



UBUHLEBEZWE MUNICIPALITY
MID-YEAR BUDGET AND PERFORMANCE
ASSESSMENT REPORT
SECTION 72 OF THE MFMA

24 JANUARY 2023

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REPORT BY THE MAYOR OF UBUHLEBEZWE MUNICIPALITY

Honourable Speaker of Council,

Exco Members,

Whip of Council and all Councillors, the entire Management team under the Municipal Manager, Amakhosi aseNdlunkulu, distinguished guests, ladies, and gentlemen I greet you all.

On behalf of the Council of Ubuhlebezwe Local Municipality, we wish to express stakeholders; in particular the communities of Ubuhlebezwe for putting your faith in us being your representatives and also all our dedicated municipal officials for their continuous support.

Since 2021, we have dedicated ourselves in ensuring that we respond promptly to all areas related to service delivery. When we began this current year in July, we committed ourselves not only to accelerate service delivery to our people, but also to respond promptly to all challenges and constraints.

This meeting of today, Council is constituted in terms of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, section 72(B), to review the report from their Accounting officer assessing the performance of the municipality during the first half of the financial year, besides being mandated by the MFMA, as public representative commitments we have made to the electorates and on a continuous basis, we have a responsibility to account to Council as a body representing our people.

It is my pleasure and honour to get this opportunity to present the mid-year budget assessment to this house. The aim of this mid-year budget assessment is to determine whether there is a need for adjusting our budget or not. My Speaker, I must indicate that according to the cumulative MFMA Section 71 reports, the MIG expenditure is sitting at 44% with the overall percentage capital grant expenditure sitting at 32%. This shows an average expenditure, there was a lot of improvement on rates and refuse collection, which is 50% and 51% respectively.

The report tabled below details the actual expenditure and actual revenue for the six months ending 31st of December 2022 against the projected budget. The report reflects a rather satisfactory expenditure trend as well as the revenue collecting generally. We still commit ourselves as the leadership and management to ensure we improve current level of revenue collection. It is with this reason that we are busy reviewing our Revenue enhancement strategies to improve our collection rates.

I also wish to thank this Council for the enthusiasm in ensuring that the legislative mandate is carried out for the benefit of our people. To the administration led by the accounting officer, Thank you.

RESOLUTION

MID TERM BUDGET REVIEW RESOLUTIONS

Section 72(1) of the Municipal Finance management Act no 56 of 2003 (MFMA) requires that the Accounting Officer of a municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year. The Municipal Budget and Reporting Regulations states that a mid – year budget and performance assessment must be in a format specified in Schedule C and include all required schedules.

The following resolutions were tabled by the Accounting Officer before the Mayor and Council for adoption and approval on the 24 January 2023.

a. That:-

The Mid – year budget and performance assessment for the period 01 July 2022 to 31 December 2022 be approved as set out in the tables:

- Table C1 – Monthly Budget Statement Summary
 - Table C2 – Monthly Budget Statement- Financial Performance (Revenue and Expenditure by standard classification)
 - Table C3 – Monthly Budget Statement - Financial Performance (Revenue and Expenditure by municipal vote)
 - Table C4 –Monthly Budget Statement - Financial Performance (Revenue by Source and Expenditure by type)
 - Table C5 – Multi-year and single year capital appropriations (Capital expenditure by vote, standard classification and funding source)
 - Table C6 – Budgeted Financial Position
 - Table C7 – Budgeted Cash flow
 - Supporting Documents
- SC (1-13)**

b. Budget resolution attached.

EXECUTIVE SUMMARY

As instructed by the Local Government: Municipal Finance Management Act No.56 of 2003, Chapter 8 on roles of municipal officials, section 72, the Accounting Officer must assess the half yearly performance of the municipality and this is required to be done by 25th January every year to be submitted to the Mayor, National and Provincial Treasury.

The following were considered as instruments to define the actual performance of Ubuhlebezwe Municipality for the period of July 2022 to December 2022,

- Approved Budget for 2022/2023,
- Service Delivery Budget and Implementation Plan
- Council approved Procurement Plan
- Budget versus actual on approved 2022/2023 budget
- Investments and Cash and Cash equivalents
- Analysis of billed revenue versus collected revenue

- Analysis of budgeted expenditure versus actual expenditure for six months ending December 2022
- Monthly MFMA Section 71 reports
- Mid – term performance report, considering targets versus actuals for both the first and the second quarter.
- Audited Annual Financial Statements for the previous year.
- Auditor General’s audit report for the previous year
- Risk Register

During this process it became noticeable that the municipality must adjust its current budget (2022/2023) accordingly. The Accounting Officer will therefore ensure that the adjusted budget document is approved by Council on the 25 February 2023 as prescribed by the MFMA regulations.

The report below details the final mid-year budget and performance assessment.

2022/2023 BUDGET GUIDELINES AND ASSUMPTIONS

The 2022/2023 mid-term budget has been prepared in accordance with guidelines and assumptions as outlined in Circular 58, taking into consideration the following aspects:

- National budget assumptions, guidelines, and projections.
- Alignment with national and provincial priorities.
- Headline inflation and gross domestic products forecasts; and
- Revenue assumptions regarding grants allocation in terms of DORA.

Municipal budget underlying assumptions, guidelines, and projections.

- Anticipated own revenue from rates and services charges, sundry charges and other revenues and affordability of ratepayers and consumers services.
- The ability of municipality to collect revenue (payment level).
- Operating expenditure cost drivers and growth thereof.
- Capital budget funding model.
- Protecting the poor by ensuring access to basic services.

2022/2023 FINANCIAL YEAR OVERVIEW

- 1.1 The 2022/2023 annual budget, Integrated Development Plan and service delivery and budget implementation plan was adopted on the 1st of May 2022.
- 1.2 The municipality submitted its annual financial statements for 2021/2022 financial year on the 31 August 2022 to Auditor General.
- 1.3 Ubuhlebezwe municipality received an unqualified with matters of emphasis audit opinion from the AG.
- 1.4 The budget has been monitored through section 71 reports monthly.
- 1.5 Table C1 below provides a summary of the overall performance in the Municipality and is unpacked in the sections that follow.

KZN434 Ubuhlebezwe - Table C1 Monthly Budget Statement Summary - M06 December

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	24 389	24 602	-	2 051	12 301	12 301	0	0%	24 602
Service charges	3 088	3 682	-	274	1 627	1 841	(214)	-12%	3 682
Investment revenue	8 555	10 000	-	920	5 563	5 000	563	11%	10 000
Transfers and subsidies	127 372	139 082	-	44 735	98 360	69 541	28 819	41%	139 082
Other own revenue	6 581	6 913	-	632	3 434	3 457	(23)	-1%	6 913
Total Revenue (excluding capital transfers and contributions)	169 986	184 280	-	48 611	121 285	92 140	29 145	32%	184 280
Employee costs	86 563	91 435	-	8 912	46 905	45 717	1 188	3%	91 435
Remuneration of Councillors	10 372	10 689	-	886	5 749	5 345	405	8%	10 689
Depreciation & asset impairment	27 890	36 000	-	2 551	15 235	18 000	(2 765)	-15%	36 000
Finance charges	1	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	1 231	1 667	-	40	338	833	(495)	-59%	1 667
Transfers and subsidies	6 669	6 654	-	244	1 548	3 327	(1 779)	-53%	6 654
Other expenditure	46 915	56 155	-	5 172	22 299	28 077	(5 778)	-21%	56 155
Total Expenditure	179 642	202 600	-	17 804	92 075	101 300	(9 224)	-9%	202 600
Surplus/(Deficit)	(9 656)	(18 320)	-	30 807	29 209	(9 160)	38 369	-419%	(18 320)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	32 262	35 351	-	2 356	13 254	17 676	(4 422)	-25%	35 351
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	16 070	-	-	-	6	-	6	#DIV/0!	-
Surplus/(Deficit) after capital transfers & contributions	38 676	17 031	-	33 163	42 469	8 516	33 954	399%	17 031
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	38 676	17 031	-	33 163	42 469	8 516	33 954	399%	17 031
Capital expenditure & funds sources									
Capital expenditure	48 150	50 949	-	3 902	14 381	25 475	(11 094)	-44%	50 949
Capital transfers recognised	28 576	35 351	-	2 160	11 752	17 675	(5 924)	-34%	35 351
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	19 575	15 598	-	1 742	2 629	7 799	(5 170)	-66%	15 598
Total sources of capital funds	48 150	50 949	-	3 902	14 381	25 474	(11 094)	-44%	50 949
Financial position									
Total current assets	196 392	188 872	-	-	50 621	-	-	-	188 872
Total non current assets	367 509	401 255	-	-	(854)	-	-	-	401 255
Total current liabilities	25 098	57 129	-	-	7 098	-	-	-	57 129
Total non current liabilities	11 306	11 149	-	-	-	-	-	-	11 149
Community wealth/Equity	393 873	521 849	-	-	42 469	-	-	-	521 849
Cash flows									
Net cash from (used) operating	527 567	57 055	-	78 441	273 477	35 543	(237 934)	-669%	57 055
Net cash from (used) investing	146 785	(50 949)	-	3 902	14 381	25 475	11 094	44%	(50 949)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	1 028 130	134 893	-	-	641 635	189 805	(451 830)	-238%	134 893
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	2 025	539	1 616	1 519	1 603	1 542	7 128	56 894	72 865
Debtors Age Analysis									
Total Creditors	435	211	357	128	272	(155)	1 511	3 748	6 506

1.6 For the first six months period ending December 2022, Capital expenditure is at 32% against an approved budget which is less than a set target of 50% articulated at the beginning of the financial year, MIG spending is at 44%, and internally funded projects sitting at 19%. The municipality anticipates capital expenditure to be 100% at the end of June 2023. The municipality has a history of spending 100% of capital grant funding; being MIG and other capital grants.

1.7 Operating expenditure is at 45% as at 31 December 2022.

1.8 Cash and Cash equivalents is R 208 311 154.81 million as at 31 December 2022 while unspent conditional grants amounted to R14 719 818.44 million (Difference between grant funding received and actual expenditure on those grants). All the unspent monies are invested in different call deposit accounts to generate interest.

REVENUE FROM RATES

Revenue billed from rates was 50% of the budget as at the end of December 2022, however our collection rate is 65.87%. We are still on target for the budgeted revenue therefore no adjustment needed we just have to improve our collection rate.

2022-2023 Billed Property Rates

KZN434 Ubuhlebezwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December							
Description	Ref	2021/22	Budget Year 2022/23				
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	Billed rates YTD
R thousands							
Revenue By Source							
Property rates		24 389	24 602	2 051	12 301	12 301	50%

2022-2023 Collection Rate

2022-2023 Collection Rate							
	MTD						YTD
	July	August	September	October	November	December	Total
Receipts	809 070.69	883 023.61	881 003.72	905 079.01	3 641 107.64	984 878.38	8 104 163.05
Rates	2 050 528.62	2 050 528.62	2 050 528.62	2 050 528.62	2 050 528.62	2 050 528.72	12 303 171.82
Collection Rate	39.46%	43.06%	42.96%	44.14%	177.57%	48.03%	65.87%

REVENUE FROM SERVICE CHARGES – REFUSE

The budget for waste management is R3 682 000 and the total amount billed for the six months ending 31 December 2022 reflected an amount of R1 627 000. Therefore, no adjustments will be done since the municipality is confident that the forecasted amount will be achieved by 30 June 2022.

2022-2023 Billed Service Charges

KZN434 Ubuhlebezwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December							
Description	Ref	2021/22	Budget Year 2022/23				
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	Billed rates YTD
R thousands							
Revenue By Source							
Service charges - refuse revenue		3 088	3 682	274	1 627	1 841	44%

2022-2023 Collection Rate

2022-2023 Collection Rate							
	MTD						YTD
	July	August	September	October	November	December	Total
Receipts	114 221.74	124 662.16	124 377.00	127 775.86	514 038.73	139 041.65	1 144 117.14
Refuse	310 925.65	310 599.05	310 423.45	314 150.65	314 007.85	315 103.44	1 875 210.09
Collection Rate	36.74%	40.14%	40.07%	40.67%	163.70%	44.13%	61.01%

The collection rate based on billing is at 61.01%, there is a slight improvement in comparison with the previous year where we were sitting at 54.48%. More effort still needed to improve the collection rate.

REVENUE

Remarks

KZN434 Ubuhlebezwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December							
Description	Ref	2021/22	Budget Year 2022/23				% of generated revenue against Budget
		Audited Outcome	Original Budget	Monthly actual	YearTD actual	YearTD budget	
R thousands							
Property rates		24 389	24 602	2 051	12 301	12 301	50%
Service charges - electricity revenue		-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-
Service charges - refuse revenue		3 088	3 682	274	1 627	1 841	44%
Rental of facilities and equipment		1 151	800	94	551	400	69%
Interest earned - external investments		8 555	10 000	920	5 563	5 000	56%
Fines, penalties and forfeits		427	500	79	415	250	83%
Licences and permits		2 601	3 437	159	1 227	1 718	36%
Agency services		1 337	1 886	211	966	943	51%
Other revenue		1 065	290	89	275	145	95%
Total Revenue (excluding Operational and Capital Grants)		42 614	45 198	3 876	22 924	22 599	51%

The overall total revenue generated is sitting at 51% of the approved budget as at 31 December 2022.

Property Rates- Property rates are at 50% of budgeted amount. As a result, no adjustment will be needed during the preparation of Adjusted Budget 2022/23.

Service Charges (Refuse and Fire Service) – Refuse and Fire is 44% of the budgeted amount at mid-year. The performance of this revenue item will be reviewed during the adjustment budget, a downwards adjustments may be necessary.

Interest Earned – Interest Earned is 56% of the budget, this is an improvement from 40% in the previous year. The municipality is expecting a higher than budgeted for interest income and therefore an upwards adjustment during the Adjusted Budget 2023/23.

Rental income – Rental of municipal facilities and equipment is at 69% of the budget. This because of increased usage of rental facilities in comparison with the previous year, there is a need for an upwards adjustment for this revenue item when it is projected for 12 months.

Law enforcement- Traffic fines are at 83% of the budget. this is an improvement from 22 % in the previous year. The municipality will have to adjust upwards as the result of this high collection in comparison with last year.

Other revenue –Other revenue is at 95% of the budget. This suggest that revenue should be adjusted upwards when the adjustment budget is prepared in February 2023.

Licences and permits – Licences and permit are at 36% of the budget. The performance of this revenue item will be reviewed during the adjustment budget, a downwards adjustment may be necessary. Online licence renewals may pose a threat to this revenue line item as customers may prefer this route.

EXPENDITURE

KZN434 Ubuhlebezwe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December									
Description	Ref	2021/22	Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands									
Expenditure By Type									
Employee related costs		86 563	91 435	–	8 912	46 905	45 717	1 188	3%
Remuneration of councillors		10 372	10 689	–	886	5 749	5 345	405	8%
Debt impairment		4 935	2 271	–	–	–	1 136	(1 136)	-100%
Depreciation & asset impairment		27 890	36 000	–	2 551	15 235	18 000	(2 765)	-15%
Finance charges		1	–	–	–	–	–	–	0%
Bulk purchases - electricity		–	–	–	–	–	–	–	0%
Inventory consumed		1 231	1 667	–	40	338	833	(495)	-59%
Contracted services		18 612	26 184	–	2 925	9 589	13 092	(3 503)	-27%
Transfers and subsidies		6 669	6 654	–	244	1 548	3 327	(1 779)	-53%
Other expenditure		22 743	27 699	–	2 247	12 711	13 850	(1 139)	-8%
Losses		625	–	–	–	–	–	–	0%
Total Expenditure		179 642	202 600	–	17 804	92 075	101 300	(9 224)	-9%

The operating annual budget approved by the Council is R202 600 000 million and the year-to-date actual expenditure for the period ending 31 December 2022 is sitting at R92 075 000 million demonstrating a 45% expenditure against an approved budget at the reporting date. This is still within the range and the set target will be achieved, other items sitting below 50% relates to the programmes that will be implemented in quarter 3 and 4 as per the Procurement Plan.

Remuneration of councillors

Remuneration of councillors is at 54% of the budget, which is reasonable and within range and there is no need for adjustment.

Other materials (Inventory Consumed)

The expenditure to other material is 20% of the budget. Majority of this budget is associated with items needed for programmes that will be performed in the 3rd and 4th quarter (programmes under executive and council, community and social)

Contracted Services

In this category of expenditure, the municipality has spent 37%, No adjustment is needed since more expenditure expected to come in the 3rd and 4th quarter.

Other Expenditure

The spending in these items is reasonable and adjustment is not required. We have spent 46% and this is similar to the contracted services where programmes under this line item predominantly falls within the last two quarters.

Depreciation and amortisation

Depreciation is budgeted in line with Fixed Asset Register and procurement of capital assets budgeted in the 2022/23 financial year. Expenditure is sitting at 42% at mid-year, we expect to reach 100% at year end.

Other Expenditure (General Expenditure)

Expenditure is sitting at 46%, the variance is immaterial. The budget will be met during the year.

Capital expenditure report:(Table C5 and detailed Capital Budget).

The Capital expenditure report shown in Table C5 has been prepared on the basis of the format required to be lodged electronically with National Treasury, and is categorised into municipal vote, standard classification and funding.

The status of year-to date capital expenditure compared to departmental Service Delivery Budget Implementation Plan (SDBIP) targets for key infrastructure items as indicated in Tale C5.

Capital Expenditure Report

	DEPARTMENT	SOURCE OF FUNDING	Final Budget 2022/2023	MTD ACTUAL	RETENTION 2022-23 VAT EXCL	Year To Date 2022-23 VAT EXCL	Year To Date 2022-23 VAT INCL	Percentage Spent VAT EXCL	Percentage Spent VAT INCL
Infrastructure INT			4 150 000.00	329 408.19	17 446.00	422 645.22	486 042.00	10%	12%
Infrastructure MIG			9 259 664.39	693 625.53	77 359.24	5 004 484.24	5 574 871.12	54%	60%
Ithubalethu Roads	IPD	Int	4 000 000.00	329 408.19	17 446.00	422 645.22	486 042.00	11%	12%
Senzakahle Road-Ward 1	IPD	Int	30 000.00	-	-	-	-	0%	0%
Ngcobo Road-Ward 2	IPD	Int	20 000.00	-	-	-	-	0%	0%
Khuzwayo Road-Ward 5	IPD	Int	40 000.00	-	-	-	-	0%	0%
Ngubo Road-Ward 6	IPD	Int	20 000.00	-	-	-	-	0%	0%
Phesi Road-Ward 9	IPD	Int	20 000.00	-	-	-	-	0%	0%
eGroundini-Ward 13	IPD	Int	20 000.00	-	-	-	-	0%	0%
Mpiyamandla Access Road	IPD	MIG	2 313 078.95	330 355.41	77 359.24	2 124 481.45	2 443 153.67	92%	106%
Little Flower to Fairview Road (Direct)	IPD	MIG	3 582 196.55	-	-	844 833.14	971 558.11	24%	27%
Little Flower to Fairview Road (Indirect)	IPD	MIG	1 092 249.93	30 470.00	-	207 803.65	238 974.20	19%	22%
Hlongwa Road (Ward 3)	IPD	MIG	992 217.52	-	-	240 899.33	277 034.23	24%	28%
Idabu Access Road (Ward 12)	IPD	MIG	1 279 921.44	332 800.12	-	1 586 466.67	1 644 150.91	124%	128%
Community Assets INT									
Community Assets MIG			10 248 553.49	604 170.00	67 130.00	3 499 053.61	4 023 911.65	34%	39%
Xolani Vezzi Sportfield	Sport and Recrea	MIG	6 499 885.78	-	-	2 015 804.46	2 318 175.13	31%	36%
Nonkwenkwane Sportfield (Ward 3) (Dire	Sport and Recrea	MIG	3 311 804.37	604 170.00	67 130.00	1 483 249.15	1 705 736.52	45%	52%
Nonkwenkwane Sportfield (Ward 3) (indi	Sport and Recrea	MIG	436 863.34	-	-	-	-	0%	0%
Community Halls INT									
Community Halls MIG			9 056 882.56	65 950.00	-	1 993 814.87	2 292 887.10	22%	25%
Plain Hill Hall (Direct)	Community- Mul	MIG	4 043 900.16	-	-	-	-	0%	0%
Plain Hill Hall (Indirect)	Community- Mul	MIG	593 229.50	65 950.00	-	209 391.22	240 799.90	35%	41%
Madungeni Hall (Direct)	Community- Mul	MIG	4 011 053.09	-	-	1 517 021.20	1 744 574.38	38%	43%
Madungeni Hall (Indirect)	Community- Mul	MIG	408 699.81	-	-	267 402.45	307 512.82	65%	75%
Buildings MIG			1 725 899.56	394 375.20	98 593.80	1 206 967.36	1 388 012.46	70%	80%
Buildings Small Town			5 000 000.00	47 190.00	-	47 190.00	54 268.50	1%	1%
Revamping of Municipal Building	Technical	Int	-	-	-	-	-		
Jolivet Outdoor Gym (Direct)	Technical	MIG	1 514 285.13	394 375.20	98 593.80	1 100 309.00	1 265 355.35	73%	84%
Jolivet Outdoor Gym (Indirect)	Technical	MIG	211 614.43	-	-	106 658.36	122 657.11	50%	58%
Light Industrial Park	SD	Small Town	5 000 000.00	47 190.00	-	47 190.00	54 268.50	1%	1%
Electrification			400 000.00	-	-	-	-	0%	0%
Golf Course Electrification	IPD	Int	200 000.00	-	-	-	-		
CRU Electrification	IPD	Int	200 000.00	-	-	-	-	0%	0%
Other Equipment			2 696 000.00	-	-	65 000.00	74 750.00	2%	3%
Tractor	Refuse	Int	680 000.00	-	-	-	-	0%	0%
1.8m Slesher	Refuse	Int	90 000.00	-	-	65 000.00	74 750.00	72%	83%
Chain Saw	Refuse	Int	8 000.00	-	-	-	-	0%	0%
Auger with bits and adaptor	Refuse	Int	8 000.00	-	-	-	-	0%	0%
Ride On Mower	Refuse	Int	90 000.00	-	-	-	-	0%	0%
Fire Equipment	Fire	Int	110 000.00	-	-	-	-	0%	0%
3* Loud Hailer	SD	Int	25 000.00	-	-	-	-	0%	0%
Lawn Mover	Refuse	Int	10 000.00	-	-	-	-	0%	0%
CCTV Cameras Installation	Corporate	Int	1 000 000.00	-	-	-	-	0%	0%
2x Car Washes	Corporate	Int	80 000.00	-	-	-	-	0%	0%
4x Carports (Fire Department)	Corporate	Int	60 000.00	-	-	-	-	0%	0%
UPS System for new server room	Corporate	Int	210 000.00	-	-	-	-	0%	0%
3x Turnstyle Gates	Corporate	Int	170 000.00	-	-	-	-	0%	0%
Security Gates	Corporate	Int	5 000.00	-	-	-	-	0%	0%
Wash Bay	SD	Int	50 000.00	-	-	-	-	0%	0%
Livestock Fencing	SD	Int	100 000.00	-	-	-	-	0%	0%
Computer and IT Equipment INT			980 000.00	-	-	363 494.80	418 019.02	37%	43%
Computer and IT Equipment MIG			-	-	-	-	-		
Laptops	Corporate	Int	460 000.00	-	-	363 494.80	418 019.02	79%	91%
Other IT Equipment	Corporate	Int	70 000.00	-	-	-	-	0%	0%
Biometric Scan	Corporate	Int	50 000.00	-	-	-	-	0%	0%
Technical Equipment for new Boardroom	Corporate	Int	400 000.00	-	-	-	-	0%	0%
Office Furniture			1 640 000.00	-	-	-	-	0%	0%
Plastic Chairs-Halls	SD	Int	60 000.00	-	-	-	-	0%	0%
Building Furniture SD (Traffic)	SD	Int	340 000.00	-	-	-	-	0%	0%
Municipal Boardroom Furniture	Corporate	Int	1 000 000.00	-	-	-	-	0%	0%
Cleaning Equipment (Office & Fleet)	Corporate	Int	20 000.00	-	-	-	-	0%	0%
Generator for PI Hall	Corporate	Int	200 000.00	-	-	-	-	0%	0%
4x Safe for gun storage	Corporate	Int	20 000.00	-	-	-	-	0%	0%
Intangible		Int	900 000.00	242 858.00	-	242 858.00	279 286.70	27%	31%
Software licenses	Corporate	Int	900 000.00	242 858.00	-	242 858.00	279 286.70	27%	31%
Land		Int	4 892 000.00	1 500 000.00	-	1 500 000.00	1 725 000.00	31%	35%
Land Acquisition(Mariathal)	IPD	Int	250 000.00	-	-	-	-	0%	0%
Municipal Exist Point	IPD	Int	100 000.00	-	-	-	-	0%	0%
Golf Course	IPD	Int	1 300 000.00	-	-	-	-	0%	0%
Statistics Building Refurb	IPD	Int	1 000 000.00	-	-	-	-	0%	0%
Purchase of parking space and driveway	IPD	Int	2 000 000.00	1 500 000.00	-	1 500 000.00	1 725 000.00	75%	86%
Transfer station	IPD	Int	242 000.00	-	-	-	-	0%	0%
Total Expenditure			50 949 000.00	3 877 576.92	260 529.04	14 345 508.10	16 317 048.55	28%	32%
MIG Expenditure			30 291 000.00	1 758 120.73	243 083.04	11 704 320.08	13 279 682.33	39%	44%
Small Town			5 000 000.00	47 190.00	-	47 190.00	54 268.50	1%	1%
Internal Expenditure			15 658 000.00	2 466 641.39	116 039.80	2 593 998.02	2 983 097.72	17%	19%
Total Expenditure			50 949 000.00	4 224 762.12	359 122.84	14 298 318.10	16 262 780.05	28%	32%

The expenditure on MIG is sitting at 44% against the budget against allocations received as at 31 December 2022 which is a concern as it is below the municipality's set target of 60% and in comparison with the prior year which was at 56%. All projects are anticipated to be completed by end of June 2023. MIG expenditure is expected to be at 100% by 30 June 2023.

Capital Expenditure

The overall capital expenditure is 32% against the budget as at 31 December 2022, the performance of capital projects will be reviewed during the adjustment budget process.

PART – 2

DEBTORS AGE ANALYSIS

Indigent Register

The Council approved an indigent register which is currently being implemented. Indigents are paid for by the municipality though equitable share.

Outstanding Debtors

KZN434 Ubuhlebezwe - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December													
Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts I.L.O Council Policy
		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	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1 731	298	1 389	1 326	1 396	1 331	5 953	33 211	46 637	43 219	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	296	242	229	202	197	185	973	4 748	7 071	6 305	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	21	21	21	14	19	19	180	108	403	340	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(22)	(22)	(24)	(23)	(10)	6	21	18 827	18 754	18 822	-	-
Total By Income Source	2000	2 025	539	1 616	1 519	1 603	1 542	7 128	56 894	72 865	68 685	-	-
2021/22 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	380	(840)	380	376	377	396	1 478	11 691	14 237	14 318	-	-
Commercial	2300	384	258	220	187	180	196	972	11 934	14 330	13 469	-	-
Households	2400	754	687	668	650	641	636	3 395	22 865	30 298	28 188	-	-
Other	2500	507	433	349	306	404	313	1 283	10 404	14 000	12 711	-	-
Total By Customer Group	2600	2 025	539	1 616	1 519	1 603	1 542	7 128	56 894	72 865	68 685	-	-

The total debtor's amount as at 31 December 2022 equalled to R72 865 000 categorised as follows:

Government R 14 237 000

Business R 14 330 000

Households R 30 298 000

Other R 14 000 000

Total R 72 865 000

Debt Collection Strategy

Revenue enhancement strategy has been implemented, and a new debt collector has been appointed in the last financial year. We have seen some improvement in the revenue collection for outstanding balances within a year, however we are still challenged with old debt of more than one year. As a means of addressing old debt and to boost our revenue collection the Council of Ubuhlebezwe has introduced a debt amnesty period for Ubuhlebezwe household and we expect an improvement in our debt collection rate in the next six months of the financial year.

CREDITORS AGE ANALYSIS


KZN434 Ubuhlebezwe - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December											
Description	NT Code	Budget Year 2022/23									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	342	120	122	-	158	-	(92)	2 094	2 744	2 744
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	93	91	234	128	114	(155)	1 603	1 654	3 762	3 762
Total By Customer Type	1000	435	211	357	128	272	(155)	1 511	3 748	6 506	6 506

The creditor's age analysis reflected an amount of R 6 506 000 as outstanding, please note this amount only reflects retention raised against capital and electrification suppliers.

The municipality pays its creditors twice in a month (Within 30 days) to comply with the MFMA, and to ensure that SMME's are not financially disadvantaged.

INVESTMENT PORTFOLIO ANALYSIS

The municipality does not have long term investments. The municipality invests available funds not needed in short term investments. Funds are invested using the municipality's investment policy.

UBUHLEBEZWE MUNICIPALITY															
2022 - 2023 Financial Year															
Investment Register for December 2022															
															
Acc No	Acc Type	Maturity Date	Interest Rate (% p.a)	Balance Per Statement 01-Dec	(Bank charges)	(Withdrawals)	Deposits	Month End Interest Earned	Balance Per Statement 31-Dec	Month End Interest Accrued	Interest Accrued To date	Earned Interest To date	Balance Per General Ledger 31-Dec	Difference	Interest Income received
080309987	4 Month - Fixed Deposit	2023/03/01	7.57	21 766 443.92	-	-	-	-	21 766 443.92	153486.23	293 429.55	443 236.86	21 766 443.92	-	153 486.23
2 1438 9598.8	Call Account	-	2.40	300 614.93	-	-	-	1 334.24	301 949.17	-	-	6 511.12	301 949.17	-	1 334.24
2 24816621.8	Sengwaba Housing	-	2.40	762 439.10	-	-	-	3 117.64	765 556.74	-	-	15 493.04	765 556.74	-	3 117.64
6200672890	2 Month - Fixed Deposit	16-Jan	7.00	25 518 735.40	-	-	-	-	25 518 735.40	151 714.13	234 912.19	518 735.40	25 518 735.40	-	151 714.13
2495356111	Title deeds	30-Jun	2.40	104 362.26	-	-	-	478.64	104 840.90	-	-	2 282.76	104 840.90	-	478.64
307999060	Call Account housing	02-Jan	3.85	30 173.78	-	-	-	175.55	30 349.33	-	-	876.84	30 349.33	-	175.55
881076763/167	153 Days-Fixed Deposit	14-Nov	6.30	-	-	-	-	-	-	-	-	610 323.29	-	-	-
881076763/168	184 Days-Fixed Deposit	04-Jan	7.05	38 000 000.00	-	6 000 000.00	-	-	32 000 000.00	215 942.47	1 316 901.38	-	32 000 000.00	-	215 942.47
881076763/170	63 Days- fixed Deposit	13-Feb	7.75	-	-	-	21 507 703.78	-	21 507 703.78	91 334.08	91 334.08	-	21 507 703.78	-	91 334.08
881076763/169	153 Days-Fixed Deposit	12-Dec	6.20	20 962 898.16	-	21 507 703.78	-	544 805.62	0.00	-	-	544 805.62	0.00	-	39 169.03
881076763/162	Call Account	-	3.50	-	-	-	-	-	-	-	-	8 507.64	-	-	-
881076763/166	91 Days - fixed deposit	12-Jul	5.15	-	-	-	-	-	-	-	-	32 123.12	-	-	-
881076763/118	Notice Account	-	3.50	12 067 711.39	-	12 067 711.39	-	36 403.82	36 403.82	-	-	156 802.81	36 403.82	-	36 403.82
66730276 - 001	Retail/Wholesale Call Deposit	25-Nov	1.30	131 953.91	-	-	-	402.01	132 355.92	-	-	1 838.95	132 355.92	-	77.82
66730276 - 008	3 Months - Fixed Deposit	15-Nov	2.00	16 709.22	-	-	-	65.92	16 775.14	-	-	307.84	16 775.14	-	28.84
66730276-034	14 days	01-Jul	5.25	-	-	-	-	-	-	-	-	-	-	-	-
66730276-035	2 Month - Fixed Deposit	30-Aug	5.80	-	-	-	-	-	-	-	-	193 133.27	-	-	-
66730276-036	3 Month - Fixed Deposit	30-Sep	5.90	-	-	-	-	-	-	-	-	400 623.40	-	-	-
66730276-037	3 Month - Fixed Deposit	11-Oct	6.00	-	-	-	-	-	-	-	-	393 205.48	-	-	-
66730276-038	2 Month - Fixed Deposit	17-Oct	6.50	-	-	-	-	-	-	-	-	62 328.77	-	-	-
66730276-039	2 Months - Fixed Deposit	05-Dec	7.15	18 000 000.00	-	18 218 655.83	-	218 655.83	0.00	-	-	18 218 655.83	-	-	215 655.83
66730276-040	3 Month - Fixed Deposit	11-Jan	7.30	26 393 205.48	-	-	-	-	26 393 205.48	15 000 000.00	-	-	15 000 000.00	-	-
66730276-041	3 Month - Fixed Deposit	17-Mar	7.52	15 000 000.00	-	-	-	-	18 218 655.83	20 000 000.00	-	-	20 000 000.00	-	-
66730276-042	-	-	-	-	-	-	18 218 655.83	-	20 000 000.00	22 000 000.00	-	-	22 000 000.00	-	-
66730276-043	2 Month- Fixed Deposit	13-Feb	7.88	-	-	-	-	-	-	-	-	-	-	-	-
66730276-044	3 Month - Fixed Deposit	14-Mar	8.75	-	-	-	-	-	-	-	-	-	-	-	-
				179 055 247.55	-	-57 794 071.00	81 726 359.61	805 439.27	203 792 975.43	612 476.91	1 936 577.20	3 609 792.04	203 792 975.43	-	908 918.32
1214909418	Current Account	01-Dec	-	7 100 274.26	-	-	-	-	2 545 815.61	-	-	-	2 545 815.61	-	-
2 5524 1619.4	Current Account	01-Dec	-	1 574 439.66	-	-	-	7 855.63	1 972 363.77	-	-	24 612.08	1 972 363.77	-	7 855.63
				187 729 961.47	-	-57 794 071.00	81 726 359.61	813 294.90	208 311 154.81	612 476.91	1 936 577.20	3 634 404.12	208 311 154.81	-	916 773.95

ALLOCATIONS AND GRANT RECEIPTS AND EXPENDITURE

All grant liabilities are cash backed. All grant funds are spent in accordance with the stipulated conditions as articulated in the Division of Revenue Act and their respective business plans in conjunctions with Memorandum of Agreements. The following table reflects the allocations received as well as expenditure on such allocations.

S 71(1) (f) ALLOCATION RECEIVED AND ACTUAL EXPENDITURE ON THOSE ALLOCATIONS						
Allocations	Original Budget 2022/2023	Actual Received YTD	Actual Expenditure - Decemrerr 2022	Expenditure YTD- 2022	Unspent Y T D	% Expenditure Against allocation
Financial Management Grant	1 950 000.00	1 950 000.00	504 403.13	1 208 407.83	741 592.17	62%
Electrification - DOE	6 994 000.00	6 994 000.00	1 740 814.34	5 788 759.27	1 205 240.73	83%
Library Grant and Library Grant - Cyber	254 000.00	254 000.00	38 214.87	206 875.19	47 124.81	81%
Community Library Services Grant	981 000.00	981 000.00	81 906.14	582 184.65	398 815.35	59%
MIG	30 291 000.00	19 000 000.00	2 301 384.32	13 199 676.30	5 800 323.70	44%
EPWP	2 245 000.00	1 573 000.00	206 906.24	1 092 009.82	480 990.18	49%
Title Deeds Restoration Programme	100 000.00	100 000.00	-	-	100 000.00	0%
Infrastructure Economic Development (LED)	2 000 000.00	1 000 000.00	-	-	1 000 000.00	0%
Small Town Rehabilitation Programme	5 000 000.00	5 000 000.00	54 268.50	54 268.50	4 945 731.50	1%
				-		
TOTAL	49 815 000.00	36 852 000.00	4 927 897.54	22 077 913.06	14 719 818.44	44%

The above spread sheet shows actual grants received as at end of 31 December 2022 as per DORA allocation.

The municipality have a record of spending 100% of it grants received from various spheres of government.

MATERIAL VARIANCES ON THE SDBIP

Ubuhlebezwe Municipality's Service Delivery & Budget Implementation Plan (SDBIP), as legislated, is aligned to the municipality's Integrated Development Plan (IDP) as well as the Annual Budget. All adjustments made to the budget during the Mid-Year assessments, are effected to the IDP & SDBIP.

MID YEAR PERFORMANCE REVIEW

In terms of Section 72(1) (a) of the Municipal Finance Management Act, 2003 (No. 56 of 2003), that the accounting officer of a municipality must by the 25th of January each year, assess the performance of the municipality during the first half of the financial year.

Based on explanations mentioned above, in terms of Municipal Finance Management Act section 72(3) a, it is recommended that the municipality undertake Adjustment Budget for 2022/2023 Approved Budget.

The 2022/2023 Mid-Year budget and Performance Assessment report has been finalised and will therefore be tabled at a council meeting of the 24 January 2023.

29 Margaret Street

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3276

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UBUHLEBEZWE MUNICIPALITY

From the Office of the Municipal Manager

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, ME Mkhize, Municipal Manager of Ubuhlebezwe Municipality, hereby certify that 2022/23 Mid-Year Budget and Performance Assessment and supporting documents has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Performance Assessment has been done properly to ensure a true reflection of what has taken place with effect from 01 July 2022 to 31 December 2022 and is consistent with Integrated Development Plan of the Municipality.

This report has been submitted to the mayor by 25/01/2023 as required by the Municipal Finance Management Act, and acknowledges receipt as signed below.

Print Name: ME Mkhize



Municipal manager
Ubuhlebezwe Municipality (KZN 434)

24/01/2023
Date

Mayor's Acknowledgement of Submission



E.B. Ngubo
Mayor of Ubuhlebezwe Municipality (KZN434)

24/01/2023.
Date