

DANNHAUSER LOCAL MUNICIPALITY (KZ- 254)



2024/25 Mid-Year Budget Assessment

Legislative Framework

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium-term planning and policy choices on services delivery.

This report has been prepared in terms of the following legislative framework

- The Municipal Finance Management Act -No 56 of 2003, Sections 71, 52 & 72
- And The Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.

The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, considering any guidelines issued by the minister in terms of section 168(1) of the Act

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of the municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters are required by the Act.

Purpose of the Report

To submit to the Executive Mayor an assessment report on the Municipality's Performance covering the period 1 July 2024 to 31 December 2024.

Thereafter, the mayor must, in terms of Section 54 (1)

- a) Consider the report.
- b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan
- c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that the revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustment budget
- d) Issue any appropriate instructions to the accounting officer to ensure that the budget is implemented in accordance with the service delivery and budget implementation plan; and
- e) That spending of funds and revenue collection proceed in accordance with the budget.
- f) Submit the report to the council by 31 January of each year

Section 54: Budgetary control and early identification of financial problems

1. On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must,
 - a) Consider the statement or report.
 - b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan; consider and, if necessary, make any revisions to the service delivery and budget implementation plan, if revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget
 - c) Issue any appropriate instructions to the accounting officer to ensure:
 - that the budget is implemented in accordance with the service delivery and budget implementation plan; and
 - that spending of funds and revenue collection proceed in accordance with the budget to identify any financial problems facing the municipality, including any emerging or impending financial problems; and
2. If the municipality faces any serious financial problems, the mayor must
 - a) promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include
 - b) steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget
 - c) the tabling of Adjustment budget
3. The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly and report to provincial executive if conditions for provincial intervention exist

Section 33: Format of a mid-year budget and performance assessment

A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in a format specified in Schedule C and include all the required tables, charts and explanatory information, considering any guidelines issued by the Minister in terms of section 168(1) of the Act.

Section 34: Publication of mid-year budget and performance assessment

1. On the 25 January each year the municipal manager must make the mid-year budget and performance assessment public by placing it on the municipal website
2. The municipal manager must make public any other information that the municipal council considers appropriate to facilitate public awareness of the mid-year budget and performance assessment

Section 35: Submission of mid-year budget and performance assessment

The municipal manager must submit to the National Treasury and the relevant provincial treasury, in both printed and electronic form,

- a) The mid-year budget and performance assessment by 25 January of each year: and
- b) Any other information relating to the mid-year budget and performance assessments as may be required by the national treasury.

PART 1: MID-YEAR BUDGET AND PERFORMANCE

This report has been prepared in terms of the local Government: Municipal Finance Management Act No 56 of 2003: Municipal Budget and Reporting Regulations, Government gazette 32141,

MAYOR'S REPORT

For the mid-year budget and performance assessment, the report must provide-

- a) a summary of the past year's annual budget, and progress on resolving problems identified in the annual report and the audit report.
- b) a summary of any potential impact of the national adjustments budget and the relevant provincial treasury's adjustment budget; and
- c) a recommendation as to whether an adjustments budget for the municipality is necessary.

Summary of the previous year's annual report

The statement of financial Performance provides an overview of the performance of the municipality and focuses on the financial health of the municipality.

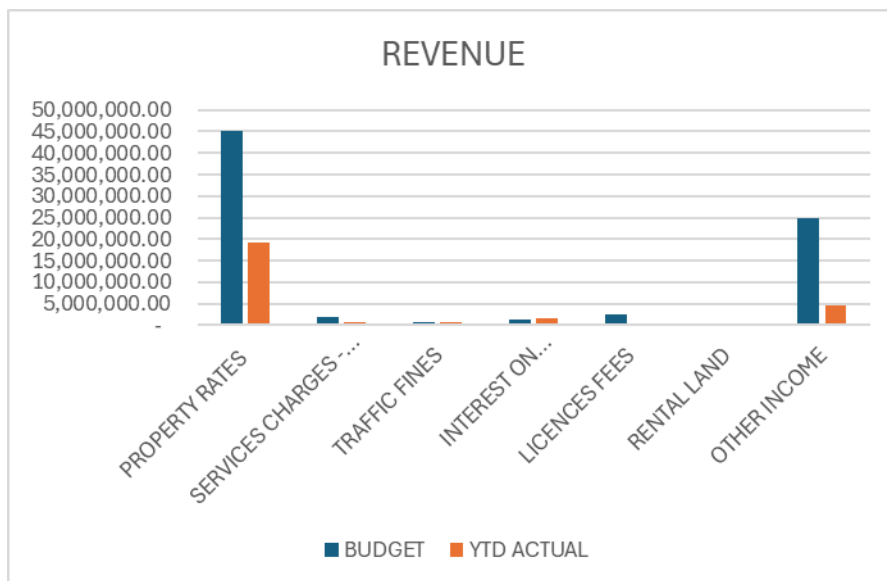
Introduction

The Mid-Year Review has been prepared in terms of the Municipal Budget and Reporting Regulations in the prescribed format.

Operating Revenue

The operation revenue billed results for the first six months ending 31st December 2024, R 36 million to the original budgeted amount of R 76 million. The billed revenue realized for half yearly results is at 36 % and is lower the projected revenue by % 14 to the pro rata of 50%.

Revenue	BUDGET	YTD ACTUAL	PERC %
PROPERTY RATES	45,038,705.00	19,339,000.00	43
SERVICES CHARGES - REFUSE REMOVAL	2,062,870.00	767,000.00	37
TRAFFIC FINES	600,000.00	710,620.00	118
INTEREST ON INVESTMENT	1,326,775.00	1,565,000.00	118
LICENCES FEES	2,400,000.00	172,592.87	7
RENTAL LAND	20,964.00	9,331.42	45
OTHER INCOME	24,901,685.00	4,625,961.85	19
TOTAL	76,350,999.00	27,189,506.14	36
GRANTS			
OPERATIONS GRANTS	126,816,000.00	96,113,000.00	76
CAPITAL GRANTS	24,921,000.00	17,502,000.00	70
TOTAL	228,087,999.00	113,615,000.00	50



The biggest billed revenue as of 31 December 2024 is Property Rates of R 19 million. The municipality should improve the collection, since it has funded capital projects with own revenue.

Grants

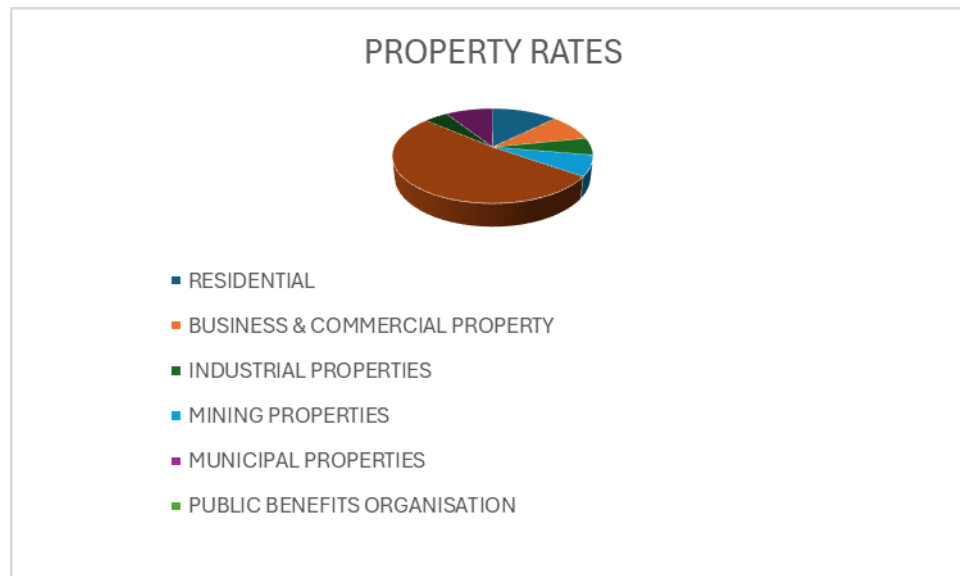
The municipality is a grant reliant municipality, it has received 75 % of Grant revenue. And 75% of Equitable Share has been received in accordance with grant payment schedule.

GRANT	BUDGET	ACTUALS	PERC %
MIG INFRASTRUCTURE GRANT	24,921,000.00	17,502,000.00	70
FMG GRANT	1,900,000.00	1,900,000.00	100
EQUITABLE SHARE	120,688,000.00	90,517,000.00	75
EXPANDED PUBLIC WORKS PROGRAMME	1,770,000.00	1,239,000.00	70
LIBRARY GRANTS	2,457,000.00	2,457,000.00	100
TOTAL	151,736,000.00	113,615,000.00	75

Property Rates

Property Rates are a major revenue source (own) for the municipality, the municipality has generated R 19 million, which is only 42 %, short by 8%. The necessary adjustment will be done on Adjustment Budget to align the billing with the collection rate.

RATES BILLING	BUDGET	ACTUAL	PERC
RESIDENTIAL	5,676,098.88	1,345,365.00	24
BUSINESS & COMMERCIAL PROPERTY	4,164,381.36	725,418.96	17
INDUSTRIAL PROPERTIES	2,646,229.50	513,908.51	19
MINING PROPERTIES	3,183,716.88	70,475.77	2
MUNICIPAL PROPERTIES			
PUBLIC BENEFITS ORGANISATION			
PUBLIC SERVICE INFRASTRUCTURE			
PUBLIC SERVICE PURPOSES	23,251,571.61	8,256,438.00	36
VACANT PROPERTY	2,065,812.12	21,059.00	1
WORKSHIP			
AGRICULTURE PROPERTIES USED FOR AGRICULTURAL	4,114,408.00	5,115,965.15	124
TOTAL	45,102,218.35	16,048,630.39	36



Age analysis

The ageing report reflect R 91 million which indicates that there is more work to be done in term of collecting money from debtors.

KZN254 Dannhauser - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - December

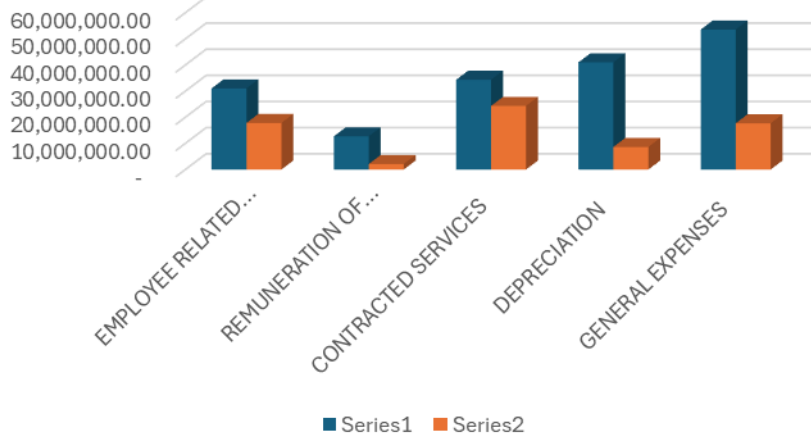
Description	NT Code	Budget Year 2024/25									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	0	0	0	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	3,017	2,627	2,509	2,484	2,438	2,364	1,784	61,708	78,931	70,779	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	0	0	0	-	-
Receivables from Exchange Transactions - Waste Management	1600	143	132	128	126	126	124	112	7,135	8,028	7,624	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	155	149	146	142	139	135	126	3,232	4,224	3,774	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-	294	294	294	-	-
Total By Income Source	2000	3,315	2,908	2,783	2,753	2,702	2,624	2,023	72,370	91,477	82,471	-	-
2023/24 - totals only		3,752	3,522	3,368	3,334	3,220	3,081	3,457	56,892	80,627	69,984	-	-
Debtors Age Analysis By Customer Group													
Organs of State	2200	1,348	1,253	1,221	1,213	1,170	1,125	679	22,139	30,149	26,327	-	-
Commercial	2300	991	759	712	699	698	677	597	16,216	21,349	18,888	-	-
Households	2400	975	897	850	840	835	821	746	34,015	39,978	37,257	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	3,315	2,908	2,783	2,753	2,702	2,624	2,023	72,370	91,477	82,471	-	-

Operating Expenditure

The operating expenditure result for the first six months ending 31st December 2024 is at R 70 million to the original budgeted amount of 172.6 million. Employee Related Cost in the operating expenditure sits above 50%, which is the second from 71% of the contracted services. Necessary adjustments would be done on the Adjustment Budget for these two items to avoid authorized expenditure.

TOTAL OPERATING EXPENDITURE	BUDGET	YTD ACTUALS	PERC %
EMPLOYEE RELATED COST	31,034,669.00	17,831,184.00	57
REMUNERATION OF COUNCILLORS	12,707,039.00	2,106,668.00	17
CONTRACTED SERVICES	34,360,904.00	24,356,960.00	71
DEPRECIATION	41,020,000.00	8,646,720.96	21
GENERAL EXPENSES	53,573,000.00	17,692,712.00	33
TOTAL	172,695,612.00	70,634,244.96	41

OPERATING EXPENDITURE



Capex Projects

The year-to-date expenditure for Capital Acquisition is at 38 % (R 16 million) against the original budget of R 43 million. This is below the pro rata of 50 %, by 12 %. And this indicate that there is slow delivery of services, the chart below reflects Urban Road expenditure at 97%, which is good performance. Most of the projects have not been implemented, there should be improvement in the Quarter 3 and Quarter 4.

CAPITAL PROJECTS	BUDGET	ACTUALS	PERC %
FURNITURE & EQUIPMENT(TOOLS OF TRADE)	500,000.00	133,697.82	27
MUNICIPAL VEHICLES	450,000.00		0
FENCING OF LANDFIL SITE	2,000,000.00		0
COMMUNITY HALLS	5,000,000.00		
TELEPHONE LINE NEW OFFICES	200,000.00	76,377.52	38
LOWBED	2,000,000.00		0
TLB	1,200,000.00		0
CONSTRUCTION LANDFILL CELL	230,000.00		0
COMMUNITY HALLS	14,598,148.00	2,119,739.78	15
MAST LIGHTS-	2,000,000.00	700,000.00	35
IMPROVEMENT OF HALLS	150,000.00		0
NEW OFFICES	3,000,000.00	3,118,638.34	104
URBAN ROADS	10,322,850.00	10,026,424.86	97
SKIP BINS	200,000.00		0
SLASHERS	150,000.00		0
BRUSH CUTTERS	250,000.00	29,526.96	12
RIDE ON MOWER	80,000.00		0
CHAINSAWS	50,000.00		0
NEW OFFICES - SYSTEMS & FURNITURE	1,000,000.00		0
CHILD CARE FACILITY		163,773.22	0
TOTAL	43,380,998.00	16,368,178.50	38

Repairs and Maintenance

Circular 56 indicate that at least 8% of the budget should be allocated to Infrastructure. The chart below reflect only Hire of Machinery at 71 ,the municipality should consider buying equipment that is needed rather that Hiring Heavy Duty Equipment with exorbitant amount of money

REPIARS AND MAINTENANCE	BUDGET	ACTUALS	PERC %
BUILDINGS & OFFICES-RUGBY CHANGE ROOMS	524,504.20	12,450.00	2
VEHICLE MAINTENANCE	1,598,638.24	218,540.00	14
HEAVY DUTY EQUIPMENT	1,200,000.00	319,131.79	27
POTHoles & DRAINAGE	600,000.00		0
OFFICE FURNITURE & EQUIPMENT	35,000.00		0
PLANT & EQUIPMENT	50,000.00		0
ROAD SIGNS	50,000.00		0
STREETS & DRAINAGE	300,000.00		0
TOOLS & EQUIPMENT	80,000.00		0
STREET LIGHTS/GARDENS & OPEN SPACE	300,000.00		0
HIRE OF MACHINERY: ROADS	12,500,000.00	8,927,766.96	71
TOTAL	17,238,142.43	9,477,888.75	55

Operating Expenditure per department

Mayor and Council

Special and Soft Programs expenditure is at 42%, there might be a need to shift money from votes that are not spending and adjust those that have exceed its budget

MAYOR & COUNCIL DEPT	BUDGET	ACTUALS	PERC %
DISABILITY PROJECTS	209,800.00	23,900.00	11
CATERING: MEETINGS & CONFERENCES	43,209.36	45,015.00	104
SETTLEMENT FEES	900,000.00		0
INSURANCE	524,500.00	9,347.82	2
CONFERENCES & SEMINARS	751,295.90	915,459.50	122
MEMBERSHIP FEES/SALGA	1,109,642.69	171,000.00	15
HIV/AIDS PROGRAM	55,101.87		0
SPECIAL PROGRAMS	635,548.19	606,490.00	95
COMMUNITY SKILLS DEVELOPMENT	132,677.52	16,300.00	12
COMMUNICATION & RADIO SLOTS	1,042,715.80	87,776.00	8
COUNCIL WARD COMMITTEE	2,704,779.36	1,427,773.91	53
MARKETING & CORPORATE IMAGE	419,600.00	135,080.00	32
SENIOR CITIZENS	110,564.60	110,300.00	100
BURIAL OF DESTITUES AND CONDOLATORY	472,050.00	142,685.42	30
SPORTS AND RECREATION	262,250.00	210,544.00	80
ENTERTAINMENT	10,490.00	30,286.39	289
GENDER	524,500.00	464,512.15	89
PROJECT LAUNCH COSTS	218,192.00	71,150.00	33
PROMOTE PUBLIC PARTICIPATION	2,201,851.00	2,189,359.60	99
WARD BASED -	3,769,500.00	48,600.00	1
TRAINING	104,900.00	5,250.00	5
YOUTH	524,500.00	488,048.07	93
SKILLS DEVELOPMENT LEVY	336,489.83	24,446.97	7
WARD FACILITATORS PROGRAM	209,800.00		0
TOTAL	17,273,958.12	7,223,324.83	42

Corporate Services

This department has exceeded its total budget for the year in six months by 71%, as reflected on contracted services expenditure. Items in Corporate Services are increasing the municipal expenditure on Contracted services. The total expenditure for the department is 121%

CORPORATE SERVICES	BUDGET	ACTUALS	PERC %
CLEANING MATERIAL	209,800.00	42,934.78	20
CATERING: MEETINGS & CONFERENCES	125,875.80	125,858.36	100
RENTAL OFFICE MACHINES	629,400.00	130,203.55	
PRINTING & STATIONERY	384,143.80	374,738.16	98
TELEPHONE	959,637.79	184,041.00	19
MEETINGS: SUBS/TRAVEL	406,639.61	1,295,307.32	319
CONFERENCES & SEMINARS	342,232.05	593,393.83	173
MEMBERSHIP FEES/SALGA	550,000.00		0
ADVERTISEMENTS	786,750.00	793,882.86	101
PROTECTIVE WEAR	419,600.00	107,359.35	26
ENTERTAINMENT	10,494.20	14,257.17	136
LEGAL COSTS	900,000.00	1,824,284.35	203
IT SUPPORT (ICT(INTERNET, WEBSITE U	1,200,000.00	1,902,372.21	159
RENTAL LAND	110,170.18		0
SECURITY & ALARMS	727,392.00	3,211,818.59	442
TRAINING	1,048,995.80	584,283.69	56
WORKMANS COMPENSATION FUND	275,892.00		0
SKILLS DEVELOPMENT LEVY	92,938.25		0
EMPLOYEE ASSISTANT PROGRAM	419,600.00	388,872.00	93
TOTAL	9,599,561.48	11,573,607.22	121

Budget and Treasury department

There are three items that require adjustment, Professional fees, Licences for Financial systems and AG payments. The municipality must adjust these items on Adjustment Budget. The department expenditure is above the norm by 19%

FINANCE DEPT	BUDGET	ACTUALS	PERC %
PRINTING & STATIONERY	447,393.26	335,910.39	75
MEETINGS: SUBS/TRAVEL	80,000.00	132,493.05	166
CONFERENCES & SEMINARS	150,000.00	152,033.47	101
VALUATION COSTS - INTERIMS	500,000.00	90,869.56	18
AUDIT FEES - EXTERNAL	2,000,000.00	2,088,595.85	104
AUDIT FEES - INTERNAL	1,500,000.00	992,418.00	66
BANK CHARGES	750,000.00	316,012.00	42
INTEREST ON LOAN	7,385,678.00	2,792,824.00	38
DEEDS	20,000.00		0
SCOA FFES	1,200,000.00	1,925,919.71	160
ENTERTAINMENT	5,000.00	4,393.48	88
VALUATIONS OBJECTIONS	25,000.00		0
PROFESSION FEES	1,250,000.00	1,896,009.56	152
SKILLS DEVELOPMENT	66,800.00	1,310.91	2
WORKMANS COMPENSATION FUND	75,750.00		0
TOTAL	15,455,621.26	10,728,789.98	69

Technical Services

Has only utilized 13% of its allocated budget for operating expenditure. The municipality need to consider moving funds from under-spending votes to items or votes that requires funding.

TECHNICAL SERVICES DEPT	BUDGET	ACTUALS	PERC %
MEETINGS: SUBS/TRAVEL	60,000.00	74,771.00	125
CONFERENCES & SEMINARS	80,000.00	47,325.43	59
ELECTRICITY	13,600,000.00	1,962,883.79	14
ENTERTAINMENT	5,000.00		0
CAPITAL PROJECTS RETENTION	3,000,000.00	11,027.00	0
PROFESSION FEES	500,000.00	175,410.00	35
MAPS & PLANS		2,046.00	
TOTAL	17,245,000.00	2,273,463.22	13

Solid Waste Removal (Library, Protection Services and Community Services)

The total expenditure for the department is at 79, which is above six months norm of 50% by 29%. Funds need to be reallocated from items that are spending less to items that have overspend e.g. Professional Services.

SOLID WASTE REMOVAL: COMMUNITY SERVICES	BUDGET	ACTUALS	PERC %
MEETINGS: SUBS/TRAVEL	28,732.00	38,622.85	134
FUEL & OIL	1,800,000.00	389,169.73	22
MUNICIPAL ZIBAMBELE	1,770,000.00	711,688.79	40
CHEMICALS	12,000.00	4,438.80	37
ENTERTAINMENT	10,000.00	10,055.67	101
PROFESSION FEES	107,000.00	1,883,560.78	1760
REFUSE BINS/BAGS	250,000.00	155,000.00	62
SPORTS FIELDS	21,000.00	1,000.00	5
TOWN CLEANING CAMPAIGN	11,067.00	8,884.78	80
SKILLS DEVELOPMENT LEVY	55,020.00	7,462.01	14
LIBRARY SERVICES	2,457,000.00	207,108.81	8
TOTAL	4,064,819.00	3,209,883.41	79

Municipal Manager & Planning Development Departments

The Municipal Manager's department has spent R 1.8 million on zero budget. These items will be adjusted on Adjustment Budget.

MUNICIPAL MANAGER	BUDGET	ACTUALS	PERC %
PROFESSIONAL FEES		34,000.00	
CATERING		7,657.00	
SKILLS DEVELOPMENT LEVY		11,074.16	
MEETINGS: SUBS/TRAVEL		1,844,545.04	
TOTAL		1,897,276.20	