)	-2%	153,379
Internal audit		2,030	2,285	2,285	167	2,215	2,285	(70)	-3%	2,215
<i>Community and public safety</i>		33,668	38,287	38,005	3,714	35,911	38,005	(2,094)	-6%	35,911
Community and social services		12,433	13,011	12,856	850	12,004	12,856	(852)	-7%	12,004
Sport and recreation		9,114	11,273	8,908	900	8,611	8,908	(298)	-3%	8,611
Public safety		10,886	12,398	13,719	1,862	13,168	13,719	(551)	-4%	13,168
Housing		1,234	1,606	2,522	102	2,129	2,522	(393)	-16%	2,129
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		27,055	38,971	33,893	4,739	33,955	33,893	61	0%	33,955
Planning and development		11,341	15,117	11,944	1,242	11,657	11,944	(287)	-2%	11,657
Road transport		15,714	23,854	21,949	3,497	22,298	21,949	348	2%	22,298
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		200,058	211,375	221,864	26,168	210,552	221,864	(11,313)	-5%	210,552
Energy sources		166,311	184,957	191,877	23,321	187,482	191,877	(4,395)	-2%	187,482
Water management		-	-	-	-	-	-	-	-	-
Waste water management		3,306	3,857	3,022	335	2,905	3,022	(117)	-4%	2,905
Waste management		30,440	22,560	26,966	2,511	20,165	26,966	(6,801)	-25%	20,165
<i>Other</i>		360	499	452	30	452	452	(1)	0%	452
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>520,352</b>	<b>488,256</b>	<b>498,243</b>	<b>52,290</b>	<b>479,682</b>	<b>498,243</b>	<b>(18,560)</b>	<b>-4%</b>	<b>479,682</b>
<b>Surplus/ (Deficit) for the year</b>		<b>(49,274)</b>	<b>20,644</b>	<b>21,817</b>	<b>(69)</b>	<b>14,332</b>	<b>21,817</b>	<b>(7,485)</b>	<b>-34%</b>	<b>16,266</b>



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) - M12 June										
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
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council		290,148	295,464	304,548	22,034	309,226	304,548	4,678	1.5%	309,226
Vote 2 - Finance		5,854	4,607	4,581	655	4,619	4,581	37	0.8%	4,619
Vote 3 - Corporate Services		5,407	1,321	1,417	348	1,856	1,417	439	31.0%	1,856
Vote 4 - Planning Services		2,701	5,277	6,298	1,422	3,501	6,298	(2,798)	-44.4%	3,501
Vote 5 - Community Services		29,613	27,483	27,919	3,637	28,807	27,919	888	3.2%	28,807
Vote 6 - Technical Services		137,356	174,749	175,296	24,124	146,006	175,296	(29,290)	-16.7%	147,940
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>471,078</b>	<b>508,900</b>	<b>520,059</b>	<b>52,221</b>	<b>494,015</b>	<b>520,059</b>	<b>(26,045)</b>	<b>-5.0%</b>	<b>495,949</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Executive and Council		106,227	60,146	54,474	4,430	45,434	54,474	(9,040)	-16.6%	45,434
Vote 2 - Finance		87,247	73,666	82,125	6,932	90,088	82,125	7,963	9.7%	90,088
Vote 3 - Corporate Services		49,383	46,432	49,338	4,903	46,899	49,338	(2,439)	-4.9%	46,899
Vote 4 - Planning Services		12,910	17,221	14,919	1,374	14,238	14,919	(681)	-4.6%	14,238
Vote 5 - Community Services		69,787	62,202	68,108	6,482	57,885	68,108	(10,223)	-15.0%	57,885
Vote 6 - Technical Services		194,798	228,590	229,278	28,169	225,139	229,278	(4,140)	-1.8%	225,139
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>520,352</b>	<b>488,256</b>	<b>498,243</b>	<b>52,290</b>	<b>479,682</b>	<b>498,243</b>	<b>(18,560)</b>	<b>-3.7%</b>	<b>479,682</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(49,274)</b>	<b>20,644</b>	<b>21,817</b>	<b>(69)</b>	<b>14,332</b>	<b>21,817</b>	<b>(7,485)</b>	<b>-34.3%</b>	<b>16,266</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

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

KZN222 uMngeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June										
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
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		219,869	225,141	227,641	20,753	231,671	227,641	4,030	2%	231,671
Service charges - electricity revenue		83,433	120,286	120,832	10,049	93,132	120,832	(27,700)	-23%	93,132
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		7,872	8,473	9,247	798	9,358	9,247	111	1%	9,358
Rental of facilities and equipment		1,278	1,069	1,240	348	1,671	1,240	431	35%	1,671
Interest earned - external investments		2,896	1,988	1,701	224	1,535	1,701	(166)	-10%	1,535
Interest earned - outstanding debtors		14,378	11,902	18,486	1,232	19,364	18,486	878	5%	19,364
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2,675	129	1,445	2,498	2,571	1,445	1,126	78%	2,571
Licences and permits		3,515	5,673	4,016	305	3,691	4,016	(325)	-8%	3,691
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		99,957	107,019	106,944	10,806	105,688	106,944	(1,256)	-1%	106,944
Other revenue		4,022	6,695	6,863	678	4,367	6,863	(2,496)	-36%	4,367
Gains		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>439,895</b>	<b>488,376</b>	<b>498,416</b>	<b>47,692</b>	<b>473,049</b>	<b>498,416</b>	<b>(25,367)</b>	<b>-5%</b>	<b>474,305</b>
<b>Expenditure By Type</b>										
Employee related costs		125,190	125,605	125,443	10,835	121,298	125,443	(4,145)	-3%	121,298
Remuneration of councillors		9,330	10,111	10,248	841	9,619	10,248	(629)	-6%	9,619
Debt impairment		73,382	18,581	8,620	-	-	8,620	(8,620)	-100%	-
Depreciation & asset impairment		56,792	41,046	45,067	4,780	55,601	45,067	10,535	23%	55,601
Finance charges		7,139	2,799	2,288	0	1,272	2,288	(1,016)	-44%	1,272
Bulk purchases - electricity		127,757	145,583	149,223	16,325	148,602	149,223	(621)	0%	148,602
Inventory consumed		1,688	1,022	1,675	70	1,370	1,675	(304)	-18%	1,370
Contracted services		71,802	93,603	101,829	14,248	97,463	101,829	(4,367)	-4%	97,463
Transfers and subsidies		573	585	694	134	654	694	(40)	-6%	654
Other expenditure		46,699	49,321	53,156	5,057	43,803	53,156	(9,353)	-18%	43,803
Losses		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>520,352</b>	<b>488,256</b>	<b>498,243</b>	<b>52,290</b>	<b>479,682</b>	<b>498,243</b>	<b>(18,560)</b>	<b>-4%</b>	<b>479,682</b>
<b>Surplus/(Deficit)</b>		<b>(80,457)</b>	<b>120</b>	<b>173</b>	<b>(4,597)</b>	<b>(6,634)</b>	<b>173</b>	<b>(6,807)</b>	<b>(0)</b>	<b>(5,377)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		31,183	20,524	21,644	4,528	20,966	21,644	(677)	(0)	21,644
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)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(49,274)</b>	<b>20,644</b>	<b>21,817</b>	<b>(69)</b>	<b>14,332</b>	<b>21,817</b>			<b>16,266</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(49,274)</b>	<b>20,644</b>	<b>21,817</b>	<b>(69)</b>	<b>14,332</b>	<b>21,817</b>			<b>16,266</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(49,274)</b>	<b>20,644</b>	<b>21,817</b>	<b>(69)</b>	<b>14,332</b>	<b>21,817</b>			<b>16,266</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(49,274)</b>	<b>20,644</b>	<b>21,817</b>	<b>(69)</b>	<b>14,332</b>	<b>21,817</b>			<b>16,266</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 7: C5 Monthly Budget Statement Capital Expenditure

<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		2,207	1,026	1,626	138	1,131	1,626	(495)	-30%	1,626
Executive and council		-	247	847	47	48	847	(799)	-94%	847
Finance and administration		2,207	780	780	91	1,083	780	303	39%	780
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		21,511	4,435	7,843	2,875	3,017	7,843	(4,826)	-62%	7,843
Community and social services		7,656	435	3,306	2,640	2,783	3,306	(523)	-16%	3,306
Sport and recreation		13,856	-	4,537	234	234	4,537	(4,303)	-95%	4,537
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	4,000	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		16,250	18,542	23,775	4,233	17,929	23,775	(5,846)	-25%	23,775
Planning and development		-	199	199	24	50	199	(149)	-75%	199
Road transport		16,250	18,343	23,576	4,210	17,879	23,576	(5,698)	-24%	23,576
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		914	5,045	4,409	2,689	3,679	4,409	(730)	-17%	4,409
Energy sources		914	1,094	1,094	937	937	1,094	(157)	-14%	1,094
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	3,951	3,315	1,752	2,742	3,315	(572)	-17%	3,315
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	40,883	29,048	37,653	9,934	25,756	37,653	(11,898)	-32%	37,653
<b>Funded by:</b>										
National Government		29,130	20,524	21,644	9,346	21,644	21,644	-	-	21,644
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		29,130	20,524	21,644	9,346	21,644	21,644	-	-	21,644
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		11,753	8,524	16,010	588	4,112	16,010	(11,898)	-74%	16,010
<b>Total Capital Funding</b>		40,883	29,048	37,653	9,934	25,756	37,653	(11,898)	-32%	37,653

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 8: C6 Monthly Budget Statement Financial Position

KZN222 uMngeni - Table C6 Monthly Budget Statement - Financial Position - M12 June						
Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		10,873	16,563	13,780	3,838	13,780
Call investment deposits		11,611	24,657	12,760	8,997	12,760
Consumer debtors		49,558	120,029	77,125	80,901	77,125
Other debtors		12,647	12,153	12,753	15,478	12,753
Current portion of long-term receivables		-	(15)	-	-	-
Inventory		-	-	(0)	-	(0)
<b>Total current assets</b>		<b>84,689</b>	<b>173,388</b>	<b>116,418</b>	<b>109,215</b>	<b>116,418</b>
<b>Non current assets</b>						
Long-term receivables		5,718	3,818	5,718	5,718	5,718
Investments		-	-	-	-	-
Investment property		57,654	51,480	57,334	58,809	57,334
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1,039,602	1,120,674	1,032,509	1,008,628	1,032,509
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		-	7	-	-	-
Other non-current assets		5,398	5,506	5,398	5,398	5,398
<b>Total non current assets</b>		<b>1,108,373</b>	<b>1,181,484</b>	<b>1,100,960</b>	<b>1,078,554</b>	<b>1,100,960</b>
<b>TOTAL ASSETS</b>		<b>1,193,062</b>	<b>1,354,872</b>	<b>1,217,378</b>	<b>1,187,769</b>	<b>1,217,378</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		4,181	1,524	1,294	1,724	1,294
Consumer deposits		4,763	4,634	4,763	4,762	4,763
Trade and other payables		63,952	87,660	62,504	47,180	62,504
Provisions		13,990	60,968	27,172	13,799	27,172
<b>Total current liabilities</b>		<b>86,886</b>	<b>154,786</b>	<b>95,733</b>	<b>67,464</b>	<b>95,733</b>
<b>Non current liabilities</b>						
Borrowing		10,973	17,434	10,973	10,973	10,973
Provisions		94,617	26,163	88,257	94,617	88,257
<b>Total non current liabilities</b>		<b>105,590</b>	<b>43,597</b>	<b>99,230</b>	<b>105,590</b>	<b>99,230</b>
<b>TOTAL LIABILITIES</b>		<b>192,476</b>	<b>198,384</b>	<b>194,964</b>	<b>173,054</b>	<b>194,964</b>
<b>NET ASSETS</b>	2	<b>1,000,586</b>	<b>1,156,488</b>	<b>1,022,414</b>	<b>1,014,714</b>	<b>1,022,414</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		1,000,586	1,156,488	1,022,414	1,014,714	1,022,414
Reserves		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>1,000,586</b>	<b>1,156,488</b>	<b>1,022,414</b>	<b>1,014,714</b>	<b>1,022,414</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 9: C7 Monthly Budget Statement Cash Flow

KZN222 uMngeni - Table C7 Monthly Budget Statement - Cash Flow - M12 June

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
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		236,390	195,873	204,877	19,589	255,454	204,877	50,577	25%	255,454
Service charges		81,904	112,669	117,071	6,083	83,123	117,071	(33,949)	-29%	83,123
Other revenue		34,305	14,935	14,826	3,902	34,296	14,826	19,470	131%	34,296
Government - operating		95,390	107,497	106,076	-	103,630	106,076	(2,446)	-2%	103,630
Government - capital		21,764	20,524	21,644	-	24,432	21,644	2,789	13%	24,432
Interest		1,411	14,332	18,338	224	1,495	18,338	(16,843)	-92%	1,495
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(433,094)	(419,401)	(435,863)	(63,575)	(479,620)	(435,863)	43,757	-10%	(479,620)
Finance charges		(2,339)	(2,799)	(1,788)	-	(1,258)	(1,788)	(530)	30%	(1,258)
Transfers and Grants		(390)	(585)	(585)	(30)	(360)	(585)	(225)	39%	(360)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>35,341</b>	<b>43,045</b>	<b>44,596</b>	<b>(33,807)</b>	<b>21,192</b>	<b>44,596</b>	<b>23,404</b>	<b>52%</b>	<b>21,192</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) other non-current receivables		125	(3,818)	(5,718)	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(41,814)	(29,048)	(29,048)	(8,313)	(29,095)	(37,653)	(8,559)	23%	(29,095)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(41,690)</b>	<b>(32,867)</b>	<b>(34,767)</b>	<b>(8,313)</b>	<b>(29,095)</b>	<b>(37,653)</b>	<b>(8,559)</b>	<b>23%</b>	<b>(29,095)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	64,424	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	4,634	4,763	(120)	(1,293)	-	(1,293)	0%	(1,293)
<b>Payments</b>										
Repayment of borrowing		(3,720)	(2,887)	(2,887)	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(3,720)</b>	<b>66,171</b>	<b>1,876</b>	<b>(120)</b>	<b>(1,293)</b>	<b>-</b>	<b>1,293</b>	<b>0%</b>	<b>(1,293)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(10,069)</b>	<b>76,349</b>	<b>11,705</b>	<b>(42,240)</b>	<b>(9,195)</b>	<b>6,943</b>			<b>(9,195)</b>
Cash/cash equivalents at beginning:		32,099	32,099	32,099		22,030	32,099			22,030
Cash/cash equivalents at month/year end:		22,030	108,448	43,804		12,835	39,042			12,835

Part 2 – Supporting Documentation

1. Debtors Analysis

The gross trade and other receivables amount to R 242,634,605 as at 30 June 2022. This is depicted as follows:

Figure 3: Outstanding Debtors as at 30 June 2022

The table above details the outstanding debt as at 30 June 2022.

Detail	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total	% Total Debtors
Rates	34,356,185	4,113,845	3,248,044	3,233,929	4,656,477	2,449,073	12,632,161	82,350,961	147,040,674	61%
Refuse Removal	1,187,455	306,244	310,103	266,939	259,787	245,899	1,252,854	5,307,774	9,137,055	4%
Electricity	8,717,291	961,998	664,198	531,858	686,023	564,989	2,440,706	16,117,216	30,684,277	13%
Property Rental Debtors	94,236	33,551	29,361	27,916	26,393	26,363	169,508	1,146,914	1,554,243	1%
Sundry Debtors	3,360,853	136,933	165,594	227,739	588,694	336,337	2,183,710	47,218,496	54,218,357	22%
<b>Total</b>	<b>47,716,021</b>	<b>5,552,571</b>	<b>4,417,299</b>	<b>4,288,380</b>	<b>6,217,374</b>	<b>3,622,662</b>	<b>18,678,938</b>	<b>152,141,361</b>	<b>242,634,605</b>	<b>100%</b>

Rates and Services	Total	Percentage %
Electricity	36,620,469.96	15%
Industrial Properties	13,976,845.01	6%
Business and Commercial Properties	14,588,472.89	6%
Rural Agricultural Properties	7,400,190.39	3%
Rural Commercial Properties	9,932,778.36	4%
Rural Residential Properties	14,577,744.81	6%
Mining and Quarry Properties	485,721.67	0%
Vacant Land Properties	706.63	0%
Bulk Development Properties	789,865.67	0%
Public Service Infrastructure Properties	2,006,431.47	1%
State Own Properties	2,642,628.88	1%
Residential Properties	115,707,953.77	48%
Public Benefit Organisation Properties	8,576,454.58	4%
Refuse Removal	11,045,831.35	5%
Rental	3,347,787.00	1%
Sundry Debtors	934,723.14	0%
<b>Total</b>	<b>242,634,605.58</b>	<b>100%</b>

Table 10: Outstanding debt as at 30 June 2022



Above is the Pie chart for Outstanding Debtors as at 30 June 2022

## 2. Short-Term Investment Portfolio Analysis

The Short- term investments of the municipality as at 30 June 2022, were as follows:

Table 10: Short-Term Investments as at 30 June 2022

<b>INVESTMENTS</b>		
<b>Institution</b>	<b>Account Number</b>	<b>Balance Available</b>
Absa - Call Account	9244 6715 85	40,099.00
Absa - Call Account	9154 612 908	121,591.02
Absa - Fixed Deposit	9312 7571 98	897,976.80
Absa - Fixed Deposit	9312 7569 80	285,019.56
First National Bank	6282 1205 425	90,723.37
Absa - Fixed Deposit	2074 952 988	210,271.85
Fnb - Fixed Deposit	7454 7419 339	2,343,007.80
Investec Bank-Call Account	1100503504451	0
FNB - Fixed Deposit	7437 2357 316	245,167.39
Rand Merchant Bank	RU 500475 658	2,764,355.47
Investec Bank-Call Account	1100503504500	0.00
Investec Bank-Call Account	110050350452	1,948,580.58
First National Bank	6254 7030 875	50,634.99
<b>TOTAL INVESTMENT BALANCE</b>		<b>8,997,427.83</b>

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 June 2022 are as follows:

Table 11: Conditional and Unconditional grants

GRANTS REGISTER FOR 2021/2022 FINANCIAL YEAR										
GRANT	Opening bal as per	Amount Withheld/ not approval	Roll-over approved	Expected income as	Total Income Received	DATE	TRANCHES	Expenditure	Balance as at	Percentage %
	AFS			per DORA				(YTD)	(YTD)	
<b>CONDITIONAL GRANTS</b>										
MIG	R 0.00	R 0.00	R 0.00	R 24,146,000.00	R 24,146,000.00	R 24,146,000.00	16/07/2020; 23/	R 24,146,000.00	R 0.00	100%
Finance Management Grant	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	R 1,720,000.00	R 0.00	100%
Integrated National Electricity Programme Grant	R 0.00	R 0.00	R 0.00	R 18,486,000.00	18,486,000.00	R 18,486,000.00	23/07/2020	R 18,486,000.00	R 0.00	100%
MAP Synergistic Partnership (Trad Councils)	R 159,795.78	R 0.00	R 0.00	R 0.00	159,795.78	R 159,795.78		R 0.00	R 159,795.78	0%
Expanded Public Works Programme	R 0.00	R 0.00	R 0.00	R 980,000.00	980,000.00	R 980,000.00	03/08/2021	R 980,000.00	R 0.00	100%
Cedara College/Kanya Village RD	R 414,218.54	R 0.00	R 0.00	R 0.00	414,218.54	R 414,218.54		R 0.00	R 414,218.54	0%
Library Grant	R 0.00	R 0.00	R 0.00	R 0.00	4,226,000.00	R 4,226,000.00		R 4,226,000.00	R 0.00	0%
Museum Costs	R 0.00	R 0.00	R 0.00	R 0.00	225,000.00	R 225,000.00		R 225,000.00	R 0.00	0%
Massification	R 135,115.00	R 0.00	R 0.00	R 0.00	135,115.00	R 135,115.00		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	R 104,050.71		R 0.00	R 104,050.71	0%
Housing Grant: Title Deeds	R 0.00	R 0.00	R 0.00	R 0.00	11,041.74	R 11,041.74		-	R 11,041.74	0%
Maintenance (Sport)	R 11,041.74		R 0.00	R 0.00	1,191,836.92	R 1,191,836.92		951,855.00	R 239,981.92	0%
Title deeds restoration programme	R 1,191,836.92	R 0.00	R 0.00					-	R 0.00	0%
									R 0.00	0%
<b>UNCONDITIONAL GRANTS</b>										
Equitable Share	R 0.00	R 0.00	R 0.00	R 77,509,000.00	77,509,000.00	R 77,509,000.00	06/07/20	R 77,509,000.00	R 0.00	100%
										0%
<b>TOTAL BALANCE</b>	<b>R 2,016,058.69</b>	<b>R 0.00</b>	<b>R 0.00</b>	<b>R 122,841,000.00</b>	<b>R 129,308,058.69</b>	<b>R 129,308,058.69</b>	<b>R 0.00</b>	<b>R 128,243,855.00</b>	<b>R 1,064,203.69</b>	<b>99%</b>

From the table above roll-over grants R 1,064,203 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 1,064,203 that is unspent R 414,218 relates to capital grants as follows:

Table 12: Capital Grants Unspent

Capital Grants Not Spent Grant	Amount Unspent
Cedara College/Kanya	414,218.54
MIG	-
<b>TOTAL</b>	<b>414,218.54</b>



#### 4. Councilors Remuneration and employee benefits

The salaries and wages paid for to date are R 131,496,736. The table below summarizes the salaries and wages including Councilors remuneration:

Table 13: Employee Benefits and Councilors remuneration

Details	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Employee Related Cost paid to date
Salaries and Wages	17,660,911.08	16,953,692.66	18,235,766.28	17,989,828.97	70,840,198.99
Contributions to UIF	139,415.08	133,605.85	144,515.96	148,272.90	565,809.79
Contribution to Medical Aid	1,463,066.94	1,443,079.68	1,501,052.28	1,544,421.84	5,951,620.74
Contribution to Pension	3,166,681.10	3,640,575.79	2,646,699.87	3,426,018.47	12,879,975.23
Travel allowance	1,229,152.36	1,218,604.20	1,227,666.08	1,262,558.85	4,937,981.49
Directors Remuneration	1,487,435.31	1,487,668.13	1,966,232.86	1,435,694.88	6,377,031.18
Housing allowance	97,286.49	100,180.02	97,851.00	92,828.45	388,145.96
Overtime	1,189,581.05	1,875,384.17	2,423,694.39	3,009,955.78	8,498,615.39
Standby	150,056.91	141,299.33	313,504.20	199,651.97	804,512.41
Cellphone allowance	103,990.00	102,750.00	95,558.00	91,750.00	394,048.00
Annual bonus	1,194,921.04	1,573,124.01	789,874.82	1,778,626.30	5,336,546.17
Own Transport	71,731.86	40,280.56	46,056.89	93,701.00	251,770.31
Contributions for Retired Staff	370,969.75	290,042.09	341,397.99	346,357.59	1,348,767.42
Leave Pay	476,834.79	1,254,876.36	182,957.19	59,226.13	1,973,894.47
Long Service Award	683,791.95	223,163.77	31,229.10	-	938,184.82
Acting Allowance	77,021.62	146,355.88	101,518.59	65,971.36	390,867.45
Councillors remuneration	2,338,127.25	2,283,474.35	2,502,661.98	2,494,503.51	9,618,767.09
<b>TOTAL</b>	<b>31,900,974.58</b>	<b>32,908,156.85</b>	<b>32,648,237.48</b>	<b>34,039,368.00</b>	<b>131,496,736.91</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

#### 4. Financial Performance

The financial performance for the fourth 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 fourth 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 QUARTER FOUR												
Descriptions	Annual Budget	YTD budget	Q1 Performance	Q2 Performance	Q3 Performance	Q4 Performance	YTD Actual	% of YTD Budget Performance	% of Year To Date Total Revenue	Variance	YTD Variance as a Percentage	
Rates	227,640,914	227,640,914	59,220,119	57,168,243	56,619,488	58,662,773	231,670,623	102%	49%	4,029,709.13	2%	
Service charges - Electricity	120,832,455	120,832,455	27,333,844	20,686,930	20,375,512	24,736,184	93,132,470	77%	20%	(27,699,984.95)	-23%	
Service charges - Refuse	9,246,978	9,246,978	2,362,421	2,360,312	2,253,048	2,382,572	9,358,353	101%	2%	111,375.18	1%	
Rental	1,240,456	1,240,456	277,989	327,137	292,854	773,458	1,671,438	135%	0%	430,981.86	35%	
Fines	1,444,893	1,444,893	835,700	-796,089	23,315	2,507,733	2,570,659	178%	1%	1,125,766.38	78%	
Licences	4,015,974	4,015,974	662,969	960,888	1,064,790	1,002,087	3,690,734	92%	1%	(325,239.77)	-8%	
Grants and subsidies	106,944,234	106,944,234	32,904,239	34,839,254	27,138,516	10,805,761	105,687,769	99%	22%	(1,256,465.14)	-1%	
Other revenue	27,049,865	27,049,865	4,019,050	5,787,366	10,092,322	5,367,805	25,266,544	93%	5%	(1,783,320.82)	-7%	
<b>TOTAL REVENUE</b>	<b>498,415,769</b>	<b>498,415,769</b>	<b>127,616,331</b>	<b>121,334,041</b>	<b>117,859,845</b>	<b>106,238,374</b>	<b>473,048,591</b>	<b>95%</b>	<b>100%</b>	<b>-25,367,178</b>	<b>-5%</b>	
Employee Related Costs	135,690,880	135,690,880	31,861,644	32,947,487	32,451,834	33,656,270	130,917,236	96%	27%	4,773,644.32	4%	
Bulk Purchases	149,222,742	149,222,742	50,982,353	32,614,692	26,912,894	38,092,175	148,602,114	100%	31%	620,627.53	0%	
Contracted Services	101,829,303	101,829,303	15,109,840	25,183,609	29,088,218	28,080,842	97,462,509	96%	20%	4,366,793.97	4%	
Interest Expense	2,288,122	2,288,122	663,195	12	608,454	161	1,271,822	56%	0%	1,016,300.09	44%	
General Expenses	63,450,789	63,450,789	10,880,203	11,410,851	10,410,730	12,471,670	45,173,455	71%	9%	18,277,334.22	29%	
Depreciation	45,066,568	45,066,568	18,888,535	15,890,249	6,776,090	14,046,555	55,601,428	0%	12%	(10,534,860.17)	-23%	
Transfers and Grants	694,165	694,165	90,000	204,400	150,550	208,950	653,900	94%	0%	40,265.00	6%	
<b>TOTAL EXPENDITURE</b>	<b>498,242,569</b>	<b>498,242,569</b>	<b>128,475,770</b>	<b>118,251,301</b>	<b>106,398,771</b>	<b>126,556,623</b>	<b>479,682,464</b>	<b>96%</b>	<b>100%</b>	<b>18,560,104.96</b>	<b>4%</b>	
							0					
Surplus (Deficit)	173,200	173,200	-859,439	3,082,740	11,461,075	-20,318,249	-6,633,873	0	0	-6,807,073		
Capital Transfers	21,643,654	16,437,856	3,659,608	3,519,947	9,258,301	4,528,317	20,966,172		0.00%	(4,528,316.62)		
	<b>21,616,854</b>	<b>16,611,056</b>	<b>2,800,169</b>	<b>6,602,687</b>	<b>20,719,375</b>		<b>14,332,299</b>					

The year-to date actual deficit amounts to **R 6 633 873** excluding capital transfers as of 30 June 2022.

## 5. Capital Performance

**Table 16: Capital Expenditure**

Directorate	Section	Amended Bu	Actual Balance	Available Budget	Project	Fund
CORPORATE SERVICES	Community Halls	555,273.00	-	555,273.00	Construction of a Community Hall	Transfer from Operational Revenue
CORPORATE SERVICES	Community Halls	522,562.00	383,091.69	139,470.31	Lions River Project	Municipal Infrastructure Grant
COMMUNITY SERVICES	Community Services	635,454.00	536,012.96	99,441.04	Procurement of furniture and office	Transfer from Operational Revenue
TECHNICAL SERVICES	Electricity	1,093,871.00	936,748.52	157,122.48	Electrification Project	Transfer from Operational Revenue
EXECUTIVE & COUNCIL	Executive & Council	846,537.00	256,695.00	589,842.00	Procurement of furniture and office	Transfer from Operational Revenue
BUDGET & TREASURY	Finance	464,482.00	180,134.22	254,485.78	Procurement of furniture and office	Transfer from Operational Revenue
CORPORATE SERVICES	Information Technology	315,222.00	273,998.88	41,223.12	Procurement of furniture and office	Transfer from Operational Revenue
PLANNING & DEVELOPM	Planning & Development	199,004.00	107,047.52	91,956.48	Procurement of furniture and office	Transfer from Operational Revenue
CORPORATE SERVICES	Property Services	1,593,080.00	262,906.81	1,330,173.19	Multi-Purpose Centre	Transfer from Operational Revenue
COMMUNITY SERVICES	Refuse Removal & Landfill site	300,000.00	-	300,000.00	Brushcutters	Transfer from Operational Revenue
COMMUNITY SERVICES	Refuse Removal & Landfill site	1,300,000.00	990,380.50	309,619.50	Transport assets	Transfer from Operational Revenue
COMMUNITY SERVICES	Refuse Removal & Landfill site	2,014,741.00	1,751,948.33	262,792.67	Transport assets	Municipal Infrastructure Grant
TECHNICAL SERVICES	Roads	3,506,945.00	3,027,746.39	479,198.61	Emandleni Access Road	Municipal Infrastructure Grant
TECHNICAL SERVICES	Roads	4,000,000.00	2,835,852.38	1,164,147.62	Roads Rehabilitation	Transfer from Operational Revenue
TECHNICAL SERVICES	Roads	4,120,675.00	3,091,877.63	1,028,797.37	Field Road	Municipal Infrastructure Grant
TECHNICAL SERVICES	Roads	5,427,537.00	4,695,603.47	731,933.53	Burns Wick Russel and Rivers Road	Municipal Infrastructure Grant
TECHNICAL SERVICES	Roads	2,073,648.00	1,430,435.98	643,212.02	Fuze Road	Municipal Infrastructure Grant
TECHNICAL SERVICES	Roads	3,977,546.00	2,914,003.99	1,063,542.01	6th and 10th Street Japan	Municipal Infrastructure Grant
COMMUNITY SERVICES	Sport & Recreation	4,237,077.00	1,943,354.08	2,293,722.92	Mpophomeni Stadium	Transfer from Operational Revenue
TECHNICAL SERVICES	Technical Services	200,000.00	-	200,000.00	Procurement of Plant	Transfer from Operational Revenue
TECHNICAL SERVICES	Technical Services	269,781.00	145,651.62	124,129.38	Procurement of furniture and office	Transfer from Operational Revenue
		<b>37,653,435.00</b>	<b>25,763,489.97</b>	<b>68%</b>		

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

As can be seen above, 68 % of the Capital budget has been spent over twelve months excludes VAT. As shown above, Capital Budget is mostly funded by Grants (MIG) and all MIG Projects have been fully spent. The Municipality will not be applying for rollovers. The above is the Capital Listing of all capital projects for 2021/2022 financial year.

## 6. FINANCIAL RATIOS

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

$$= 130,917,236 / 479,682,464 \times 100$$

$$= 27\%$$

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)

$$= (3,827,397 - 1,064,203) + 8,997,427 / 479,682,464$$

$$= 0, 29 \text{ month}$$

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.

7.3 Creditors payment period = Trade creditors outstanding / Trade creditors Purchases x 181 days

$$= 22,712 / 108 027 470 \times 365 \text{ days}$$

$$= 8 \text{ days}$$

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

$$= \frac{(188\ 850\ 453 + 362\ 134\ 994) - (234\ 634\ 606 - 43\ 979\ 020)}{362\ 134\ 994} \times 100$$

$$= \frac{550\ 985\ 447 - 198\ 655\ 586}{362\ 134\ 994} \times 100$$

$$= \underline{352\ 329\ 861}$$

$$= \frac{362\,134\,994}{373\,450\,000} = 97\%$$

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 are taken into consideration. The norm is 95%.

7.6 Current Ratio = Current Assets / Current Liabilities

$$= 109,214,801 / 154,350,563.69 = 1:0,71$$

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

$$= 97,462,509 / 479,682,464 \times 100 = 20\%$$

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

$$= \frac{122,469,730 - 187,481,682}{122,469,730} \times 100 = -53\% \text{ (Electricity Deficit)}$$

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%.

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

$$= 25,755,930 / 37,653,435 \times 100$$

$$= 68 \%$$

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.

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

$$= 353\,125\,841 / 494\,201\,569 \times 100$$

$$= 71 \%$$

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

$$= 479,682,464 / 494,201,569 \times 100$$

$$= 97 \%$$

This ratio measures the extent of Actual Operating Revenue (excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the fourth 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 fourth quarter has been **unfavorable**. The Municipality had budgeted Revenue to the amount of **R 498,415 million** but actual Revenue earned amounted to **R 473,048 million**. An amount of **R498, 242 million** was estimated to be spent, but actual expenditure amounted to **R 479,682 million**. The overall estimated surplus was **R173, 200 thousand including** non-cash items, the actual deficit amounted to **R 6,633 million inclusive of a non-cash item**, this has led to an adverse variance of **R6, 807 million**, and therefore the Municipality did not perform well in the past twelve months of the financial year.

## 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 fourth quarter of the financial year ending 30 June 2022 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

**Mr M Hloba**

**ACTING MUNICIPAL MANAGER OF UMNGENI MUNICIPALITY, KZN222**

SIGNATURE \_\_\_\_\_



DATE 18 JULY 2022