

2nd Quarter

Financial Reporting

2023/2024 FINANCIAL YEAR



MKHAMBATHINI
Municipality
For the community

MKHAMBATHINI
MUNICIPALITY

Contents

Part 1	2
1. Introduction	
2. Executive Summary	
3. In-Year Budget Tables	8
Part 2 – Supporting Documentation	16
1. Debtors Analysis	
2. Investment Portfolio Analysis	17
3. Allocation and grant receipts and expenditure	17
4. Councillor and employee benefits	
5. Financial Performance	21
6. Capital Programme Performance	
7. Financial Ratios	17
8. Municipal Manager’s Quality Certificate	25
Figure 1: Operating income for the first quarter.....	4
Figure 2: Summary of Expenditure for the Mid Year.....	4
Table 1: Summary of operating revenue for the period ended 31 December 2023.....	4
Table 2: Summary of Operating Expenditure for the period ended 31 December 2023.....	
Table 3: C1 Monthly Budget Statement Summary.....	8
Table 4: C2 Monthly Budget Statement – Financial Performance (Standard Classification).....	8
Table 5: C3 Monthly Budget Statement – Financial Performance (Revenue and Expenditure by Vote) ...	10
Table 6: C4 Monthly Budget Statement – Financial Performance (Revenue and Expenditure).....	10
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.....	15
Table 10: Outstanding debt as at 31 December 2023.....	
Table 11: Investments as at 31 December 2023.....	17
Table 12: Outstanding conditional grants.....	18
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 2023. 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 2023/2024 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 2024.

Due to the 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 2023 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 2023/2024 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

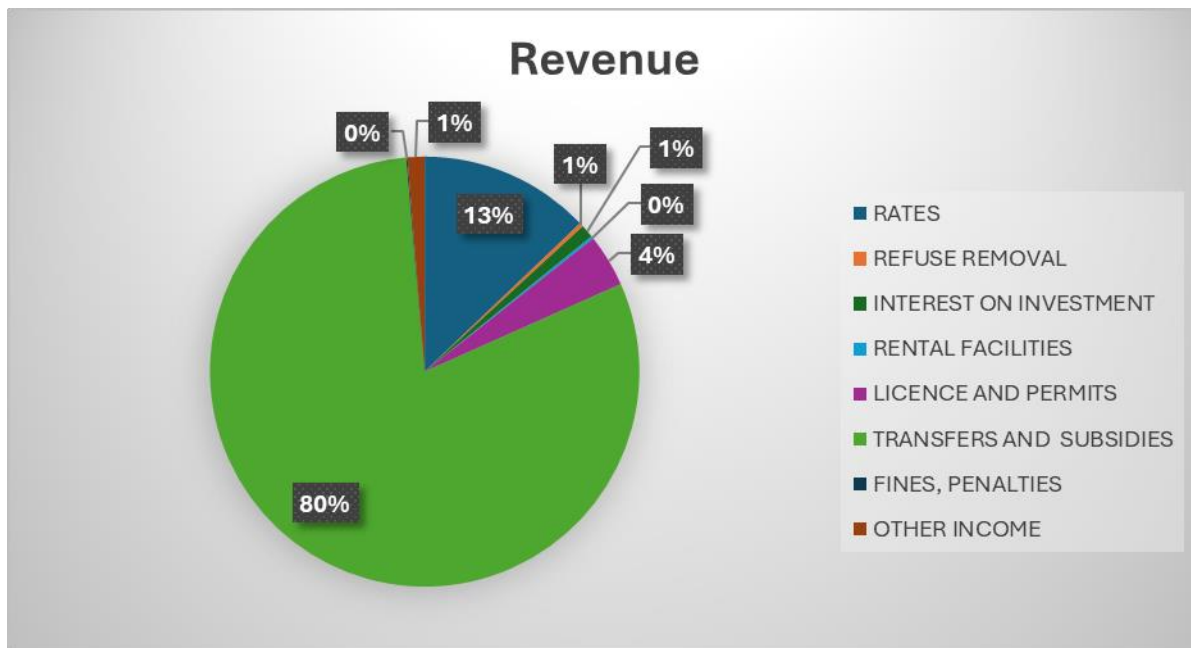
Part 1

Table 1: Summary of operating revenue for the period ended 31December 2023

Operating Revenue and Expenditure Statement		Budget Year 2023/2024			
Descriptions	Annual budget		Available	%	YTD CURRENT
RATES	24,849,861.00	2,093,051.02	12,291,554.00	50.54	12,558,307.00
Refuse Removal	653,441.00	52,661.59	339,238.56	48.08	314,202.44
Interest on investments and current account	3,100,000.00	80,524.77	2,124,574.22	31.47	975,425.78
Rental Facilities	73,805.00	8,631.07	(163,518.32)	321.55	237,323.32
Licence and permits	7,960,777.00	273,583.56	4,482,651.00	43.69	3,478,126.00
Financial Management Grant	3,000,000.00	513,014.13	499,210.12	83.36	2,500,789.88
Grant: Equitable Share	83,212,000.00	27,737,000.00	20,803,000.00	75.00	62,409,000.00
Library Grant	2,004,000.00	451,048.97	198,290.93	90.11	1,805,709.07
MIG	18,392,000.00	-	7,210,029.16	60.80	11,181,970.84
GRANT: EPWP	1,456,000.00	-	-	100.00	1,456,000.00
Fines, penalties	2,106.00	146.00	1,205.00	42.78	901.00
Other Income	609,650.00	35,950.00	(623,184.00)	202.22	1,232,834.00
TOTAL REVENUE	145,313,640.00	31,245,611.11	47,163,050.67	67.54	98,150,589.33

The table above summarizes the income for the mid-year. The Municipality received R98.1 million on revenue, This income includes income from the transfer of capital grants(MIG).

Figure 1: Operating income for the Mid-Year/First quarter



Transfers and Subsidies shows 80% contribution to total income, while Property Rates income comprises 13% of the total income of municipality. Own Revenue contributed 5% while service charges shows 1% and Investment contributed 1%.

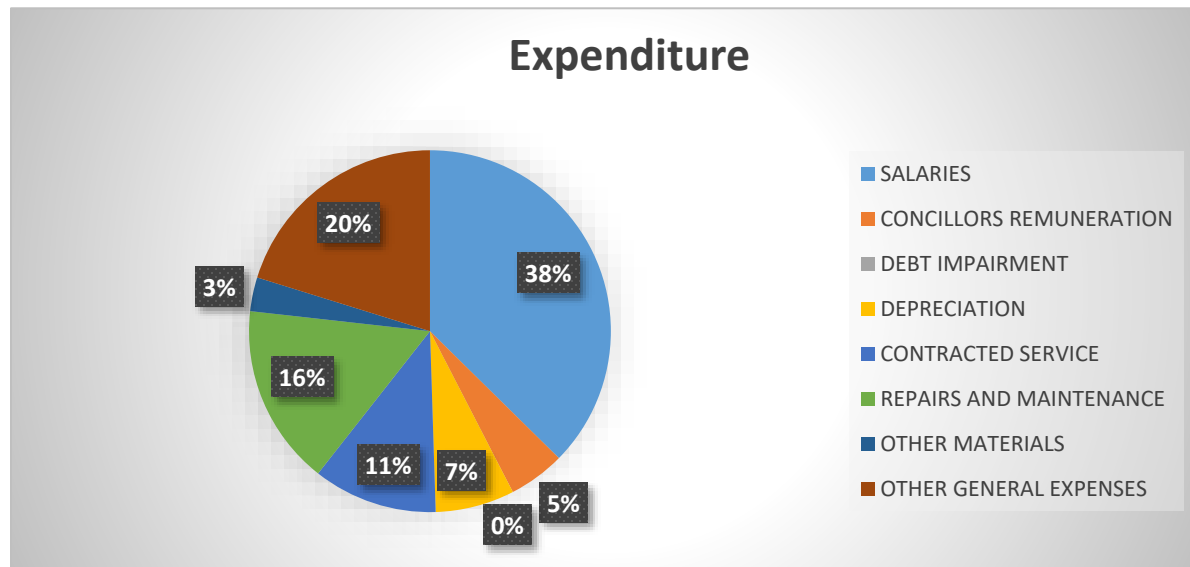
2.2 Expenditure:

Table below represent operational expenditure as at 31 December 2023

Operating Revenue and Expenditure Statement					
Budget Year 2023/2024					
Descriptions	Annual budget	Monthly Actual	Available	%	YTD CURRENT
EXPENDITURE					
Salaries	49,690,456.00	6,853,317.00	21,490,034.55	56.75	28,200,421.4
Councillors Allowance	7,329,216.00	518,131.21	3,714,380.39	49.32	3,614,835.6
Debt Impairment	11,000,000.00	-	11,000,000.00	-	-
Depreciation and Amortisation	12,642,742.00	964,999.23	7,067,348.75	44.10	5,575,393.2
Contracted Services	16,113,820.00	1,881,444.36	7,664,034.13	52.44	8,449,785.8
Repairs and Maintainance	12,918,800.00	2,237,427.77	1,095,175.87	91.52	11,823,624.1
Other Materials	4,626,800.00	829,504.00	2,091,120.00	54.80	2,535,680.0
Other General expenses	26,286,261.00	5,082,001.00	10,901,945.00	58.53	15,384,316.0
TOTAL EXPENDITURE	140,608,095.00	18,366,824.57	65,024,038.69	53.76	75,584,056.3
SURPLUS/DEFICIT	4,705,545.00	12,878,786.54	-17,860,988.02	-	22,566,533.0

Diagrammatically, the expenditure for the quarter is shown below:

Figure 2: Summary of Expenditure for the Mid-Year/second quarter



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 R75.6 million. Which is equal to 54% of budgeted expenditure.

The actual expenditure as of 31 December 2023 as stated on the above shows that the salaries represent 38% on the actual total expenditure. Actual Remuneration of Councilors is 5%.

2.3 Capital Expenditure

Capital expenditure as at 31 December 2023

<i>Table B: Capital Revenue and Expenditure</i>				
Revenue				
Descriptions	Annual budget	Rec to date	Available/Still to receive	%
Revenue				
MIG	18,392,000.00	16,000,000.00	2,392,000.00	86.99
TOTAL CAPITAL REVENUE	18,392,000.00	16,000,000.00	2,392,000.00	86.99
EXPENDITURE				
Grant: MIG	Annual budget	Spent to Date		
Muzingezwi access Road/Makholweni	3,761,868.71	2,277,459.93	1,484,408.78	60.54
Maqongqo Taxi Rank	2,468,433.58	990,768.76	1,477,664.82	40.14
Chibini Access Road	1,125,065.64	1,922,593.44	-797,527.80	170.89
Ngilanyoni Community Hall	7,612,107.39	-	7,612,107.39	-
Nkanyezini Sportfield	3,424,524.68		3,424,524.68	-
Mkhize Access Road		1,010,747.68		
Jilafohlo		1,626,319.03		
Banqobile		828,474.87	-828,474.87	-
TOTAL CAPITAL EXPENDITURE	18,392,000.00	8,656,363.71	12,372,703.00	47.07
Total uspent grant		7,343,636.29		45.90
Capital Expenditure (Own Reserves)	Annual budget	Expenditure	Available/Still to receive	%
New Laptops and Printers	480,000.00	144,400.00	335,600.00	30.08
New Vehicles	1,400,000.00	718,361.19	681,638.81	-
Municipal Fencing	1,000,000.00	-	1,000,000.00	-
Furniture	900,000.00	1,665,414.73	-765,414.73	185.05
Backup Generator	750,000.00		750,000.00	-
Banqobile Sport Field		720,412.93		
	4,530,000.00	3,248,588.85	2,001,824.08	71.71
TOTAL CAP EXP ON DATE RECEIPTS INCLUDING CARRIED OVER	-	-	-	-

The table above summarizes the capital expenditure for the mid- year. This expenditure consists of grant funded (MIG). Grant funded expenditure is equal to R8.6million which is equal to 47% of the budgeted grant expenditure (MIG). Internal funded expenditure is equal to R3 248 588.85 which is 72% of budgeted Internal funded capital projects.

DOT Grant				
Department of Transport	73,548,000.00	36,774,000.00	36,774,000.00	50.00
EXPENDITURE				
Department of Transport				
Road D1000	24,603,000.00	9,476,902.09	15,126,097.91	38.52
Road 72	31,351,000.00	9,710,335.82	21,640,664.18	30.97
Road D545	17,594,000.00	14281324	3,312,676.00	81.17
	73,548,000.00	33,468,561.91	40,079,438.09	45.51

The municipality has received R36.7million which is equal to 50% of the total allocation of R73.5 million from the Department of Transport. Expenditure on DOT grant is R40 million which is equivalent to 55% in the first quarter.

Electrification Grant				
Revenue	22,555,000.00	16,000,000.00	6,555,000.00	70.94
EXPENDITURE				
Electrification Grant				
Njobokazi Electrification Ward 4	9,555,000.00	8,370,839.66	1,184,160.34	87.61
Ward 6 Electrification	4,900,000.00	4,641,431.05	258,568.95	94.72
Maqongqo Electrification Phase 2 Ward 1	8,100,000.00	8,019,780.68	80,219.32	99.01
	22,555,000.00	21,032,051.39	1,522,948.61	93.25

Electrification Grant - COGTA				
Revenue	20,700,000.00	20,700,000.00	-	100.00
EXPENDITURE				
Electrification Grant - COGTA				
Electrification Ward 2	20,700,000.00	20,494,743.54	205,256.46	99.01
	20,700,000.00	20,494,743.54	205,256.46	99.01

The municipality has received R16 million which is equal to 71% of the total allocation of R22.5 million. Expenditure on electrification grant is R21 million equivalent to 94% in the first quarter.

The municipality also received R20.7 million from COGTA for Ward 2 electrification and the expenditure is R20.4 million which is equivalent to 99% in the first quarter.

1. In-Year Budget Tables

Table 2: C1 Monthly Budget Statement Summary

Choose name from list - Table C1 Monthly Budget Statement Summary - M06 December									
Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	23,937	24,850	-	2,093	12,558	12,425	133	1%	24,850
Service charges	596	653	-	53	314	327	(13)	-4%	653
Investment revenue	3,703	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	3,703	3,100	-	81	975	1,550	(575)	-37%	3,100
Other own revenue	106,593	98,318	-	29,036	73,121	49,159	23,962	49%	-
Total Revenue (excluding capital transfers and contributions)	138,531	126,922	-	31,262	86,969	63,461	23,508	37%	126,922
Employee costs	49,034	49,690	-	6,853	28,200	24,845	3,355	-	49,690
Remuneration of Councillors	6,288	7,329	-	518	3,615	3,665	(50)	-	7,329
Depreciation and amortisation	12,968	12,643	-	965	5,575	6,321	(746)	-	12,643
Interest	39	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	3,223	4,627	-	819	2,525	2,313	212	-	4,627
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	90,966	66,319	-	9,185	35,642	33,159	2,483	7%	66,319
Total Expenditure	162,519	140,608	-	18,340	75,558	70,304	5,254	7%	140,608
Surplus/(Deficit)	(23,988)	(13,686)	-	12,922	11,411	(6,843)	18,254	-267%	(13,686)
Transfers and subsidies - capital (monetary allocations)	59,968	18,392	-	-	8,656	9,196	(540)	-6%	18,392
Transfers and subsidies - capital (in-kind)	3,800	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	39,780	4,706	-	12,922	20,067	2,353	17,715	753%	4,706
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	39,780	4,706	-	12,922	20,067	2,353	17,715	753%	4,706
Capital expenditure & funds sources									
Capital expenditure	30,492	20,454	-	1,656	12,876	10,227	2,649	26%	20,454
Capital transfers recognised	18,668	18,392	-	1,564	10,003	9,196	807	9%	18,392
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	23,797	4,530	-	706	5,171	2,265	2,906	128%	4,530
Total sources of capital funds	42,465	22,922	-	2,270	15,174	11,461	3,713	32%	22,922
Financial position									
Total current assets	58,767	74,755	-	-	57,317	-	-	-	74,755
Total non current assets	257,458	210,346	-	-	267,056	-	-	-	210,346
Total current liabilities	27,842	69,029	-	-	42,959	-	-	-	69,029
Total non current liabilities	3,837	7,019	-	-	3,837	-	-	-	7,019
Community wealth/Equity	284,545	267,687	-	-	304,612	-	-	-	267,687
Cash flows									
Net cash from (used) operating	(51,076)	7,806	-	4,655	19,644	11,232	(8,411)	-75%	7,806
Net cash from (used) investing	338,653	(26,360)	-	(2,270)	15,174	(13,180)	(28,354)	215%	(26,360)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	298,572	(71,796)	-	-	39,611	(55,189)	(94,800)	172%	-
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	1,686	780	435	(1,065)	(113)	430	2,490	29,989	34,632
Creditors Age Analysis									
Total Creditors	7	85	45	(15)	(8)	25	(0)	0	140

Table 3: C2 Monthly Budget Statement – Financial Performance (Standard Classification)

Choose name from list - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		151,704	134,272	-	30,471	89,107	67,136	21,971	33%	134,272
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		151,704	134,272	-	30,471	89,107	67,136	21,971	33%	134,272
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10,739	2,027	-	452	1,824	1,014	811	80%	2,027
Community and social services		10,739	2,027	-	452	1,824	1,014	811	80%	2,027
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14,194	400	-	13	901	200	701	351%	400
Planning and development		194	400	-	13	901	200	701	351%	400
Road transport		14,000	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		18,683	653	-	53	314	327	(13)	-4%	653
Energy sources		18,087	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		596	653	-	53	314	327	(13)	-4%	653
<i>Other</i>	4	6,979	7,961	-	274	3,478	3,980	(502)	-13%	7,961
Total Revenue - Functional	2	202,299	145,314	-	31,262	95,625	72,657	22,968	32%	145,314
Expenditure - Functional										
<i>Governance and administration</i>		83,181	91,737	-	11,009	45,278	45,868	(590)	-1%	91,737
Executive and council		17,774	20,093	-	2,284	10,946	10,047	899	9%	20,093
Finance and administration		65,407	71,644	-	8,725	34,333	35,822	(1,489)	-4%	71,644
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		41,077	29,484	-	4,515	15,554	14,742	812	6%	29,484
Community and social services		32,825	26,365	-	4,249	14,728	13,182	1,546	12%	26,365
Sport and recreation		1,599	2,794	-	224	760	1,397	(637)	-46%	2,794
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		6,654	325	-	42	66	162	(97)	-60%	325
<i>Economic and environmental services</i>		36,935	17,308	-	2,776	14,102	8,654	5,448	63%	17,308
Planning and development		27,475	589	-	-	24	294	(270)	-92%	589
Road transport		9,459	16,720	-	2,776	14,077	8,360	5,717	68%	16,720
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		727	1,407	-	1	414	703	(289)	-41%	1,407
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		727	1,407	-	1	414	703	(289)	-41%	1,407
<i>Other</i>		599	672	-	39	210	336	(127)	-38%	672
Total Expenditure - Functional	3	162,519	140,608	-	18,340	75,558	70,304	5,254	7%	140,608
Surplus/ (Deficit) for the year		39,780	4,706	-	12,922	20,067	2,353	17,715	753%	4,706

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

Choose name from list - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December										
Vote Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - Finance and Administration	1	151,704	134,272	-	30,471	89,107	67,136	21,971	32.7%	134,272
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		10,222	2,027	-	452	1,817	1,014	803	79.2%	2,027
Vote 5 - Community and Social Services2		517	-	-	-	8	-	8	#DIV/0!	-
Vote 6 - Energy Sources		18,087	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		14,000	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		194	400	-	13	901	200	701	350.6%	400
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 11 - Other		6,979	7,961	-	274	3,478	3,980	(502)	-12.6%	7,961
Vote 12 - Waste Management		596	653	-	53	314	327	(13)	-3.8%	653
Vote 13 - Housing		-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	202,299	145,314	-	31,262	95,625	72,657	22,968	31.6%	145,314
Expenditure by Vote										
Vote 1 - Finance and Administration	1	65,102	71,359	-	8,716	34,222	35,680	(1,457)	-4.1%	71,359
Vote 2 - Finance and Administration2		305	284	-	10	110	142	(32)	-22.5%	284
Vote 3 - Executive and Council		17,774	20,093	-	2,284	10,946	10,047	899	8.9%	20,093
Vote 4 - Community and Social Services		14,738	10,735	-	2,116	5,860	5,368	492	9.2%	10,735
Vote 5 - Community and Social Services2		18,087	15,630	-	2,133	8,868	7,815	1,054	13.5%	15,630
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		9,459	16,720	-	2,776	14,077	8,360	5,717	68.4%	16,720
Vote 8 - Planning and Development		27,475	589	-	-	24	294	(270)	-91.7%	589
Vote 9 - Sport and Recreation		1,599	2,794	-	224	760	1,397	(637)	-45.6%	2,794
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 11 - Other		599	672	-	39	210	336	(127)	-37.7%	672
Vote 12 - Waste Management		727	1,407	-	1	414	703	(289)	-41.2%	1,407
Vote 13 - Housing		-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Health		6,654	325	-	42	66	162	(97)	-59.6%	325
Total Expenditure by Vote	2	162,519	140,608	-	18,340	75,558	70,304	5,254	7.5%	140,608
Surplus/ (Deficit) for the year	2	39,780	4,706	-	12,922	20,067	2,353	17,715	752.9%	4,706

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

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2022/23			Budget Year 2023/24					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		596	653	-	53	314	327	(13)	-4%	653
Sale of Goods and Rendering of Services		499	529	-	16	977	264	713	270%	529
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-
Interest from Current and Non Current Assets		3,703	3,100	-	81	975	1,550	-	-	3,100
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		75	74	-	9	237	37	200	543%	74
Licence and permits		6,979	7,961	-	274	3,478	3,980	(502)	-13%	7,961
Operational Revenue		9,847	81	-	36	256	40	215	532%	81
Non-Exchange Revenue										
Property rates		23,937	24,850	-	2,093	12,558	12,425	133	1%	24,850
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1	2	-	0	1	1	(0)	-	2
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		92,894	89,672	-	28,701	68,171	44,836	23,336	-	89,672
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		138,531	126,922	-	31,262	86,969	63,461	23,508	37%	126,922
Expenditure By Type										
Employee related costs		49,034	49,690	-	6,853	28,200	24,845	3,355	14%	49,690
Remuneration of councillors		6,288	7,329	-	518	3,615	3,665	(50)	-1%	7,329
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		3,223	4,627	-	819	2,525	2,313	212	-	4,627
Debt impairment		-	11,000	-	-	-	5,500	(5,500)	-100%	11,000
Depreciation and amortisation		12,968	12,643	-	965	5,575	6,321	(746)	-12%	12,643
Interest		39	-	-	-	-	-	-	-	-
Contracted services		60,890	29,033	-	4,103	20,258	14,516	5,741	40%	29,033
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		2,173	-	-	-	-	-	-	-	-
Operational costs		27,261	26,286	-	5,082	15,384	13,143	2,241	17%	26,286
Losses on Disposal of Assets		642	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		162,519	140,608	-	18,340	75,558	70,304	5,254	7%	140,608
Surplus/(Deficit)		(23,988)	(13,686)	-	12,922	11,411	(6,843)	18,254	(0)	(13,686)
Transfers and subsidies - capital (monetary allocations)		59,968	18,392	-	-	8,656	9,196	(540)	(0)	18,392
Transfers and subsidies - capital (in-kind)		3,800	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		39,780	4,706	-	12,922	20,067	2,353			4,706
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		39,780	4,706	-	12,922	20,067	2,353			4,706
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		39,780	4,706	-	12,922	20,067	2,353			4,706
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		39,780	4,706	-	12,922	20,067	2,353			4,706
References										
1. Material variances to be explained on Table SC1										
Total Revenue (excluding capital transfers and contributions) including capi		202,299	145,314	-	31,262	95,625	72,657	-	-	145,314

Table 6: C5 Monthly Budget Statement Capital Expenditure

Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06										
December										
Vote Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
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		443	3,130	-	19	1,810	1,565	245	16%	3,130
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		(0)	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		(6,747)	7,612	-	-	-	3,806	(3,806)	-100%	7,612
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		20,136	6,287	-	1,637	10,345	3,143	7,202	229%	6,287
Vote 8 - Planning and Development		7,552	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		9,109	3,425	-	-	720	1,712	(992)	-58%	3,425
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	30,492	20,454	-	1,656	12,876	10,227	2,649	26%	20,454
Total Capital Expenditure		30,492	20,454	-	1,656	12,876	10,227	2,649	26%	20,454
Capital Expenditure - Functional Classification										
Governance and administration		443	3,130	-	19	1,810	1,565	245	16%	3,130
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		443	3,130	-	19	1,810	1,565	245	16%	3,130
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2,362	11,037	-	-	720	5,518	(4,798)	-87%	11,037
Community and social services		(6,747)	7,612	-	-	-	3,806	(3,806)	-100%	7,612
Sport and recreation		9,109	3,425	-	-	720	1,712	(992)	-58%	3,425
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		37,105	8,755	-	2,252	12,424	4,378	8,047	184%	8,755
Planning and development		7,552	-	-	-	-	-	-	-	-
Road transport		29,553	8,755	-	2,252	12,424	4,378	8,047	184%	8,755
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		2,556	-	-	-	220	-	220	#DIV/0!	-
Total Capital Expenditure - Functional Classification	3	42,465	22,922	-	2,270	15,174	11,461	3,713	32%	22,922
Funded by:										
National Government		18,668	18,392	-	1,564	10,003	9,196	807	9%	18,392
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		18,668	18,392	-	1,564	10,003	9,196	807	9%	18,392
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		23,797	4,530	-	706	5,171	2,265	2,906	128%	4,530
Total Capital Funding		42,465	22,922	-	2,270	15,174	11,461	3,713	32%	22,922

Table 7: C6 Monthly Budget Statement Financial Position

Choose name from list - Table C6 Monthly Budget Statement - Financial Position - M06 December						
Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		44,074	43,311	-	59,020	43,311
Trade and other receivables from exchange transactions		1,017	2,282	-	1,017	2,282
Receivables from non-exchange transactions		1,721	13,710	-	(25,865)	13,710
Current portion of non-current receivables		-	-	-	-	-
Inventory		38	33	-	38	33
VAT		11,444	15,330	-	22,487	15,330
Other current assets		474	88	-	620	88
Total current assets		58,767	74,755	-	57,317	74,755
Non current assets						
Investments		-	-	-	-	-
Investment property		3,800	10,965	-	3,800	10,965
Property, plant and equipment		253,537	199,381	-	263,199	199,381
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		-	-	-	-	-
Intangible assets		121	-	-	57	-
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
Total non current assets		257,458	210,346	-	267,056	210,346
TOTAL ASSETS		316,224	285,101	-	324,373	285,101
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Consumer deposits		72	-	-	72	-
Trade and other payables from exchange transactions		13,562	65,155	-	12,063	65,155
Trade and other payables from non-exchange transactions		9,112	444	-	24,977	444
Provision		-	3,228	-	-	3,228
VAT		5,096	202	-	5,847	202
Other current liabilities		-	-	-	-	-
Total current liabilities		27,842	69,029	-	42,959	69,029
Non current liabilities						
Financial liabilities		-	-	-	-	-
Provision		-	-	-	-	-
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		3,837	7,019	-	3,837	7,019
Total non current liabilities		3,837	7,019	-	3,837	7,019
TOTAL LIABILITIES		31,679	76,048	-	46,796	76,048
NET ASSETS	2	284,545	209,053	-	277,577	209,053
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		283,292	266,433	-	303,359	266,433
Reserves and funds		1,253	1,253	-	1,253	1,253
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	284,545	267,687	-	304,612	267,687

Table 8: C7 Monthly Budget Statement Cash Flow

Choose name from list - Table C7 Monthly Budget Statement - Cash Flow - M06 December										
Description	Ref	2022/23			Budget Year 2023/24					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		(22,675)	21,122	-	1,240	15,076	10,561	4,515	43%	21,122
Service charges		(542)	601	-	44	324	301	24	8%	601
Other revenue		7,055	126	-	282	3,716	63	3,653	5805%	126
Transfers and Subsidies - Operational		17,707	112,227	-	2,004	5,422	56,113	(50,691)	-90%	112,227
Transfers and Subsidies - Capital		(56,324)	18,392	-	(1,266)	9,303	9,196	107	1%	18,392
Interest		3,703	3,100	-	81	975	1,550	(575)	-37%	3,100
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		-	(147,763)	-	2,270	(15,174)	(66,552)	(51,378)	77%	(147,763)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(51,076)	7,806	-	4,655	19,644	11,232	(8,411)	-75%	7,806
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		338,653	(26,360)	-	(2,270)	15,174	(13,180)	(28,354)	215%	(26,360)
NET CASH FROM/(USED) INVESTING ACTIVITIES		338,653	(26,360)	-	(2,270)	15,174	(13,180)	(28,354)	215%	(26,360)
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		287,577	(18,554)	-	2,385	34,818	(1,948)			-
Cash/cash equivalents at beginning:		10,995	(53,241)	-	10,648	4,793	(53,241)			4,793
Cash/cash equivalents at month/year end:		298,572	(71,796)	-		39,611	(55,189)			-
References										
1. Material variances to be explained in Table SC1										

Part 2 – Supporting Documents

1. Debtors Analysis

The gross outstanding debt from consumers amounts to R34 635 million as at 31 December 2023. This is depicted as follows:

Figure 3: Outstanding Debtors as at 31 December 2023

The table above details the outstanding debt as at 31 December 2023.

Service	180 Days	150 Days	120 days	90 Days	60 Days	30 Days	Current	Balance
Interest	5,334,627.57	0.00	0.00	0.00	0.00	0.00	0.00	5,334,627.57
Property Rates	26,743,093.98	427,090.90	-119,056.74	-1,073,873.26	443,273.05	805,663.41	1,665,162.23	28,891,353.57
OTHER	-53,305.25	-10,746.01	-10,728.93	-9,012.46	-27,016.75	-48,991.15	-35,048.12	-194,848.67
Refuse	459,619.12	14,382.00	15,387.44	16,518.37	18,699.40	23,592.16	55,951.22	604,149.71
Grand Total	32,484,035.42	430,726.89	-114,398.23	-1,066,367.35	434,955.70	780,264.42	1,686,065.33	34,635,282.18

2 Investment Portfolio Analysis

The investments of the municipality as at 31 December 2023, were as follows:

Table 9: Investments as at 31 December 2023

Investments and Cash

Institution	Account Number	Balance
FNB (Primary Account)	62829533000	R13 234 651.81
FNB (Call Account)	62831920766	R16 251 044.83
ABSA (Fixed Deposit)	20-8121-9002	R 30 000 000.0

R 59 485 996.64

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 2023 are as follows:

Table 10: Outstanding conditional grants

Register as at 31 December 2023				
Account Name	Opening Balance	RECIPT	EXPENDTURE	CLOSING BALANCE
MIG	-	16,000,000.00	8,656,363.70	7,343,636.30
EPWP GRANT	-	1,019,000.00	1,456,000.32	(437,000.32)
FMG	-	3,000,000.00	2,500,789.88	499,210.12
Library Grant	-	2,004,000.00	1,801,989.12	202,010.88
Electrification Grant	-	16,000,000.00	21,032,051.39	(5,032,051.39)
Electrification Grant (COGTA)	-	20,700,000.00	20,494,743.54	205,256.46
Transport Grant (Roads)	9,961,971.00	36,774,000.00	33,468,561.92	13,267,409.09
Housing	444,067.74			444,067.74
TOTAL	10,406,038.74	95,497,000.00	89,410,499.87	16,492,538.88

From the table above R95 497 million of conditional grant including capital grants has been received from the anticipated annual grants of R123 568 million. We have spent R89.4million. 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

Choose name from list - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December										
Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		4,179	3,000	-	513	(499)	1,500	(1,999)	-133.3%	3,000
Expanded Public Works Programme Integrated Grant	-	1,329	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	-	2,850	3,000	-	513	(499)	1,500	(1,999)	-133.3%	3,000
Local Government Financial Management Grant	-	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	-	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Other Transfers Public Corporations	-	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		4,179	3,000	-	513	(499)	1,500	(1,999)	-133.3%	3,000
Capital expenditure of Transfers and Grants										
National Government:		31,755	42,403	-	-	28,401	21,201	7,200	34.0%	42,403
Integrated National Electrification Programme Grant	-	-	24,011	-	-	19,745	12,005	7,739	64.5%	24,011
Municipal Infrastructure Grant	-	31,755	18,392	-	-	8,656	9,196	(540)	-5.9%	18,392
Other capital transfers [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		1,910	2,004	-	4,331	48,730	1,002	47,728	4763.3%	2,004
KwaZulu-Natal	-	1,910	2,004	-	4,331	48,730	1,002	47,728	4763.3%	2,004
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		33,665	44,407	-	4,331	77,131	22,203	54,928	247.4%	44,407
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		37,844	47,407	-	4,844	76,632	23,703	52,929	223.3%	47,407

References

4. Employee Benefits and Councillors remuneration

TABLE 14: SC8 Monthly Budget Statement

KZN226 Mkhambathini - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	Ref	2022/23			Budget Year 2023/24					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		6,003	6,614	-	500	3,486	3,307	178	5%	6,614
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		286	715	-	18	129	357	(228)	-64%	715
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		6,288	7,329	-	518	3,615	3,665	(50)	-1%	7,329
% increase	4		16.6%							16.6%
Senior Managers of the Municipality										
Basic Salaries and Wages		3,849	4,818	-	482	2,217	2,409	(192)	-8%	4,818
Pension and UIF Contributions		-	66	-	4	24	33	(8)	-25%	66
Medical Aid Contributions		-	47	-	10	60	24	36	153%	47
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		37	145	-	40	59	72	(14)	-19%	145
Motor Vehicle Allowance		120	102	-	10	60	51	9	18%	102
Cellphone Allowance		222	92	-	27	161	46	115	249%	92
Housing Allowances		-	16	-	-	-	8	(8)	-100%	16
Other benefits and allowances		860	6	-	30	180	3	177	5817%	6
Payments in lieu of leave		-	143	-	-	-	72	(72)	-100%	143
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5,089	5,434	-	603	2,761	2,717	44	2%	5,434
% increase	4		6.8%							6.8%
Other Municipal Staff										
Basic Salaries and Wages		30,072	29,449	-	2,667	16,890	14,724	2,166	15%	29,449
Pension and UIF Contributions		5,616	5,218	-	664	3,435	2,609	826	32%	5,218
Medical Aid Contributions		2,404	2,239	-	224	1,239	1,119	119	11%	2,239
Overtime		718	861	-	52	279	430	(151)	-35%	861
Performance Bonus		2,209	2,567	-	2,281	2,281	1,284	998	78%	2,567
Motor Vehicle Allowance		564	165	-	47	288	83	205	249%	165
Cellphone Allowance		137	67	-	0	0	34	(33)	-99%	67
Housing Allowances		233	419	-	19	429	209	220	105%	419
Other benefits and allowances		16	12	-	34	177	6	171	2870%	12
Payments in lieu of leave		1,794	1,991	-	21	139	996	(857)	-86%	1,991
Long service awards		380	947	-	-	-	474	(474)	-100%	947
Post-retirement benefit obligations	2	(196)	85	-	-	5	43	(37)	-88%	85
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	235	-	240	276	117	158	135%	235
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		43,945	44,256	-	6,250	25,439	22,128	3,311	15%	44,256
% increase	4		0.7%							0.7%
Total Parent Municipality		55,323	57,020	-	7,371	31,815	28,510	3,305	12%	57,020

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

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		596	653	-	53	314	327	(13)	-4%	653
Sale of Goods and Rendering of Services		499	529	-	16	977	264	713	270%	529
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	-	-	-	-	-	-	-	-
Interest from Current and Non Current Assets		3,703	3,100	-	81	975	1,550	-	-	3,100
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		75	74	-	9	237	37	200	543%	74
Licence and permits		6,979	7,961	-	274	3,478	3,980	(502)	-13%	7,961
Operational Revenue		9,847	81	-	36	256	40	215	532%	81
Non-Exchange Revenue										
Property rates		23,937	24,850	-	2,093	12,558	12,425	133	1%	24,850
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1	2	-	0	1	1	(0)	-	2
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		92,894	89,672	-	28,701	68,171	44,836	23,336	-	89,672
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		138,531	126,922	-	31,262	86,969	63,461	23,508	37%	126,922
Expenditure By Type										
Employee related costs		49,034	49,690	-	6,853	28,200	24,845	3,355	14%	49,690
Remuneration of councillors		6,288	7,329	-	518	3,615	3,665	(50)	-1%	7,329
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		3,223	4,627	-	819	2,525	2,313	212	-	4,627
Debt impairment		-	11,000	-	-	-	5,500	(5,500)	-100%	11,000
Depreciation and amortisation		12,968	12,643	-	965	5,575	6,321	(746)	-12%	12,643
Interest		39	-	-	-	-	-	-	-	-
Contracted services		60,890	29,033	-	4,103	20,258	14,516	5,741	40%	29,033
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		2,173	-	-	-	-	-	-	-	-
Operational costs		27,261	26,286	-	5,082	15,384	13,143	2,241	17%	26,286
Losses on Disposal of Assets		642	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		162,519	140,608	-	18,340	75,558	70,304	5,254	7%	140,608
Surplus/(Deficit)		(23,988)	(13,686)	-	12,922	11,411	(6,843)	18,254	(0)	(13,686)
Transfers and subsidies - capital (monetary allocations)		59,968	18,392	-	-	8,656	9,196	(540)	(0)	18,392
Transfers and subsidies - capital (in-kind)		3,800	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		39,780	4,706	-	12,922	20,067	2,353			4,706
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		39,780	4,706	-	12,922	20,067	2,353			4,706
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		39,780	4,706	-	12,922	20,067	2,353			4,706
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		39,780	4,706	-	12,922	20,067	2,353			4,706

6. FINANCIAL RATIOS

- 7.1 Personnel costs to total expenditure = employee related costs/ total expenditure x 100
 = R 28 200 421/R75 584 056 x 100
 = 38%

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
 = R59 485M – R16 492 / R42 987M
 = 1months

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
 R 139 619 /
 = 32 days
 Creditors Payment Period (Trade Creditors)

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

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

- 7.4 Net Debtors Days = ((Gross Debtors- Bad Debt Provision)/Billed Revenue)) X 365
 = R35 635m /12 558 X 365
 = 1036 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

$$= 33\,759\text{m} + 12\,558\text{m} - 34\,635 / 12\,009\,801 \times 100$$

$$= 93\%$$

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.

7.6 Current Ratio = Current Assets /Current Liabilities

$$= R\,57\,318\text{ m} / R42\,987\text{m}$$

$$= 1: 2$$

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.

7.7 Capital Expenditure to Total Expenditure = Total Capital Expenditure/Total Expenditure x 100

$$= R26\,247\,460 / R73\,3X\,100$$

$$= 36\%$$

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.

7.8 Capital Expenditure Budget Implementation Indicator= Actual Capital Expenditure/Budget Capital Expenditure x 100

$$= R\,26\,247\,460 / 34\,281\,000 \times 100$$

$$= 77\%$$

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.

7.11 Operating Expenditure Budget Implementation Indicator= Actual Operating Expenditure/Budgeted Operating Expenditure X 100

$$= R 75 584 056 / R 140 608 095 \times 100$$

$$= 54\%$$

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

$$= R 98 150 589 / R145 313 640 \times 100$$

$$= 68\%$$

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 2023 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 _____