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RAY NKONYENI MUNICIPALITY

TREASURY DEPARTMENT

QUARTERLY BUDGET STATEMENT FOR THE 3rd QUARTER ENDED 31 MARCH 2023

Prepared By: Budget and Treasury Office

STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2022/2023 BUDGET FOR THE PERIOD ENDING 31 MARCH 2023

1. PURPOSE

The purpose of the report is to submit to the Mayor the statement of financial performance and implementation of the 2022/23 Budget of the Ray Nkonyeni Municipality for the period ending 31 March 2023 in line with the statutory requirements of S52d of the Municipal Finance Management Act (2003).

2. AUTHORITY

Mayor

3. LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act No 56 of 2003, Section 52d

4. BACKGROUND

In terms of Section 52d of the MFMA No 56 of 2003, the Mayor of a municipality must by no later than 30 working days after the end of each quarter submit to the council on the implementation of the budget and financial state of affairs of the municipality.

5. EXECUTIVE SUMMARY

The quarterly budget statement in terms of section 52d of the Municipal Finance Management Act for the 3rd quarter ended 31 March 2023 is detailed below. The Quarterly budget statement is divided into the following:

- 5.1 Statement of Financial Performance
- 5.2 Revenue By source
- 5.3 Expenditure By Type
- 5.4 Debtors Age Analysis
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- 5.6 Transfers and Grants Receipts
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5.1 Statement of Financial Performance

KZN216 Ray Nkonyeni - Table C1 Monthly Budget Statement Summary - Q3 Third Quarter

Description	2021/22		Budget Year 2022/23						
	Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	464 477	498 623	492 118	129 486	443 329	452 014	(8 684)	-2%	492 118
Service charges	214 942	253 618	236 691	52 447	168 215	197 239	(29 024)	-15%	236 691
Investment revenue	5 182	5 397	7 067	5 579	6 352	4 476	1 877	42%	7 067
Transfers and subsidies	256 804	285 102	285 279	84 625	273 557	228 208	45 348	20%	285 279
Other own revenue	141 612	131 888	118 573	22 653	68 320	97 035	(28 715)	-30%	118 573
Total Revenue (excluding capital transfers and contributions)	1 083 016	1 174 628	1 139 727	294 790	959 772	978 971	(19 199)	-2%	1 139 727
Employee costs	446 000	447 279	462 586	114 556	344 304	340 348	3 956	1%	462 586
Remuneration of Councillors	26 249	31 434	31 434	7 164	22 306	23 576	(1 270)	-5%	31 434
Depreciation & asset impairment	93 859	101 619	101 619	22 550	67 651	89 550	(21 899)	-24%	101 619
Finance charges	19 931	12 922	12 902	333	1 014	737	276	37%	12 902
Inventory consumed and bulk purchases	136 545	149 809	150 151	29 318	90 163	120 385	(30 222)	-25%	150 151
Transfers and subsidies	9 890	13 178	13 078	2 068	3 693	12 227	(8 534)	-70%	13 078
Other expenditure	392 589	415 344	398 928	80 187	244 739	321 008	(76 269)	-24%	398 928
Total Expenditure	1 125 063	1 171 585	1 170 699	256 177	773 869	907 830	(133 961)	-15%	1 170 699
Surplus/(Deficit)	(42 047)	3 043	(30 971)	38 613	185 904	71 141	114 762	161%	(30 971)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	146 929	132 360	193 287	46 305	105 206	141 569	(36 363)	-26%	193 287
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)	18 612	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	123 494	135 403	162 316	84 918	291 110	212 710	78 400	37%	162 316
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	123 494	135 403	162 316	84 918	291 110	212 710	78 400	37%	162 316
Capital expenditure & funds sources									
Capital expenditure	187 654	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Capital transfers recognised	138 668	115 052	168 076	36 943	115 202	118 091	(2 889)	-2%	168 076
Borrowing	1 867	7 166	7 976	692	1 959	7 571	(5 612)	-74%	7 976
Internally generated funds	33 256	58 521	54 704	7 294	14 157	48 786	(34 629)	-71%	54 704
Total sources of capital funds	173 791	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Financial position									
Total current assets	630 556	553 761	672 729		951 356				672 729
Total non current assets	1 987 740	1 878 708	2 116 876		2 051 407				2 116 876
Total current liabilities	345 489	321 834	370 177		430 656				370 177
Total non current liabilities	191 699	150 842	176 331		199 539				176 331
Community wealth/Equity	2 087 905	1 959 793	2 243 097		2 372 568				2 243 097
Cash flows									
Net cash from (used) operating	348 279	167 979	191 796	73 061	73 061	100 921	27 860	28%	191 796
Net cash from (used) investing	(185 208)	(179 130)	(237 264)	(54 635)	(54 635)	(72 946)	(18 311)	25%	(237 264)
Net cash from (used) financing	(35 009)	(19 098)	(19 098)	(8 793)	(8 793)	7 274	16 067	221%	(19 098)
Cash/cash equivalents at the month/year end	270 876	112 823	67 025	-	141 225	166 840	25 615	15%	67 025
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	62 674	30 429	18 758	16 140	14 554	15 404	65 399	359 954	583 311
Creditors Age Analysis									
Total Creditors	499	-	-	-	(1 784)	1 784	-	-	499

Monthly Budget Statement of Financial Performance

This table provides an overview of the quarterly actual, year to date actual and year to date Budget of revenue by Source and expenditure by type.

5.2 Financial Performance -Revenue by Source

The above revenue by source and expenditure by type can be explained in detail as per tables below:

KZN216 Ray Nkonyeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter

Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		464 477	498 623	492 118	129 486	443 329	452 014	(8 684)	-2%	492 118
Service charges - electricity revenue		157 558	182 857	170 943	36 507	113 927	134 164	(20 238)	-15%	170 943
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		57 384	70 761	65 748	15 939	54 288	63 075	(8 787)	-14%	65 748
Rental of facilities and equipment		3 897	2 610	3 710	1 477	3 076	2 298	779	34%	3 710
Interest earned - external investments		5 182	5 397	7 067	5 579	6 352	4 476	1 877	42%	7 067
Interest earned - outstanding debtors		31 155	24 389	28 719	9 087	25 857	19 429	6 428	33%	28 719
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		30 190	22 158	29 658	4 368	14 932	18 570	(3 638)	-20%	29 658
Licences and permits		8 138	7 824	9 911	2 146	6 451	6 420	30	0%	9 911
Agency services		4 965	4 894	6 044	1 505	3 921	3 967	(47)	-1%	6 044
Transfers and subsidies		256 804	285 102	285 279	84 625	273 557	228 208	45 348	20%	285 279
Other revenue		55 569	70 013	40 531	4 070	14 083	46 350	(32 267)	-70%	40 531
Gains		7 697	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 083 016	1 174 628	1 139 727	294 790	959 772	978 971	(19 199)	-2%	1 139 727

Revenue by Source

This table provides a structured format overview of the financial information of the quarterly actual, year to date actual and year to date Budget of revenue by Source and expenditure by type which is easier to understand.

Property Rates

The YTD Actual for property rates for the 3rd quarter ended 31 March 2023 is R443.3 million and the YTD Budget for property rates R452.0 million with the variance being R8.7 million. Property rates billing in the second quarter is in line with the year-to-date budget despite the 2% variance that is caused customers who pay rates in advance before the bill is raised.

Electricity Revenue

Electricity revenue YTD Actual for the 3rd quarter ended 31 March 2023 is R113.9 million, YTD Budget is R134.2 million with a variance of R20.3 million. Electricity revenue for the 3rd quarter is 85% of the projected YTD budget, the 15% variance is due to electricity losses resulting from unforeseeable circumstances such as illegal connections. The municipality is expecting to generate more as we are approaching the peak season (winter), and the committee must note that the electricity revenue bills over 12 months unlike property rates and refuse revenue that bills over 10 months.

Refuse Revenue

Refuse revenue YTD actual is R54.3 million, 86% of the YTD budget as 31 March 2023, YTD Budget is R63.1 million. The variance is caused by the straight lining of budget over 12 months. This will be corrected in the next financial year budget.

Grants Recognized

For the 3rd quarter ended 31 March 2023 the grant recognized /received to date amounts to R273.6 million, YTD Budget is R228.3 million. Equitable share is an unconditional grant therefore monies receive are recognized as revenue on receipt whereas operational conditional grants are recognized as revenue when conditions being met as per the set guidelines. Grant Revenue budget was straight lined over the 12 months on the financial year and not according to the grant payment schedules which results in the receipt of the equitable share creating a variance between YTD actual and YTD budget in Grant revenue.

Interest on Investment

Investment revenue is the amount of interest earned on the amount invested with various financial institutions registered with South African Banking Council. The investment revenue YTD Actual is R 6.4 million, with an Annual budget of R7.1 million, variance of R 715 thousand. This shows that the municipality is sitting at 90% and expecting to cover the remaining 10% in the last quarter. The committee should note that the interest is based on the Investment balance, as the more funds are being utilized the balance has been decreased and the interest is also expected to decrease as well.

Interest earned on arrear debtors

The interest earned on arrear debtors to date is R25.9 million, R6.4 million more compared to the YTD budget of R19.4 million. The increase in our debtors and has yielded more interest charged than anticipated. This is monitored based on the collection rate over the past three quarters of the financial year. This shows that the municipality is not doing well on collecting the outstanding debtors.

Agency Services

Agency services comprise of driver's license application, learners license application and renewal fees, this is the commission earned by the municipality on the services performed by the municipality on behalf of the Department of Transport. The annual projected revenue is R4 million, with the YTD actual of R3.9 million compared to the YTD budget of R4.0 million. License applications and renewals for the past 3 quarters is performing according to revenue projections for this line item.

Fines

Fines, Penalties, and forfeits are derived from building fines, illegal connections, overdue books, and the bulk budget being on traffic fines for R28.9 million and the total budget being R29.6 million. The YTD actual is R14.9 million with a YTD budget of R18.5 million, there is a 20% variance which results from traffic fines revenue and throughout the year there will be differences between the actual versus budget and this is mainly attributed to timing difference in capturing the fines in the Traffman system.

Licenses and Permits

Licenses and permits actual to date amounts to R6.4 million as of 31 March 2023, YTD Budget is R4.3 million which is in line with the revenue projections for the 3rd quarter.

Rental of Facilities

Rental of facilities amounts annual budget is R3.7 million, this is the rental of fixed asset revenue such as halls, airport hangers and garages. YTD actual of R3.0 million with variance of R 700 thousand. The actual percentage is at 83% against the annual budget. The municipality generates more revenue over the holiday seasons such as Festive season as well as Easter season, since more people will hire halls for the events.

Other revenue

The actual revenue to date is R14.1 million “Other revenue” is made up of numerous miscellaneous items (e.g., town planning fees, market income, cemetery fees, clinics subsidies, etc.) and gains on disposal of assets are included. Also included in the other revenue also includes construction contract revenue that is revenue recognized on the expenditure on housing projects, this revenue is contingent on the actual expenditure incurred for the month and will cause a variance between actual versus budget revenue, as the progress is slow on the implementation of the housing projects.

Overall revenue YTD budget to date

The YTD Actual revenue is R960 million for the period ending 31 March 2023, YTD Budget is R978 million. Actual amount is less than the Budget amount, this variance is caused by the difference within the different revenue streams and how they have been performing from the beginning of the financial year to date as reported above.

5.3 Expenditure by Type

KZN216 Ray Nkonyeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										

Expenditure By Type										
Employee related costs	446 000	447 279	462 586	114 556	344 304	340 348	3 956	1%	462 586	
Remuneration of councillors	26 249	31 434	31 434	7 164	22 306	23 576	(1 270)	-5%	31 434	
Debt impairment	34 456	9 984	9 984	3 250	5 987	7 488	(1 501)	-20%	9 984	
Depreciation & asset impairment	93 859	101 619	101 619	22 550	67 651	89 550	(21 899)	-24%	101 619	
Finance charges	19 931	12 922	12 902	333	1 014	737	276	37%	12 902	
Bulk purchases - electricity	122 720	137 074	137 074	25 606	80 571	109 246	(28 675)	-26%	137 074	
Inventory consumed	13 825	12 735	13 078	3 713	9 592	11 139	(1 547)	-14%	13 078	
Contracted services	213 910	244 881	230 936	45 770	145 536	177 874	(32 338)	-18%	230 936	
Transfers and subsidies	9 890	13 178	13 078	2 068	3 693	12 227	(8 534)	-70%	13 078	
Other expenditure	143 732	160 480	158 007	31 167	93 216	135 646	(42 429)	-31%	158 007	
Losses	491	-	-	-	-	-	-	-	-	
Total Expenditure	1 125 063	1 171 585	1 170 699	256 177	773 869	907 830	(133 961)	-15%	1 170 699	

Employee related costs and Remuneration of Councilors

On the 3rd quarter ending 31 March 2023, YTD Budget is R340.3 million with the YTD Actual being R344.3 million with the different of R 4 million. Employee related cost is further detailed in table 5.8 Salaries expenditure details. Remuneration of councilors actual expenditure is sitting at R22.3 million with YTD Budget of R23.6 million with the difference of R 1.3 million.

Contracted Services

Contracted services are made up of various operational projects such as Housing, Repairs and maintenance and typical work stream. Contracted services for the period ended 31 March 2023 amounts to R145.3 million, The YTD Budget is R177.9 million and YTD Variance is R32.3 million. The variance is caused by straight lining the budget throughout the 12 months.

Other Materials

YTD Inventory consumed amounts to R9.6 million as of 31 March 2023 with the YTD Budget being R11.2 million. The expenditure is recorded as when the stock is issued from the Inventory Stores.

Other operating expenditure

YTD Actuals is R93.2 million, YTD Budget R135.6 million, other expenditure includes items such as audit fees, subsistence and travelling, professional fees, legal fees, bank charges, Budget Road shows, municipal running cost such as electricity consumption and water services. The YTD variance of R42.3 million based on the YTD budget of R135.6 million can be attributed to the upwards adjustment of budget for certain projects that will be done on the last quarter of the financial year, i.e., Hire Charges, software maintenance, IT Data lines etc.

Depreciation

Depreciation has annual budget of R101.6 million which is a non-financial expense, YTD budget of R89.5 million with YTD actual for the 3rd quarter of R67.6 million. The actual is 24% less than the YTD budget amount. Assets are procured based on the current needs of the departments and depreciation expense is charged from the day the asset is available for use and this will result in the variance between the budget versus actual depreciation expense.

Debt Impairment

Debt impairment has an annual budget of R9.9 million and YTD budget of R7.4 million, actual YTD R6.0 million for the 3rd quarter ended 31 March 2023. The R6.0 million YTD expenditure relates to interest written-off on outstanding accounts where consumers arrange with the municipality to pay the capital portion of the debt as a once off payment and have the interest written off and the conditions of write-off are based on the age of the debt if it is over 2 years then the full interest is written off on payment of the capital portion. Debt impairment expenditure is contingent on consumer applications for payment arrangement with the municipality and this is a contributing factor to the variance between the YTD actual versus the YTD budget.

Transfers and Subsidies

Transfers and subsidies relate to donations made by the municipality to fund local economic development such as SMME development, Cooperative's development, and poverty alleviation projects with the jurisdiction of Ray Nkonyeni Municipality. The annual budget for transfers and subsidies is R13.1 million and YTD expenditure is R3.7 million.

Overall expenditure budget

The overall expenditure YTD Actual is R773.9 million as of 31 March 2023, YTD Budget is R907.8 million. The actual amount is less than budget amount, due to the different types of expenditure and how they have been performing based on the reasons above such as contracted services and other operational expenditures having projects that have not yet been implemented.

Surplus/ (Deficit)

Total Revenue less Total Expenditure equals to Surplus (Deficit). YTD Surplus excluding capital transfers is R185.9 million compared to the YTD Budget (Deficit) of R71.1 million due to less spending to date.

5.4 Debtors Age Analysis

KZN216 Ray Nkonyeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q3 Third Quarter

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts I.L.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	38	38	37	35	39	34	170	538	930	817	--	--
Trade and Other Receivables from Exchange Transactions - Electricity	1300	14 362	5 523	1 640	1 151	1 078	1 187	3 023	12 550	40 513	18 989	--	--
Receivables from Non-exchange Transactions - Property Rates	1400	38 317	18 639	11 786	10 111	8 979	9 889	42 606	212 335	352 662	283 920	--	--
Receivables from Exchange Transactions - Waste Water Management	1500	--	--	--	--	--	--	--	0	0	0	--	--
Receivables from Exchange Transactions - Waste Management	1600	5 405	2 928	2 059	1 745	1 566	1 402	6 356	40 651	62 113	51 720	--	--
Receivables from Exchange Transactions - Property Rental Debtors	1700	--	--	--	--	--	--	--	--	--	--	--	--
Interest on Arrear Debtor Accounts	1810	3 083	3 031	2 940	2 856	2 803	2 708	12 297	84 714	114 444	105 379	--	--
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	--	--	--	--	--	--	--	--	--	--	--	--
Other	1900	1 459	269	295	241	89	183	947	9 166	12 648	10 626	--	--
Total By Income Source	2000	62 674	30 429	18 758	16 140	14 554	15 404	65 399	359 954	583 311	471 451	--	--
2022/23 - totals only		19 230	8 433	17 433	15 262	13 630	12 355	66 291	310 723	463 357	418 260	--	--
Debtors Age Analysis By Customer Group													
Organs of State	2200	2 675	787	706	725	711	2 166	18 429	31 530	57 728	53 560	--	--
Commercial	2300	20 495	9 610	4 328	3 670	3 220	3 011	9 853	67 872	122 060	87 627	--	--
Households	2400	39 505	20 031	13 724	11 745	10 622	10 227	37 117	260 552	403 523	330 263	--	--
Other	2500	--	--	--	--	--	--	--	--	--	--	--	--
Total By Customer Group	2600	62 674	30 429	18 758	16 140	14 554	15 404	65 399	359 954	583 311	471 451	--	--

Details on the consumer debtors are presented under revenue section report and detailed presentation is done by the revenue team.

5.5. Creditors Age Analysis

KZN216 Ray Nkonyeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q3 Third Quarter

Description	NT Code	Budget Year 2022/23								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	301	-	-	-	-	-	-	-	301
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	197	-	-	-	(1 784)	1 784	-	-	197
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	499	-	-	-	(1 784)	1 784	-	-	499

Details on outstanding creditors are presented under expenditure section report and detailed presentation is done by the expenditure team.

5.6 Capital Expenditure

KZN216 Ray Nkonyeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q3 Third Quarter

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Mayor and Council		--	--	--	--	--	--	--	--	--
Vote 2 - Finance and Administration		--	--	--	--	--	--	--	--	--
Vote 3 - Internal Audit		--	--	--	--	--	--	--	--	--
Vote 4 - Community and Social Services		--	--	--	--	--	--	--	--	--
Vote 5 - Sport and Recreation		--	--	--	--	--	--	--	--	--
Vote 6 - Public Safety		--	--	--	--	--	--	--	--	--
Vote 7 - Housing		--	--	--	--	--	--	--	--	--
Vote 8 - Health		--	--	--	--	--	--	--	--	--
Vote 9 - Planning and Development		--	--	--	--	--	--	--	--	--
Vote 10 - Road Transport		--	--	--	--	--	--	--	--	--
Vote 11 - Environment Protection		--	--	--	--	--	--	--	--	--
Vote 12 - Energy Sources		--	--	--	--	--	--	--	--	--
Vote 13 - Other		--	--	--	--	--	--	--	--	--
Vote 14 - Waste Water Management		--	--	--	--	--	--	--	--	--
Vote 15 - Waste Management		--	--	--	--	--	--	--	--	--
Total Capital Multi-year expenditure	4,7	--	--	--	--	--	--	--	--	--
Single Year expenditure appropriation	2									
Vote 1 - Mayor and Council		130	--	400	108	108	100	8	8%	400
Vote 2 - Finance and Administration		21 374	3 075	6 125	294	664	5 320	(4 656)	-88%	6 125
Vote 3 - Internal Audit		115	185	185	20	50	35	15	42%	185
Vote 4 - Community and Social Services		5 881	200	--	--	--	(50)	50	-100%	--
Vote 5 - Sport and Recreation		--	--	--	--	--	--	--	--	--
Vote 6 - Public Safety		7 014	5 440	2 675	72	1 601	2 989	(1 388)	-46%	2 675
Vote 7 - Housing		115	273	353	204	209	313	(103)	-33%	353
Vote 8 - Health		--	--	--	--	--	--	--	--	--
Vote 9 - Planning and Development		93 515	99 409	131 567	25 114	77 568	93 670	(16 102)	-17%	131 567
Vote 10 - Road Transport		51 752	55 006	68 963	15 836	42 792	55 650	(12 858)	-23%	68 963
Vote 11 - Environment Protection		--	--	500	--	--	200	(200)	-100%	500
Vote 12 - Energy Sources		2 599	15 348	15 380	2 791	7 444	13 791	(6 347)	-46%	15 380
Vote 13 - Other		3 108	--	800	--	--	200	(200)	-100%	800
Vote 14 - Waste Water Management		--	--	--	--	--	--	--	--	--
Vote 15 - Waste Management		2 052	1 804	3 807	491	882	2 230	(1 348)	-60%	3 807
Total Capital single-year expenditure	4	187 654	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Total Capital Expenditure		187 654	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Capital Expenditure - Functional Classification										
Governance and administration		21 675	3 280	6 740	421	821	5 455	(4 634)	-85%	6 740
Executive and council		186	20	430	108	108	100	8	8%	430
Finance and administration		21 397	3 075	6 125	294	664	5 320	(4 656)	-88%	6 125
Internal audit		92	185	185	20	50	35	15	42%	185
Community and public safety		12 521	5 813	2 728	276	1 810	3 082	(1 271)	-41%	2 728
Community and social services		5 881	200	--	--	--	(50)	50	-100%	--
Sport and recreation		--	--	--	--	--	--	--	--	--
Public safety		6 525	5 340	2 375	72	1 601	2 819	(1 218)	-43%	2 375
Housing		115	273	353	204	209	313	(103)	-33%	353
Health		--	--	--	--	--	--	--	--	--
Economic and environmental services		145 700	154 495	201 301	40 950	120 380	149 690	(29 330)	-20%	201 301
Planning and development		93 459	99 389	131 537	25 114	77 568	93 670	(16 102)	-17%	131 537
Road transport		52 241	55 106	69 263	15 836	42 792	55 820	(13 028)	-23%	69 263
Environmental protection		--	--	500	--	--	200	(200)	-100%	500
Trading services		4 650	17 152	19 188	3 282	8 327	16 021	(7 694)	-48%	19 188
Energy sources		2 599	15 348	15 380	2 791	7 444	13 791	(6 347)	-46%	15 380
Water management		--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--
Waste management		2 052	1 804	3 807	491	882	2 230	(1 348)	-60%	3 807
Other		3 108	--	800	--	--	200	(200)	-100%	800
Total Capital Expenditure - Functional Classification	3	187 654	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Funded by:										
National Government		123 164	115 052	131 661	23 052	100 286	99 750	536	1%	131 661
Provincial Government		4 618	--	36 415	13 891	14 916	18 341	(3 425)	-19%	36 415
District Municipality		--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		10 885	--	--	--	--	--	--	--	--
Transfers recognised - capital		138 668	115 052	168 076	36 943	115 202	118 091	(2 889)	-2%	168 076
Borrowing	6	1 867	7 166	7 976	692	1 959	7 571	(5 612)	-74%	7 976


KZN216 Ray Nkonyeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q3 Third Quarter

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Internally generated funds		33 256	58 521	54 704	7 294	14 157	48 786	(34 629)	-71%	54 704
Total Capital Funding		173 791	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756

The above table give details of YTD actual capital expenditure and the funding. The YTD Actual capital expenditure is R131.3 million, the YTD budgeted is R174.4 million and there is 25% variance. Capital expenditure from National grants is in line with the budgeted expenditure and there are projects that are ahead of schedule resulting in the National grants YTD actual being 1% greater than that of the YTD budget. Capital Expenditure funded by Provincial grants the spending is lower than the YTD budget this is because the municipality had to wait for the rollover approval

and the Department of Transport grant was only allocated on the adjustment gazette, hence why the spending is still low.

5.7 Transfers and Grants Receipts



KZN216 RAY NKONYENI MUNICIPALITY GRANT REGISTER


**KZN216 RAY NKONYENI MUNICIPALITY GRANT REGISTER
MARCH 2023**

Name of grant	Opening Balance as at	Receipts	Expenditure: Operating (Revenue Recognised)/GRAP 23	Expenditure: Capital (Revenue Recognised)/GRAP 23	Internally Funded	Closing Balance as at
INTEGRATED URBAN DEVELOPMENT (IUDG)		R 81 360 000	R -	R 46 057 924		R 35 302 076
COGTA ELEC GRANT	R 784 811	R -	R -	R -		R 784 811
MUNICIPAL DISASTER RELIEF GRANT	R 8 100 000	R 11 000 000	R -	R 19 012 416		R 87 584
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)	R -	R 5 332 000	R 641 715			R 4 690 285
FINANCIAL MANAGEMENT GRANT (FMG)	R -	R 1 950 000	R 1 531 082	R -		R 418 918
EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED GRANT FOR MUNICIPALITY (EPWP)	R -	R 6 076 000	R 4 722 559	R -		R 1 353 441
AIRPORT GRANT	R -	R 5 000 000	R -	R 1 236 627		R 3 763 374
PROVINCIALIZATION OF LIBRARIES GRANT	R -	R 12 418 000	R 11 838 019	R -		R 579 981
COMMUNITY LIBRARY SERVICE GRANT	R -	R 324 000	R 185 000	R -		R 139 000
MUSEUM SUBSIDY GRANT	R -	R 449 000	R 2 044 358		R 1 595 358	
CYBER CADET GRANT	R -	R 1 524 000	R 1 300 692	R -		R 223 308
NEIGHBOURHOOD DEV GRANT	R -	R 45 820 000	R -	R 43 276 045		R 2 543 955
EDTA-INFORMAL TRADERS GRANT	R -	R 1 000 000	R -			R 1 000 000
MARKET STALLS GRANT	R 7 003 970	R -		R 1 789 745		R 5 214 225
MODULAR LIBRARIES GRANT	R 272 452	R -		R -		R 272 452
ENERGY EFFICIENT AND DEMAND SIDE MANAGEMENT GRANT (EEDSM)	R -	R 5 000 000	R 4 256 505			R 743 495
TOTAL	R 16 161 232	R 177 253 000	R 26 519 928	R 111 372 757	R 1 595 358	R 57 116 905

Transfers and Grants Receipts

The total grants received to date for period ending 31 March 2023 amounts to R177.3 million, which include R81.3 million from Integrated Urban Development Grant, R11 million from Municipal Disaster Relief, R 5.3 million from Integrated National Electrification Programme, R1.95 million from Financial Management Grant, R6.1 million from Expanded Public Work Programme, R5 million from Airport grant, R13.2 million from Art and Culture for Libraries and Museums, R45.8 million from Neighborhood Development Grant, R 1 million from EDTA for Informal Traders as well as R 5 million from Energy Efficient and Demand Management grant.

5.8 Transfers and Grants Expenditure



KZN216 RAY NKONYENI MUNICIPALITY GRANT REGISTER

**KZN216 RAY NKONYENI MUNICIPALITY GRANT REGISTER
MARCH 2023**

Name of grant	Opening Balance as at	Receipts	Expenditure: Operating (Revenue Recognised)/GRAP 23	Expenditure: Capital (Revenue Recognised)/GRAP 23	Internally Funded	Closing Balance as at
INTEGRATED URBAN DEVELOPMENT (IUDG)		R 81 360 000	R -	R 46 057 924		R 35 302 076
COGTA ELEC GRANT	R 784 811	R -	R -	R -		R 784 811
MUNICIPAL DISASTER RELIEF GRANT	R 8 100 000	R 11 000 000	R -	R 19 012 416		R 87 584
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT (INEP)	R -	R 5 332 000	R 641 715			R 4 690 285
FINANCIAL MANAGEMENT GRANT (FMG)	R -	R 1 950 000	R 1 531 082	R -		R 418 918
EXPANDED PUBLIC WORKS PROGRAMME INTEGRATED GRANT FOR MUNICIPALITY (EPWP)	R -	R 6 076 000	R 4 722 559	R -		R 1 353 441
AIRPORT GRANT	R -	R 5 000 000	R -	R 1 236 627		R 3 763 374
PROVINCIALIZATION OF LIBRARIES GRANT	R -	R 12 418 000	R 11 838 019	R -		R 579 981
COMMUNITY LIBRARY SERVICE GRANT	R -	R 324 000	R 185 000	R -		R 139 000
MUSEUM SUBSIDY GRANT	R -	R 449 000	R 2 044 358		R 1 595 358	
CYBER CADET GRANT	R -	R 1 524 000	R 1 300 692	R -		R 223 308
NEIGHBOURHOOD DEV GRANT	R -	R 45 820 000	R -	R 43 276 045		R 2 543 955
EDTA-INFORMAL TRADERS GRANT	R -	R 1 000 000	R -			R 1 000 000
MARKET STALLS GRANT	R 7 003 970	R -		R 1 789 745		R 5 214 225
MODULAR LIBRARIES GRANT	R 272 452	R -		R -		R 272 452
ENERGY EFFICIENT AND DEMAND SIDE MANAGEMENT GRANT (EEDSM)	R -	R 5 000 000	R 4 256 505			R 743 495
TOTAL	R 16 161 232	R 177 253 000	R 26 519 928	R 111 372 757	R 1 595 358	R 57 116 905

Grants are monitored monthly, and Grant's register is communicated/ shared with management to ensure effective management of grants and 100% expenditure. As of 31 March 2023, Operating and Capital Expenditure has a closing balance of R57.1 million, with YTD spending of R26.5 million and R111.4 million, for operational grants and capital grants respectively. The table above also show the grants that spent more than the receipts.

Grant expenditure

• Integrated Urban Development Grant (IUDG)

The allocation for the 2022/23 financial year is R 81.4 million and has been received. This is a capital grant and the YTD actual for the period ended 31 March 2023 is R46.1 has been spent on various capital projects.

• Expanded Public Works Programme (EPWP)

The allocation for the 2022/23 financial year is R6.06 million and has been received. This is an operational grant to pay salaries for EPWP employees and the YTD actual for the period ended 31 March 2023 is R4.7 million.

• Neighborhood Development Partnership Grant

The allocation for the 2022/23 financial year is R45.8 million and an amount of R 45.8 million has been received. This is a capital grant and the YTD actual for the period ended 31 March 2023 is R43.3 million has been spent.

• Integrated National Electrification Programme Grant (INEP)

The total allocation for the 2022/23 financial year is R7 million and R5.3 million has been received. There is no expenditure as at the ended of the 3rd quarter for the projects budgeted for with funding from INEP.

•Finance Management Grant

An amount of R 1.95 million has been received for Finance management grant. This is an operational grant and the YTD actual expenditure for the period ended 31 March 2023 is R 1.5 million.

•Municipal Disaster Relief Grant

An amount of R 11 million has been received with an opening balance of R 8.1 million for the disaster relief grant. This is a capital grant and the YTD actual for the period ended 31 March 2023 is R19 million to fund the renewal of roads that were damaged that was caused by the floods.

5.8 Salaries Expenditure details

This report detailed the salaries report as per the requirement of section 66 of the municipal finance management act 56 of 2003.

KZN216 Ray Nkonyeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q3 Third Quarter

Summary of Employee and Councillor remuneration	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		23 352	28 393	28 393	6 450	20 147	21 294	(1 148)	-5%	28 393
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		2 897	3 042	3 042	714	2 159	2 281	(122)	-5%	3 042
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		26 249	31 434	31 434	7 164	22 306	23 576	(1 270)	-5%	31 434
% increase	4		19.8%	19.8%						19.8%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	7 328	4 393	3 537	857	3 017	2 867	150	5%	3 537
Pension and UIF Contributions		80	189	192	37	117	143	(26)	-18%	192
Medical Aid Contributions		72	78	230	56	161	135	26	19%	230
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		866	1 059	1 059	-	-	794	(794)	-100%	1 059
Motor Vehicle Allowance		495	1 158	964	207	661	712	(51)	-6%	964
Cellphone Allowance		109	115	114	23	66	86	(20)	-23%	114
Housing Allowances		1 425	3 488	2 774	653	2 069	2 259	(190)	-8%	2 774
Other benefits and allowances		0	0	1	0	1	1	0	21%	1
Payments in lieu of leave		239	-	332	52	278	166	112	67%	332
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		10 615	10 481	9 203	1 884	6 370	7 162	(792)	-11%	9 203
% increase	4		-1.3%	-13.3%						-13.3%
Other Municipal Staff										
Basic Salaries and Wages		275 568	276 977	276 720	69 070	206 222	203 504	2 718	1%	276 720
Pension and UIF Contributions		49 183	51 553	52 154	12 672	38 179	38 676	(497)	-1%	52 154
Medical Aid Contributions		18 869	20 813	20 394	5 138	14 986	15 296	(310)	-2%	20 394
Overtime		18 959	14 695	19 395	7 869	16 263	15 481	781	5%	19 395
Performance Bonus		21 372	23 805	21 807	3 734	17 164	16 882	282	2%	21 807
Motor Vehicle Allowance		17 850	18 637	19 154	4 710	13 953	14 628	(675)	-5%	19 154
Cellphone Allowance		993	1 046	1 125	248	768	824	(56)	-7%	1 125
Housing Allowances		3 771	3 946	4 125	1 018	3 049	3 063	(14)	0%	4 125
Other benefits and allowances		5 101	3 006	6 259	1 607	3 952	4 260	(308)	-7%	6 259
Payments in lieu of leave		3 802	4 200	13 591	4 825	17 899	7 662	10 237	134%	13 591
Long service awards		5 264	2 270	2 819	667	2 124	1 020	1 105	108%	2 819
Post-retirement benefit obligations	2	14 654	15 852	15 852	1 113	3 374	11 889	(8 515)	-72%	15 852
Sub Total - Other Municipal Staff		435 385	436 798	453 383	112 672	337 934	333 186	4 748	1%	453 383
% increase	4		0.3%	4.1%						4.1%
Total Parent Municipality		472 249	478 713	484 021	121 720	386 809	383 924	2 886	1%	484 021

Councillors Remuneration

An actual amount of R22.3 million has been spent to date on the remuneration of councillors compared to the budgeted amount of R23.6 million. This indicates a variance of R 1.3 million. This indicates that this item is on schedule and the variance is not material.

Senior Managers of the Municipality

The head of departments on the municipality including the Municipal manager are classified under this subheading with a YTD actual of R6.3 million and a YTD budget of R7.2 million.

Other Municipal Staff

The municipal staff year to date spending is sitting at R337.9 million against the year-to-date budget of R333.2 million with the only variance of R4.7 million.

5.9 Long-term Loans

RAY NKONYENI MUNICIPALITY
LONG TERM LOANS REGISTER : 31 MARCH 2023



DETAILS	%	REDEEMABLE	PROJECT NUMBER	CAPITAL OPENING BALANCE 01 MARCH 2023	LOAN ADVANCE	LOAN INTEREST CHARGED	INTEREST PAID	LOAN REPAYMENT	CLOSING BALANCE 31 MARCH 2023
				R				R	R
DBSA	9.36%	31-Mar-31	61007684	-R 3 092 270.86			-R 72 160.89	R 139 629.51	-R 3 024 802.24
DBSA	12.67%	22-Nov-30	61007761	-R 8 192 541.71			-R 258 746.95	R 414 268.04	-R 8 037 020.62
TOTAL DBSA LOANS				-R 11 284 812.57	R -	R -	-R 330 907.84	R 553 897.55	-R 11 061 822.86
TOTAL LOANS				-R 11 284 812.57	R -	R -	-R 330 907.84	R 553 897.55	-R 11 061 822.86

The municipality currently has a structured unsecured loan with the Development Bank of Southern Africa (DBSA), The Municipality entered into a loan agreement for the funding of Capital infrastructure projects, in the 2020/21 financial year the first drawdown of R3.5 million was received, as well as the second drawdown of R8.193 million and current loan balance outstanding is R11.28 million as of 31 March 2023. The municipality is still able to make loan repayments as and when they fall due. The loan agreement from DBSA is spread across four years funding various capital projects.

ANNEXURE B: PROGRAMME/PROJECTS DESCRIPTION

PROJECTS TO BE INCLUDED IN RNLB BUDGET	Year			Totals	Year 4	Total
	Year 1	Year 2	Year 3			
Electricity Meters Replacement	3,000,000	2,000,000	2,000,000	7,000,000		
Network infrastructure studies	500,000					
Electrical Cables Replacement	-	1,000,000	500,000	1,500,000		
Mini-substations Replacement	-	1,000,000	1,000,000	2,000,000		
Inter-switches (RMU) Replacement	-	1,000,000	1,000,000	2,000,000		
11kV Interconnector - Marburg to Port Shepstone Substation	-	-	-	-	14,500,000.00	
Memorial & Reynolds Sw/Sta Refurbishment & Replace Switchgear	-	3,476,000	3,476,000	6,952,000	6,952,000.00	
Totals	R 3,500,000.00	R 8,476,000.00	R 7,976,000.00	R 19,952,000.00	21,452,000.00	41,404,000.00

5.10 Performance Indicators

KZN216 Ray Nkonyeni - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q3 Third Quarter

Description of financial indicator	Basis of calculation	Ref	2021/22	Budget Year 2022/23			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		-1.4%	9.8%	9.8%	0.1%	3.8%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		1.0%	4.0%	3.5%	1.5%	3.5%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		15.4%	14.1%	14.7%	16.7%	14.7%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	23.9%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	182.5%	172.1%	181.7%	220.9%	181.7%
Liquidity Ratio	Monetary Assets/Current Liabilities		38.1%	35.9%	18.1%	69.3%	18.1%
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		45.4%	37.0%	52.5%	67.4%	52.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		41.2%	38.1%	40.6%	35.9%	40.6%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		10.5%	9.8%	10.0%	0.1%	3.9%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

The above table gives an overview of the financial indicators of the municipality for the 3rd Quarter 31 March 2023.

Borrowing Management

The outstanding amount in the loan from DBSA is currently sitting at R11 061 822 as of 31 March 2023.

Liquidity

Current Ratio: is calculated by a total of Current Assets / Current Liabilities.

Budgeted Current Ratio: R 553 761 000/ R321 834 000 =: **R1.72:1**

Adjusted Budget Current Ratio: R 672 729 000/R370 177 000 =: **R1.82:1**

Actual Current Ratio as 31 December 2022 R 951 356 000/ R430 656 000 = **R2.21:1**

Current ratio is a liquidity ratio used to measure whether the municipality has enough resources to meet its short-term obligations. A good ratio is R1.5-R2 for every R1 owed. The budget showed a R1.82: R1 ratio and the actual ratio as of 31 March 2023 is R2.21:1 which is still above the norm.

Acid test Ratio: Current Assets- Inventory/Current Liabilities.

Budgeted Acid test Ratio: (R 553 761 000 - 3 301 000) / R321 834 000= **1.71:1**

Adjusted Budget Acid Test Ratio: (R 672 729 000 – 7 109 000)/ R370 177 000 = **1.80:1**

Actual Acid test Ratio as 31 December 2022: (R951 356 000 – R6 356 000) /R399 176 000 = **R2.36: 1.**

The acid-test ratio, commonly known as the quick ratio, uses an organization's balance sheet data as an indicator of whether it has sufficient short-term assets to cover its short-term liabilities. The acid-test ratio disregards current assets that are difficult to quickly liquidate such as inventory. The acid-test ratio may not give a reliable picture of an organization's financial condition if the municipality has accounts receivable that take longer than usual to collect or current liabilities that are due but have no immediate payment needed. A good ratio is R1 for every R1 owed. Both budgeted and actual to date acid test ratio are more than R1:R1 which shows that the municipality would be able to pay its short term liabilities with its easily liquidated short term assets.

6.1 Quarterly Budget Statement Summary

KZN216 Ray Nkonyeni - Table C1 Monthly Budget Statement Summary - Q3 Third Quarter

Description	2021/22		Budget Year 2022/23						
	Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	464 477	498 623	492 118	129 486	443 329	452 014	(8 684)	-2%	492 118
Service charges	214 942	253 618	236 691	52 447	168 215	197 239	(29 024)	-15%	236 691
Investment revenue	5 182	5 397	7 067	5 579	6 352	4 476	1 877	42%	7 067
Transfers and subsidies	256 804	285 102	285 279	84 625	273 557	228 208	45 348	20%	285 279
Other own revenue	141 612	131 888	118 573	22 653	68 320	97 035	(28 715)	-30%	118 573
Total Revenue (excluding capital transfers and contributions)	1 083 016	1 174 628	1 139 727	294 790	959 772	978 971	(19 199)	-2%	1 139 727
Employee costs	446 000	447 279	462 586	114 556	344 304	340 348	3 956	1%	462 586
Remuneration of Councillors	26 249	31 434	31 434	7 164	22 306	23 576	(1 270)	-5%	31 434
Depreciation & asset impairment	93 859	101 619	101 619	22 550	67 651	89 550	(21 899)	-24%	101 619
Finance charges	19 931	12 922	12 902	333	1 014	737	276	37%	12 902
Inventory consumed and bulk purchases	136 545	149 809	150 151	29 318	90 163	120 385	(30 222)	-25%	150 151
Transfers and subsidies	9 890	13 178	13 078	2 068	3 693	12 227	(8 534)	-70%	13 078
Other expenditure	392 589	415 344	398 928	80 187	244 739	321 008	(76 269)	-24%	398 928
Total Expenditure	1 125 063	1 171 585	1 170 699	256 177	773 869	907 830	(133 961)	-15%	1 170 699
Surplus/(Deficit)	(42 047)	3 043	(30 971)	38 613	185 904	71 141	114 762	161%	(30 971)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	146 929	132 360	193 287	46 305	105 206	141 569	(36 363)	-26%	193 287
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)	18 612	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	123 494	135 403	162 316	84 918	291 110	212 710	78 400	37%	162 316
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	123 494	135 403	162 316	84 918	291 110	212 710	78 400	37%	162 316
Capital expenditure & funds sources									
Capital expenditure	187 654	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Capital transfers recognised	138 668	115 052	168 076	36 943	115 202	118 091	(2 889)	-2%	168 076
Borrowing	1 867	7 166	7 976	692	1 959	7 571	(5 612)	-74%	7 976
Internally generated funds	33 256	58 521	54 704	7 294	14 157	48 786	(34 629)	-71%	54 704
Total sources of capital funds	173 791	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Financial position									
Total current assets	630 556	553 761	672 729		951 356				672 729
Total non current assets	1 987 740	1 878 708	2 116 876		2 051 407				2 116 876
Total current liabilities	345 489	321 834	370 177		430 656				370 177
Total non current liabilities	191 699	150 842	176 331		199 539				176 331
Community wealth/Equity	2 087 905	1 959 793	2 243 097		2 372 568				2 243 097
Cash flows									
Net cash from (used) operating	348 279	167 979	191 796	73 061	73 061	100 921	27 860	28%	191 796
Net cash from (used) investing	(185 208)	(179 130)	(237 264)	(54 635)	(54 635)	(72 946)	(18 311)	25%	(237 264)
Net cash from (used) financing	(35 009)	(19 098)	(19 098)	(8 793)	(8 793)	7 274	16 067	221%	(19 098)
Cash/cash equivalents at the month/year end	270 876	112 823	67 025	-	141 225	166 840	25 615	15%	67 025
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	62 674	30 429	18 758	16 140	14 554	15 404	65 399	359 954	583 311
Creditors Age Analysis									
Total Creditors	499	-	-	-	(1 784)	1 784	-	-	499

The above table provides a concise overview of the monthly actual, year to date actual of the operating expenditure, capital expenditure, and age analysis. The full year forecast as seen the table above takes in the account the original budget less the YTD budget plus the YTD actual, this therefore gives a projection based on the YTD performance on how the municipality will perform for the financial year in terms of the original budget.

6.2 Statement of Financial Performance (Revenue and Expenditure)

KZN216 Ray Nkonyeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter

Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		464 477	498 623	492 118	129 486	443 329	452 014	(8 684)	-2%	492 118
Service charges - electricity revenue		157 558	182 857	170 943	36 507	113 927	134 164	(20 238)	-15%	170 943
Service charges - water revenue		-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		57 384	70 761	65 748	15 939	54 288	63 075	(8 787)	-14%	65 748
Rental of facilities and equipment		3 897	2 610	3 710	1 477	3 076	2 298	779	34%	3 710
Interest earned - external investments		5 182	5 397	7 067	5 579	6 352	4 476	1 877	42%	7 067
Interest earned - outstanding debtors		31 155	24 389	28 719	9 087	25 857	19 429	6 428	33%	28 719
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		30 190	22 158	29 658	4 368	14 932	18 570	(3 638)	-20%	29 658
Licences and permits		8 138	7 824	9 911	2 146	6 451	6 420	30	0%	9 911
Agency services		4 965	4 894	6 044	1 505	3 921	3 967	(47)	-1%	6 044
Transfers and subsidies		256 804	285 102	285 279	84 625	273 557	228 208	45 348	20%	285 279
Other revenue		55 569	70 013	40 531	4 070	14 083	46 350	(32 267)	-70%	40 531
Gains		7 697	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 083 016	1 174 628	1 139 727	284 790	959 772	978 971	(19 199)	-2%	1 139 727
Expenditure By Type										
Employee related costs		446 000	447 279	462 586	114 556	344 304	340 348	3 956	1%	462 586
Remuneration of councillors		26 249	31 434	31 434	7 164	22 306	23 576	(1 270)	-5%	31 434
Debt impairment		34 456	9 984	9 984	3 250	5 987	7 488	(1 501)	-20%	9 984
Depreciation & asset impairment		93 859	101 619	101 619	22 550	67 651	89 550	(21 899)	-24%	101 619
Finance charges		19 931	12 922	12 902	333	1 014	737	276	37%	12 902
Bulk purchases - electricity		122 720	137 074	137 074	25 606	80 571	109 246	(28 675)	-26%	137 074
Inventory consumed		13 825	12 735	13 078	3 713	9 582	11 139	(1 547)	-14%	13 078
Contracted services		213 910	244 881	230 936	45 770	145 536	177 874	(32 338)	-18%	230 936
Transfers and subsidies		9 890	13 178	13 078	2 068	3 693	12 227	(8 534)	-70%	13 078
Other expenditure		143 732	160 480	158 007	31 167	93 216	135 646	(42 429)	-31%	158 007
Losses		491	-	-	-	-	-	-	-	-
Total Expenditure		1 125 063	1 171 585	1 170 699	258 177	773 869	907 830	(133 961)	-15%	1 170 699
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(42 047)	3 043	(30 971)	38 613	185 904	71 141	114 762	0	(30 971)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		146 929	132 360	193 287	46 305	105 206	141 569	(36 363)	(0)	193 287
Transfers and subsidies - capital (in-kind - all)		12 015	-	-	-	-	-	-	-	-
		6 597	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		123 494	135 403	162 316	84 918	291 110	212 710			162 316
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		123 494	135 403	162 316	84 918	291 110	212 710			162 316
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		123 494	135 403	162 316	84 918	291 110	212 710			162 316
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		123 494	135 403	162 316	84 918	291 110	212 710			162 316

This table provides a structured format overview of the financial information of the monthly actual, year to date actual and year to date Budget of revenue by Source and expenditure by type which is easier to understand.

6.3 Capital Expenditure

KZN216 Ray Nkonyeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q3 Third Quarter

Vote Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Mayor and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration		-	-	-	-	-	-	-	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 11 - Environment Protection		-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - Mayor and Council		130	-	400	108	108	100	8	8%	400
Vote 2 - Finance and Administration		21 374	3 075	6 125	294	664	5 320	(4 656)	-88%	6 125
Vote 3 - Internal Audit		115	185	185	20	50	35	15	42%	185
Vote 4 - Community and Social Services		5 881	200	-	-	-	(50)	50	-100%	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		7 014	5 440	2 675	72	1 601	2 989	(1 388)	-46%	2 675
Vote 7 - Housing		115	273	353	204	209	313	(103)	-33%	353
Vote 8 - Health		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		93 515	99 409	131 567	25 114	77 568	93 670	(16 102)	-17%	131 567
Vote 10 - Road Transport		51 752	55 006	68 963	15 836	42 792	55 650	(12 858)	-23%	68 963
Vote 11 - Environment Protection		-	-	500	-	-	200	(200)	-100%	500
Vote 12 - Energy Sources		2 599	15 348	15 380	2 791	7 444	13 791	(6 347)	-46%	15 380
Vote 13 - Other		3 108	-	800	-	-	200	(200)	-100%	800
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		2 052	1 804	3 807	491	882	2 230	(1 348)	-60%	3 807
Total Capital single-year expenditure	4	187 654	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Total Capital Expenditure		187 654	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Capital Expenditure - Functional Classification										
Governance and administration		21 675	3 280	6 740	421	821	5 455	(4 634)	-85%	6 740
Executive and council		186	20	430	108	108	100	8	8%	430
Finance and administration		21 397	3 075	6 125	294	664	5 320	(4 656)	-88%	6 125
Internal audit		92	185	185	20	50	35	15	42%	185
Community and public safety		12 521	5 813	2 728	276	1 810	3 082	(1 271)	-41%	2 728
Community and social services		5 881	200	-	-	-	(50)	50	-100%	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		6 525	5 340	2 375	72	1 601	2 819	(1 218)	-43%	2 375
Housing		115	273	353	204	209	313	(103)	-33%	353
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		145 700	154 495	201 301	40 950	120 380	149 890	(29 330)	-20%	201 301
Planning and development		93 459	99 389	131 537	25 114	77 568	93 670	(16 102)	-17%	131 537
Road transport		52 241	55 106	69 263	15 836	42 792	55 820	(13 028)	-23%	69 263
Environmental protection		-	-	500	-	-	200	(200)	-100%	500
Trading services		4 850	17 152	19 188	3 282	8 327	16 021	(7 694)	-48%	19 188
Energy sources		2 599	15 348	15 380	2 791	7 444	13 791	(6 347)	-46%	15 380
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 052	1 804	3 807	491	882	2 230	(1 348)	-60%	3 807
Other		3 108	-	800	-	-	200	(200)	-100%	800
Total Capital Expenditure - Functional Classification	3	187 654	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756
Funded by:										
National Government		123 164	115 052	131 661	23 052	100 286	99 750	536	1%	131 661
Provincial Government		4 618	-	36 415	13 891	14 916	18 341	(3 425)	-19%	36 415
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		10 885	-	-	-	-	-	-	-	-
Transfers recognised - capital		138 668	115 052	168 076	36 943	115 202	118 091	(2 889)	-2%	168 076
Borrowing	6	1 867	7 166	7 976	692	1 959	7 571	(5 612)	-74%	7 976

KZN216 Ray Nkonyeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q3 Third Quarter

Vote Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Internally generated funds		33 256	58 521	54 704	7 294	14 157	48 786	(34 629)	-71%	54 704
Total Capital Funding		173 791	180 739	230 756	44 929	131 318	174 447	(43 130)	-25%	230 756

This table provides an overview of actuals to date of the capital expenditure per department for the 3rd Quarter ended 31 March 2023.

6.4 Statement financial Position

KZN216 Ray Nkonyeni - Table C6 Monthly Budget Statement - Financial Position - Q3 Third Quarter

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		10 397	(6 528)	(54 169)	37 422	(54 169)
Call investment deposits		121 194	122 051	121 194	261 007	121 194
Consumer debtors		310 244	294 403	378 989	428 664	378 989
Other debtors		181 663	140 390	219 606	217 907	219 606
Current portion of long-term receivables		-	143	-	-	-
Inventory		7 058	3 301	7 109	6 356	7 109
Total current assets		630 556	553 761	672 729	951 356	672 729
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		307 811	205 741	307 811	307 811	307 811
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1 676 867	1 668 460	1 805 164	1 740 766	1 805 164
Biological		-	-	-	-	-
Intangible		857	2 436	1 697	625	1 697
Other non-current assets		2 205	2 071	2 205	2 205	2 205
Total non current assets		1 987 740	1 878 708	2 116 876	2 051 407	2 116 876
TOTAL ASSETS		2 618 295	2 432 469	2 789 605	3 002 763	2 789 605
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		14 580	1 378	10 798	(15 867)	10 798
Consumer deposits		32 846	33 452	34 258	34 386	34 258
Trade and other payables		257 969	247 979	285 027	355 783	285 027
Provisions		40 094	39 025	40 094	56 353	40 094
Total current liabilities		345 489	321 834	370 177	430 656	370 177
Non current liabilities						
Borrowing		49 160	26 734	33 792	57 000	33 792
Provisions		142 539	124 108	142 539	142 539	142 539
Total non current liabilities		191 699	150 842	176 331	199 539	176 331
TOTAL LIABILITIES		537 188	472 676	546 508	630 195	546 508
NET ASSETS	2	2 081 107	1 959 793	2 243 097	2 372 568	2 243 097
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 087 905	1 848 149	2 243 097	2 372 568	2 243 097
Reserves		-	111 644	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	2 087 905	1 959 793	2 243 097	2 372 568	2 243 097

The statement of financial position indicates the financial health of the municipality as the assets and liabilities are listed to measure the liquidity of the municipality for the 3rd quarter ended 31 March 2023. Current assets are R951 million and the current liabilities at R430 million this therefore means the municipality is still able to meet its financial obligations.

6.5 Statement of Cash Flow

KZN216 Ray Nkonyeni - Table C7 Monthly Budget Statement - Cash Flow - Q3 Third Quarter

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 3 Actuals	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		437 643	468 731	441 404	115 679	115 679	108 868	6 811	6%	441 404
Service charges		212 962	228 256	213 022	59 028	59 028	49 447	9 581	19%	213 022
Other revenue		228 121	44 677	47 718	13 672	13 672	12 219	1 453	12%	47 718
Transfers and Subsidies - Operational		314 043	341 677	312 796	89 566	89 566	91 085	(1 519)	-2%	312 796
Transfers and Subsidies - Capital		159 345	132 360	178 233	70 376	70 376	66 180	4 196	6%	178 233
Interest		1 520	5 397	7 047	5 431	5 431	1 751	3 679	210%	7 047
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(998 105)	(1 027 019)	(982 325)	(280 360)	(280 360)	(225 949)	54 411	-24%	(982 325)
Finance charges		(336)	(12 922)	(12 922)	(331)	(331)	(231)	100	-44%	(12 922)
Transfers and Grants		(6 913)	(13 178)	(13 178)	-	-	(2 450)	(2 450)	100%	(13 178)
NET CASH FROM/(USED) OPERATING ACTIVITIES		348 279	167 979	191 796	73 061	73 061	100 921	27 860	28%	191 796
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		(185 208)	(179 130)	(237 264)	(54 635)	(54 635)	(72 946)	(18 311)	25%	(237 264)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(185 208)	(179 130)	(237 264)	(54 635)	(54 635)	(72 946)	(18 311)	25%	(237 264)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	7 976	7 976	-	-	-	-	-	7 976
Increase (decrease) in consumer deposits		807	1 412	1 412	654	654	-	654	#DIV/0!	1 412
Payments										
Repayment of borrowing		(35 816)	(28 486)	(28 486)	(9 447)	(9 447)	7 274	16 721	230%	(28 486)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(35 009)	(19 098)	(19 098)	(8 793)	(8 793)	7 274	16 067	221%	(19 098)
NET INCREASE/ (DECREASE) IN CASH HELD		128 063	(30 248)	(64 566)	9 634	9 634	35 249			(64 566)
Cash/cash equivalents at beginning:		142 813	143 072	131 591		131 591	131 591			131 591
Cash/cash equivalents at month/year end:		270 876	112 823	67 025		141 225	166 840			67 025

The statement of cashflow statement is to provide a detailed picture of what happened to a business's cash during a specified period, known as the accounting period. It demonstrates an organization's ability to operate in the short and long term, based on how much cash is flowing into and out of the business.