

Mid-year Budget and Performance Assessment

2022/2023 FINANCIAL YEAR



MKHAMBATHINI
Municipality
For the community

MKHAMBATHINI
MUNICIPALITY

Contents

Part 1	2
1. Introduction	
2. Executive Summary	
3. In-Year Budget Tables	6
Part 2 – Supporting Documentation	12
1. Debtors Analysis	
2. Investment Portfolio Analysis	13
3. Allocation and grant receipts and expenditure	13
4. Councillor and employee benefits	
5. Financial Performance	17
6. Capital Programme Performance	
7. Financial Ratios	17
8. Municipal Manager’s Quality Certificate	22
Figure 1: Operating income for the first quarter.....	Error! Bookmark not defined.
Figure 2: Summary of Expenditure for the Mid Year.....	4
Table 1: Summary of operating revenue for the period ended 31 December 2022.....	4
Table 2: Summary of Operating Expenditure for the period ended 31 December 2022.....	
Table 3: C1 Monthly Budget Statement Summary.....	6
Table 4: C2 Monthly Budget Statement – Financial Performance (Standard Classification).....	6
Table 5: C3 Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Vote).....	7
Table 6: C4 Monthly Budget Statement – Financial Performance (Revenue and Expenditure).....	8
Table 7: C5 Monthly Budget Statement Capital Expenditure.....	
Table 8: C6 Monthly Budget Statement Financial Position.....	10
Table 9: C7 Monthly Budget Statement Cash Flow.....	11
Table 10: Outstanding debt as at 31 December 2022.....	
Table 11: Investments as at 31 December 2022.....	13
Table 12: Outstanding conditional grants.....	13
Table 13: Capital Grants Unspent.....	14
Table 14: Employee Benefits and Councillors remuneration.....	15
Table 15: Summary of Financial Performance.....	16

INTRODUCTION

REPORT OF THE MAYOR

In my capacity as the Mayor, it is an honor to present this Mid-Year Budget and Performance Assessment for the six months ended 31 December 2022. Primarily let me take this opportunity to thank the community of Mkhambathini Municipality for the unstinting support they have given to the Councilors and Administration of our municipality under different political and economic situations.

Purpose

The purpose of this report is to comply with Sections 72 (1) (a) and 52 (d) of the Municipal Finance Management Act (MFMA) and the requirements as promulgated in the Government Gazette No. 32141 of 17 April 2009 regarding Municipal Budget and Reporting Regulations, which requires that specific financial particulars be reported on and in the formats prescribed. Therefore, this report is presented to the Council to obtain approval for adjustments to the approved 2022/2023 Medium Term and Expenditure Framework (MTREF) in terms of the MFMA.

Background

In terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as the MFMA), 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. A report on such assessment must then be submitted to the Mayor, Provincial Treasury and National Treasury each year in terms of Section 72(1)(b) of the Act.

Section 52 (d) of the Municipal Finance Management Act (MFMA) states that:

“The Mayor of a municipality must within 30 days of the end of each quarter, submit a report to Council on the implementation of the budget and the financial state of the municipality”. Section 54 of the Municipal Finance Management Act (MFMA) says one the Mayor has considered the report he must submit the report to Council by the 31 January of each year.

The mid-year reports and supporting tables of Mkhambathini Municipality prepared in accordance with the Municipal Budget and Reporting Regulations.

Impact of the National and Provincial Adjustments Budgets

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

“An adjustment 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 not later than 28 February of each year”.

Furthermore, except under certain circumstances only one adjustment budget may be tabled in the Municipal Council during a financial year.

Accordingly, Council will submit a report on adjustments to the budget for consideration at its meeting to be held on or before 28 February 2023.

Due to the 2021/22 Adjusted Estimates of National Expenditure and its proposed adjustments to the allocations made to the Provinces, the municipality anticipates a similar effect on its budget taking also into account adjustments due to unforeseen circumstances as well virement and shifting of funds amongst votes.

There are **no** changes to the annual budget arising from the National and Provincial Adjusted Estimates to be made according to the gazettes.

Recommendation by the Mayor

- **THAT** this report which is submitted in compliance with Section 72 (1) (a) and 52 (d) of the MFMA and in terms of Government Gazette 32141 dated 17 April 2009, relating to the “Local Government: Municipal Finance Management Act, Municipal Budget and Reporting Regulations”, and the financial results and supporting documentation (Schedule C) as at 31 December 22 be considered by the Council.
- **THAT** in the light of the financial assessment and forecasting of figures on the annual budget based on the first six months of the financial year an adjustment budget for the 2022/2023 financial year is required.

I place on record my appreciation to all Councilors, Senior Management, the entire staff of the municipality and all stakeholders in the community of Mkhambathini for their tireless dedication, co-operation and participation in the programs of the municipality.

Their contributions will always be cherished.

I thank you

Part 1

Table 1: Summary of operating revenue for the period ended 31 December 2022

Descriptions	Annual budget	ADJUSTMENT BUDGET	DECEMBER	Available	%	YTD CURRENT
RATES	22 406 108.00	22 406 108.00	1 987 904.37	10 396 307.12	53.60	12 009 800.88
Refuse and Penalties	620 551.00	620 551.00	49 671.65	325 341.26	47.57	295 209.74
Interest on investments and current account	1 975 000.00	1 975 000.00	110 555.53	1 119 907.11	43.30	855 092.89
Fines	-	-	-	-	-	-
Rental Facilities	372 989.00	372 989.00	-	356 549.46	4.41	16 439.54
Motor Licencing	2 419 913.00	2 419 913.00	308 593.15	1 190 170.23	50.82	1 229 742.77
Learners licencing	5 132 017.00	5 132 017.00	264 199.97	2 905 405.70	43.39	2 226 611.30
Financial Management Grant	3 000 000.00	3 000 000.00	1 260 790.01	1 101 678.35	63.28	1 898 321.65
Grant: Equitable Share	77 159 000.00	77 159 000.00	25 839 000.00	21 088 000.00	72.67	56 071 000.00
Library Grant	2 004 000.00	2 004 000.00	403 264.26	493 820.63	75.36	1 510 179.37
MIG	17 718 000.00	17 718 000.00	1 452 715.45	4 457 060.14	74.84	13 260 939.86
GRANT: EPWP	1 671 000.00	1 671 000.00	-	-	100.00	1 671 000.00
Disaster Management Grant	-	-	-	-	-	8 200 000.00
GRANT: Small Town Development	-	-	2 258 488.56	(12 827 262.14)	-	12 827 262.14
Sundry Income	2 226 760.00	2 226 760.00	542 726.88	1 450 495.19	34.86	776 264.81
TOTAL REVENUE	136 705 338.00	136 705 338.00	34 477 909.83	32 057 473.05	82.55	112 847 864.95

The table above summarizes the income for the mid-year. This income includes income from the transfer of capital grants. As it can be seen above, we are sitting at R112 848 million. Which is equal to 82.55% of budgeted revenue. Income exclude capital grant (MIG) is equal to R99 587 million (R112 848m-R13 261m).

2.2 Expenditure:

Table below represent operational expenditure as at 31 December 2022

EXPENDITURE						
Salaries	53 083 981.00	53 083 981.00	6 593 989.56	26 366 577.40	50.33	26 717 403.60
Councillors Allowance	6 960 321.00	6 960 321.00	511 093.98	3 749 652.50	46.13	3 210 668.50
Debt Impairment	5 221 448.00	5 221 448.00	-	5 221 448.00	-	-
Depreciation and Amortisation	11 915 634.00	11 915 634.00	932 074.15	6 455 654.67	45.82	5 459 979.33
Contracted Services	14 541 790.00	14 541 790.00	2 183 265.31	8 440 655.92	41.96	6 101 134.08
Repairs and Maintenance	12 300 000.00	12 300 000.00	2 089 409.78	-7 783 455.28	163.28	20 083 455.28
Other Materials	3 639 600.00	3 639 600.00	180 135.47	-	27.29	993 133.99
Other General expenses	18 948 322.00	18 948 322.00	1 500 312.04	8 116 931.34	57.16	10 831 390.66
TOTAL EXPENDITURE	126 611 096.00	126 611 096.00	13 990 280.29	50 567 464.55	57.97	73 397 165.44

The table above summarizes the expenditure for the mid-year. This expenditure excludes expenditure from the capital budget. As it can be seen above, we are sitting at R73 397 million. Which is equal to 58% of budgeted expenditure.

The actual expenditure as of 31 December 2022 as stated on the above shows that the salaries represent 36%. Actual Remuneration of Councilors is 4%.

2.3 Capital Expenditure

Capital expenditure as at 31 December 2022

FINANCIAL YEAR 2022/2023

Table B: Capital Revenue and Expenditure					
Revenue					
Descriptions	Annual budget	Adjustment Budget	Rec to date	Available/Still to receive	%
Revenue					
MIG	17 781 000.00	17 781 000.00	16 000 000.00	13 260 939.86	89.98
TOTAL CAPITAL REVENUE	17 781 000.00	17 781 000.00	16 000 000.00	13 260 939.86	89.98
				74.58	
EXPENDITURE					
Grant: MIG	Annual budget	Adjustment Budget	Spent to Date		
Jilafoho Access Road	-	-	-	-	#DIV/0!
Banqobile Sportfield	5 349 095.20	5 349 095.20	7 220 829.45	-1 871 734.25	134.99
Mgwaphuna Access Road	2 300 000.00	2 300 000.00	2 539 489.80	-239 489.80	110.41
Makhokhoba Road	1 114 566.11	1 114 566.11	1 392 466.02	-277 899.91	124.93
Maqongqo Taxi Rank	5 720 057.60	5 720 057.60	1 125 065.64	4 594 991.96	19.67
Chibini Access Road	3 297 281.09	3 297 281.09	466 215.19	2 831 065.90	14.14
Mkhize Access Road			211 201.86		
Muzingezwi access Road			305 670.87		
				-	-
TOTAL CAPITAL EXPENDITURE	17 781 000.00	17 781 000.00	13 260 938.83	5 036 933.90	74.58
Total uspent grant			2 739 061.17		17.12
Capital Expenditure (Own Reserves)	Annual budget	Adjustment Budget	Rec to date	Available/Still to receive	%
Computer Equipments	800 000.00	800 000.00	159 258.71	640 741.29	19.91
New Vehicles	1 300 000.00	1 300 000.00		1 300 000.00	-
Furniture	400 000.00	400 000.00	-	400 000.00	-
	-	-		-	#DIV/0!
	2 500 000.00	2 500 000.00	159 258.71	2 340 741.29	6.37
TOTAL CAP EXP ON DATE RECEIPTS INCLUDING CARRIED OVER	-	-	-	-	-
Revenue					
SMALL TOWN DEVELOPMENT	14 000 000.00	14 000 000.00	14 000 000.00	12 827 262.14	100.00
TOTAL CAPITAL REVENUE	14 000 000.00	14 000 000.00	14 000 000.00	12 827 262.14	100.00
				91.62	
EXPENDITURE					
Grant: MIG	Annual budget	Adjustment Budget	Spent to Date		
Streetlight	-	-	4 936 615.19	-4 936 615.19	-
Side Walks	-	-	1 058 386.66	-1 058 386.66	-
Shepstone Street	-	-	53 064.52	-53 064.52	-
Camperdown Market Stalls	-	-	1 834 960.23	-1 834 960.23	-
Camperdown Taxi Rank	-	-	4 944 235.54	-4 944 235.54	-
				-	-
TOTAL CAPITAL EXPENDITURE	-	-	12 827 262.14	-12 827 262.14	-

The table above summarizes the capital expenditure for the mid- year. This expenditure consists of grant funded (MIG) and internal funded capital projects. Grant funded expenditure is equal to R13 261million which is equal to 75% of the budgeted grant expenditure (MIG). Internal funded expenditure is equal to R159 259 which is 6% of budgeted Internal funded capital projects.

The table also summaries the capital expenditure from Small Town Development Gant. The municipality received the sum of R14 000 million for Small Town Development toward the end of 2021/2022 that is in June 2022 which will be included in the Adjustment Budget for 2022/2023. The expenditure to date is R12 827 million which is 92% of the received amount.

Conclusion

The financial performance of the municipality for the Mid-year has been stable and favorable. Revenue raised amounts to R 112 848 million compared to expenditure incurred of R 73 397million.

1. In-Year Budget Tables

Table 2: C1 Monthly Budget Statement Summary

Table 3: C2 Monthly Budget Statement – F

KZN226 Mkhambathini - 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	23 652	22 406	-	1 988	12 010	11 203	807	7%	-
Service charges	556	621	-	50	295	310	(15)	-5%	-
Investment revenue	2 242	1 975	-	111	855	988	(133)	-13%	-
Transfers and subsidies	76 559	84 194	-	27 503	69 351	42 097	27 253	65%	-
Other own revenue	8 019	9 728	-	1 116	4 249	4 864	(615)	-13%	-
Total Revenue (excluding capital transfers and contributions)	111 928	118 924	-	30 767	86 760	59 462	27 297	46%	-
Employee costs	51 093	53 084	-	6 594	26 717	26 542	175	1%	-
Remuneration of Councillors	5 883	6 960	-	511	3 211	3 480	(269)	-8%	-
Depreciation & asset impairment	11 641	11 916	-	932	5 460	5 958	(498)	-8%	-
Finance charges	1	-	-	-	39	-	39	#DIV/0!	-
Inventory consumed and bulk purchases	2 997	3 640	-	180	993	1 820	(827)	-45%	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	75 601	51 012	-	5 773	36 977	25 506	11 471	45%	-
Total Expenditure	147 216	126 611	-	13 990	73 397	63 306	10 092	16%	-
Surplus/(Deficit)	(36 187)	(7 687)	-	16 776	13 362	(3 843)	17 206	-448%	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	46 175	17 781	-	3 711	26 088	8 891	17 198	193%	-
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)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	9 988	10 094	-	20 488	39 451	5 047	34 404	682%	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	9 988	10 094	-	20 488	39 451	5 047	34 404	682%	-
Capital expenditure & funds sources									
Capital expenditure	44 892	12 988	-	2 091	15 971	6 494	9 477	146%	-
Capital transfers recognised	27 186	15 462	-	3 227	22 685	7 731	14 955	193%	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	17 706	2 500	-	-	159	1 250	(1 091)	-87%	-
Total sources of capital funds	44 892	17 962	-	3 227	22 845	8 981	13 864	154%	-
Financial position									
Total current assets	67 818	82 996	-	-	1 700	-	-	-	-
Total non current assets	223 412	231 369	-	-	17 385	-	-	-	-
Total current liabilities	35 061	56 592	-	-	(20 366)	-	-	-	-
Total non current liabilities	4 014	5 144	-	-	-	-	-	-	-
Community wealth/Equity	146 628	242 535	-	-	-	-	-	-	-
Cash flows									
Net cash from (used) operating	-	50 309	-	22 113	65 401	25 155	(40 246)	-160%	-
Net cash from (used) investing	296 188	(17 962)	-	(3 227)	(22 845)	(8 981)	13 864	-154%	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	326 392	44 622	-	-	72 760	28 448	(44 312)	-156%	30 204
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	1 631	791	573	(1 309)	372	376	2 445	26 969	31 848
Creditors Age Analysis									
Total Creditors	(91)	1 540	115	(207)	207	-	-	-	1 564

Financial Performance (Standard Classification)

FINANCIAL YEAR 2022/2023

KZN226 Mkhambathini - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - 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 %	Full Year Forecast
R thousands										
Revenue - Functional										
Governance and administration		132 945	124 961	-	31 192	86 422	62 481	23 942	38%	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		132 945	124 961	-	31 192	86 422	62 481	23 942	38%	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 936	2 028	-	(3 238)	9 727	1 014	8 713	859%	-
Community and social services		1 936	2 028	-	(3 238)	9 727	1 014	8 713	859%	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		15 941	1 541	-	5 902	12 943	770	12 172	1580%	-
Planning and development		1 521	1 541	-	1	116	770	(655)	-85%	-
Road transport		14 420	-	-	5 901	12 827	-	12 827	#DIV/0!	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		556	621	-	50	295	310	(15)	-5%	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		556	621	-	50	295	310	(15)	-5%	-
Other	4	5 825	7 554	-	574	3 460	3 777	(317)	-8%	-
Total Revenue - Functional	2	157 203	136 705	-	34 478	112 848	68 353	44 495	65%	-
Expenditure - Functional										
Governance and administration		86 131	78 861	-	8 628	43 226	39 430	3 795	10%	-
Executive and council		19 515	19 133	-	1 814	8 350	9 566	(1 216)	-13%	-
Finance and administration		66 616	59 728	-	6 814	34 876	29 864	5 011	17%	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		28 573	30 514	-	4 038	20 615	15 257	5 358	35%	-
Community and social services		27 845	26 898	-	3 887	19 064	13 449	5 616	42%	-
Sport and recreation		676	3 262	-	152	1 459	1 631	(172)	-11%	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		52	354	-	-	91	177	(86)	-49%	-
Economic and environmental services		22 887	10 045	-	776	5 754	5 022	731	15%	-
Planning and development		316	620	-	13	252	310	(59)	-19%	-
Road transport		22 571	9 424	-	763	5 502	4 712	790	17%	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		9 170	6 550	-	548	3 559	3 275	284	9%	-
Energy sources		5 567	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		3 603	6 550	-	548	3 559	3 275	284	9%	-
Other		454	642	-	-	244	321	(77)	-24%	-
Total Expenditure - Functional	3	147 216	126 611	-	13 990	73 397	63 306	10 092	16%	-
Surplus/ (Deficit) for the year		9 988	10 094	-	20 488	39 451	5 047	34 404	682%	-

Table 4: C3 Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Vote)

FINANCIAL YEAR 2022/2023

KZN226 Mkhambathini - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December										
Vote Description	Ref	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										
Revenue by Vote	1									
Vote 1 - Finance and Administration		132 945	124 961	-	31 192	86 422	62 481	23 942	38.3%	-
Vote 2 - Finance and Administration ²		-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		1 929	2 028	-	404	9 719	1 014	8 705	858.3%	-
Vote 5 - Community and Social Services ²		8	-	-	(3 642)	8	-	8	#DIV/0!	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		14 420	-	-	5 901	12 827	-	12 827	#DIV/0!	-
Vote 8 - Planning and Development		1 521	1 541	-	1	116	770	(655)	-85.0%	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 11 - Other		5 825	7 554	-	574	3 460	3 777	(317)	-8.4%	-
Vote 12 - Waste Management		556	621	-	50	295	310	(15)	-4.9%	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	157 203	136 705	-	34 478	112 848	68 353	44 495	65.1%	-
Expenditure by Vote	1									
Vote 1 - Finance and Administration		66 564	59 458	-	6 813	34 854	29 729	5 125	17.2%	-
Vote 2 - Finance and Administration ²		52	270	-	1	21	135	(114)	-84.2%	-
Vote 3 - Executive and Council		19 515	19 133	-	1 814	8 350	9 566	(1 216)	-12.7%	-
Vote 4 - Community and Social Services		7 366	9 042	-	1 724	11 972	4 521	7 452	164.8%	-
Vote 5 - Community and Social Services ²		20 479	17 856	-	2 163	7 092	8 928	(1 836)	-20.6%	-
Vote 6 - Energy Sources		5 567	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		22 571	9 424	-	763	5 502	4 712	790	16.8%	-
Vote 8 - Planning and Development		316	620	-	13	252	310	(59)	-18.9%	-
Vote 9 - Sport and Recreation		676	3 262	-	152	1 459	1 631	(172)	-10.5%	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 11 - Other		454	642	-	-	244	321	(77)	-24.1%	-
Vote 12 - Waste Management		3 603	6 550	-	548	3 559	3 275	284	8.7%	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Health		52	354	-	-	91	177	(86)	-48.5%	-
Total Expenditure by Vote	2	147 215	126 611	-	13 990	73 397	63 306	10 092	15.9%	-
Surplus/ (Deficit) for the year	2	9 988	10 094	-	20 488	39 451	5 047	34 404	681.7%	-

Table 5: C4 Monthly Budget Statement – Financial Performance (Revenue and Expenditure)

FINANCIAL YEAR 2022/2023

KZN226 Mkhambathini - 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 %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		23 652	22 406	-	1 988	12 010	11 203	807	7%	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		556	621	-	50	295	310	(15)	-5%	-
Rental of facilities and equipment		417	373	-	8	16	186	(170)	-91%	-
Interest earned - external investments		2 242	1 975	-	111	855	988	(133)	-13%	-
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1	5	-	-	1	2	(1)	-51%	-
Licences and permits		5 825	7 554	-	574	3 460	3 777	(317)	-8%	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		76 559	84 194	-	27 503	69 351	42 097	27 253	65%	-
Other revenue		1 776	1 797	-	534	772	898	(127)	-14%	-
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		111 028	118 924	-	30 767	86 760	59 462	27 297	46%	-
Expenditure By Type										
Employee related costs		51 093	53 084	-	6 594	26 717	26 542	175	1%	-
Remuneration of councillors		5 883	6 960	-	511	3 211	3 480	(269)	-8%	-
Debt impairment		2 295	5 221	-	-	-	2 611	(2 611)	-100%	-
Depreciation & asset impairment		11 641	11 916	-	932	5 460	5 958	(498)	-8%	-
Finance charges		1	-	-	-	39	-	39	#DIV/0!	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		2 997	3 640	-	180	993	1 820	(827)	-45%	-
Contracted services		47 030	26 842	-	4 273	26 185	13 421	12 764	95%	-
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		25 909	18 948	-	1 500	10 792	9 474	1 318	14%	-
Losses		367	-	-	-	-	-	-	-	-
Total Expenditure		147 216	126 611	-	13 990	73 397	63 306	10 092	16%	-
Surplus/(Deficit)		(36 187)	(7 687)	-	16 776	13 362	(3 843)	17 206	(0)	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		46 175	17 781	-	3 711	26 088	8 891	17 198	0	-
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)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		9 988	10 094	-	20 488	39 451	5 047			
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		9 988	10 094	-	20 488	39 451	5 047			
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		9 988	10 094	-	20 488	39 451	5 047			
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		9 988	10 094	-	20 488	39 451	5 047			

Table 6: C5 Monthly Budget Statement Capital Expenditure

FINANCIAL YEAR 2022/2023

KZN226 Mkhambathini - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December										
Vote Description	Ref	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	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Finance and Administration		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - Finance and Administration		582	1 200	-	-	159	600	(441)	-73%	-
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		4 649	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		31 662	7 136	-	828	9 533	3 568	5 965	167%	-
Vote 8 - Planning and Development		250	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		7 748	4 651	-	1 263	6 279	2 326	3 953	170%	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	44 892	12 988	-	2 091	15 971	6 494	9 477	146%	-
Total Capital Expenditure		44 892	12 988	-	2 091	15 971	6 494	9 477	146%	-
Capital Expenditure - Functional Classification										
Governance and administration		582	1 200	-	-	159	600	(441)	-73%	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		582	1 200	-	-	159	600	(441)	-73%	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		12 397	4 651	-	1 263	6 279	2 326	3 953	170%	-
Community and social services		4 649	-	-	-	-	-	-	-	-
Sport and recreation		7 748	4 651	-	1 263	6 279	2 326	3 953	170%	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		31 912	12 110	-	1 197	14 811	6 055	8 756	145%	-
Planning and development		250	-	-	-	-	-	-	-	-
Road transport		31 662	12 110	-	1 197	14 811	6 055	8 756	145%	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	767	1 596	-	1 596	#DIV/0!	-
Total Capital Expenditure - Functional Classification	3	44 892	17 962	-	3 227	22 845	8 981	13 864	154%	-
Funded by:										
National Government		27 186	15 462	-	3 227	22 685	7 731	14 955	193%	-
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		27 186	15 462	-	3 227	22 685	7 731	14 955	193%	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		17 706	2 500	-	-	159	1 250	(1 091)	-87%	-
Total Capital Funding		44 892	17 962	-	3 227	22 845	8 981	13 864	154%	-

Table 7: C6 Monthly Budget Statement Financial Position

KZN226 Mkhambathini - Table C6 Monthly Budget Statement - Financial Position - M06 December						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		23 090	42 302	-	10 293	-
Call investment deposits		30 176	-	-	(11 369)	-
Consumer debtors		9 534	37 226	-	(626)	-
Other debtors		4 985	3 419	-	3 402	-
Current portion of long-term receivables		-	-	-	-	-
Inventory		33	48	-	-	-
Total current assets		67 818	82 996	-	1 700	-
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		-	10 965	-	-	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		223 204	220 217	-	17 445	-
Biological		-	-	-	-	-
Intangible		207	188	-	(60)	-
Other non-current assets		-	-	-	-	-
Total non current assets		223 412	231 369	-	17 385	-
TOTAL ASSETS		291 230	314 366	-	19 085	-
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		72	-	-	-	-
Trade and other payables		34 989	53 687	-	(20 366)	-
Provisions		-	2 905	-	-	-
Total current liabilities		35 061	56 592	-	(20 366)	-
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		4 014	5 144	-	-	-
Total non current liabilities		4 014	5 144	-	-	-
TOTAL LIABILITIES		39 075	61 736	-	(20 366)	-
NET ASSETS	2	252 154	252 630	-	39 451	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		145 374	241 282	-	-	-
Reserves		1 253	1 253	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	146 628	242 535	-	-	-

Table 8: C7 Monthly Budget Statement Cash Flow

KZN226 Mkhambathini - Table C7 Monthly Budget Statement - Cash Flow - 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 %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	19 045	-	1 312	12 642	9 523	3 119	33%	-
Service charges		-	527	-	42	332	264	68	26%	-
Other revenue		-	7 932	-	1 116	34 542	3 966	30 576	771%	-
Transfers and Subsidies - Operational		-	112 523	-	26 591	65 883	56 262	9 621	17%	-
Transfers and Subsidies - Capital		-	17 781	-	6 000	20 000	8 891	11 110	125%	-
Interest		-	1 975	-	111	856	987	(131)	-13%	-
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		-	(109 474)	-	(13 058)	(68 854)	(54 737)	14 117	-26%	-
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	50 309	-	22 113	65 401	25 155	(40 246)	-160%	-
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		296 188	(17 962)	-	(3 227)	(22 845)	(8 981)	13 864	-154%	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		296 188	(17 962)	-	(3 227)	(22 845)	(8 981)	13 864	-154%	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		296 188	32 348	-	18 886	42 556	16 174			-
Cash/cash equivalents at beginning:		30 204	12 274	-		30 204	12 274			30 204
Cash/cash equivalents at month/year end:		326 392	44 622	-		72 760	28 448			30 204

Part 2 – Supporting Documents

1. Debtors Analysis

The gross outstanding debt from consumers amounts to R31 853 million as at 31 December 2022. This is depicted as follows:

Figure 3: Outstanding Debtors as at 31 December 2022

The table above details the outstanding debt as at 31 December 2022.

Service	180 Days	150 Days	120 days	90 Days	60 Days	30 Days	Current	Balance
Interest	5 486 992.45	0.00	0.00	0.00	0.00	0.00	0.00	5 486 992.45
Property Rates	23 553 791.69	364 543.51	359 441.62	-1 323 372.11	557 024.66	780 920.37	1 612 595.47	25 904 945.21
OTHER	0.00	0.00	0.00	0.00	0.00	-14 987.06	-33 666.59	-48 653.65
Refuse	383 189.58	10 519.14	11 097.68	13 308.65	14 853.42	25 155.40	52 416.94	510 540.81
Grand Total	29 423 973.72	375 062.65	370 539.30	-1 310 063.46	571 878.08	791 088.71	1 631 345.82	31 853 824.82

2 Investment Portfolio Analysis

The investments of the municipality as at 31 December 2022, were as follows:

Table 9: Investments as at 31 December 2022

Investments and Cash		
Institution	Account Number	Balance
FNB (Primary Account)	62829533000	R3 351 037
FNB (Call Account)	62831920766	R18 806 465
NEDBANK (Fixed Deposit)	358478994	R 30 000 000
		R52 157 502

Interest rates from other financial institutions are also being sourced to ensure that the maximum amount of interest is realized on these investments. All Municipal grants are cashed-back

3 Allocation and grant receipts and expenditure

Grants for the period ended 31 December 2022 are as follows:

Table 10: Outstanding conditional grants

Register as at 31 December 2022					
Account Number	Account Name	Opening Balance	RECIPT	EXPENDTURE	CLOSING BALANCE
/IL07048/F0791/	MIG	-	16 000 000.00	13 260 939.86	2 739 060.14
/IL08801/F1169/	EPWP GRANT	-	1 170 000.00	1 671 000.00	(501 000.00)
/IL08834/F1177/	FMG	-	3 000 000.00	1 898 321.65	1 101 678.35
1645/02/0201	Library Grant	-	2 004 000.00	1 510 179.37	493 820.63
/IL07028/F0786/	Electrification Grant	-	7 500 000.00	10 242 858.99	(2 742 858.99)
/IL07024/F0785/	Small Town Development Grant	14 000 000.00	-	12 827 262.13	1 172 737.87
/IE00651/F15762	Disaster Relief	8 200 000.00	-	8 200 000.00	-
/IL093092/F13639/	Housing	444 067.74	-	-	444 067.74
	TOTAL	22 644 067.74	29 674 000.00	49 610 562.00	2 707 505.74

From the table above 52 318 million(22 644 m + 29 674 m) of conditional grant including capital grants has been received from the anticipated annual grants of 61 656 million. We have spent R49 610 million. The reconciliation of expenditure is checked by the General Manager for Technical Services and General Manager for Finance department to ensure that amounts outstanding on projects are correct.

TABLE 13: table SC7(1) Monthly Budget Statement

Capital Grants Unspent

FINANCIAL YEAR 2022/2023

KZN226 Mkhambathini - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant 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 %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		(43)	2 593	-	4 888	4 888	-	4 888	#DIV/0!	2 593
Local Government Financial Management Grant	-	-	2 550	-	2 550	2 550	-	2 550	#DIV/0!	2 550
Municipal Disaster Relief Grant	-	(43)	43	-	-	-	-	-	-	43
Municipal Rehabilitation Grant	-	-	-	-	2 338	2 338	-	2 338	#DIV/0!	-
Municipal Rehabilitation Grant	-	-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		543	1 228	-	-	343	-	343	#DIV/0!	1 228
KwaZulu-Natal	-	543	1 228	-	-	343	-	343	#DIV/0!	1 228
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts	-	-	-	-	-	-	-	-	-	-
KwaZulu-Natal_Infrastructure_Specify (Add grant description)_Receipts	-	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
Other grant providers:		15	15	-	-	6	-	6	#DIV/0!	15
Other Transfers Public Corporations	-	15	15	-	-	6	-	6	#DIV/0!	15
[insert description]	-	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		514	3 836	-	4 888	5 236	-	5 236	#DIV/0!	3 836
Capital expenditure of Transfers and Grants										
National Government:		-	56 494	-	60 559	60 559	-	60 559	#DIV/0!	56 494
Energy Efficiency and Demand Side Management Grant	-	-	-	-	1 999	1 999	-	1 999	#DIV/0!	-
Integrated National Electrification Programme Grant	-	-	17 237	-	17 237	17 237	-	17 237	#DIV/0!	17 237
Municipal Infrastructure Grant	-	-	39 257	-	41 323	41 323	-	41 323	#DIV/0!	39 257
Other capital transfers [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	56 494	-	60 559	60 559	-	60 559	#DIV/0!	56 494
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		514	60 330	-	65 447	65 796	-	65 796	#DIV/0!	60 330

4. Employee Benefits and Councilors remuneration

TABLE 14: SC8 Monthly Budget Statement

FINANCIAL YEAR 2022/2023

KZN226 Mkhambathi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December									
Summary of Employee and Councillor remuneration	Ref	Budget Year 2022/23							
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands	1	A	B	C					D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		5 565	6 282	-	487	3 068	3 141	(73)	-2%
Pension and UIF Contributions		-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-
Cellphone Allowance		318	679	-	24	143	339	(197)	-58%
Housing Allowances		-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-
Sub Total - Councillors		5 883	6 960	-	511	3 211	3 480	(269)	-8%
% increase	4		18.3%						
Senior Managers of the Municipality	3								
Basic Salaries and Wages		4 236	4 784	-	321	1 920	2 392	(472)	-20%
Pension and UIF Contributions		44	62	-	4	23	31	(8)	-27%
Medical Aid Contributions		360	45	-	10	60	22	38	167%
Overtime		-	-	-	-	-	-	-	-
Performance Bonus		-	137	-	37	37	69	(32)	-46%
Motor Vehicle Allowance		120	97	-	10	60	48	12	24%
Cellphone Allowance		343	88	-	27	163	44	119	272%
Housing Allowances		-	15	-	-	-	7	(7)	-100%
Other benefits and allowances		145	6	-	-	173	3	170	5889%
Payments in lieu of leave		-	136	-	-	-	68	(68)	-100%
Long service awards		-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5 248	5 369	-	408	2 436	2 685	(249)	-9%
% increase	4		2.3%						
Other Municipal Staff									
Basic Salaries and Wages		30 425	33 889	-	3 125	17 240	16 944	296	2%
Pension and UIF Contributions		5 231	4 951	-	532	3 020	2 476	544	22%
Medical Aid Contributions		2 162	2 124	-	197	1 158	1 062	96	9%
Overtime		561	817	-	12	142	408	(266)	-65%
Performance Bonus		2 745	2 436	-	2 198	2 198	1 218	980	80%
Motor Vehicle Allowance		811	157	-	49	295	78	217	277%
Cellphone Allowance		2	64	-	-	-	32	(32)	-100%
Housing Allowances		222	397	-	19	122	199	(77)	-39%
Other benefits and allowances		14	11	-	1	16	6	11	187%
Payments in lieu of leave		1 529	1 889	-	52	89	945	(856)	-91%
Long service awards		250	899	-	-	-	449	(449)	-100%
Post-retirement benefit obligations		1 893	81	-	-	2	40	(38)	-95%
Sub Total - Other Municipal Staff		45 845	47 715	-	6 186	24 281	23 857	424	2%
% increase	4		4.1%						
Total Parent Municipality		56 976	60 044	-	7 105	29 928	30 022	(94)	0%
Unpaid salary, allowances & benefits in arrears:									
Board Members of Entities									
Basic Salaries and Wages		-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-
% increase	4								
Senior Managers of Entities									
Basic Salaries and Wages		-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-
% increase	4								
Other Staff of Entities									
Basic Salaries and Wages		-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-
% increase	4								
Total Municipal Entities		-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		56 976	60 044	-	7 105	29 928	30 022	(94)	0%
% increase	4		5.4%						
TOTAL MANAGERS AND STAFF		51 093	53 084	-	6 594	26 717	26 542	175	1%

5. Financial Performance

The financial performance for the first quarter is highlighted in the executive summary above and detailed in Table C4 above. It has been reported that the financial performance of the municipality has been favorable for the past six months. This is summarized in the table below. The table includes capital transfers.

Table 13: Summary of

FINANCIAL YEAR 2022/2023

KZN226 Mkhambathini - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		23 652	22 406	-	1 988	12 010	11 203	807	7%	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		556	621	-	50	295	310	(15)	-5%	-
Rental of facilities and equipment		417	373	-	8	16	186	(170)	-91%	-
Interest earned - external investments		2 242	1 975	-	111	855	988	(133)	-13%	-
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1	5	-	-	1	2	(1)	-51%	-
Licences and permits		5 825	7 554	-	574	3 460	3 777	(317)	-8%	-
Agency services		-	-	-	-	-	-	-	-	-
Transfers and subsidies		76 559	84 194	-	27 503	69 351	42 097	27 253	65%	-
Other revenue		1 776	1 797	-	534	772	898	(127)	-14%	-
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		111 028	118 924	-	30 767	86 760	59 462	27 297	46%	-
Expenditure By Type										
Employee related costs		51 093	53 084	-	6 594	26 717	26 542	175	1%	-
Remuneration of councillors		5 883	6 960	-	511	3 211	3 480	(269)	-8%	-
Debt impairment		2 295	5 221	-	-	-	2 611	(2 611)	-100%	-
Depreciation & asset impairment		11 641	11 916	-	932	5 460	5 958	(498)	-8%	-
Finance charges		1	-	-	-	39	-	39	#DIV/0!	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		2 997	3 640	-	180	993	1 820	(827)	-45%	-
Contracted services		47 030	26 842	-	4 273	26 185	13 421	12 764	95%	-
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Other expenditure		25 909	18 948	-	1 500	10 792	9 474	1 318	14%	-
Losses		367	-	-	-	-	-	-	-	-
Total Expenditure		147 216	126 611	-	13 990	73 397	63 306	10 092	16%	-
Surplus/(Deficit)		(36 187)	(7 687)	-	16 776	13 362	(3 843)	17 206	(0)	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		46 175	17 781	-	3 711	26 088	8 891	17 198	0	-
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)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		9 988	10 094	-	20 488	39 451	5 047			
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		9 988	10 094	-	20 488	39 451	5 047			
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		9 988	10 094	-	20 488	39 451	5 047			
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		9 988	10 094	-	20 488	39 451	5 047			

6. FINANCIAL RATIOS

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

$$= R 26 717 403 / R 73 397 865 \times 100$$

$$= 36\%$$

This ratio measures the extent of Remuneration to Total Operating Expenditure. If the ratio exceeds the norm it could indicate inefficiencies, overstaffing or even the incorrect focus due to misdirected expenditure to non-service delivery related expenditure. The norm ranges between 25% and 40%.

7.2 Cost coverage ratio = Cash and Cash Equivalent – unspent grant / Current liabilities
 = R52 157 502 – R5 844 810 / R9 749 093
 = 5 months

The ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during that month. The norm ranges between 1 month to 3 months.

7.3 Creditors payment period = Trade creditors outstanding / Trade creditors Purchases X 365
 = 0
 Creditors Payment Period (Trade Creditors)

This ratio indicates the average number of days taken for trade creditors to be paid and the norm is 30 days.

A period of longer than 30 days to settle creditors is normally an indication that the municipality may be experiencing cash flow problems, however in certain instances this may be as a result of disputes, processing of payments, etc.

7.4 Net Debtors Days = ((Gross Debtors- Bad Debt Provision)/Billed Revenue)) X 365
 = R31 853 825 /12 009 801 X 365
 = 968 Days

This ratio reflects the collection period. Net Debtor Days refers to the average number of days required for a Municipality to receive payment from its consumers for bills issued to them for services rendered.

7.5 Collection Rate= Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance- Bad Debts Written Off)/Billed Revenue x 100
 = 32 479 689+ 12 009 801-31 771 792 /12 009 801 x 100
 = 97%

The ratio indicates the collection rate; i.e. level of payments. It measures increases or decreases in debtors relative to annual billed revenue. In order to determine the real collection rate bad debts written-off is taken into consideration. The norm is 95%.

$$\begin{aligned}
 7.6 \quad \text{Current Ratio} &= \text{Current Assets /Current Liabilities} \\
 &= \text{R59 863 048/ R9 749 093} \\
 &= 1: 6
 \end{aligned}$$

The ratio is used to assess the municipality's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The norm ranges between 1.5 to 2.1. The higher the current ratio, the more capable the municipality will be able to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired level.

$$\begin{aligned}
 7.7 \quad \text{Capital Expenditure to Total Expenditure} &= \text{Total Capital Expenditure/Total Expenditure x 100} \\
 &= \text{R26 247 460/ R73 397 165X 100} \\
 &= 36\%
 \end{aligned}$$

The norm ranges between 10% and 20%. A ratio less than 10% reflects lower spending by the municipality in infrastructure and holds potential risks to service delivery. A ratio of more than 20% reflects higher spending on infrastructure and acceleration in service delivery, but could also hold financial sustainability risks if the infrastructure does not include both economic (revenue generating) and social type infrastructure.

$$\begin{aligned}
 7.8 \quad \text{Capital Expenditure Budget Implementation Indicator} &= \text{Actual Capital Expenditure/Budget Capital Expenditure x 100} \\
 &= \text{R 26 247 460 / 34 281 000 X 100} \\
 &= 77\%
 \end{aligned}$$

This ratio measures the extent to which Budgeted Capital Expenditure has been spent during the financial year, under review. Further, this ratio measures the municipality's ability to implement capital projects and monitor the risks associated with non-implementation. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget.

$$\begin{aligned}
 7.11 \quad \text{Operating Expenditure Budget Implementation Indicator} &= \text{Actual Operating Expenditure/Budgeted Operating Expenditure X 100} \\
 &= \text{R73 397 165/ R126 611 096 X 100} \\
 &= 58\%
 \end{aligned}$$

This ratio measures the extent to which Budgeted Operating Expenditure has been spent during the financial year, under review. The ratio also assesses whether the municipality has effective controls in place to ensure that expenditure is incurred in accordance with an approved budget. The norm ranges between 95% and 100%.

7.12 Operating Revenue Budget Implementation Indicator= Actual Operating Revenue/Budgeted Operating Revenue x 100

$$= R112\,847\,865 / R136\,705\,338 \times 100$$

$$= 83\%$$

This ratio measures the extent of Actual Operating Revenue (excl. Capital Grant Revenue) received in relation to Budgeted Operating Revenue during the financial year, under review. The norm ranges between 95% and 100%.

The ratio measures the extent to which Total Capital Expenditure of the Municipality is funded through Internally Generated Funds. No norm at this stage. The funding mix for capital expenditure is dependent on the municipal policy and ability to raise revenue from different sources. Increased capacity for internally generated funding is required in some circumstances, which could also improve the balance in funding sources.

7. Municipal Manager's Quality Certificate

I, Mr. S Mngwengwe, Municipal Manager of Mkhambathini Municipality, hereby certify that the Mid-Year Budget Performance Assessment report on the implementation of the budget and financial state of affairs of the municipality for the Six Months/Mid-Year Budget Performance assessment of the financial year ending 31 December 2022 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Mr. S Mngwengwe

MUNICIPAL MANAGER: MKHAMBATHINI MUNICIPALITY, KZN226

SIGNATURE _____

DATE _____