

# DANNHAUSER LOCAL MUNICIPALITY



## MID-YEAR PERFORMANCE REPORT

JULY 2022- DECEMBER 2022

2022/2023

## **EXECUTIVE SUMMARY**

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium-term planning and policy choices on service delivery. This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Section 72, and
- The Municipal Budget and Reporting Regulations, 35

The MBRR highlights the format of the mid-year budget and performance assessment.

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

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

## **LEGISLATIVE FRAMEWORK**

In terms of section 72 (1) of 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.

## **REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

This report is based upon financial information, as of 31 December 2022 and available at the time of preparation. All variances are calculated against the original budget figures. The results for the quarter ended 31 December 2022 are summarised as follows;

## **OPERATING BUDGET**

The actual year-to-date revenue of R 17 million is less than the year -to-date budget estimate of R38 million and the expenditure to date is R 30 million which is higher than the year-to-date budget estimate of R 21 million, this excludes receipts from operational and capital grants.

## Schedule C summary Table

KZN254 Dannhauser - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Vote Description	Ref	2021/22			Budget Year 2022/23					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		28,712	30,285	--	2,483	14,730	15,143	(413)	-3%	30,285
Service charges - electricity revenue		--	--	--	--	--	--	--	--	--
Service charges - water revenue		--	--	--	--	--	--	--	--	--
Service charges - sanitation revenue		--	--	--	--	--	--	--	--	--
Service charges - refuse revenue		1,302	2,118	--	113	664	1,069	(395)	-37%	2,118
Rental of facilities and equipment		31	126	--	0	10	63	(53)	-84%	126
Interest earned - external investments		668	388	--	147	658	194	464	239%	388
Interest earned - outstanding debtors		--	--	--	--	--	--	--	--	--
Dividends received		--	--	--	--	--	--	--	--	--
Fines, penalties and forfeits		33	403	--	1	26	202	(176)	-87%	403
Licences and permits		1,006	960	--	33	322	480	(158)	-33%	960
Agency services		1,349	144	--	138	738	72	665	922%	144
Transfers and subsidies		103,102	134,701	--	38,840	101,596	67,350	34,246	51%	134,701
Other revenue		779	21,992	--	230	878	10,996	(10,118)	-92%	21,992
Gains		401	--	--	--	--	--	--	--	--
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>137,383</b>	<b>191,117</b>	<b>--</b>	<b>41,986</b>	<b>119,621</b>	<b>95,558</b>	<b>24,063</b>	<b>25%</b>	<b>191,117</b>
<b>Expenditure By Type</b>										
Employee related costs		30,787	39,150	--	1,684	14,945	19,575	(4,630)	-24%	39,150
Remuneration of councillors		9,599	10,725	--	1,115	5,341	5,363	(22)	0%	10,725
Debt impairment		38,171	--	--	--	--	--	--	--	--
Depreciation & asset impairment		31,560	22,000	--	15,734	15,734	11,000	4,734	43%	22,000
Finance charges		4,155	3,739	--	240	1,496	1,870	(373)	-20%	3,739
Bulk purchases - electricity		--	--	--	--	--	--	--	--	--
Inventory consumed		--	411	--	--	79	206	(127)	-62%	411
Contracted services		34,110	27,008	--	14,448	47,220	13,504	33,716	250%	27,008
Transfers and subsidies		--	--	--	--	--	--	--	--	--
Other expenditure		24,487	26,678	--	2,231	12,570	13,339	(769)	-6%	26,678
Losses		153	--	--	--	--	--	--	--	--
<b>Total Expenditure</b>		<b>173,022</b>	<b>129,712</b>	<b>--</b>	<b>35,451</b>	<b>97,385</b>	<b>64,856</b>	<b>32,529</b>	<b>50%</b>	<b>129,712</b>
<b>Surplus/(Deficit)</b>		<b>(35,639)</b>	<b>61,405</b>	<b>--</b>	<b>6,535</b>	<b>22,236</b>	<b>30,702</b>	<b>(8,466)</b>	<b>(0)</b>	<b>61,405</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		28,611	29,387	--	2,480	5,073	14,694	(9,621)	(0)	29,387
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)		--	--	--	--	--	--	--	--	--
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(7,028)</b>	<b>90,792</b>	<b>--</b>	<b>9,015</b>	<b>27,309</b>	<b>45,396</b>			<b>90,792</b>
Taxation		--	--	--	--	--	--	--	--	--
<b>Surplus/(Deficit) after taxation</b>		<b>(7,028)</b>	<b>90,792</b>	<b>--</b>	<b>9,015</b>	<b>27,309</b>	<b>45,396</b>			<b>90,792</b>
Attributable to minorities		--	--	--	--	--	--	--	--	--
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(7,028)</b>	<b>90,792</b>	<b>--</b>	<b>9,015</b>	<b>27,309</b>	<b>45,396</b>			<b>90,792</b>
Share of surplus/ (deficit) of associate		--	--	--	--	--	--	--	--	--
<b>Surplus/ (Deficit) for the year</b>		<b>(7,028)</b>	<b>90,792</b>	<b>--</b>	<b>9,015</b>	<b>27,309</b>	<b>45,396</b>			<b>90,792</b>

1. Material variances to be explained on Table SC1

The actual performance for the six months ended 31 December 2021 (excluding capital transfers and contributions) on the operating budget can be summarised as follows.

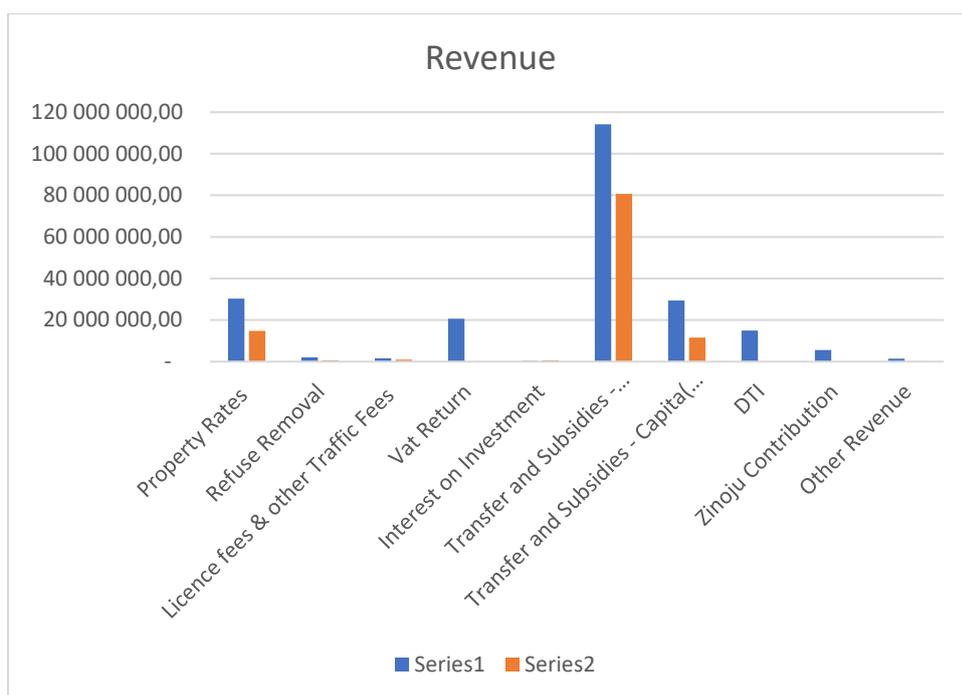
Description	Year to date Actual	Year to date Budget	
Revenue	17,201,568.30	38,464,270.00	21,262,701.70
Expenditure	30,371,276.47	21,413,407.24	- 8,957,869.23
Surplus/( Deficit)	- 13,169,708.17	17,050,862.76	12,304,832.47

## REVENUE

The actual revenue for the second quarter of 2022/23 financial year as at 31 December 2022 is R 109 million, which is equals to the norm of 50%, this revenue is mainly from grants. The municipality had budgeted grants revenue from DTI and Zinoju Mines however the municipality have not received anything yet nor any communication in this regard. It is therefore a recommendation to council to adjust the revenue through the adjustment budget.

**The major revenue variances against the budget are:**

DESCRIPTION	BUDGET	ACTUAL	VARIANCE	PERCENTAGE
Property Rates	30 285 000,00	14 729 882,50	412 617,50	49
Refuse Removal	2 117 798,00	663 904,00	394 995,00	31
Licence fees & other Traffic Fees	1 507 558,00	945 108,00	- 191 329,00	63
Vat Return	20 643 496,00	5 282 877,61	5 038 870,39	26
Interest on Investment	387 739,00	658 104,20	- 464 234,70	170
Transfer and Subsidies - Operational	114 188 000,00	80 746 000,00	- 23 652 000,00	71
Transfer and Subsidies - Capital( Conditiona Grants	29 387 000,00	11 540 000,00	3 153 500,00	39
DTI	15 000 000,00		7 500 000,00	0
Zinoju Contribution	5 500 000,00		2 750 000,00	0
Other Revenue	1 486 949,00	204 569,60	538 904,90	14
			-	
TOTAL	220 503 540,00	114 770 445,91	- 4 518 675,91	52



- Property Rates Variance of R412 617 (49%)
- Refuse Removal-Unfavourable variance of R 394 995.00 ( -19%)
- Licence fees & other traffic fees – Favourable variance of R 191 329.00 (13%)
- Vat Return – Unfavourable variance of R 5 million (26%)
- Interest on investment- Favourable variance R 464 234.70 (120%)
- DTI –Unfavourable variance of R 7.5 million (100%)
- Zinoju Contribution – Unfavourable variance of R 2.7 million(100%)
- Other Revenue – Unfavourable variance of R 538 904.90 (36%)

**The following are revenue categories from the major revenue sources of the municipality.**

**Property Rates** - Rates constitute 13% of the total municipal revenue. During December 2022, the actual cash received to date amounts to R 16 million. Property rates are Dannhauser's main revenue source and currently the collection rate is very

low. The municipality has appointed Amanquhhe company in assisting with the credit control management.

**Refuse Removal** - The municipality need to consider adjusting refuse removal projection on adjustment budget, because it sits at 31% which is below the normal of 50%.

**Licence Fees** - An amount of R 945 108.63 has been received from licence fees and traffic fines which is 63% of the budget of R 1.5 million, above the norm of 50% was achieved. The municipality should consider completion of testing ground which will further improve the revenue the municipality.

**Vat Return** - The municipality's projection on vat claims amounting R 20 million to date the municipality only R 5.2 million has been received. VAT returns are based on the payments that the municipality has made, since the municipality is struggling financial so as the VAT claims. Council should consider reducing the budget based on the budget cuts to be mad on other revenue items.

**Interest on Investment** - Section 9 (1) of the Budget and Reporting regulations states that the accounting officer of a municipality must report on the investment portfolio of the municipality at the end of the month. The cash flow of the municipality is monitored regularly and from time-to-time cash flow surpluses are invested at financial institutions to maximise the interest yield. Interest on investment is above 50%, the municipality should adjust the interest since it exceeded 100%. The investment projection was small because the municipality anticipated the higher expenditure on capital projects however SCM processes were not faster hence increase on interest on investment because monies were kept on investment accounts.

## Investment register as at 30 December 2022 table below

INVESTMENT TYPE	FINANCIAL INSTITUTION	ACCOUNT NUMBER	OPENING BALANCE	DEPOSITS	BANK CHARGES	WITHDRAWALS	INTEREST %	INTEREST	BALANCE B/F
<b>STANDARD BANK</b>									
32 DAYS NOTICE ACCOUNT	STANDARD BANK	068480520-003	R 20,702.15				4.5%	R 161.84	R 20,863.99
CALL ACCOUNT (SHORT TERM NOTICE)	STANDARD BANK	068480520001	R 36,825.81	R -	R -	R -	6.25%	R 111.03	R 36,936.84
CALL ACCOUNT (SHORT TERM NOTICE)(HOUSING)	STANDARD BANK	268436894001	R 1,651,906.53				6.25%	R 9,540.33	R 1,661,446.86
MONEY MARKET ACC (SHORT TERM NOTICE)	STANDARD BANK	068480520002	R 1,055.40			R -	5.75%	R -	R 1,055.40
CALL ACCOUNT (SHORT TERM NOTICE)(DBSA CEASE)	STANDARD BANK	068480520004	R 2,379,747.65			R -	5.75%	R 38,252.68	R 2,418,000.33
<b>TOTAL STANDARD BANK</b>			<b>R 4,090,237.54</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>		<b>R 48,065.88</b>	<b>R 4,138,303.42</b>
<b>NEDBANK</b>									
CALL ACCOUNT (MIG)(SHORT TERM NOTICE)	NEDBANK	7165020829	R 77,596.37	R -		R -	6.55%	R 448.26	R 78,044.63
CALL ACCOUNT (SMALL TOWN)(SHORT TERM NOTICE)	NEDBANK	7165022015	R 3,223.52	R -			6.55%	R 18.60	R 3,242.12
CALL ACCOUNT (HOUSING)(CALL)	NEDBANK	7881147458	R 7,077.03	R -			6.55%	R 40.92	R 7,117.95
<b>TOTAL NEDBANK</b>			<b>R 87,896.92</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>		<b>R 507.78</b>	<b>R 88,404.70</b>
<b>FNB</b>									
CALL ACCOUNT (SHORT TERM NOTICE)	FIRST NATIONAL BANK	62084062894	R 754.12	R -	R -		5.65%	R -	R 754.12
CALL ACCOUNT(MIG) (SHORT TERM NOTICE)	FIRST NATIONAL BANK	62392885855	R 2,092,516.43	R -		R -	5.65%	R 9,465.05	R 2,101,981.48
CALL ACCOUNT(SMALL TOWN REHAB GRANT)	FIRST NATIONAL BANK	62392884659	R 3,920.45				5.65%	R 17.73	R 3,938.18
CALL ACCOUNT( ELECTRIFICATION) (SHORT NOTICE)	FIRST NATIONAL BANK	62422425682	R 10,131.55			R -	5.65%	R 49.13	R 10,180.68
<b>TOTAL FNB</b>			<b>R 2,107,322.55</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>		<b>R 9,531.91</b>	<b>R 2,116,854.46</b>
<b>ABSA</b>									
32 DAYS NOTICE ( DBSA CEASE)	ABSA BANK	2072034421	R 4,034,794.26	R -		R -	6.89%	R 13,441.94	R 4,048,236.20
CALL ACCOUNT (SHORT NOTICE)	ABSA BANK	9259916188	R 590,894.43		R -		4.3%	R 2,525.47	R 593,419.90
<b>TOTAL ABSA</b>			<b>R 4,625,688.69</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>		<b>R 15,967.41</b>	<b>R 4,641,656.10</b>
<b>TOTAL</b>			<b>R 10,911,145.70</b>	<b>R -</b>	<b>R -</b>	<b>R -</b>		<b>R 74,072.98</b>	<b>R 10,985,218.68</b>

## Grants

The grants received to date based on the allocated DORA as at December 2022 is R92 million, as per the table below. The municipality main revenue comes from government grants and subsidies. The municipality rely on grants for its operations and capital projects since it currently suffer on financial constraints. Operational grants (including equitable share) are 71% and capital grants at 39%.84 % of cash receipts during this half year comes from grants.

GRANTS			
GRANT DESCRIPTION	TOTAL BUDGET	ACTUALS TO DATE	% RECEIVED
EQUITABLE SHARE	108,935,004.00	78,796,000.00	72
EXPANDED PUBLIC WORKS	950,004.00	238,000.00	25
MIG GRANT	24,347,004.00	8,000,000.00	33
ARTS & CURTURE LIBRARY & CYBER CADER GRAN	2,352,996.00		0
FMG	1,950,000.00	1,950,000.00	100
ELECTRIFICATION GRANT	5,040,000.00	3,540,000.00	70
TOTAL	143,575,008.00	92,524,000.00	64

**Mines Contribution** - There's an agreement between the municipality and the mine, whereby the mine pledged to contribute R 5.5 million in social contribution (infrastructure development), the amount has not been deposited in the municipal bank account as yet. The agreement shall be revisited, if necessary, the municipality shall adjust the amount on the adjustment budget.

**DTI** - Deposit from Department of Trade Industry for infrastructure development that was expected at the beginning of the financial year has not yet been received. The municipal should consider rollover the project in the next financial year, it might not materialize in 2022/23 financial year. This will also affect the projected revenue and the entire budget of the municipality.

### Debtors Age Analysis

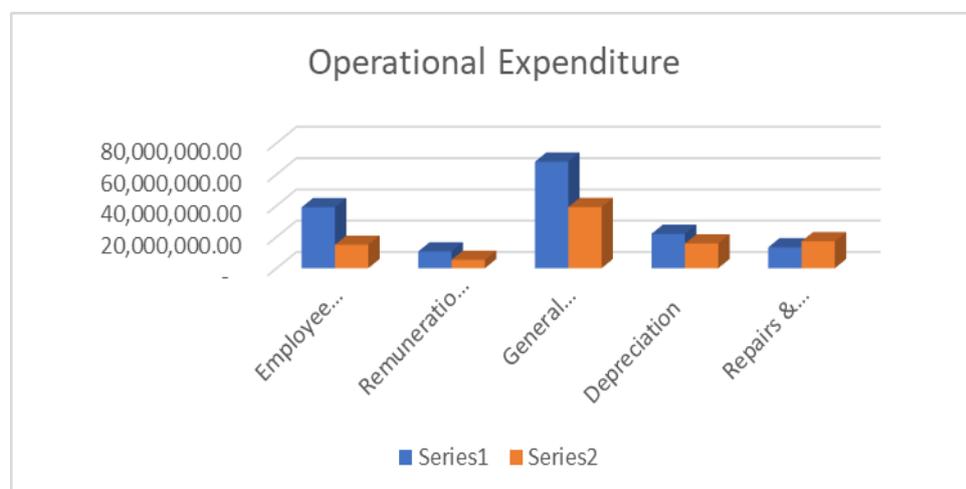
As at the end of December 2022, the amount R 51 million has been reported for outstanding for debtors, with R 4,7 million outstanding for longer than 90 days. Based on the audited Annual financial statement of 2021/22, R37 million of the R51million is irrecoverable and has been accounted for in the debt impairment. The municipality need to ensure that those that qualifies for indigent come forward and apply. The council has appointed the debts collector to assist with credit control management.

ACCOUNT_TYPE	202212 (Current)	202211 (30 Days)	202210 (60 Days)	202209 (90 Days)	202208 (120 Days)+	Total
GOVERNMENT	949,071.01	322,711.41	312,032.76	- 5,478,197.35	11,920,183.70	8,025,801.53
BUSINESS	414,567.42	210,655.57	221,454.91	210,007.59	6,651,072.06	7,707,757.55
RESIDENTIAL	586,318.60	535,222.39	543,423.85	495,873.34	24,467,100.20	26,627,938.38
OTHER	90,301.44	249,956.52	207,784.00	46,069.67	8,674,674.50	9,268,786.13
TOTAL	2,040,258.47	1,318,545.89	1,284,695.52	- 4,726,246.75	51,713,030.46	51,630,283.59

## EXPENDITURE

The major operating expenditure variances against the original budget are:

DESCRIPTION	BUDGET	ACTUALS	VARIANCES	PERCENTAGES
Employee Related Cost	38,930,740.00	14,944,942.48	4,520,427.52	38
Remuneration of Councillor	10,725,756.00	5,340,828.33	22,049.67	50
General Expenses	68,079,814.00	39,023,311.83	- 4,983,404.00	57
Depreciation	22,000,000.00	15,733,703.00	- 4,733,000.00	72
Repairs & Maintenance	13,367,124.00	17,167,173.30	-10,483,611.30	128
TOTAL	153,103,434.00	92,209,958.94	-15,657,538.11	60



**Employee Related Cost** – There is a favourable variance of R 4.5 million. This is caused by budgeted vacant positions are not filled.

Employee Related Cost				
Description	Budget	Actual	Variance	Percentage
Basic Salary	30,104,928.00	9,878,986.09	5,173,477.91	33
Bonus	2,292,564.00	1,024,201.67	122,080.33	45
Stand- By Allowance	140,220.00	448,164.74	- 378,054.74	320
Medical Aid	615,288.00	441,845.20	- 134,201.20	72
Housing Allowance	547,788.00	97,300.36	176,593.64	18
Pension	1,218,540.00	1,685,364.73	- 1,076,094.73	138
UIF	317,328.00	93,964.75	64,699.25	30
Bargaining Council	69,600.00	5,207.80	29,592.20	7
Leave Pay	1,171,884.00	125,128.50	460,813.50	11
Cellphone Allowance	120,000.00	62,500.00	- 2,500.00	52
Overtime	802,656.00	251,045.62	150,282.38	31
Travel or Motor Vehicle	1,529,844.00	831,233.02	- 66,311.02	54
Group Life Insurance	219,564.00		109,782.00	0
	38,930,640.00	14,944,942.48	4,630,159.52	38

### Councillors Allowances

The Councillors allowances expenditure in six months was at 50%, R 5.3 million this is exactly within norm of 50%.

Councillor's Allowances			
Description	Budget	Actual	Percentage
Mayor's Allowances	928,128.00	480,639.95	52
Deputy's Allowance	620,268.00	388,952.59	63
Speaker's Allowance	924,756.00	388,952.59	42
Exco Member's Allowances	1,523,100.00	900,068.60	59
Council Members Allowance	6,729,504.00	3,182,214.60	47
Total	10,725,756.00	5,340,828.33	50

### General Expenses

Unfavourable variance of R 4.9 million, on the adjustment budget the municipality should adjust items that overspent. The municipality must enforce cost containment measures in reducing the expenditure.

Below is the table of general expense, budget vs actual.

Description	Budget	Actuals	Remaining	Variance	Percentages
Disability Projects	193,277.00	189,800.00	- 3,477.00	- 93,161.50	98
Specialist ( MOSCOA)	741,039.00	741,327.57	288.57	- 370,808.07	100
DTI Initiation fee	1,790,508.00		- 1,790,508.00	895,254.00	0
SDF Development & Review	463,740.57	60,869.57	- 402,871.00	171,000.71	13
Sector Development Plant	163,740.24		- 163,740.24	81,870.12	0
Newsletter and Media Briefing	241,040.00		- 241,040.00	120,520.00	0
Cleaning Material	385,869.08	105,753.00	- 280,116.08	87,181.54	27
Policy Review	10,000.00		- 10,000.00	5,000.00	0
Catering : Meetings & Conferences	135,472.24	81,062.00	- 54,410.24	13,325.88	60
Rental of Offices	520,990.00	411,580.91	- 109,409.09	151,085.91	79
Printing and Stationery	735,526.50	200,525.00	- 535,001.50	167,238.25	27
Telephone	443,118.00	140,420.11	- 302,697.89	81,138.89	32
Insurance	1,234,885.34	15,616.59	- 1,219,268.75	601,826.08	1
Meetings: Substance and Travel	540,340.24	478,136.21	- 62,204.03	207,966.09	88
Conferences and Seminars	462,885.01	537,715.27	74,830.26	306,272.76	116
Membership fees/SALGA	625,088.96	515,000.00	- 110,088.96	202,455.52	82
Fuel and Oil	1,895,452.58	1,995,634.72	100,182.14	1,047,908.43	105
HIV/AIDS Programme	250,000.00	251,584.00	1,584.00	126,584.00	101
Municipal Zibambe	950,000.00	540,646.14	- 409,353.86	65,646.14	57
Special Programs	300,000.00		- 300,000.00	150,000.00	0
Community Skills Development	250,000.00	304,109.00	54,109.00	179,109.00	122
Valuation Costs- Interim	109,096.00		- 109,096.00	54,548.00	0
Advertisement	759,561.00	394,195.33	- 365,365.67	14,414.83	52
Audit Fees- EXTERNAL	2,000,000.00	889,599.84	- 1,110,400.16	110,400.16	44
Audit Fees - INTERNAL	950,016.00	468,585.46	- 481,430.54	6,422.54	49
Bank Charges	109,984.00	89,483.00	- 20,501.00	34,491.00	81
By-Laws & Acts	52,400.00		- 52,400.00	26,200.00	0
Chemicals	19,923.80	10,500.00	- 9,423.80	538.10	53
Interest on Loan	3,739,388.00	1,496,222.22	- 2,243,165.78	373,471.78	40
Communication & Radio Slots	300,000.00	422,782.10	122,782.10	272,782.10	141
Council ward Committee	600,000.00	774,000.00	174,000.00	474,000.00	129
Performance Managemnt System	550,000.00		- 550,000.00	275,000.00	0
Marketing & Corparate Image	262,000.00	5,500.00	- 256,500.00	125,500.00	2
Deeds	150,000.00	23.98	- 149,976.02	74,976.02	0
Protective Wear	223,762.00	30,080.00	- 193,682.00	81,801.00	13
Disaster Management	69,831.38	24,580.00	- 45,251.38	10,335.69	35
Senior Citizens	271,614.00	74,633.50	- 196,980.50	61,173.50	27
Compling Of WSP	200,000.00		- 200,000.00	100,000.00	0
SCOA Fees	827,427.00	141,324.41	- 686,102.59	272,389.09	17
Burial Of Destitues & Condolatory	227,141.20	110,670.99	- 116,470.21	2,899.61	49
Electricity	2,875,348.00	755,333.06	- 2,120,014.94	682,340.94	26
Entertainment	116,068.00	10,471.23	- 105,596.77	47,562.77	9
Gender	338,109.00	344,403.25	6,294.25	175,348.75	102
Inventory- Loose Tools	9,882.64		- 9,882.64	4,941.32	0
Valuations Objections	156,400.00	102,646.00	- 53,754.00	24,446.00	66
Legal Costs	493,246.00	1,104,339.59	611,093.59	857,716.59	224
Licence Fees	2,796,233.00	1,321,798.49	- 1,474,434.51	76,318.01	47
Maps and Plans	4,516.00	1,176.10	- 3,339.90	1,081.90	26
IT Support ( ICT( INTERNET, WEBSITE UGRADE, HELPDESK , C	500,000.00		- 500,000.00	250,000.00	0
Bulk Water Assessment	200,000.00		- 200,000.00	100,000.00	0
Professional fees	1,111,354.00	1,142,251.30	30,897.30	586,574.30	103
Project Launch Costs	250,894.00	245,400.00	- 5,494.00	119,953.00	98
IDP	800,000.00	933,168.00	133,168.00	533,168.00	117
Promote Public Participation	1,200,000.00	1,312,059.57	112,059.57	712,059.57	109
Refuse Bins/Bags	250,000.00		- 250,000.00	125,000.00	0
Rental Land	217,322.00	76,035.52	- 141,286.48	32,625.48	35
Safety Equipment( COVID 19)	700,000.00		- 700,000.00	350,000.00	0
Security & Alarms	4,121,413.00	2,462,590.80	- 1,658,822.20	401,884.30	60
Greening & Gardining	456,024.62		- 456,024.62	228,012.31	0
Ward Constituency Meeting	800,000.00	153,750.00	- 646,250.00	246,250.00	19
Sports Fields	91,204.92	31,034.00	- 60,170.92	14,568.46	34
Stock & Material	16,834.00		- 16,834.00	8,417.00	0
Training	264,006.00	260,337.00	- 3,669.00	128,334.00	99
Youth	250,000.00	396,609.00	146,609.00	271,609.00	159
Sustainable SSME'S	500,000.00	10,500.00	- 489,500.00	239,500.00	2
Skills Development Levy	196,891.04	198,172.00	1,280.96	99,726.48	101
Municipal Farms-LED	230,191.10		- 230,191.10	115,095.55	0
LED Plan & Strategy	125,760.00		- 125,760.00	62,880.00	0
FMG expenditure	1,950,000.00	925,573.00	- 1,024,427.00	49,427.00	47
	44,776,814.48		- 44,776,814.48	22,388,407.24	0
<b>TOTAL</b>	<b>44,776,814.48</b>	<b>23,289,608.83</b>	<b>- 21,487,205.65</b>	<b>901,201.59</b>	<b>52</b>

## Repairs and Maintenance

There is an unfavourable variance of R 10 million, which is contributed by the use of machinery hire. In the past six months the municipality has spent excessively on Road maintenance exceeding the budget by 28%. The payments made in the current year were based on commitments that were made in the prior year however were not budgeted in the current year. The other contributing fact is mainly due to damaged rural roads in Dannhauser. The municipality must consider budgeting for roads in the capital budget that will be funded by grants to minimize the use of plant hire on rural roads and also the option of purchasing its own plant. An adjustment is also recommended.

Description	Budget	Actuals	Remaining Budget	Variances	Percentages
Hire Of Machinery	9,000,000.00	15,818,272.25	- 6,818,272.25	- 11,318,272.25	176
Buildings Maintenance	422,904.00	183,015.43	239,888.57	28,436.57	43
Vehicles Maintenance	949,212.00	779,824.44	169,387.56	- 305,218.44	82
Cemetry Fencing & Other Services	300,000.00		300,000.00	150,000.00	0
Heavy Duty Equipment	800,004.00	214,275.96	585,728.04	185,726.04	27
Patholes	730,000.00	9,565.22	720,434.78	355,434.78	1
Office Furniture & Equipment	165,000.00	6,351.22	158,648.78	76,148.78	4
Plant & Equipment	80,004.00	37,682.20	42,321.80	2,319.80	47
Roads Signs	70,000.00	28,621.99	41,378.01	6,378.01	41
Street & Drainage	80,000.00	64,392.00	15,608.00	- 24,392.00	80
Street & Lights	200,004.00		200,004.00	100,002.00	0
Refuse Site	350,000.00		350,000.00	175,000.00	0
Tools & Equipment	219,996.00	25,172.59	194,823.41	84,825.41	11
			-	-	
<b>Total</b>	<b>13,367,124.00</b>	<b>17,167,173.30</b>	<b>- 3,800,049.30</b>	<b>- 10,483,611.30</b>	<b>128</b>

## Capital Projects

KZN254 Dannhauser - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R Thousands										
	1									
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		6,567	2,380	--	16	(2,481)	1,190	(3,671)	-308%	2,380
Executive and council		--	700	--	16	19	350	(331)	-94%	700
Finance and administration		6,567	1,680	--	--	(2,500)	840	(3,340)	-398%	1,680
Internal audit		--	--	--	--	--	--	--	--	--
<b>Community and public safety</b>		--	--	--	--	--	--	--	--	--
Community and social services		--	--	--	--	--	--	--	--	--
Sport and recreation		--	--	--	--	--	--	--	--	--
Public safety		--	--	--	--	--	--	--	--	--
Housing		--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--
<b>Economic and environmental services</b>		46,903	74,769	--	(7,002)	4,588	37,385	(32,797)	-88%	74,769
Planning and development		46,903	74,769	--	(7,002)	4,588	37,385	(32,797)	-88%	74,769
Road transport		--	--	--	--	--	--	--	--	--
Environmental protection		--	--	--	--	--	--	--	--	--
<b>Trading services</b>		(114)	4,390	--	--	340	2,195	(1,855)	-85%	4,390
Energy sources		--	--	--	--	--	--	--	--	--
Water management		--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--
Waste management		(114)	4,390	--	--	340	2,195	(1,855)	-85%	4,390
<b>Other</b>		--	--	--	--	--	--	--	--	--
<b>Total Capital Expenditure - Functional Classification</b>	3	53,356	81,539	--	(6,986)	2,447	40,770	(38,323)	-94%	81,539

The municipality has spent only 25% of its capital budget in the past six months, this needs to accelerate in the third quarter and forth because this has an impact on the service delivery. The cause of the slow spending was partly from the delay in SCM processes. There were challenges the municipality was facing where SCM bid committees were not seating due to unavailability's of senior management. They were only appointment in July 2022. There were also objections that were charged to the municipality, which resulted to re-adverting of tenders. One should also note that some of the budgeted capital projects that were budgeted through mines and DTI, funds have not been received. There are projects that need to be reviewed and be adjusted downwards or roll-overed to the next financial years.

Below is the table of capital expenditure, budget vs actual,

Capital projects					
Description	Budget	Actual	Remaining	Variance	Perc
Speaker 's Vehicle	700,000.00	19,450.67	680,549.33	330,549.33	3
TELEPHONE LINE NEW OFFICES	350,000.00		350,000.00	175,000.00	0
SPECIALIZED CHAIR ( I.T OFFICER)	30,000.00		30,000.00	15,000.00	0
CLOCKING MACHINE FOR NEW OFFICES	300,000.00		300,000.00	150,000.00	0
CONSTRUCTION OF HALL (ward 13)	2,800,000.00	3,346,847.15	- 546,847.15	- 1,946,847.15	120
FENCING FARMS	100,000.00		100,000.00	50,000.00	0
INDUSTRIAL PRECINT	15,000,000.00		15,000,000.00	7,500,000.00	0
NEW OFFICES( Ward 2)	11,000,000.00	8,491,572.97	2,508,427.03	- 2,991,572.97	77
ELECTRIFICATION -INEP( STEN DRIVE,DORSET,DORIKOP & SPRINGBOK)ward 3,4,6,7,8,9,10,11 & 12	5,040,000.00		5,040,000.00	2,520,000.00	0
ELECTRIFICATION	1,000,000.00		1,000,000.00	500,000.00	0
NEW OFFICES ROAD & PARKING	1,000,000.00		1,000,000.00	500,000.00	0
CHILD CARE FACILITY ( ward 1 & 13)	1,700,000.00	822,851.34	877,148.66	27,148.66	48
TESTING GROUND	500,000.00	89,607.60	410,392.40	160,392.40	18
COMMUNITY HALLS - MIG ward 9 and 10	8,500,000.00	839,888.79	7,660,111.21	3,410,111.21	10
URBAN ROADS- ( WARD 2 )MIG	5,000,000.00	12,500.00	4,987,500.00	2,487,500.00	0
DISASTER HOUSES (ward 1,3,4,5,6 & 8)	1,600,000.00	1,168,670.00	431,330.00	- 368,670.00	73
WATER HARVESTING	1,729,428.00	1,564,756.63	164,671.37	- 700,042.63	90
LANDFILL SITE FENCING	1,500,000.00	70,350.00	1,429,650.00	679,650.00	5
LAND SURVEYING - NEW CEMERTY	300,000.00		300,000.00	150,000.00	0
CHAINSAWS	30,000.00		30,000.00	15,000.00	0
GENERATOR FOR THE TRAFFIC DEPARTMENT	30,000.00		30,000.00	15,000.00	0
TREEE CHOPPER FOR THE LANDFILL	100,000.00		100,000.00	50,000.00	0
FIRE ENGINE	2,000,000.00	267,768.55	1,732,231.45	732,231.45	13
RIDE ON MOWER	80,000.00		80,000.00	40,000.00	0
Roads: Rural Roads	11,000,000.00	2,181,287.30	8,818,712.70	3,318,712.70	20
New Cemetry Fencing	1,200,000.00		1,200,000.00	600,000.00	0
ZINOJU CONTRIBUTION & MUNICIPAL COUNCIL ward 7	7,000,000.00		7,000,000.00	3,500,000.00	0
Fencing of Farms	450,000.00		450,000.00	225,000.00	0
Brush Cutters	200,000.00		200,000.00	100,000.00	0
Urban Roads	1,000,000.00		1,000,000.00	500,000.00	0
Meter Conversion	300,000.00		300,000.00	150,000.00	0
Durnacol Sport Centre		1,802,146.82	- 1,802,146.82	- 1,802,146.82	#DIV/0!
Office Furniture		3,214.78	- 3,214.78	- 3,214.78	#DIV/0!
	81,539,428.00	20,680,912.60	60,858,515.40	20,088,801.40	25

## Creditors Age Analysis

Creditor Code	Current	30days	60days	90days	120days	Total
1323					0.1	0.10
12762		24,000.00				24,000.00
12494	45,086.29	17,533.56				62,619.85
181			6,960.00			6,960.00
955	1,590.00					1,590.00
85	6,750.01					6,750.01
<b>TOTAL</b>	<b>53,426.30</b>	<b>41,533.56</b>	<b>6,960.00</b>		<b>0.1</b>	<b>101,919.96</b>

Reasons for creditors outstanding longer than 30 days.

- Waiting for the correct banking details, payment to be finalized in January.
- The municipality is also struggling financial to pay its commitments within the 30 days period.

### Unspent Conditional Grants

The unspent condition grant had an opening balance of R 6.9 million which was made of R 6.2 million from MIG and R 700 0000 from the library grants. The application for the roll-over was made by the municipality and it was approved. Arts and culture grants for 2022/23 for library services has not been received, the budget of R 2.3 million will still be received as the expenditure from the libraries has already been incurred in the current year.

### Grant Expenditure Report

GRANT EXPENDITURE			
DESCRIPTION	TOTAL BUDGET	ACTUALS TO DATE	% EXPENDITURE
EXPANDED PUBLIC WORKS	950,004.00	540,646.14	56.91
MIG GRANT	24,347,004.00	5,072,536.56	20.83
ARTS & CURTURE LIBRARY &	2,352,996.00	806,078.00	34.26
FMG	1,950,000.00	1,179,174.87	60.47
ELECTRIFICATION GRANT	5,040,000.00		-
<b>TOTAL</b>	<b>34,640,004.00</b>	<b>7,598,435.57</b>	<b>21.94</b>

The municipality has only spent R 7.5 million which is below the estimated average by R 9.7 million (21%). The reason for slow expenditure is because of the delay in appointments of contractors for the MIG projects due to SCM processes. All contractors have now been appointed late in November 2022 and they have started on site in December 2022. It is expected that more invoices will now be received that will boost the MIG and INEP grant expenditure.

## Cash Flow Statement

KZN254 Dannhauser - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		23,850	32,765	-	1,578	11,149	16,383	(5,234)	-32%	32,766
Service charges		489	-	-	34	568	-	568	#DIV/0!	-
Other revenue		3,880	24,646	-	(249)	7,166	12,323	(5,158)	-42%	24,646
Transfers and Subsidies - Operational		184,162	109,323	-	38,255	100,823	54,661	46,162	84%	109,323
Transfers and Subsidies - Capital		30,810	24,347	-	-	8,010	12,174	(4,164)	-34%	24,347
Interest		386	-	-	74	247	-	247	#DIV/0!	-
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(11,523)	(70,341)	-	(1,524)	(4,822)	(35,171)	(30,349)	86%	(70,341)
Finance charges		(796)	-	-	(240)	(1,496)	-	1,496	#DIV/0!	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>231,258</b>	<b>120,741</b>	<b>-</b>	<b>37,828</b>	<b>121,646</b>	<b>60,371</b>	<b>(61,275)</b>	<b>-101%</b>	<b>120,741</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		(58,977)	-	-	(9,572)	(24,869)	-	24,869	#DIV/0!	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(58,977)</b>	<b>-</b>	<b>-</b>	<b>(9,572)</b>	<b>(24,869)</b>	<b>-</b>	<b>24,869</b>	<b>#DIV/0!</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	2,495	-	-	-	1,248	(1,248)	-100%	2,495
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>2,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,248</b>	<b>1,248</b>	<b>100%</b>	<b>2,495</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>172,281</b>	<b>123,237</b>	<b>-</b>	<b>28,357</b>	<b>96,776</b>	<b>61,818</b>			<b>123,237</b>
Cash/cash equivalents at beginning:		11,802	36,586	-	-	14,967	36,586			14,967
Cash/cash equivalents at month/year end:		184,083	159,823	-	-	111,743	98,204			138,203

**References**

1. Material variances to be explained in Table SC1

### Cash flows from operating activities category

- Property rates, penalties & collection charges reflect a year -to-date amount of R 11 million, resulting in an R 5 million(32%) unfavourable variance, as compared to the of R 16 million budgeted for.
- Other revenue reflects a year – to- date amount of R 7.1 million, resulting in R 5.1 million (42%) unfavourable variance, as compared to a year to date estimate of R 12 million.
- Operating grants and subsidies show a year-to-date receipts amount of R 100 million, which is a favourable position.
- Capital grants show a year-to-date amount of R 11 million
- Suppliers and employee payments indicate a year-to-date amount of R 81 million in the interim period.