



# **uMNGENI MUNICIPALITY**

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## **MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT**

**2024/2025**

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

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## **Glossary**

**Annual Budget** – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

**Adjustment Budget** – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.

**Allocations** (Transfers – see DORA) – Money received from Provincial or National Government.

**Budget Related Policy** (ies) – Policies of a Municipality affecting or affected by the budget, examples include Tariff Policy, Rates Policy, Credit Control and Debt Collection Policies.

**Capital Expenditure** - Spending on assets such as land, buildings, and machinery. Any capital expenditure must reflect as an asset on the Municipality’s statement of financial position and must be included in the asset register.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

**Equitable Share** – A general grant paid to municipalities. It is targeted to help with free basic services.

**Fruitless and Wasteful Expenditure** – Expenditure that was made in vain and would/should have been avoided had reasonable care been exercised.

**GRAP** – Generally Recognized Accounting Practice. The standards for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** –Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations of April 2009.

**MFMA** – The Municipal Finance Management Act – Act No. 56 of 2003. The principal piece of legislation relating to municipal financial management.

**MIG** – Municipal Infrastructure Grant. Funds allocated by National Treasury to be applied toward addressing infrastructure backlogs in the municipal area.

**MSCOA** – Municipal Standard Chart of Accounts

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years’ budget allocations. Also includes details of the previous and current years’ financial position.

**Operating Expenditure** – The day-to-day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rate-able value is multiplied by the rate in the Rand.

**Statement of cash flows** – A statement showing sources and application of actual cash.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budgeted estimates.

**Strategic Objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized Expenditure – Generally, spending without, or in excess of, an Approved Budget.

**Virement** – A transfer of funds.

**Vote** – One of the main segments into which a budget is divided. This means the different GFS classification the budget is divided.

## **MAYORAL SPEECH**

It is my honor to present the mid-year budget report for uMngeni Municipality. This report is a critical tool in assessing our financial and operational performance, offering insights into both our successes and the challenges we face as we work towards delivering on our commitments to the community.

The 2024/2025 financial year has brought notable achievements. The municipality has maintained a compliant audit outcome, reflecting improved internal controls, and the transition from ABSA to FNB as our banker has been executed smoothly and without disruptions to operations. Furthermore, we have achieved commendable over-collection in property rates, demonstrating both diligent effort and the willingness of our community to contribute to the municipality's revenue base. Employee-related costs have also remained within Treasury guidelines, ensuring that we meet compliance requirements while managing our human resources responsibly.

Progress has been made in addressing inefficiencies within the supply chain management (SCM) system. Despite delays, we are seeing improvement in the recapitulating of the SCM office, with tenders and procurement processes moving forward, albeit at a slower pace than desired. These strides reflect the dedication of our team to overcome longstanding obstacles and ensure that critical goods and services are delivered to our residents.

However, this report also highlights significant challenges that demand immediate attention and decisive action. Persistent revenue shortfalls, such as electricity under-collection of R32 million, coupled with under-expenditure of R18 million, continue to impede the municipality's ability to meet its objectives. Moreover, departments across the municipality are failing to take revenue generation seriously, leaving many viable opportunities unexplored. This lack of focus on diversifying and maximizing revenue streams undermines our financial sustainability and limits the scope of services we can deliver.

Additionally, inefficiencies in billing and data management continue to erode public trust and hinder revenue collection. The municipality's accounts department must urgently address these issues to ensure accurate billing, improve collection rates, and restore credibility. It is also imperative that all directors and departments prioritize identifying and implementing new revenue-generating initiatives.

Despite these challenges, the commitment and hard work of our Municipal Manager (MM) and Chief Financial Officer (CFO) must be acknowledged and appreciated. Their leadership in managing the municipality's finances during a challenging period has been instrumental in maintaining stability and driving progress in key areas.

As we move into the second half of the financial year, I call on all stakeholders, council, management, and staff, to take ownership of the issues raised in this report and work collectively to address them. Immediate priorities include strengthening revenue collection strategies, finalizing outstanding maintenance contracts, expediting procurement processes, and fostering a culture of accountability through robust consequence management.

This report should not only serve as a reflection of where we are but also as a call to action for where we need to go. With continued focus, collaboration, and determination, I am confident that we can overcome the challenges before us and build a financially sustainable, service-driven municipality that meets the needs of all its residents.

## INTRODUCTION

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

The accounting officer must, as part of the review-

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

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

## OPERATIONAL REVENUE AND EXPENDITURE ANALYSIS

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

Descriptions	Annual Budget	YTD Budgets	YTD Actuals	Variance
Total Revenue	614,613,131	332,723,142	305,953,459	(26,769,683)
Total Expenditure	614,180,376	300,620,346	282,043,812	18,576,534
Surplus (Deficit)	432,755	32,102,796	23,909,648	(8,193,148)
Capital Transfers	48,640,930	25,527,967	25,527,967	-
<b>Surplus (Deficit) include Capital Transfers</b>	<b>49,073,685</b>	<b>57,630,763</b>	<b>49,437,614</b>	<b>(8,193,148)</b>

## OPERATING REVENUE

OPERATING REVENUE STATEMENT AS AT 31 DECEMBER 2024						
Descriptions	Annual Budget	YTD budget	YTD Actual	% of Annual Budget Performance	YTD variance	YTD variance
				%		%
Rates	271,174,940	135,587,454	138,037,297	51%	2,449,843	2%
Service charges - Electricity	173,523,779	86,761,878	59,053,273	34%	(27,708,605)	-32%
Service charges - Refuse	16,069,108	8,034,552	8,692,811	54%	658,259	8%
Rental	1,442,130	721,062	668,263	46%	(52,799)	-7%
Interest earned - external investments	3,178,000	1,589,004	2,187,073	69%	598,069	38%
Interest earned - outstanding debtors	18,972,327	9,486,156.00	5,501,066	29%	(3,985,090)	-42%
Fines	3,256,810	1,628,406	2,017,856	62%	389,450	24%
Licences and Permits	3,921,864	1,960,932	2,014,873	51%	53,941	3%
Grants and subsidies	115,580,070	83,372,346	83,372,346	72%	-	0%
Sale of Goods and Rendering of Services	6,334,928	3,167,460	2,981,533	47%	(185,927)	-6%
Operational revenue	1,159,175	413,892	1,427,068	123%	1,013,176	245%
<b>TOTAL REVENUE</b>	<b>614,613,131</b>	<b>332,723,142</b>	<b>305,953,459</b>	<b>50%</b>	<b>(26,769,683)</b>	<b>-8%</b>

The Municipality's total revenue is sitting at 50 % as of December 2024, the targeted revenue should rightfully at 50% at mid-year when comparing the half-yearly actual against the Annual

Budget. From the above table the Annual projected revenue for the financial year ending 30 June 2025 was R 614,6m, the year-to-date Actual is R 305,9m, which then resulted in the overall desired performance of 50% as indicated in the table above.

**Although the total revenue met the target for the first six months of the financial year, there are however items within revenue that did not meet the targeted projections, below are the reasons for the variances with reference to the above table, and are explained as follows: -**

**PROPERTY RATES**

The actual balance for the first six months of the financial year for Property rates is R 138m against the budgeted amount of R 217,1m. The report reflects a favorable performance that equivalent to 1% which is slightly above the targeted percentage of 50% at the Mid-Year.

**SERVICE CHARGES – ELECTRICITY**

Directorate	Department	Section	Item	Original Budget	Actual Balance	Available Funds	% of Annual Budget Performance
TECHNICAL SERVICES	Electricity	ELECTRICITY	Disconnection/Reconnection Fees	1,305,418	574,596	730,822	44%
TECHNICAL SERVICES	Electricity	ELECTRICITY	Notice Revenues	43,774	3,726	40,048	9%
TECHNICAL SERVICES	Electricity	ELECTRICITY	Prepaid	37,969,481	11,738,608	26,230,873	31%
TECHNICAL SERVICES	Electricity	ELECTRICITY	Conventional	134,310,970	48,532,213	85,778,757	36%
TECHNICAL SERVICES	Electricity	ELECTRICITY	Conventional	(1,235,552)	(1,860,801)	625,249	151%
TECHNICAL SERVICES	Electricity	ELECTRICITY	Ancillary Charges	1,000,000	-	1,000,000	0%
TECHNICAL SERVICES	Electricity	ELECTRICITY	Availability Charges	129,688	64,930	64,758	50%
			TOTAL	173,523,779	59,053,273	114,470,506	34%

The annual budget for Service Charges – Electricity was R173,5m, Actual Balance billed amounts to R 59m which is equivalent to 34% of the Annual budget, therefore there is an unfavorable performance of R 27,6m that is equivalent to 16% under-achievement as at 31 December 2024. The main contributing factor for underperformance is the electricity theft and illegal connections that is reported on the monthly basis in Section 71 Reports.

There is a significant threat that if the trend continues, Council will continue to incur an operating loss on the electricity-Trading services. The Council is requested to fully support the cost of supplier study outcome and revenue enhancement strategies to be implemented to recover the losses and stabilize the financial situation. Electricity losses is one of the audit issues raised by Auditor General in 2023/2024 financial year as the electricity losses is above the norm as per the MFMA circular 71 of 2014 for electricity losses. The Auditor General has recommended the municipality to implement adequate controls to ensure all revenue due to the municipality is calculated monthly. Management ensure that electricity losses are

investigated and monitored throughout the financial year adequate steps are taken to reduce the losses.

### **SERVICE CHARGES -REFUSE**

The Municipality has budgeted R 16m for refuse-services charges, billed revenue is amounted to R 8,6m that resulted in a favorable performance variance of 4% against the annual approved budget. For the first six months, this item has over-achieved in its performance.

### **RENTAL OF FACILITIES**

The Annual budget amount to R1,4m for Rental of facilities and equipment, this has underperformed by 4% when comparing the annual budget and year-to-date actual, the Municipality had targeted to bill R721k, however the YTD Actual billed is R 668k at midyear that has resulted in an unfavorable variance of R52k. The management must develop the monthly rental schedule in line with the lease agreements have with the tenants and review the rental policy to improve on the targeted amounted for this line item by the of financial year end.

### **TRAFFIC FINES**

Traffic Fines – the Municipality projected an annual budget of R 3,2m in traffic fines, the actual amount that has been issued for the first six months is R 2m, there is a positive variance of 12% when comparing the year-to-date actuals against the Annual budget. This item has over-achieved in its performance.

### **LICENCES AND PERMITS**

There is a favorable variance of R 53k under Licenses, the YTD actual is R 2m against the annual budget of R 3,9m which is slightly above the targeted percentage at the Mid-Year.

### **OPERATIONAL REVENUE**

Directorate	Section	Item	Original Budget	Actual Balance	Available Budget	% of Annual Budget Performance
CORPORATE SERVICES	HUMAN RESOURCES	Skills Development Levy Refund	268,433	96,984	171,449	36%
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Insurance Refund	334,474	953,619	- 619,145	285%
BUDGET & TREASURY	FINANCE	Administrative Handling Fees	75,647	372,264	- 296,617	492%
BUDGET & TREASURY	FINANCE	Bad Debts Recovered	-	2,327	- 2,327	-100%
BUDGET & TREASURY	FINANCE	Transaction Handling Fees	2,050	-	2,050	0%
BUDGET & TREASURY	FINANCE	Discounts and Early Settlements	145,456	-	145,456	0%
BUDGET & TREASURY	FINANCE	Incidental Cash Surpluses	1,736	1,874	- 138	108%
		<b>TOTAL</b>	<b>827,796</b>	<b>1,427,068</b>	<b>- 599,272</b>	<b>172%</b>

The municipality's operational revenue has shown a favorable actual balance as of 31 December 2024 due to the insurance refund, administrative handling fees and bad debts recovered received by the end mid-year. These line items have resulted the over-performance by 172% and the annual budget will be adjusted upwards during the adjustment budget.



## SALE OF GOODS AND RENDERING OF SERVICES

Directorate	Section	Item	Original Budget	Actual Balance	Available Budget	% of Annual Budget Performance
BUDGET & TREASURY	FINANCE	Objections and Appeals	173,642	29,319	144,323	17%
BUDGET & TREASURY	FINANCE	Clearance Certificates	824,096	306,618	517,478	37%
BUDGET & TREASURY	FINANCE	Tender Documents	82,222	-	82,222	0%
COMMUNITY SERVICES	LIBRARY	Photo copies, Faxes and Telephone charges	22,444	6,748	15,696	30%
COMMUNITY SERVICES	TRAFFIC POLICE	Traffic Control	20,980	-	20,980	0%
COMMUNITY SERVICES	CEMETRY	Cemetery and Burial	217,091	48,100	168,991	22%
COMMUNITY SERVICES	MUSEUM	Entrance Fees	3,787	13,203	- 9,416	349%
CORPORATE SERVICES	PUBLIC CONVENIENCES	Entrance Fees	59,111	33,992	25,119	58%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Advertisements	82,923	41,408	41,515	50%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Application Fees for Land Usage	221,129	16,019	205,110	7%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Building Plan Approval	2,920,474	998,455	1,922,019	34%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Building Plan Clause Levy	122,343	52,764	69,579	43%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Town Planning and Servitudes	530,710	188,160	342,550	35%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Maps	4,423	9,580	- 5,157	217%
PLANNING & DEVELOPMENT	TOURISM	Domestic Services	553	-	553	0%
TECHNICAL SERVICES	LANDFILL SITES	Weighbridge Fees	1,049,000	1,236,297	- 187,297	118%
		<b>TOTAL</b>	<b>6,334,928</b>	<b>2,980,663</b>	<b>3,354,265</b>	<b>47%</b>

The Municipality budgeted R 6,3m for this item, the half-yearly outcome reflects the under-performance by 3% as the actual balance shown 47% instead of 50%. Some of the line items within Sale of Goods and Rendering of Services will be adjusted accordingly during the adjustment period.

## INTEREST EARNED ON OUTSTANDING DEBTORS

There is under-performance of 21% on this line item resulted from exemption for penalty charge of 1% in the month of August due to delays in distributing July utility statements to the ratepayers attributable to approved traffics uploads in the financial systems and bad debt written off in June 2024. above item, this translates the result for bad debt write-off in the previous financial year. this line item will be adjusted downwards during the adjustment budget.

## OPERATING EXPENDITURE

OPERATING EXPENDITURE STATEMENT AS AT 31 DECEMBER 2024						
Descriptions	Annual Budget	YTD budget	YTD Actual	% of Annual Budget Performance	YTD variance	YTD variance
				%		%
Salaries	162,029,250	81,014,682	75,008,485	46%	(6,006,197)	-7%
Remuneration of councillors	12,303,348	6,151,674	5,572,174	45%	(579,500)	-9%
Bulk Purchases	215,706,042	107,853,018	105,721,215	49%	(2,131,803)	-2%
Debt impairment	10,744,599	-	-	0%	-	0%
Contracted Services	77,415,731	38,707,770	33,190,769	43%	(5,517,001)	-14%
Interest Expense	63,471	31,734	49,261	78%	17,527	55%
Other Expenditure	66,716,192	33,357,990	30,904,747	46%	(2,453,243)	-7%
Depreciation	57,004,511	28,502,244	29,213,765	51%	711,521	2%
Inventory consumed	8,250,548	4,125,240	1,744,426	21%	(2,380,814)	-58%
Transfers and Grants	1,752,000	875,994	638,970	36%	(237,024)	-27%
Losses on Disposal of Assets	1,114,475	-	-	0%	-	0%
Irrecoverable debts written off	1,080,209	-	-	0%	-	0%
<b>TOTAL EXPENDITURE</b>	<b>614,180,376</b>	<b>300,620,346</b>	<b>282,043,812</b>	<b>46%</b>	<b>(18,576,534)</b>	<b>-6%</b>

Expenditure incurred during the first six months amounted to R 282m, the Municipality has spent 44% of its Annual Budget which means on overall there is a positive variance (savings) equivalent to 6%. Although the total expenditure shown the savings of 6% for the first six months of the financial year, most of the line items within operating expenditure did not meet the targeted projection of 50% by 31 December 2024, below are the reasons for the variances with reference to the above table, and are explained as follows: -

### **EMPLOYEE RELATED COSTS**

The total approved budget for employee related costs for 2024/2025 budget year amounts to R 162m, YTD actual is R 75m as of 31 December 2024. The Municipality has spent 46 % to date which results in a saving equivalent to 4% resulted from unfilled posts due to resignations, retirements, deaths, and the appointment of temporal employees which results in a saving on council contributions as well as Grap 25 provisions that are recorded at year-end. This line item will be addressed in line with salaries and wage collective agreement 2024 (Circular No. 6) during the adjustment budget.

### **REMUNERATION OF COUNCILLORS**

The approved budget for the remuneration of Councilors for the 2024/2025 budget is R 12,3m. The budgeted expenditure to date is R 6,1m and actual expenditure is R 5,5m that is equivalent to a R 579k favorable variance. Municipalities are obliged to remunerate Councillors according to the Upper Limits from the Department of Cooperative Governance and the remuneration increment will be effective in January 2025 payroll.

### **DEPRECIATION**

The Municipality budgeted R 57m for this item, the half-yearly outcome reflects the over-performance by 1% as the actual balance shown 51% instead of 50%. It seems that the provision for depreciation is under provided for and will be adjusted upwards during the Adjustments Budget process to avoid unauthorized expenditure by the end of financial year.

### **FINANCE CHARGES**

The annual budget amounts to R 31K against the YTD actual of R 49K resulted an unfavorable R 17K. The YTD actual amount paid is recorded in the fruitless expenditure register as of 31 December 2024 and this amount must follow the UIFW processes as required by MFMA by not later than the 30th of June 2025. This line-item budget will be adjusted upwards during the Adjustments Budget process to eliminate unauthorized expenditure by the end of the financial year.

### **BULK PURCHASES**

The annual approved budget for Bulk purchases amounts to R 215,7m against the year-to-date actual amounts to R 105,7m resulted to a favorable performance of 49% when comparing the Annual budget against YTD actual. The annual budget seems to be in line with actual balance and change of season.

## CONTRACTED SERVICES

Directorate	Section	Item	Original Budget	Actual Balance	Available Budget	% of Annual Budget Performance
CORPORATE SERVICES	PROPERTY SERVICES	Maintenance of Buildings and Facilities	950,000	56,045	893,955	6%
COMMUNITY SERVICES	TRAFFIC POLICE	Security Services	16,000,000	8,312,117	7,687,883	52%
COMMUNITY SERVICES	TRAFFIC POLICE	Business and Financial Management	430,000	-	430,000	0%
COMMUNITY SERVICES	COMMUNITY SERVICES	Animal Care	300,000	103,494	196,506	34%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Catering Services	48,254	-	48,254	0%
COMMUNITY SERVICES	TRAFFIC POLICE	Maintenance of Equipment	33,169	1,872	31,297	6%
COMMUNITY SERVICES	COMMUNITY SERVICES	Catering Services	66,000	65,600	400	99%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Ecological	500,000	197,490	302,510	39%
EXECUTIVE & COUNCIL	INTERNAL AUDIT	Accounting and Auditing	700,000	-	700,000	0%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Land and Quantity Surveyors	500,000	48,000	452,000	10%
COMMUNITY SERVICES	COMMUNITY SERVICES	Fire Services	450,000	138,407	311,593	31%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Town Planner	2,400,000	934,458	1,465,542	39%
COMMUNITY SERVICES	COMMUNITY SERVICES	Security Services	100,000	-	100,000	0%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Water	200,000	-	200,000	0%
COMMUNITY SERVICES	COMMUNITY SERVICES	Transport Services	50,000	-	50,000	0%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Maintenance of Equipment	50,000	-	50,000	0%
COMMUNITY SERVICES	CEMETERY	Collection	2,516	-	2,516	0%
CORPORATE SERVICES	HUMAN RESOURCES	Medical Services (Medical Health Serv	350,000	18,647	331,353	5%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Maintenance of Unspecified Assets	10,000	-	10,000	0%
COMMUNITY SERVICES	CEMETERY	Maintenance of Buildings and Facilities	270,000	-	270,000	0%
CORPORATE SERVICES	HUMAN RESOURCES	Human Resources	200,000	-	200,000	0%
CORPORATE SERVICES	HUMAN RESOURCES	Medical Examinations	150,000	-	150,000	0%
CORPORATE SERVICES	HUMAN RESOURCES	Catering Services	52,450	37,201	15,249	71%
CORPORATE SERVICES	HUMAN RESOURCES	Employee Wellness	150,000	135,590	14,410	90%
CORPORATE SERVICES	MUNICIPAL OFFICES	Maintenance of Buildings and Facilities	1,500,000	1,146,035	353,965	76%
COMMUNITY SERVICES	MUSEUM	Catering Services	20,715	8,510	12,205	41%
COMMUNITY SERVICES	MUSEUM	Transport Services	16,784	-	16,784	0%
COMMUNITY SERVICES	MUSEUM	Pest Control and Fumigation	2,623	-	2,623	0%
TECHNICAL SERVICES	WORKSHOPS	Maintenance of Unspecified Assets	3,054,688	2,351,340	703,348	77%
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Catering Services	155,000	146,962	8,038	95%
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Transport Services	120,000	117,300	2,700	98%
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Audit Committee	800,000	265,498	534,502	33%
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Communications	400,000	108,500	291,500	27%
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Legal Advice and Litigation	2,740,400	1,192,254	1,548,146	44%
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Pest Control and Fumigation	568,044	273,599	294,445	48%
TECHNICAL SERVICES	ELECTRICITY	Maintenance of Unspecified Assets	1,712,493	435,394	1,277,099	25%
TECHNICAL SERVICES	ELECTRICITY	Maintenance of Unspecified Assets	5,806,287	3,753,362	2,052,925	65%
TECHNICAL SERVICES	ELECTRICITY	Prepaid Electricity Vendors	770,931	190,342	580,589	25%
TECHNICAL SERVICES	ELECTRICITY	Electrical	1,000,000	596,387	403,613	60%
TECHNICAL SERVICES	ELECTRICITY	Graphic Designers	500,000	-	500,000	0%
TECHNICAL SERVICES	ELECTRICITY	Administrative and Support Staff	6,031,100	3,141,333	2,889,767	52%
PLANNING & DEVELOPMENT	ECONOMIC DEVELOPMENT & GROWTH	Organisational	350,000	-	350,000	0%
PLANNING & DEVELOPMENT	ECONOMIC DEVELOPMENT & GROWTH	Agriculture	150,000	50,900	99,100	34%
TECHNICAL SERVICES	ROADS	Civil	150,000	-	150,000	0%
TECHNICAL SERVICES	ROADS	Maintenance of Unspecified Assets	13,500,000	6,280,167	7,219,833	47%
BUDGET & TREASURY	FINANCE	Valuer	1,200,480	700,289	500,191	58%
BUDGET & TREASURY	FINANCE	Accounting and Auditing	1,095,100	132,265	962,835	12%
BUDGET & TREASURY	FINANCE	Business and Financial Management	2,415,647	-	2,415,647	0%
BUDGET & TREASURY	FINANCE	Commissions and Committees	500,000	-	500,000	0%
BUDGET & TREASURY	FINANCE	Collection	846,240	144,156	702,084	17%
PLANNING & DEVELOPMENT	TOURISM	Event Promoters	400,000	246,310	153,690	62%
PLANNING & DEVELOPMENT	TOURISM	Graphic Designers	100,000	64,900	35,100	65%
PLANNING & DEVELOPMENT	TOURISM	Maintenance of Buildings and Facilities	200,000	800	199,200	0%
CORPORATE SERVICES	COMMUNITY HALLS	Maintenance of Buildings and Facilities	300,000	154,885	145,115	52%
PLANNING & DEVELOPMENT	HOUSING	Water	200,000	-	200,000	0%
PLANNING & DEVELOPMENT	HOUSING	Legal Advice and Litigation	100,000	-	100,000	0%
COMMUNITY SERVICES	SPORT & RECREATION	Maintenance of Buildings and Facilities	500,000	52,650	447,350	11%
COMMUNITY SERVICES	SPORT & RECREATION	Maintenance of Equipment	150,000	-	150,000	0%
COMMUNITY SERVICES	REFUSE REMOVAL & LANDFILL SITE	Geodetic, Control and Surveys	1,396,848	665,800	731,048	48%
COMMUNITY SERVICES	SPORT & RECREATION	Clearing and Grass Cutting Services	4,200,000	921,912	3,278,088	22%
TECHNICAL SERVICES	LANDFILL SITES	Administrative and Support Staff	500,000	-	500,000	0%
		<b>TOTAL</b>	<b>77,415,769</b>	<b>33,190,769</b>	<b>44,225,000</b>	<b>43%</b>

The Municipality's annual budget is R 77,4m, actual expenditure is R 33,1m. The Municipality has spent 43% of the Annual Budget, leading to a favorable variance of 7%, an assessment and departmental engagement will be conducted to evaluate where there is an adjustment indicator on the item.

## OTHER EXPENDITURE

Other expenditure comprises of operational costs of the municipality, the annual budget for this item is R 66,7m, the actual expenditure to date is R 30,9m – which is 46% of Annual Budget leading to a savings of 4 %. The contributing factor to this saving is the implementation of the Cost Containment Strategies, an assessment and departmental engagement will be conducted to evaluate where there is an adjustment indicator on the item.

Resulted to the significant matters outlined above an adjustment budget in terms of section 28(2)(A) is necessitated and departments engagement outcome will be determining factor for expenditure adjustment budget. Comprehensive details will be provided in the adjustment budget which will be tabled in February 2025.

## CAPITAL BUDGET PERFORMANCE

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

The total Capital budget summary is as follows:

### Analysis of Capital Budget

Directorate	Section	Project	Original Budget	Expenditure	Available Balance	Percentage Spent
EXECUTIVE & COUNCIL	EXECUTIVE & COUNCIL	Procurement of furniture and office equipment	250,000	180,941	69,059	72%
EXECUTIVE & COUNCIL	INTERNAL AUDIT	Procurement of furniture and office equipment	100,000	64,746	35,254	65%
BUDGET & TREASURY	FINANCE	Procurement of furniture and office equipment	600,000	59,368	540,632	10%
BUDGET & TREASURY	FINANCE	Procurement of furniture and office equipment	100,000	-	100,000	0%
CORPORATE SERVICES	HUMAN RESOURCES	Procurement of furniture and office equipment	200,000	103,643	96,357	52%
CORPORATE SERVICES	MUNICIPAL OFFICES	Fencing	500,000	210,500	289,500	42%
CORPORATE SERVICES	INFORMATION TECHNOLOGY	Procurement of furniture and office equipment	150,000	141,895	8,105	95%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Procurement of furniture and office equipment	630,000	-	630,000	0%
PLANNING & DEVELOPMENT	PLANNING & DEVELOPMENT	Property Land	1,400,000	-	1,400,000	0%
PLANNING & DEVELOPMENT	ECONOMIC DEVELOPMENT & GROWTH	Informal Trader Infrastructure	990,000	-	990,000	0%
PLANNING & DEVELOPMENT	ECONOMIC DEVELOPMENT & GROWTH	Informal Trader Infrastructure	750,000	-	750,000	0%
COMMUNITY SERVICES	TRAFFIC POLICE	Transport assets	650,000	-	650,000	0%
COMMUNITY SERVICES	SPORT & RECREATION	Procurement of Machinery and Equipment	800,000	361,828	438,172	45%
COMMUNITY SERVICES	COMMUNITY SERVICES	Procurement of Machinery and Equipment	540,000	-	540,000	0%
COMMUNITY SERVICES	COMMUNITY SERVICES	Procurement of furniture and office equipment	400,000	63,875	336,125	16%
TECHNICAL SERVICES	TECHNICAL SERVICES	Procurement of furniture and office equipment	100,000	49,390	50,610	49%
TECHNICAL SERVICES	TECHNICAL SERVICES	Transport assets	8,401,949	2,973,000	5,428,949	35%
TECHNICAL SERVICES	ROADS	Buchanan road extension	20,009,593	7,505,307	12,504,286	38%
TECHNICAL SERVICES	ROADS	Procurement of furniture and office equipment	70,000	-	70,000	0%
TECHNICAL SERVICES	ROADS	Bus Shelters	2,000,000	226,627	1,773,373	11%
TECHNICAL SERVICES	ROADS	Construction of uMholampilo Walkway	919,155	16,289	902,866	2%
TECHNICAL SERVICES	ROADS	Upgrading of Roads	7,426,000	2,538,798	4,887,202	34%
TECHNICAL SERVICES	ROADS	Fordoun Multipurpose Hall & Access Road	3,000,000	1,179,921	1,820,079	39%
TECHNICAL SERVICES	ROADS	Re-gravelling of Roads	3,575,970	2,333,999	1,241,971	65%
TECHNICAL SERVICES	ROADS	Regravelling of Roads in Kwahaza	5,731,270	3,930,236	1,801,034	69%
TECHNICAL SERVICES	ROADS	Cunys Post Landfill Site Cell	2,046,586	2,453,723	(407,137)	120%
COMMUNITY SERVICES	REFUSE REMOVAL & LANDFILL SITE	Waste Bins and Skip Holding Area	250,000	-	250,000	0%
TECHNICAL SERVICES	ELECTRICITY	Substation	14,620,000	7,443,925	7,176,075	51%
TECHNICAL SERVICES	ELECTRICITY	Electrification Project	1,500,000	360,000	1,140,000	24%
TECHNICAL SERVICES	LANDFILL SITES	Fencing of Landfill Sites	2,100,000	3,010,930	(910,930)	143%
		<b>TOTAL</b>	<b>79,810,523</b>	<b>35,208,941</b>	<b>44,601,582</b>	<b>44%</b>

As per the above table, the municipality spent R 44,6m as of 31 December 2024. The actual balance is targeted to be at 50% by half-yearly. The departmental engagement will be conducted to evaluate where there is an adjustment indicator on the projects displayed above,

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

## IMPACT OF UNDER-EXPENDITURE

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



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

It will impose financial pressure / implications on the cash flow management in the third and fourth quarters.

### **CASH MANAGEMENT**

Cash flow predictions are as anticipated.

### **OUTSTANDING DEBTORS**

<b>Category Description</b>	<b>Rand</b>	<b>Percentage %</b>
Agriculture Agricultural	15,955,939.06	6%
Business & Commercial Properties	37,483,531.60	14%
Electricity	28,519,031.06	11%
Industrial Properties	39,666.28	0%
Mining & Quarry Properties	2,650,474.15	1%
Public Benefit Organisation Properties	9,149,040.07	3%
Public Service Infrastructure Properties	2,831,236.12	1%
Public Service Purpose Properties	12,453,976.36	5%
Refuse	16,365,821.78	6%
Rentals	2,514,872.31	1%
Residential Properties	126,766,671.43	48%
Sundry Debtors	1,302,658.67	0%
Vacant Land Properties	9,863,795.20	4%
<b>TOTAL</b>	<b>265,896,714.09</b>	<b>100%</b>

The Municipality is implementing the Council approved strategies to reduce the amount recorded in the debtor's book.

As required by Section 72(1)(a)(iii) of the MFMA, our municipality has conducted a comprehensive review of its performance over the first six months. This assessment considers the previous year's Annual Report and progress made in addressing the identified challenges. Our analysis reveals that out of 44 Key Performance Indicators (KPIs) that were not achieved in the previous year, 21 (47.73%) have been fully implemented, while 23 (52.27%) remain outstanding and will be closely monitored. This progress demonstrates our commitment to learning from past challenges and driving meaningful improvement. To provide further context, the outstanding KPIs will be addressed through targeted corrective measures, as outlined in the Top Layer SDBIP 2023/2024. We are dedicated to overcoming these challenges and achieving our goals, ensuring that our municipality continues to thrive and serve its residents effectively.

### **ADJUSTMENTS BUDGET**

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

'An adjustments budget may be tabled in the Municipal Council at any time after the Mid-Year Budget and Performance Assessment has been tabled in the Council, but no later than 28

February of each year. Furthermore, except under certain circumstances only one adjustments budget may be tabled in Council during a financial year.'

Accordingly, a report on adjustments budget will be submitted for consideration by Council on or before 28 February 2025.

**MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I, Mr Mzingisi Hloba, Municipal Manager of uMngeni Municipality, hereby certifies that the S72 Mid-year budget and performance assessment for the 2024/2025 financial year has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

**Mr Mzingisi Hloba**

**MUNICIPAL MANAGER OF UMNGENI MUNICIPALITY, KZN222**

SIGNATURE \_\_\_\_\_



DATE \_\_\_\_\_

20/01/2025