

# QUARTERLY BUDGET AND FINANCIAL REPORT

THIRD QUARTER - 2023/ 2024  
FINANCIAL YEAR



UMNGENI  
MUNICIPALITY

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## Part 1

### 1. Introduction

Section 52(d) of the Municipal Finance Management Act, No. 56 of 2003, states that “the Accounting Officer of a municipality must within 30 days of 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 2024 (third quarter).

### 2. Executive Summary

The financial performance of the municipality has been stable over the past nine months. The Annual Budgeted revenue projections were under-achieved by 9% 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 2024

OPERATING REVENUE STATEMENT FOR THE QUARTER ENDING MARCH 2024											
Descriptions	Annual Budget	YTD budget	Monthly Actual	Q1 YTD Actuals	Q2 YTD Actuals	Q3 YTD Actuals	YTD Actuals	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance	Year to date Variance %
Rates	255,064,477.00	191,298,339.00	22,559,396.25	66,816,401.62	63,162,317.86	65,728,798.17	195,707,517.65	102%	47%	4,409,178.65	2%
Service charges - Electricity	158,598,877.00	118,949,130.00	7,420,219.96	28,986,683.63	25,782,541.22	25,500,867.95	80,270,092.80	67%	19%	(38,679,037.20)	-33%
Service charges - Refuse	13,811,070.00	10,358,298.00	1,014,338.11	2,979,053.25	2,953,272.88	3,005,558.43	8,937,884.56	86%	2%	(1,420,413.44)	-14%
Rental	1,374,766.00	1,031,067.00	168,365.44	332,375.23	334,577.13	416,915.22	1,083,867.58	105%	0%	52,800.58	5%
Interest earned - external investments	3,029,552.00	2,272,158.00	252,051.75	984,740.32	588,523.73	1,276,182.94	2,849,446.99	125%	1%	577,288.99	25%
Interest earned - outstanding debtors	18,096,108.00	13,564,566.00	1,498,620.77	3,746,831.87	4,011,498.08	4,074,716.80	11,833,046.75	87%	3%	(1,731,519.25)	-13%
Fines	3,104,681.00	2,328,498.00	13,605.06	26,127.96	1,711,306.48	39,859.93	1,777,294.37	76%	0%	(551,203.63)	-24%
Licences and Permits	3,738,669.00	2,803,995.00	308,054.14	889,565.31	920,810.22	1,008,755.15	2,819,130.68	101%	1%	15,135.68	1%
Grants and subsidies	114,021,991.00	105,695,576.08	25,495,375.88	42,018,994.79	36,676,143.08	27,000,438.21	105,695,576.08	100%	26%	-	0%
Sale of Goods and Rendering of Services	6,039,016.00	4,529,187.00	556,801.62	889,455.85	896,608.81	1,349,557.30	3,135,621.96	69%	1%	(1,393,565.04)	-31%
Operational revenue	1,105,028.00	828,738.00	105,015.14	31,408.92	122,281.67	113,606.95	267,297.54	32%	0%	(561,440.46)	-68%
<b>TOTAL REVENUE</b>	<b>577,974,235.00</b>	<b>453,659,552.08</b>	<b>59,391,844.12</b>	<b>147,701,638.75</b>	<b>137,159,881.16</b>	<b>129,515,257.05</b>	<b>414,376,776.96</b>		<b>100%</b>	<b>(39,282,775.12)</b>	<b>-9%</b>

The table above summarizes the total revenue for the third quarter. This revenue excludes income from the transfer of capital grants. The projected year-to-date actual has been achieved by 91% for quarter third (March 2024). There is an overall unfavorable variance of 9% when comparing YTD budget and YTD Actual.

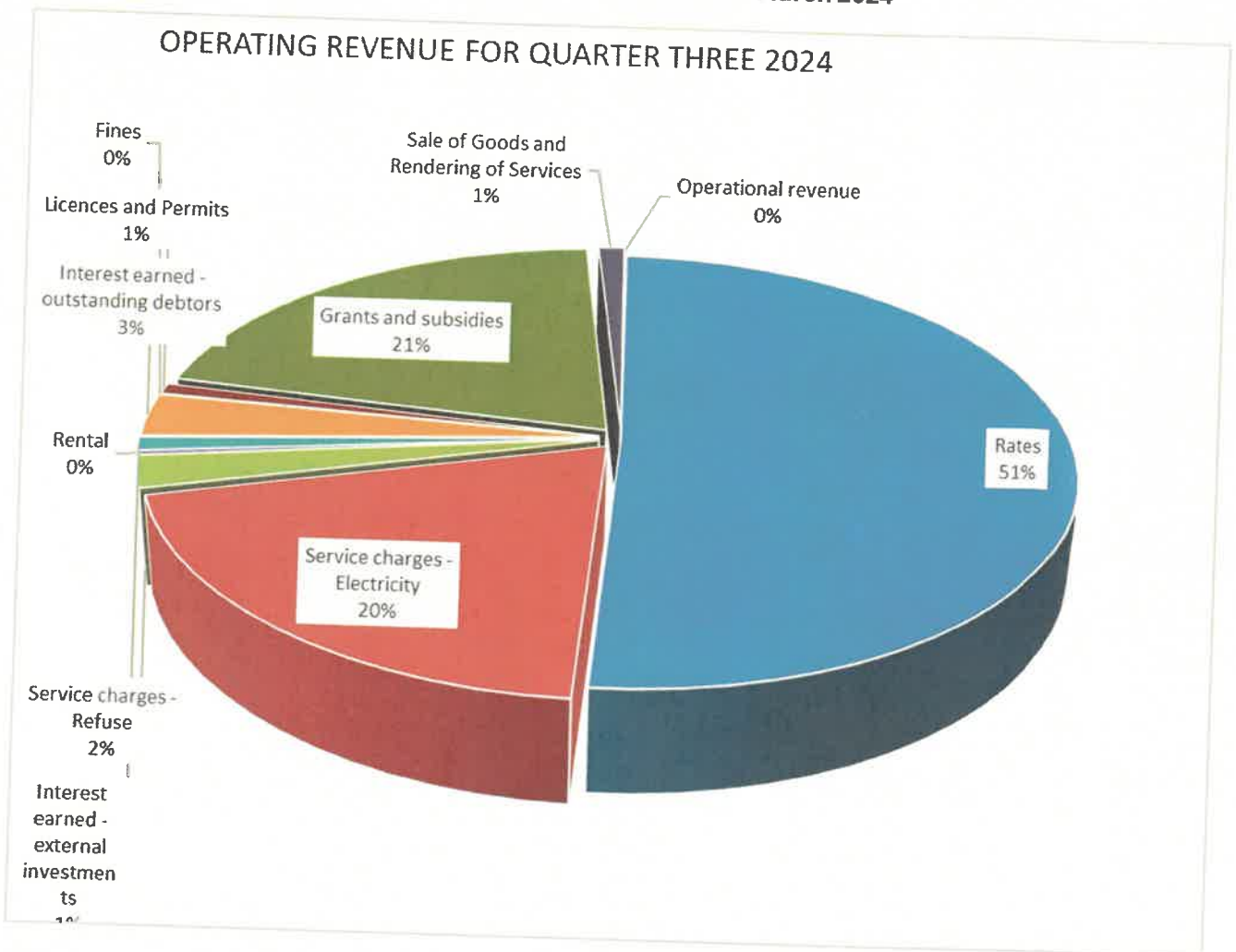
Council should record the underperformance of 33% on electricity service charges which is the result of the ongoing illegal connections and theft, this has a huge negative impact on the projected

year -to -date revenue budget from electricity trading service and electricity bulk purchases 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 2024



Rates income comprises 51% of the total revenue of the municipality, Grants and Subsidies are 21% of the total income. Service Charges – Electricity comprises 20%, Service Charges – Refuse comprises 2% and Interest earned – outstanding debtors comprises 3% of the total income of the municipality for the third quarter.

## QUARTERLY BUDGET AND FINANCIAL REPORT

### Expenditure

Table 2: Summary of Operating Expenditure for the period ended 31 March 2024

OPERATING EXPENDITURE STATEMENT FOR THE QUARTER ENDING MARCH 2024											
Descriptions	Annual Budget	YTD budget	Monthly Actual	Q1 YTD Actuals	Q2 YTD Actuals	Q3 YTD Actuals	YTD Actuals	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance	Year to date Variance %
Employee Related Costs	149,479,678.00	112,108,815.00	12,472,619.84	35,465,614.22	36,280,818.68	37,109,734.03	108,856,166.93	97%	29%	(3,252,648.07)	-3%
Remuneration of councillors	11,728,644.00	8,796,411.00	948,787.89	2,715,838.17	3,439,504.35	2,809,248.16	8,964,590.68	102%	2%	168,179.68	2%
Bulk Purchases	191,398,440.00	143,548,830.00	10,763,588.25	63,275,188.74	36,751,414.05	26,231,767.92	126,258,370.71	88%	34%	(17,290,459.29)	-12%
Debt impairment	10,242,707.00	-	-	-	-	-	-	0%	0%	-	0%
Contracted Services	82,072,922.00	61,554,474.00	6,793,340.86	9,038,069.57	22,044,993.29	12,433,082.35	43,516,145.21	71%	12%	(18,038,328.79)	-29%
Interest Expense	60,506.00	45,369.00	513.97	12,929.89	5,320.14	11,554.22	29,804.25	66%	0%	(15,564.75)	-34%
Other Expenditure	69,275,401.00	51,955,992.00	4,880,285.27	11,859,009.22	12,455,106.34	11,875,075.26	36,189,190.82	70%	10%	(15,766,801.18)	-30%
Depreciation	62,467,954.00	46,850,913.00	5,103,221.16	14,896,243.09	15,195,823.41	14,917,721.44	45,009,787.94	96%	12%	(1,841,125.06)	-4%
Inventory consumed	6,292,243.00	4,719,087.00	116,483.67	8,787.51	539,589.75	484,363.04	1,032,740.30	22%	0%	(3,686,346.70)	-78%
Transfers and Grants	1,944,949.00	1,458,684.00	89,710.00	282,164.17	434,497.16	234,101.30	950,762.63	85%	0%	(507,921.37)	-35%
Losses on Disposal of Assets	1,062,417.00	796,806.00	-	-	-	766,425.96	766,425.96	0.00%	0%	(30,380.04)	0%
Irrecoverable debts written off	1,029,751.00	772,308.00	-	-	-	-	-	0.00%	#REF!	(772,308.00)	0%
<b>TOTAL EXPENDITURE</b>	<b>587,055,612.00</b>	<b>432,607,689.00</b>	<b>41,168,550.91</b>	<b>137,553,844.58</b>	<b>127,147,067.17</b>	<b>106,873,073.68</b>	<b>371,573,985.43</b>	<b>86%</b>	<b>100%</b>	<b>(61,033,703.57)</b>	<b>-14%</b>

For the quarter ended 31 March 2024, the municipality incurred total operational expenditure of R 106,8m from the total actual amount spent, R26m relates to bulk purchases, Employee Related Costs have costed R37m for the quarter (January to March 2024).

Asset physical verification on municipal assets by the municipal officials and internal audit unit for the third quarter was conducted with the aim of confirming the existence, location and condition of the municipal assets and maintaining the complete and accurate Fixed Asset Register. It is good practice and critical to have an idea of what assets you have, where they are located, when they were purchased, if they are still in use by the municipality.

The above table reflects an overall total under - spending of R 61m.

**The Municipality has underspent by 14% of the total expenditure which resulted in the overall performance being unfavorable.**

Diagrammatically, the expenditure for the year is shown below:

OPERATING EXPENDITURE FOR QUARTER THREE  
2024

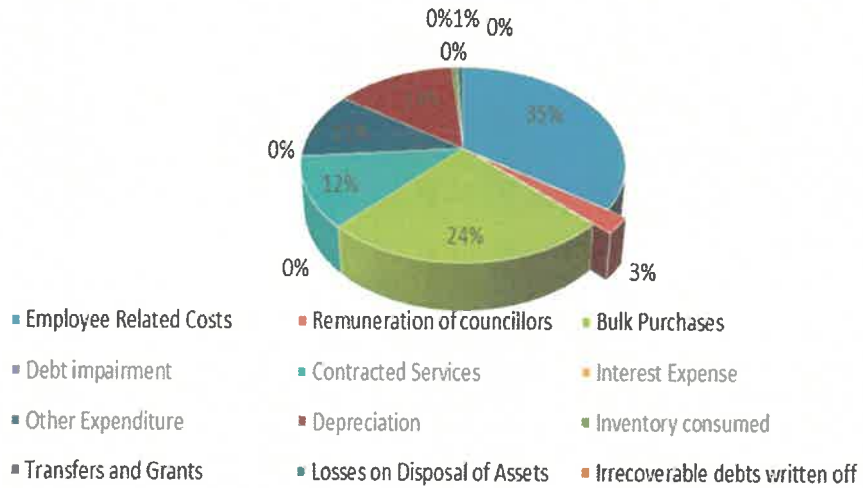


Figure 2: Summary of Expenditure for the year

As can be seen above, the salaries represent 35 %, bulk purchases 24%, depreciation 14 %, contracted services 12%, general expenditure 11% and the rest (Interest expense and transfers and grants are 0% and below of the total expenditure.

3. In-Year Budget Tables

Table 3: C1 Monthly Budget Statement Summary

QUARTERLY BUDGET AND FINANCIAL REPORT

KZN222 uMngeni - Table C1 Monthly Budget Statement Summary - M09 March

Description	2022/23		Budget Year 2023/24						
	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	238,062	253,564	255,064	22,559	195,708	191,298	4,409	2%	260,943
Service charges	106,251	166,917	172,410	8,435	89,208	129,307	(40,099)	-31%	118,944
Investment revenue	3,520	3,030	3,030	252	2,399	2,272	127	6%	3,199
Transfers and subsidies - Operational	101,039	114,187	114,022	25,495	105,696	105,696	-		114,022
Other own revenue	26,157	34,199	33,448	2,650	21,367	25,086	(3,720)	-15%	28,489
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>475,028</b>	<b>571,897</b>	<b>577,974</b>	<b>59,392</b>	<b>414,377</b>	<b>453,660</b>	<b>(39,283)</b>	<b>-9%</b>	<b>525,597</b>
Employee costs	137,502	155,966	149,480	12,473	108,856	112,109	(3,253)	-3%	145,142
Remuneration of Councillors	10,397	11,327	11,729	949	8,965	8,796	168	2%	11,953
Depreciation and amortisation	119,468	51,439	62,468	5,103	45,010	46,851	(1,841)	-4%	60,013
Interest	7,380	47	61	1	30	45	(16)	-34%	40
Inventory consumed and bulk purchases	152,359	194,921	197,691	10,880	127,291	148,268	(20,977)	-14%	169,721
Transfers and subsidies	1,407	1,520	1,945	90	951	1,459	(508)	-35%	1,268
Other expenditure	179,869	156,370	163,683	11,674	80,472	115,080	(34,608)	-30%	107,296
<b>Total Expenditure</b>	<b>608,382</b>	<b>571,590</b>	<b>587,056</b>	<b>41,169</b>	<b>371,574</b>	<b>432,608</b>	<b>(61,034)</b>	<b>-14%</b>	<b>495,432</b>
<b>Surplus/(Deficit)</b>	<b>(133,354)</b>	<b>307</b>	<b>(9,081)</b>	<b>18,223</b>	<b>42,803</b>	<b>21,052</b>	<b>21,751</b>	<b>103%</b>	<b>30,165</b>
Transfers and subsidies - capital (monetary allocations)	49,703	48,108	54,392	10,002	29,118	29,118	-		54,392
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(83,651)</b>	<b>48,415</b>	<b>45,311</b>	<b>28,226</b>	<b>71,920</b>	<b>50,169</b>	<b>21,751</b>	<b>43%</b>	<b>84,557</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>(83,651)</b>	<b>48,415</b>	<b>45,311</b>	<b>28,226</b>	<b>71,920</b>	<b>50,169</b>	<b>21,751</b>	<b>43%</b>	<b>84,557</b>
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	59,380	83,818	93,627	5,447	43,155	70,220	(27,066)	-39%	93,627
Capital transfers recognised	49,703	48,108	54,392	5,427	24,233	40,794	(16,561)	-41%	54,392
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	9,677	35,710	39,235	20	18,921	29,427	(10,505)	-36%	39,235
<b>Total sources of capital funds</b>	<b>59,380</b>	<b>83,818</b>	<b>93,627</b>	<b>5,447</b>	<b>43,155</b>	<b>70,220</b>	<b>(27,066)</b>	<b>-39%</b>	<b>93,627</b>
<b>Financial position</b>									
Total current assets	74,556	162,751	108,831		161,291				108,831
Total non current assets	1,012,265	1,142,810	1,042,362		1,009,643				1,042,362
Total current liabilities	80,765	109,218	100,514		95,729				100,514
Total non current liabilities	114,192	82,711	113,276		113,276				113,276
<b>Community wealth/Equity</b>	<b>891,864</b>	<b>1,113,632</b>	<b>937,403</b>		<b>961,929</b>				<b>937,403</b>
<b>Cash flows</b>									
Net cash from (used) operating	69,308	95,076	113,647	27,065	107,774	85,235	(22,539)	-26%	91,769
Net cash from (used) investing	(60,700)	(96,074)	(107,356)	(6,400)	(49,351)	(80,517)	(31,166)	39%	(65,801)
Net cash from (used) financing	(9,980)	(189)	(189)	(24)	(903)	(142)	762	-537%	(1,205)
<b>Cash/cash equivalents at the month/year end</b>	<b>12,250</b>	<b>40,982</b>	<b>18,352</b>	<b>-</b>	<b>69,770</b>	<b>16,826</b>	<b>(52,943)</b>	<b>-315%</b>	<b>37,013</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	20,812	5,625	5,151	4,797	4,500	4,930	34,992	161,691	242,499
<b>Creditors Age Analysis</b>									
Total Creditors	-	-	(1)	-	-	-	3	-	2

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	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands										
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		329,255	357,070	357,736	43,733	269,628	276,804	12,823	5%	374,834
Executive and council		66,327	74,474	74,608	18,557	74,192	64,459	9,733	15%	98,874
Finance and administration		262,928	282,596	283,128	25,176	215,436	212,346	3,090	1%	275,960
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6,954	8,087	8,456	321	5,582	6,342	(760)	-12%	7,442
Community and social services		5,486	5,134	5,087	303	3,814	3,815	(1)	0%	5,085
Sport and recreation		3	3	11	6	6	8	(2)	-25%	8
Public safety		1,466	2,950	3,118	12	1,762	2,338	(577)	-25%	2,349
Housing		-	-	240	-	-	180	(180)	-100%	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		37,255	37,653	42,349	5,980	23,577	31,762	(8,185)	-26%	31,436
Planning and development		3,230	6,471	6,205	257	2,142	4,654	(2,511)	-54%	2,856
Road transport		34,025	31,182	36,144	5,723	21,435	27,108	(5,673)	-21%	28,580
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		151,243	217,168	223,796	19,359	124,685	167,847	(43,162)	-26%	166,246
Energy sources		129,635	195,483	198,052	15,467	104,595	148,539	(43,945)	-30%	139,459
Water management		-	-	-	-	-	-	-	-	-
Waste water management		40	56	56	4	37	42	(5)	-12%	50
Waste management		21,568	21,629	25,687	3,887	20,053	19,265	787	4%	26,737
<i>Other</i>	4	24	27	30	2	23	22	1	4%	31
<b>Total Revenue - Functional</b>	2	524,732	620,005	632,366	69,394	443,494	482,777	(39,283)	-8%	579,989
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		317,385	214,671	227,576	17,679	148,516	170,681	(22,165)	-13%	198,021
Executive and council		70,589	42,844	46,556	3,587	32,180	34,917	(2,737)	-8%	42,907
Finance and administration		244,481	167,733	177,262	13,320	113,941	132,946	(19,004)	-14%	151,922
Internal audit		2,316	4,094	3,758	772	2,394	2,819	(424)	-15%	3,192
<i>Community and public safety</i>		39,457	65,779	62,239	5,030	41,174	46,679	(5,505)	-12%	54,899
Community and social services		10,863	13,710	13,027	922	7,712	9,770	(2,059)	-21%	10,282
Sport and recreation		11,208	16,270	12,831	922	8,780	9,624	(843)	-9%	11,707
Public safety		15,927	34,055	34,448	2,922	23,465	25,836	(2,371)	-9%	31,287
Housing		1,458	1,744	1,932	264	1,217	1,449	(232)	-16%	1,623
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		34,806	35,432	40,681	3,271	25,698	30,510	(4,812)	-16%	34,264
Planning and development		15,515	19,689	21,652	1,413	11,742	16,239	(4,496)	-28%	15,656
Road transport		19,291	15,743	19,029	1,858	13,956	14,271	(315)	-2%	18,608
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		215,921	254,239	255,237	15,128	155,558	183,745	(28,187)	-15%	207,411
Energy sources		183,534	223,744	227,442	13,682	143,231	170,582	(27,351)	-16%	190,974
Water management		-	-	-	-	-	-	-	-	-
Waste water management		3,091	3,420	3,438	194	1,794	2,578	(785)	-30%	2,391
Waste management		29,296	27,075	24,357	1,252	10,534	10,585	(52)	0%	14,045
<i>Other</i>		814	1,489	1,323	60	628	992	(365)	-37%	837
<b>Total Expenditure - Functional</b>	3	608,382	571,590	587,056	41,169	371,574	432,608	(61,034)	-14%	495,432
<b>Surplus/ (Deficit) for the year</b>		(83,651)	48,415	45,311	28,226	71,920	50,169	21,751	43%	84,557



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	2022/23	Budget Year 2023/24							
		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		318,614	346,024	347,759	42,616	282,195	269,322	12,873	4.8%	364,923
Vote 2 - BUDGET AND TREASURY		6,990	7,261	6,309	449	3,808	4,732	(924)	-19.5%	5,077
Vote 3 - CORPORATE SERVICES		2,439	1,670	1,687	211	1,285	1,265	20	1.6%	1,713
Vote 4 - Planning Services		3,254	6,498	6,474	296	2,228	4,856	(2,628)	-54.1%	2,971
Vote 5 - Community Services		31,169	33,931	36,439	4,342	28,077	27,329	747	2.7%	37,436
Vote 6 - Technical Services		162,266	224,622	233,697	21,480	125,901	175,273	(49,371)	-28.2%	167,869
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>524,732</b>	<b>620,005</b>	<b>632,366</b>	<b>69,394</b>	<b>443,494</b>	<b>482,777</b>	<b>(39,283)</b>	<b>-8.1%</b>	<b>579,989</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL		78,148	51,616	54,993	4,359	34,574	41,244	(6,670)	-16.2%	46,099
Vote 2 - BUDGET AND TREASURY		159,671	90,400	103,572	7,625	72,672	77,679	(5,006)	-6.4%	96,897
Vote 3 - CORPORATE SERVICES		59,647	47,556	43,656	4,031	25,376	32,742	(7,366)	-22.5%	33,835
Vote 4 - Planning Services		17,786	22,902	24,907	1,737	13,587	18,680	(5,093)	-27.3%	18,116
Vote 5 - Community Services		73,099	88,149	81,210	5,957	53,433	58,225	(4,791)	-8.2%	71,245
Vote 6 - Technical Services		220,031	270,966	278,718	17,459	171,931	204,038	(32,107)	-15.7%	229,241
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>608,382</b>	<b>571,590</b>	<b>587,056</b>	<b>41,169</b>	<b>371,574</b>	<b>432,608</b>	<b>(61,034)</b>	<b>-14.1%</b>	<b>495,432</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(83,651)</b>	<b>48,415</b>	<b>45,311</b>	<b>28,226</b>	<b>71,920</b>	<b>50,169</b>	<b>21,751</b>	<b>43.4%</b>	<b>84,557</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) - M09 March										
Description	Ref	Budget Year 2023/24								
		2022/23 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</b>										
Exchange Revenue		122,657	185,240	190,617	10,090	101,107	142,963	(41,856)	-29%	134,809
Service charges - Electricity		94,406	156,164	158,599	7,420	80,270	118,949	(38,679)	-33%	107,027
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		11,845	10,752	13,811	1,014	8,938	10,358	(1,420)	-14%	11,917
Sale of Goods and Rendering of Services		4,251	5,609	6,039	557	3,136	4,529	(1,394)	-31%	4,181
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3,990	4,308	4,409	340	2,849	3,306	(457)	-14%	3,799
Interest earned from Current and Non Current Assets		3,520	3,030	3,030	252	2,399	2,272	127	6%	3,199
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		2,152	1,370	1,375	168	1,084	1,031	53	5%	1,445
Licence and permits		1,841	2,445	2,566	234	2,163	1,924	239	12%	2,865
Operational Revenue		651	1,563	789	105	267	592	(325)	-55%	366
<b>Non-Exchange Revenue</b>		<b>352,371</b>	<b>386,657</b>	<b>387,357</b>	<b>49,302</b>	<b>313,270</b>	<b>310,697</b>	<b>2,573</b>	<b>1%</b>	<b>390,788</b>
Property rates		238,062	253,564	255,064	22,559	195,708	191,298	4,409	2%	260,943
Surcharges and Taxes		0	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,493	2,957	3,105	14	1,777	2,328	(551)	-24%	2,370
Licence and permits		978	1,954	1,173	75	656	880	(224)	-25%	874
Transfer and subsidies - Operational		101,039	114,187	114,022	25,495	105,696	105,696	-	-	114,022
Interest		10,214	13,677	13,677	1,159	9,434	10,258	(824)	-8%	12,579
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		585	316	316	-	-	237	(237)	-100%	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>475,028</b>	<b>571,897</b>	<b>577,974</b>	<b>59,392</b>	<b>414,377</b>	<b>453,660</b>	<b>(39,283)</b>	<b>-9%</b>	<b>525,597</b>
<b>Expenditure By Type</b>										
Employee related costs		137,502	155,966	149,490	12,473	108,856	112,109	(3,253)	-3%	145,142
Remuneration of councillors		10,397	11,327	11,729	949	8,965	8,796	168	2%	11,953
Bulk purchases - electricity		150,208	190,198	191,398	10,764	126,258	143,549	(17,290)	-12%	168,344
Inventory consumed		2,152	4,722	6,292	116	1,033	4,719	(3,686)	-78%	1,377
Debt impairment		3,024	10,243	10,243	-	-	-	-	-	-
Depreciation and amortisation		119,468	51,439	62,468	5,103	45,010	46,851	(1,841)	-4%	60,013
Interest		7,380	47	61	1	30	45	(16)	-34%	40
Contracted services		83,311	80,964	82,073	6,793	43,516	61,554	(18,038)	-29%	58,022
Transfers and subsidies		1,407	1,520	1,945	90	951	1,459	(508)	-35%	1,268
Irrecoverable debts written off		41,419	-	1,030	-	-	772	(772)	-100%	-
Operational costs		49,872	65,163	69,275	4,880	36,189	51,956	(15,767)	-30%	48,252
Losses on Disposal of Assets		2,243	-	1,062	-	766	797	(30)	-4%	1,022
Other Losses		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>608,382</b>	<b>571,590</b>	<b>587,056</b>	<b>41,169</b>	<b>371,574</b>	<b>432,608</b>	<b>(61,034)</b>	<b>-14%</b>	<b>495,432</b>
<b>Surplus/(Deficit)</b>		<b>(133,354)</b>	<b>307</b>	<b>(9,081)</b>	<b>18,223</b>	<b>42,803</b>	<b>21,052</b>	<b>21,751</b>	<b>0</b>	<b>30,165</b>
Transfers and subsidies - capital (monetary allocations)		49,703	48,108	54,392	10,002	29,118	29,118	-	-	54,392
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(83,651)</b>	<b>48,415</b>	<b>45,311</b>	<b>28,226</b>	<b>71,920</b>	<b>50,169</b>			<b>84,557</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(83,651)</b>	<b>48,415</b>	<b>45,311</b>	<b>28,226</b>	<b>71,920</b>	<b>50,169</b>			<b>84,557</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(83,651)</b>	<b>48,415</b>	<b>45,311</b>	<b>28,226</b>	<b>71,920</b>	<b>50,169</b>			<b>84,557</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(83,651)</b>	<b>48,415</b>	<b>45,311</b>	<b>28,226</b>	<b>71,920</b>	<b>50,169</b>			<b>84,557</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

Table 7: C5 Monthly Budget Statement Capital Expenditure

Capital Expenditure - Functional Classification										
<b>Governance and administration</b>		2,877	2,381	3,072	20	1,164	2,304	(1,140)	-49%	3,072
Executive and council		227	1,100	1,220	20	860	915	(55)	-6%	1,220
Finance and administration		2,650	1,281	1,602	-	304	1,201	(897)	-75%	1,602
Internal audit		-	-	250	-	-	187	(187)	-100%	250
<b>Community and public safety</b>		1,239	1,580	1,580	-	237	1,185	(948)	-80%	1,580
Community and social services		1,239	-	680	-	160	510	(350)	-69%	680
Sport and recreation		-	900	900	-	77	675	(598)	-89%	900
Public safety		-	680	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		36,767	55,770	61,468	1,439	30,740	46,101	(15,361)	-33%	61,468
Planning and development		331	3,850	3,476	-	595	2,607	(2,013)	-77%	3,476
Road transport		36,436	51,920	57,991	1,439	30,146	43,494	(13,348)	-31%	57,991
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		18,498	24,086	27,508	3,988	11,013	20,631	(9,618)	-47%	27,508
Energy sources		18,498	22,486	23,407	3,988	9,112	17,555	(8,443)	-48%	23,407
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	1,600	4,101	-	1,901	3,076	(1,175)	-38%	4,101
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	59,380	83,818	93,627	5,447	43,155	70,220	(27,066)	-39%	93,627
<b>Funded by:</b>										
National Government		49,703	46,708	52,992	5,427	24,233	39,744	(15,511)	-39%	52,992
Provincial Government		-	1,400	1,400	-	-	1,050	(1,050)	-100%	1,400
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		49,703	48,108	54,392	5,427	24,233	40,794	(16,561)	-41%	54,392
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
Internally generated funds		9,677	35,710	39,235	20	18,921	29,427	(10,505)	-36%	39,235
<b>Total Capital Funding</b>	7	59,380	83,818	93,627	5,447	43,155	70,220	(27,066)	-39%	93,627

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	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD Actual	Full Year Forecast
<b>R thousands</b>						
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		12,250	40,982	18,352	69,770	18,352
Trade and other receivables from exchange transactions		18,480	24,686	26,151	26,199	26,151
Receivables from non-exchange transactions		32,885	85,471	60,851	57,737	60,851
Current portion of non-current receivables		-	-	-	-	-
Inventory		-	-	-	-	-
VAT		10,941	11,612	3,477	7,585	3,477
Other current assets		-	-	-	-	-
<b>Total current assets</b>		<b>74,556</b>	<b>162,751</b>	<b>108,831</b>	<b>161,291</b>	<b>108,831</b>
<b>Non current assets</b>						
Investments		-	-	-	-	-
Investment property		19,314	56,087	18,960	19,106	18,960
Property, plant and equipment		982,687	1,075,606	1,014,200	980,272	1,014,200
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		3,381	5,398	3,381	3,381	3,381
Intangible assets		-	-	(1,062)	-	(1,062)
Trade and other receivables from exchange transactions		6,884	5,718	6,884	6,884	6,884
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>1,012,265</b>	<b>1,142,810</b>	<b>1,042,362</b>	<b>1,009,643</b>	<b>1,042,362</b>
<b>TOTAL ASSETS</b>		<b>1,086,821</b>	<b>1,305,561</b>	<b>1,151,193</b>	<b>1,170,934</b>	<b>1,151,193</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Financial liabilities		478	2,275	478	27	478
Consumer deposits		4,750	4,390	4,561	4,633	4,561
Trade and other payables from exchange transactions		71,816	52,366	70,182	40,905	70,828
Trade and other payables from non-exchange transactions		624	880	-	31,601	(646)
Provision		3,097	41,840	23,995	18,105	23,995
VAT		-	7,466	1,298	457	1,298
Other current liabilities		-	-	-	-	-
<b>Total current liabilities</b>		<b>80,765</b>	<b>109,218</b>	<b>100,514</b>	<b>95,729</b>	<b>100,514</b>
<b>Non current liabilities</b>						
Financial liabilities		-	-	-	-	-
Provision		114,192	62,711	86,315	86,315	86,315
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	20,000	26,961	26,961	26,961
<b>Total non current liabilities</b>		<b>114,192</b>	<b>82,711</b>	<b>113,276</b>	<b>113,276</b>	<b>113,276</b>
<b>TOTAL LIABILITIES</b>		<b>194,957</b>	<b>191,929</b>	<b>213,790</b>	<b>209,005</b>	<b>213,790</b>
<b>NET ASSETS</b>	2	<b>891,864</b>	<b>1,113,632</b>	<b>937,403</b>	<b>961,929</b>	<b>937,403</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		891,864	1,113,632	937,403	961,929	937,403
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>891,864</b>	<b>1,113,632</b>	<b>937,403</b>	<b>961,929</b>	<b>937,403</b>

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	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		259,757	240,886	237,210	22,670	202,686	177,907	24,778	14%	270,247
Service charges		106,251	190,150	187,661	8,502	72,237	140,746	(68,508)	-49%	96,317
Other revenue		9,153	77,829	86,613	1,291	22,809	64,960	(42,150)	-65%	30,413
Transfers and Subsidies - Operational		101,039	114,187	113,398	26,067	112,079	85,048	27,031	32%	113,398
Transfers and Subsidies - Capital		49,703	48,108	54,392	21,555	52,711	40,794	11,917	29%	54,392
Interest		3,520	3,030	3,030	171	1,121	2,272	(1,151)	-51%	1,495
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(458,470)	(577,540)	(566,920)	(53,100)	(355,038)	(425,190)	(70,152)	16%	(473,384)
Interest		(239)	(47)	(61)	(1)	(30)	(45)	(16)	34%	(40)
Transfers and Subsidies		(1,407)	(1,528)	(1,676)	(90)	(802)	(1,257)	(455)	36%	(1,069)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>69,308</b>	<b>95,076</b>	<b>113,647</b>	<b>27,065</b>	<b>107,774</b>	<b>85,235</b>	<b>(22,539)</b>	<b>-26%</b>	<b>91,769</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		585	316	316	-	-	237	(237)	-100%	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(61,285)	(96,390)	(107,672)	(6,400)	(49,351)	(80,754)	(31,403)	39%	(65,801)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(60,700)</b>	<b>(96,074)</b>	<b>(107,356)</b>	<b>(6,400)</b>	<b>(49,351)</b>	<b>(80,517)</b>	<b>(31,166)</b>	<b>39%</b>	<b>(65,801)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		12	(189)	(189)	(24)	(903)	(142)	(762)	537%	(1,205)
<b>Payments</b>										
Repayment of borrowing		(9,992)	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(9,980)</b>	<b>(189)</b>	<b>(189)</b>	<b>(24)</b>	<b>(903)</b>	<b>(142)</b>	<b>762</b>	<b>-537%</b>	<b>(1,205)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(1,372)</b>	<b>(1,188)</b>	<b>6,102</b>	<b>20,642</b>	<b>57,520</b>	<b>4,576</b>			<b>24,763</b>
Cash/cash equivalents at beginning:		13,622	42,170	12,250		12,250	12,250			12,250
Cash/cash equivalents at month/year end:		12,250	40,982	18,352		69,770	16,826			37,013

Part 2 – Supporting Documentation

1. Debtors Analysis

The gross trade and other receivables amount to R 261,5 million as at 31 March 2024. This is depicted as follows:

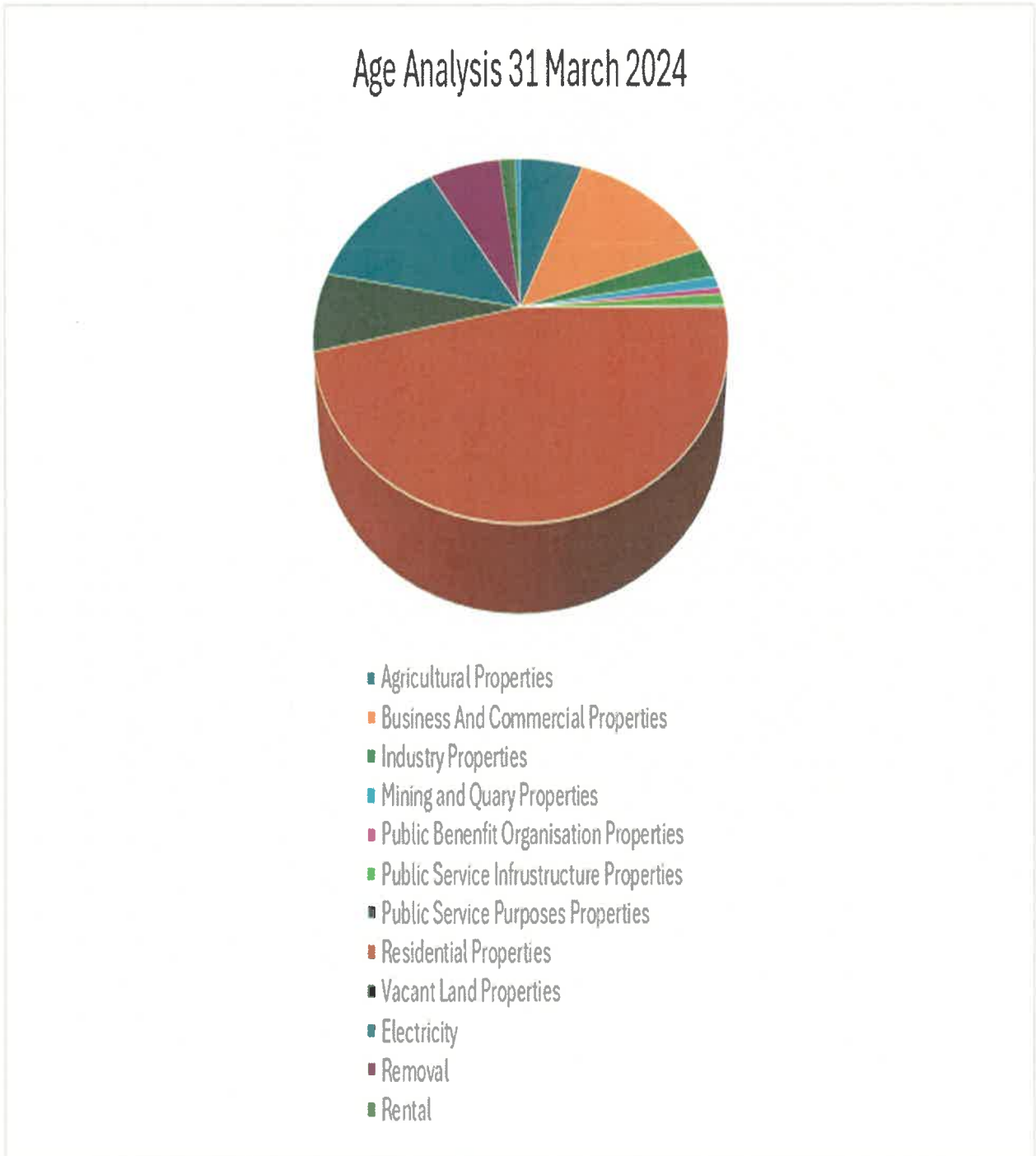
Figure 3: Outstanding Debtors as at 31 March 2024

The table above details the outstanding debt as at 31 March 2024.

Categories	Current	30 days	60 days	90 days	120 days	150 days	Total
Agricultural Properties	1,514,225.55	607,317.08	446,598.15	366,130.28	333,094.15	11,923,045.53	15,190,410.74
Business And Commercial Properties	3,434,356.34	965,484.60	729,326.23	427,667.07	411,742.25	29,534,035.30	35,502,611.79
Industry Properties	665,268.76	285,167.90	147,070.89	141,804.14	131,158.11	5,860,034.57	7,230,504.37
Mining and Quarry Properties	8,631.75	8,633.44	8,635.13	8,631.63	8,462.50	2,669,191.13	2,712,185.58
Public Benenfit Organisation Properties	175,420.72	40,868.88	37,599.62	36,010.13	36,323.63	1,300,429.70	1,626,652.68
Public Service Infrustructure Properties	202,556.69	183,652.44	185,470.71	187,288.98	189,107.25	1,744,647.96	2,692,724.03
Public Service Purposes Properties	99,823.31	10,314.29	10,369.39	9,376.16	9,455.55	359,816.85	499,155.55
Residential Properties	13,707,740.01	4,910,875.13	3,156,767.11	2,520,414.29	2,296,261.80	93,965,575.45	120,557,633.79
Vacant Land Properties	1,400,512.97	474,676.28	372,565.78	315,085.36	308,729.50	15,570,434.49	18,442,004.38
<b>Total - Rate</b>	<b>21,208,536.10</b>	<b>7,486,990.04</b>	<b>5,094,403.01</b>	<b>4,012,408.04</b>	<b>3,724,334.74</b>	<b>162,927,210.98</b>	<b>204,453,882.91</b>
Electricity	6,691,624.38	1,956,295.22	674,358.74	615,279.91	569,409.09	24,446,967.04	34,953,934.38
Removal	1,014,831.15	545,348.58	429,470.06	414,944.85	404,613.69	14,302,989.90	17,112,198.23
Rental	129,114.28	71,420.82	44,991.80	35,238.50	33,574.04	3,453,837.72	3,768,177.16
Sundry Debtors	41,394.86	79,812.25	30,356.22	75,931.63	68,077.12	985,424.94	1,280,997.02
<b>Total - services</b>	<b>7,876,964.67</b>	<b>2,652,876.87</b>	<b>1,179,176.82</b>	<b>1,141,394.89</b>	<b>1,075,673.94</b>	<b>43,189,219.60</b>	<b>57,115,306.79</b>
<b>Total A and B</b>	<b>29,085,500.77</b>	<b>10,139,866.91</b>	<b>6,273,579.83</b>	<b>5,153,802.93</b>	<b>4,800,008.68</b>	<b>206,116,430.58</b>	<b>261,569,189.70</b>

Categories	Total	% Percentage
Agricultural Properties	15,190,410.74	6%
Business And Commercial Properties	35,502,611.79	14%
Industry Properties	7,230,504.37	3%
Mining and Quarry Properties	2,712,185.58	1%
Public Benenfit Organisation Properties	1,626,652.68	1%
Public Service Infrustructure Properties	2,692,724.03	1%
Public Service Purposes Properties	499,155.55	0%
Residential Properties	120,557,633.79	46%
Vacant Land Properties	18,442,004.38	7%
Electricity	34,953,934.38	13%
Removal	17,112,198.23	7%
Rental	3,768,177.16	1%
Sundry Debtors	1,280,997.02	0%
<b>Total</b>	<b>261,569,189.70</b>	<b>100%</b>

Table 10: Outstanding debt as at 31 March 2024



Above is the Pie chart for Outstanding Debtors as at 31 March 2024

## 2. Short-Term Investment Portfolio Analysis

The Short- term investments of the municipality as at 31 March 2024, were as follows:

INVESTMENTS		
Institution	Account Number	Balance Available
Absa - Call Account	9244 6715 85	5,437,263.22
Absa - Call Account	9154 612 908	11,235,754.02
Absa - Fixed Deposit	9312 7571 98	12,046,835.05
Absa - Fixed Deposit	9312 7569 80	317,248.32
First National Bank	6282 1205 425	136,231.94
Absa - Fixed Deposit	2074 952 988	228,831.05
Fnb - Fixed Deposit	7454 7419 339	-
Investec Bank-Call Account	1100503504451	7,439,339.45
FNB - Fixed Deposit	7437 2357 316	-
Rand Merchant Bank	RU 500475 658	3,071,544.97
Investec Bank-Call Account	1100503504500	2,087,614.94
FNB - Fixed Deposit	6302 8283 61	2,577,354.87
First National Bank	6254 7030 875	146,509.34
<b>TOTAL INVESTMENT BALANCE</b>		<b>44,724,527.17</b>

Table 10:Short-Term Investments as at 31 March 2024

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 2024 are as follows:

Table 11: Conditional and Unconditional grants



#### 4. Councilors Remuneration and employee benefits

The salaries and wages paid to date are R 117,8million. 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	21,680,780.48	22,507,964.53	21,847,330.32	66,036,075.33
Contributions to UIF	161,635.71	163,626.61	170,917.17	496,179.49
Contribution to Medical Aid	1,768,874.42	1,774,268.86	1,900,047.44	5,443,190.72
Contribution to Pension	3,964,584.42	3,998,056.11	3,303,483.83	11,266,124.36
Travel allowance	1,564,031.12	1,588,864.16	525,959.42	3,678,854.70
Directors Remuneration	2,163,458.22	1,076,450.38	2,435,791.20	5,675,699.80
Housing allowance	108,307.41	107,241.00	56,053.32	271,601.73
Overtime	1,894,928.14	1,265,711.72	1,900,607.67	5,061,247.53
Standby	209,091.50	369,201.45	482,063.67	1,060,356.62
Cellphone allowance	27,750.00	24,750.00	20,505.94	73,005.94
Annual bonus	1,315,050.69	1,857,932.54	1,088,393.55	4,261,376.78
Contributions for Retired Staff	343,642.62	328,522.38	355,888.80	1,028,053.80
Leave Pay	337,442.19	1,578,388.81	725,425.00	2,641,256.00
Long Service Award	341,896.90	337,235.14	612,990.74	1,292,122.78
Acting Allowance	146,448.03	111,629.92	279,816.22	537,894.17
Bargaining Council	10,981.70	10,913.42	11,232.06	33,127.18
Councillors remuneration	2,705,919.65	3,449,422.87	2,809,248.16	8,964,590.68
<b>TOTAL</b>	<b>38,744,823.20</b>	<b>40,550,179.90</b>	<b>38,525,754.51</b>	<b>117,820,757.61</b>

QUARTERLY BUDGET AND FINANCIAL REPORT

#### 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 second 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 2024											
Descriptions	Annual Budget	YTD budget	Monthly Actual	Q1 YTD Actuals	Q2 YTD Actuals	Q3 YTD Actuals	YTD Actuals	% of YTD Budget Performance	% of Year-to-date Total Revenue	Variance	Year to date Variance %
Rates	255,064,477.00	191,298,339.00	22,559,396.25	66,816,401.62	63,162,317.85	65,728,798.17	195,707,517.65	102%	47%	4,409,178.65	2%
Service charges - Electricity	156,598,877.00	118,949,130.00	7,420,219.96	28,985,683.63	25,782,541.22	25,500,867.95	80,270,092.80	67%	19%	(38,679,037.20)	-33%
Service charges - Refuse	13,811,070.00	10,358,298.00	1,014,338.11	2,979,053.25	2,953,272.88	3,005,558.43	8,937,884.56	86%	2%	(1,420,413.44)	-14%
Rental	1,374,766.00	1,031,067.00	168,365.44	332,375.23	334,577.13	416,915.22	1,083,867.58	105%	0%	52,800.58	5%
Interest earned - external investments	3,029,552.00	2,272,158.00	252,051.75	984,740.32	588,523.73	1,276,182.94	2,849,446.99	125%	1%	577,288.99	25%
Interest earned - outstanding debtors	18,086,108.00	13,564,566.00	1,496,620.77	3,746,831.87	4,011,498.08	4,074,716.80	11,833,046.75	87%	3%	(1,731,519.25)	-13%
Fines	3,104,681.00	2,328,498.00	13,605.06	26,127.96	1,711,306.48	39,859.93	1,777,294.37	76%	0%	(551,203.63)	-24%
Licences and Permits	3,738,669.00	2,803,995.00	308,054.14	889,565.31	920,810.22	1,008,755.15	2,819,130.68	101%	1%	15,135.68	1%
Grants and subsidies	114,021,991.00	105,695,576.08	25,495,375.88	42,018,994.79	36,676,143.08	27,000,438.21	105,695,576.08	100%	26%	-	0%
Sale of Goods and Rendering of Services	6,039,016.00	4,529,187.00	556,801.62	889,455.85	896,508.81	1,349,557.30	3,135,621.96	69%	1%	(1,393,565.04)	-31%
Operational revenue	1,105,028.00	828,738.00	105,015.14	31,408.92	122,281.67	113,606.95	267,297.54	32%	0%	(561,440.46)	-68%
<b>TOTAL REVENUE</b>	<b>577,974,235.00</b>	<b>453,659,552.08</b>	<b>59,391,844.12</b>	<b>147,701,638.75</b>	<b>137,159,881.16</b>	<b>129,515,257.05</b>	<b>414,376,776.96</b>		<b>100%</b>	<b>(39,282,775.12)</b>	<b>-9%</b>
Employee Related Costs	149,479,678.00	112,108,815.00	12,472,619.84	35,465,614.22	36,280,818.68	37,109,734.03	108,856,166.93	97%	29%	(3,252,648.07)	-3%
Remuneration of councillors	11,726,844.00	6,796,411.00	948,767.89	2,715,838.17	3,439,504.35	2,809,248.16	8,964,590.68	102%	2%	168,179.68	2%
Bulk Purchases	191,398,440.00	143,548,630.00	10,763,568.25	63,275,188.74	36,751,414.05	26,231,767.92	126,259,370.71	88%	34%	(17,250,459.29)	-12%
Debt impairment	10,242,707.00	-	-	-	-	-	-	0%	0%	-	0%
Contracted Services	82,072,922.00	61,554,474.00	6,793,340.86	9,038,069.57	22,044,993.29	12,433,082.35	43,516,145.21	71%	12%	(18,038,328.79)	-29%
Interest Expense	60,506.00	45,369.00	513.97	12,929.89	5,320.14	11,554.22	29,804.25	66%	0%	(15,564.75)	-34%
Other Expenditure	69,275,401.00	51,955,992.00	4,880,285.27	11,859,009.22	12,455,106.34	11,875,075.26	36,189,190.82	70%	10%	(13,766,801.18)	-30%
Depreciation	62,467,954.00	46,850,913.00	5,103,221.16	14,896,243.09	15,195,823.41	14,917,721.44	45,009,787.94	96%	12%	(1,841,125.05)	-4%
Inventory consumed	6,292,243.00	4,719,067.00	116,463.67	8,787.51	539,589.75	484,363.04	1,032,740.30	22%	0%	(3,686,346.70)	-78%
Transfers and Grants	1,944,949.00	1,458,684.00	89,710.00	282,164.17	434,497.16	234,101.30	950,762.63	65%	0%	(507,921.37)	-35%
Losses on Disposal of Assets	1,062,417.00	796,806.00	-	-	-	766,425.96	766,425.96	0.00%	0%	(30,380.04)	0%
Inrecoverable debts written off	1,029,751.00	772,308.00	-	-	-	-	-	0.00%	0%	(772,308.00)	0%
<b>TOTAL EXPENDITURE</b>	<b>587,055,612.00</b>	<b>432,607,689.00</b>	<b>41,168,550.91</b>	<b>137,553,844.58</b>	<b>127,147,067.17</b>	<b>106,873,073.68</b>	<b>371,573,985.43</b>	<b>86%</b>	<b>100%</b>	<b>(61,033,783.57)</b>	<b>-14%</b>
<b>Surplus (Deficit)</b>	<b>(9,081,377.00)</b>	<b>21,051,863.08</b>	<b>18,223,293.21</b>	<b>10,147,794.17</b>	<b>10,012,813.99</b>	<b>22,642,183.37</b>	<b>42,802,791.53</b>	<b>47.56%</b>	<b>0%</b>	<b>21,750,928.45</b>	<b>-110%</b>
Capital Transfers	48,107,650.00	14,857,444.45	6,013,532.59	7,855,712.66	6,991,731.79	14,260,073.12	29,117,517.57	47.05%	0%	-	15%
	39,026,273.00	35,909,307.53	24,236,825.80	18,013,506.83	17,004,545.78	36,902,256.49	71,920,309.10				

The year-to-date actual surplus amounts to **R 42,8m** excluding capital transfers as of 31 March 2024

QUARTERLY BUDGET AND FINANCIAL REPORT

GRANTS REGISTER FOR 2023/2024 FINANCIAL YEAR										
GRANT	Opening bal as per - AFS	Expected income as per DORA	Adjustments	Total income	Total income Received/ On Hand to Date	TRANCHES	Expenditure (YTD)	Balance as per total income received 11 April 2024	Balance as per DORA allocation 11 April 2024	Percentage % Spent(YTD)
<b>CONDITIONAL GRANTS</b>										
MIG	R 0.00	R 26,810,000.00	-R 1,793,000.00	R 25,017,000.00	R 25,017,000.00	TRI-ANNUAL	R 18,638,813.53	R 6,378,186.47	R 6,378,186.47	75%
Municipal Disaster Recovery Grant	R 0.00	R 7,418,000.00	R 0.00	R 7,418,000.00	R 7,418,000.00	ANNUAL	R 0.00	R 7,418,000.00	R 7,418,000.00	0%
Finance Management Grant	R 0.00	R 1,720,000.00	R 0.00	R 1,720,000.00	R 1,720,000.00	ANNUAL	R 776,804.90	R 943,195.10	R 943,195.10	45%
Integrated National Electricity Programme Grant	R 0.00	R 21,476,000.00	R 0.00	R 21,476,000.00	R 19,476,000.00	ANNUAL	R 7,586,074.83	R 11,889,925.17	R 11,889,925.17	35%
Energy Efficiency & Demand Side Management Grant	R 0.00	R 4,000,000.00	R 0.00	R 4,000,000.00	R 4,000,000.00	TRI-ANNUAL	R 2,892,629.21	R 1,107,370.79	R 1,107,370.79	72%
MAP Synergistic Partnership (Trad Councils)	R 133,795.78	R 0.00	R 0.00	R 0.00	R 133,795.78	ROLL-OVER	R 0.00	R 133,795.78	R 133,795.78	0%
Expanded Public Works Programme	R 0.00	R 2,329,000.00	-R 130,000.00	R 2,199,000.00	R 2,199,000.00	TRI-ANNUAL	R 2,199,000.00	R 0.00	R 0.00	100%
Library Grant	R 0.00	R 4,437,000.00	R 0.00	R 4,437,000.00	R 4,437,000.00	ANNUAL	R 3,615,400.71	R 821,599.29	R 821,599.29	81%
Museum Costs	R 0.00	R 249,000.00	R 0.00	R 249,000.00	R 249,000.00	ANNUAL	R 0.00	R 0.00	R 249,000.00	0%
Municipal Employment Initiative	R 0.00	R 1,000,000.00	R 0.00	R 1,000,000.00	R 1,000,000.00	ANNUAL	R 0.00	R 1,000,000.00	R 1,000,000.00	0%
Informal Trader Grant	R 0.00	R 1,400,000.00	R 0.00	R 1,400,000.00	R 1,400,000.00	ANNUAL	R 0.00	R 1,400,000.00	R 1,400,000.00	0%
Massification	R 135,115.00	R 0.00	R 0.00	R 0.00	R 135,115.00	ROLL-OVER	R 0.00	R 135,115.00	R 135,115.00	0%
Nodal Plan and Land Scheme Grant	R 104,050.71	R 0.00	R 0.00	R 0.00	R 104,050.71	ROLL-OVER	R 0.00	R 104,050.71	R 104,050.71	0%
Maintenance (Sport)	R 11,041.74	R 0.00	R 0.00	R 0.00	R 11,041.74	ROLL-OVER	-	R 11,041.74	R 11,041.74	0%
Title deeds restoration programme	R 239,981.92	R 0.00	R 0.00	R 0.00	R 239,981.92	ROLL-OVER	-	R 239,981.92	R 239,981.92	0%
<b>UNCONDITIONAL GRANTS</b>										
Equitable Share	R 0.00	R 98,874,000.00	R 0.00	R 98,874,000.00	R 98,874,000.00	TRI-ANNUAL	R 68,756,000.00	R 30,118,000.00	R 0.00	70%
<b>TOTAL BALANCE</b>	<b>R 623,985.15</b>	<b>R 169,713,000.00</b>	<b>-R 1,923,000.00</b>	<b>R 167,790,000.00</b>	<b>R 166,413,985.15</b>		<b>R 104,464,723.19</b>	<b>R 61,949,261.96</b>	<b>R 31,831,261.96</b>	<b>63%</b>

From the table above the total grants R 31m remains unspent as at 31 March 2024. 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 of R 19,3million, it is evident that there are unspent amounts on capital grants as follows:

Table 12: Capital Grants Unspent

Capital Grants Not Spent	
Grant	Amount Unspent
Energy Efficiency & Demand-Side Management Grant	1,107,370.79
INEP	11,889,925.17
MIG	6,378,186.47
<b>TOTAL</b>	<b>19,375,482.43</b>

## 5. Capital Budget Performance

**Table 16: Capital Actual Expenditure**

CAPITAL EXPENDITURE FOR 2023/2024 - Q3				
Department	Original Budget	Actual Balance inc Shadow	Available Budget	Project
Community Services	680,000.00	160,059.24	429,440.76	Procurement of furniture and office equipment
Community Services	-	304,988.46	(304,988.46)	CCTV CAMERAS
Economic Development & Growth	900,000.00	-	900,000.00	Informal Trader Infrastructure
Economic Development & Growth	1,400,000.00	-	1,400,000.00	Informal Trader Infrastructure
Electricity	16,876,000.00	6,596,586.81	10,279,413.19	Substation
Electricity	2,650,000.00	-	2,650,000.00	Electrification Project
Electricity	3,880,500.00	2,515,329.75	1,365,170.25	uMngeni Public Lighting
Executive & Council	645,986.00	645,986.34	-	Transport assets
Executive & Council	574,013.00	271,416.00	127,397.00	Procurement of furniture and office equipment
Finance	200,000.00	-	200,000.00	Procurement of furniture and office equipment
Finance	500,000.00	145,980.40	354,019.60	Procurement of furniture and office equipment
Finance	500,000.00	-	500,000.00	Transport assets
Human Resources	200,000.00	158,098.00	41,902.00	Procurement of furniture and office equipment
Information Technology	201,599.00	-	201,599.00	Procurement of furniture and office equipment
Internal Audit	250,000.00	-	250,000.00	Procurement of furniture and office equipment
LANDFILL SITES	1,901,431.00	1,901,431.20	-	Borehole
LANDFILL SITES	2,100,000.00	-	2,100,000.00	Fencing of Landfill Sites
LANDFILL SITES	-	-	-	Fencing of Landfill Sites
Planning & Development	300,000.00	218,197.00	81,803.00	Procurement of furniture and office equipment
Planning & Development	200,000.00	54,280.00	145,720.00	Howick Falls upgrades
Planning & Development	676,450.00	376,450.00	300,000.00	Transport assets
Public Conveniences	-	-	-	Bus Shelters
Refuse Removal & Landfill site	100,000.00	-	20,000.00	Waste Bins and Skip Holding Area
Roads	1,044,000.00	-	934,000.00	Procurement of Machinery and Equipment
Roads	2,417,000.00	3,137,918.84	(720,918.84)	Regravelling of Roads in Ward 5 - KwaDulela
Roads	8,310,000.00	2,515,103.86	5,794,896.14	HAZA SCHOOL ROAD
Roads	3,938,121.00	1,352,744.56	2,585,376.44	RE-GRAVELLING (Yarrow Farm, Colbourne Farm Road)
Roads	98,170.00	98,170.27	-	Construction of uMtholampilo Walkway
Roads	-	-	-	Howick CBD Revitalisation
Roads	3,802,767.00	2,755,443.07	1,047,323.93	Upgrading of 27th Crescent Road
Roads	112,000.00	-	112,000.00	RE-GRAVELLING (Yarrow Farm, Colbourne Farm Road)
Roads	7,418,000.00	-	7,418,000.00	Upgrading of Roads
Roads	23,000,000.00	14,896,050.81	8,103,949.19	Buchanan road extension
Sport & Recreation	650,000.00	-	650,000.00	Transport assets
Sport & Recreation	250,000.00	76,950.40	131,723.60	Procurement of Machinery and Equipment
Technical Services	350,000.00	128,046.00	221,954.00	Procurement of furniture and office equipment
Technical Services	6,051,435.00	5,262,117.65	789,317.35	Transport assets
Technical Services	1,450,000.00	-	850,000.00	Transport assets
Technical Services	-	-	-	Transport assets
	<b>93,627,472.00</b>	<b>43,571,348.66</b>	<b>48,959,098.15</b>	
		47%		

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

As can be seen above, 47% of the Capital budget has been spent over the nine months of the financial year (VAT exclusive). 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 2023/2024 financial year.

## 6. FINANCIAL RATIOS

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

$$= 108,856,166 / 371,573,985 \times 100$$

$$= 29\%$$

This ratio measures the extent of Remuneration to Total Operating Expenditure. If the ratio exceeds the norm, it could indicate inefficiencies, overstaffing or even 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)

$$= (25,045,305 - 31,831,261) + 44,724,527 / 36,065,330$$

$$= 1:0:5 \text{ days}$$

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 365 days

$$= 0 / 274,938,053 \times 274$$

$$= 0 \text{ days}$$

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 because 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

$$\text{Gross Debtors Opening Balance} + \text{Billed Revenue} - \text{Gross Debtors Closing Balance} - \text{Bad Debts Written Off} / \text{Billed Revenue} \times 100$$

$$= (230\,328\,806 + 300\,327\,281) - (261\,569\,190 - 14\,164\,575) \times 100$$

$$300\,327\,281$$

$$= 530\,656\,087 - 247\,404\,615 \times 100$$

$$\begin{aligned}
 & 300\,327\,281 \\
 = & \quad \underline{283\,251\,472} \\
 & 300\,327\,281 \\
 = & \quad 94\%
 \end{aligned}$$

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

$$\begin{aligned}
 & = 161,291,171.32 / 95,728,847.44 \\
 & = 1:1
 \end{aligned}$$

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

$$\begin{aligned}
 & = 12,433,082 / 106,873,073 X 100 \\
 & = 12 \%
 \end{aligned}$$

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

$$\begin{aligned}
 & = 148,539,222 - 170,581,770 / 148,539,222 X 100 \\
 & = - 37\% \text{ Deficit}
 \end{aligned}$$

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

$$= 43,571,348 / 93,627,472 \times 100$$

$$= 47\%$$

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

$$= 371,573,985 / 587,055,612 \times 100$$

$$= 63 \%$$

This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the third 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

$$= 414,376,776 / 577,974,235 \times 100$$

$$= 72 \%$$

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 **favorable**. The Municipality had budgeted Revenue to the amount of **R 453m**, however actual Revenue billed amounted to **R414m**. An amount of **R 432m** was estimated to be spent, but actual expenditure amounted to **R 371m**. The overall estimated surplus was **R 21m** including non-cash items, the actual surplus amounted to **R 42m surplus** inclusive of a non-cash item. Therefore, the target for the Quarter was met.

### 18. Municipal Manager's Quality Certificate

I, Mr Mzingisi Hloba, 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 2024 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 \_\_\_\_\_

12/04/2024





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Website: [www.umngeni.gov.za](http://www.umngeni.gov.za)

Our Ref.: .....

Your Ref.: .....

Date: 29 April 2024

### Office of the Municipal Manager

## COUNCIL MEETING HELD IN THE COUNCIL CHAMBER ON MONDAY 29 APRIL 2024 AT 09:00

### C.0424.79 BUDGET AND FINANCIAL REPORT – Q3

The Manager: Budget presented the financial reports and the following were raised:

- Municipality finances should improve to get more money coming through and the stopping of electricity theft.
- The DSTV strategy collections should be adopted by this municipality.

On a proposal moved by, Councillor PA Passmoor and seconded by, Councillor PC Le Roux, it was

### RESOLVED

That Council notes and approves the Quarterly Report for Q3.

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Certified true extract of the minutes of the meeting.

Signed-----

Mr Mzingisi Hloba  
**MUNICIPAL MANAGER**