Richmond
Local Municipality

In-Year Report
December 2023

(Mid-Year Budget and Performance Assessment)

Table of Contents

Part 1

IN YEAR REPORT

Mayor's Report

PREAMBLE

The Mid-Year Budget statements for 2023/2024 set out a viable framework to ensure control and management of our finances. It is our responsibility to make sure that all fiscal and financial regulations are strictly adhered to and build the capabilities of maximing our output so that we achieve the municipaliy's vision of service delivery which is on par with the excelllence expected of us.

Furthermore the internal audit unit and external audit committee play a supportive role in guiding this process by making progressive input and recommendations. All Councillors are committed to clean financial management and a sustainable municipality.

A SUMMARY OF THE POTENTIAL IMPACT OF THE NATIONAL ADJUSTMENTS BUDGET AND RELEVANT PROVINCIAL ADJUSTMENT BUDGET

In the 2023 Medium Term Budget Policy Statement, on the 1st of November 2023, the Minister of Finance stated that:

"The Division of Revenue is an important tool for the equitable allocation of funds to provinces and municipalities. Over the next three years, government proposes allocating 48 per cent of available non-interest spending to national departments, 42.1 per cent to provinces, and 9.9 percent to local government.

We acknowledge the pivotal role of local government in delivering effective services to communities. We also recognise that the provincial and municipal spheres are under pressure to meet increasing infrastructure service demands. The government remains dedicated to supporting the sustainability and financial stability of our municipalities. Let there be no doubt, effective local governance is the bedrock of service delivery. Equally, financially stable municipalities are the foundation of our nation's economic prosperity."

A RECOMMENDATION AS TO WHETHER AN ADJUSTMENTS BUDGET IS NECESSARY

Mid-year of a financial period often sees the need to re-look at and rehash our budget to ensure that our financial planning serves our needs. It is often a time when we are able to assess our progress and look at ways to ensure financial stability.

Council has adopted the 2023/2024 IDP and Budget, during the course of the year focus had been on social responsibility and service delivery infrastructure. Obviously, the budget adjustments are required to ensure municipal viability, sustainabilty and continuity and to ensure a well organized Municipality.

Therefore it is recommended that we adjust our Budget for more effective upward mobility that serves to guide our fiscal disciplinewithin the limited resouces we have.

In line with Section 72(3) of the MFMA and in accordance with Secti on 23(1) of the Budget and reporting Regulations we should adjust and confirm the budgets before 28 February 2022. Council is committed to ensuring compliancy herein and finalsing an effective adjustment budget to address all needs up to 30 June 2022.

As an agent for change we are obliged to face the realities that beset us from time to time and thus change our thinking so that we are progressive in the implementation of equal opportunities and rid of ourselves of unequalities, one of the cornerstones and objectives of government. There is also a dire need to review our Employment Equity policy to ensure that we have the correct balance of employees as reflected by our population.

We have committed Councillors and staff who, together with the community, can strive to achieve this. I confidently believe that we have together built a team that can sustain success and serve the needs of the community.

HIS WORSHIP THE MAYOR
CLLR M.K NGCONGO

Richmond Local Municipality

RESOLUTIONS

a) That the report on the Second Quarter and Mid Year Budget assessment , as per Section 72 of the MFMA, for the 2023/2024 financial year, as presented, be accepted and noted;

b) That the report on the Second Quarter and Mid year Service Delivery and Budget Implementation Plan (SDBIP) assessment, as referred to Section 72 of the MFMA, for the 2023/2024 be accpeted and noted.

c) That Council consider an adjustment budget before the end of February 2024.

1.1 Executive Summary

The Municipal Finance Management Act (MFMA) assigns various responsibilities to the Mayor and the Accounting Officer (Municipal Manager).

As per Section 72 (1) (a) and (b) 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 year and submit a report of such an assessment to the mayor of the municipality, National Treasury and Provincial Treasury.*

Section 72(3)(a) and (b) of the MFMA also states that" *the Accounting Officer must as part of the review make recommendations as to whether an Adjustments budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary."*

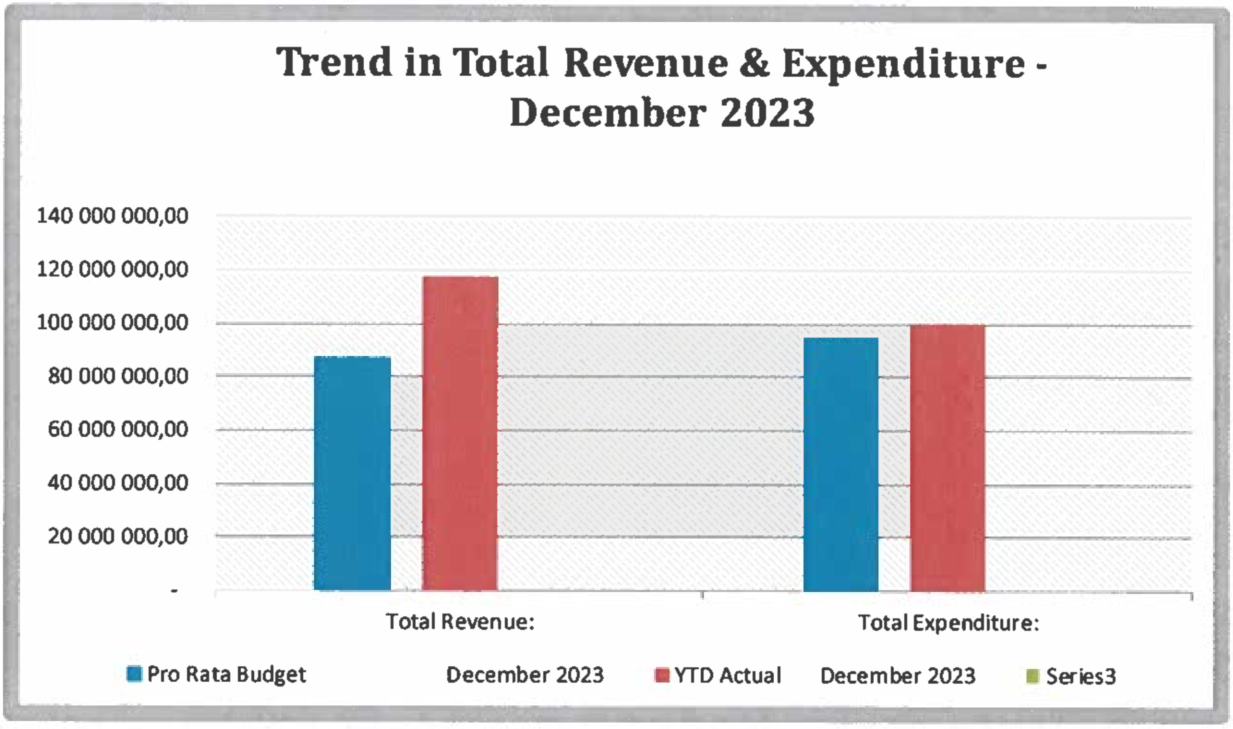
Furthermore, Section 52(d) of the MFMA states: "***52. General responsibilities:*** *- The Mayor of a municipality-*

(d) Must within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality."

This in year report is prepared in terms of the municipal budget and reporting regulations that were promulgated in the Government Gazette No. 32141 of 17 April 2009.

1.1.1 Overview of financial performance

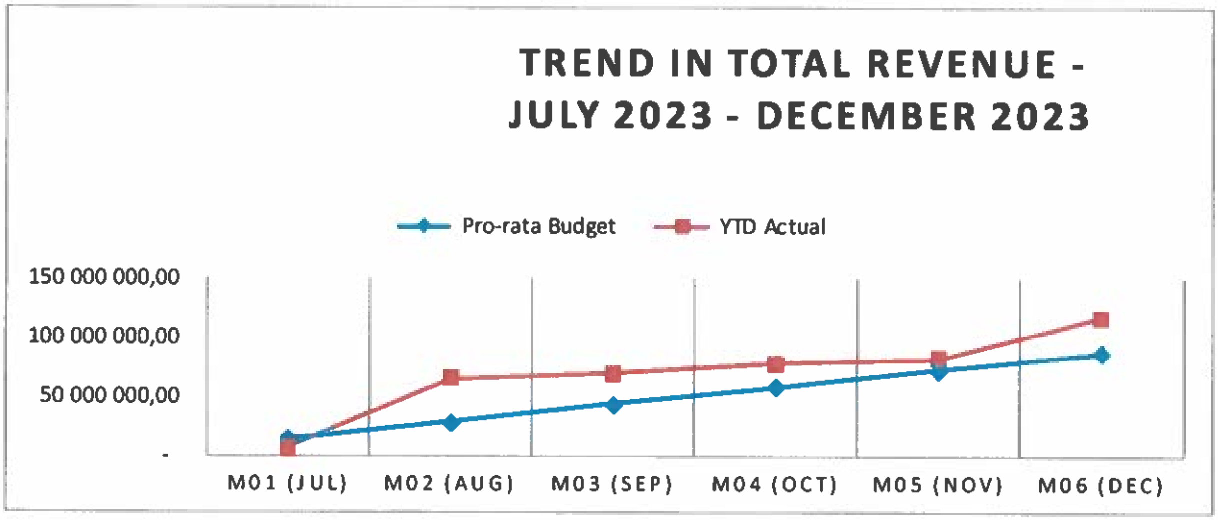
Description	Table 1 - Summary for Financial Period ended December 2023				
	Full Year Budget 2023/24	Pro Rata Budget December 2023	YTD Actual December 2023	YTD Variance December 2023	
					%
Total Revenue:	**174,688,604.00**	**87,344,302.00**	**117,155,269.49**	**R 29,810,967**	**34.13%**
Revenue - Operational	154,499,204.00	77,249,602.00	101,308,705.86	R 24,059,104	31.14%
Revenue - Capital	20,189,400.00	10,094,700.00	15,846,563.63	R 5,751,864	56.98%
Total Expenditure:	**190,459,827.00**	**95,229,913.50**	**99,593,177.53**	**R 4,363,264**	**4.58%**
Expenditure - Operational	166,135,412.00	83,067,706.00	85,714,810.00	R 2,647,104	3.19%
Expenditure - Capital	24,324,415.00	12,162,207.50	13,878,367.53	R 1,716,160	14.11%
					Source: Budget Table C1



Key Observations:

- The table & illustrations above provide an overview of the municipal financial performance and position as at **<u>December 2023</u> (mid- year)**
- Total revenue accrued amounted to **R 117 155 m** which is higher compared to the pro rata budget of **R 87 344 m.** This is mainly due to the equitable share of R 38 716 m received in July 2023 (and R 30 973 m in December 2022) as well as the annual raising of rates in August.
- Total expenditure incurred amounted to **R99 593m**, which is considerably higher than pro rata budget of **R 95 230m**. This is a negative outcome and the municipality is currently engaging on budget saving initiatives and to closely monitor the budget for the remaining half of the year.

1.1.2 Revenue Trend



The illustration above provides an overview and trend of total revenue for **July 2023 to Dec 2023**.

1.1.3 Revenue by source

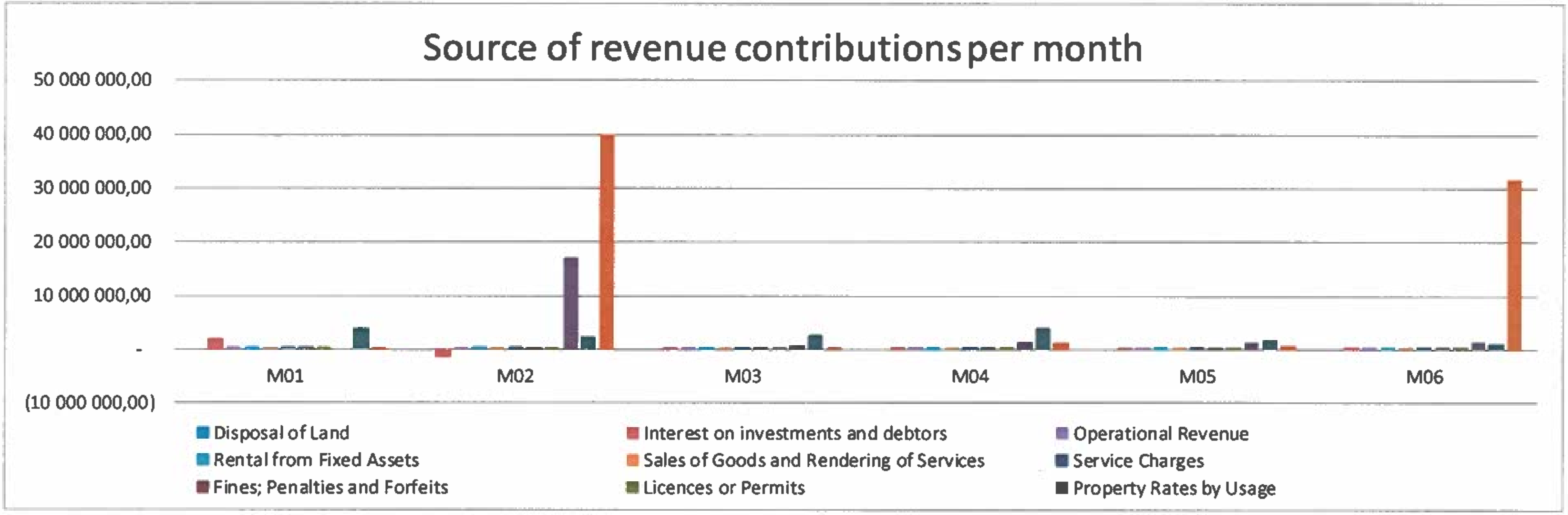
The following revenue tables are from Richmond Local Municipality financial system their purpose is to disclose revenue performance by source. These tables are aligned with **Table C4, Monthly Budget Statement – Financial performance (revenue M06)**. Key variances are further detailed and analysed below:

Revenue by Source	Total Budget	Total Actual	Prorated Budg	Variance
Capital Grants	20,189,400.00	15,846,563.63	10,094,700.00	5,751,863.63
Property Rates by Usage	28,445,868.00	21,915,334.58	14,222,934.00	7,692,400.58
Operational Grants	100,756,604.00	73,536,199.21	50,378,302.00	23,157,897.21
Interest on investments and debtors	3,204,648.00	1,969,640.66	1,602,324.00	367,316.66
Sales of Goods and Rendering of Services	380,568.00	205,573.77	190,284.00	15,289.77
Service Charges	1,145,064.00	513,440.70	572,532.00	(59,091.30)
Licences or Permits	3,046,464.00	1,312,490.36	1,523,232.00	(210,741.64)
Operational Revenue	745,632.00	271,722.60	372,816.00	(101,093.40)
Rental from Fixed Assets	1,095,540.00	334,823.66	547,770.00	(212,946.34)
Fines; Penalties and Forfeits	5,247,312.00	1,249,480.32	2,623,656.00	(1,374,175.68)
Disposal of Land	10,431,504.00	-	5,215,752.00	(5,215,752.00)

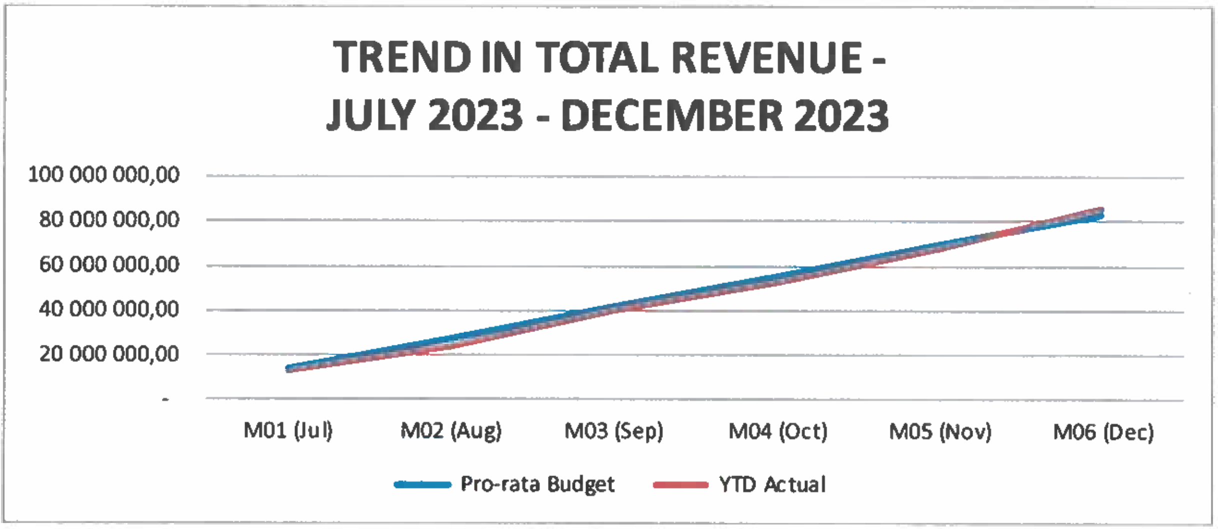
%	Revenue by Source	Comment	Explanations for variances above +/-10%
57%	Capital Grants	Favorable	Favorable variance is due to the effective utilization of capital grants. However, the municipality will adjust downwards by R1,4 million in line with the DORA adjustment Government Gazette No. 49550 of 24 October 2023.
54%	Property Rates by Usage	Favorable	The variance is attributed to the annual raising of rates in August. This will even out during the year. There will be no further adjustment on this item during the adjustment budget.
46%	Operational Grants	Favorable	The favorable variance is attributed to the Equitable share tranche that was received during December 2023, there will be no further adjustment on the amount.
23%	Interest on investments and debtors	Favorable	The favorable variance is because of aggressive investment strategy that is aligned to the revenue enhancement plan. As a result, the municipality will be adjusting up the budget for this item.
8%	Sales of Goods and Rendering of Services	Favorable	The variance is accepted.
-10%	Service Charges	Unfavorable	The variance is accepted.
-14%	Licenses or Permits	Unfavorable	Variance is due to slow revenue being generated under the Traffic department. The municipality would reassess performance in month 07 and consider a possible minor downwards adjustment in this source of revenue if the performance is unsatisfactory.
-27%	Operational Revenue	Unfavorable	Variance is due to the expected insurance refunds. Although the Tusong center refund was received there are further refunds that are expected and at their final stages. There will be no adjustment on this revenue class.
-39%	Rental from Fixed Assets	Unfavorable	Variance is due to the certain municipal properties being vacant and not occupied as expected. The municipality will adjust down wards during the adjustment budget.
-52%	Fines; Penalties and Forfeits	Unfavorable	Variance is due to over budgeting of this line item; Property rate penalties will be adjusted downwards during adjustment budget.
-100%	Disposal of Land	Unfavorable	The disposal of land is being finalized and is expected to be completed in the 3rd quarter of the financial year.

The table and graph below further show revenue per source monthly:

Revenue by Source	Total Budget	M01	M02	M03	M04	M05	M06	Total Actual
Disposal of Land	10,431,504.00	-	-	-	-	-	-	-
Interest on Investments and debtors	3,204,648.00	2,145,434.77	(1,426,866.88)	357,058.27	328,328.45	255,852.78	309,833.27	1,969,640.66
Operational Revenue	745,632.00	38,402.15	4,737.63	19,620.18	131,134.10	4,836.90	72,991.64	271,722.60
Rental from Fixed Assets	1,095,540.00	57,218.81	56,905.90	59,024.67	55,820.64	53,764.72	52,088.92	334,823.66
Sales of Goods and Rendering of Services	380,568.00	52,477.97	23,521.75	28,846.23	50,054.22	28,091.26	22,582.34	205,573.77
Service Charges	1,145,064.00	85,226.25	85,226.25	86,238.09	86,000.01	84,809.61	85,940.49	513,440.70
Fines; Penalties and Forfeits	5,247,312.00	186,004.30	200,657.04	201,741.21	219,732.87	218,404.50	222,940.40	1,249,480.32
Licences or Permits	3,046,464.00	156,789.17	157,844.71	204,817.37	392,660.56	205,298.39	195,080.16	1,312,490.36
Property Rates by Usage	28,445,868.00	(22,334.23)	17,122,511.62	723,961.23	1,397,896.94	1,307,584.06	1,385,714.96	21,915,334.58
Capital Grants	20,189,400.00	4,085,652.49	2,353,205.08	2,755,905.64	3,956,918.02	1,728,501.22	966,381.18	15,846,563.63
Operational Grants	100,756,604.00	34,840.08	39,539,937.88	389,474.16	1,270,266.56	715,790.32	31,585,890.21	73,536,199.21
Total Revenue	174688604	6819711.76	58117680.98	4826687.05	7888812.37	4602933.76	34899443.57	117155269.5



1.1.4 Expenditure Trend



The table and illustration above provide an overview and trend of Total Expenditure for **July 2023 to Dec 2023**.

The municipality has managed to keep the expenditure below budget over the first 5 months of the financial year however went above on the 6th month.

1.1.5 Expenditure by Type

Operational cost

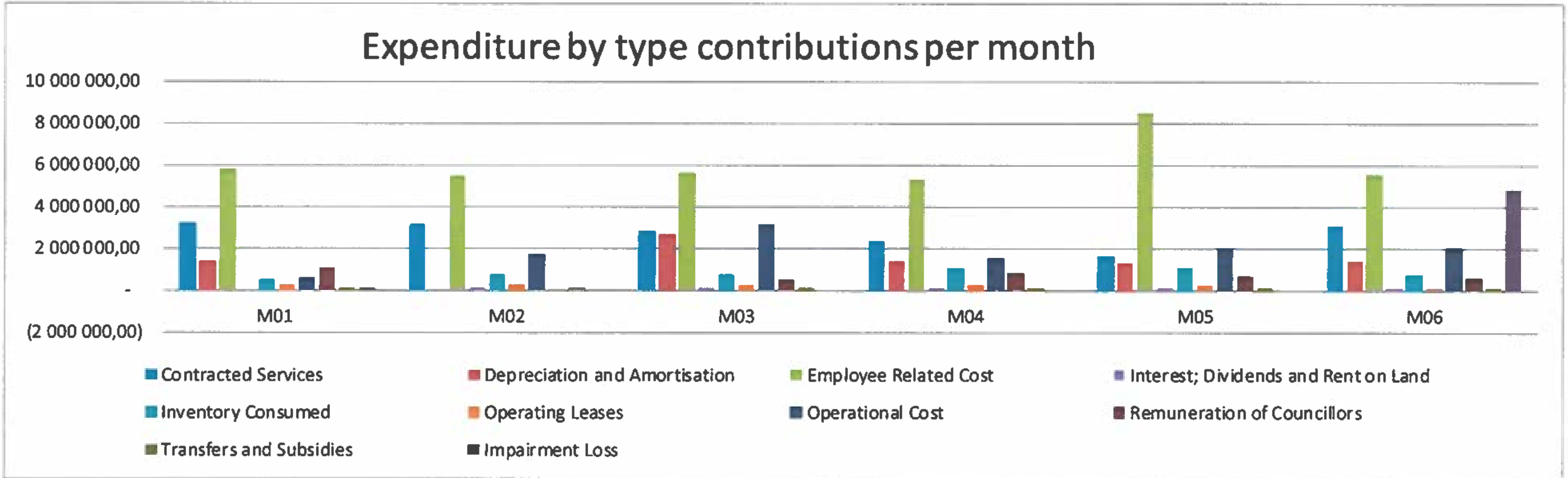
The following expenditure tables are from Richmond Local Municipality financial system, their purpose is to disclose expenditure by type. These tables are aligned with **Table C4, Monthly Budget Statement – Financial performance (expenditure M06)**. Key variances are further detailed and analysed below:

Expenditure by type	Total Budget	Total Actual	Prorated Bud	Variance
Interest; Dividends and Rent on Land	401,616.00	19,208.84	200,808.00	(181,599.16)
Depreciation and Amortisation	22,241,400.00	8,040,059.35	11,120,700.00	(3,080,640.65)
Operating Leases	3,022,860.00	1,322,516.50	1,511,430.00	(188,913.50)
Transfers and Subsidies	600,000.00	270,073.34	300,000.00	(29,926.66)
Remuneration of Councillors	6,881,352.00	3,518,888.19	3,440,676.00	78,212.19
Contracted Services	31,217,472.00	16,105,328.69	15,608,736.00	496,592.69
Employee Related Cost	68,612,604.00	36,106,755.02	34,306,302.00	1,800,453.02
Inventory Consumed	8,663,724.00	4,630,794.40	4,331,862.00	298,932.40
Operational Cost	19,494,384.00	10,873,905.72	9,747,192.00	1,126,713.72
Impairment Loss	5,000,000.00	4,827,279.95	2,500,000.00	2,327,279.95

%	Expenditure class	Comment	Explanations for variances above +/-10%
-90%	Interest; Dividends and Rent on Land	Favorable	Favorable variance is due to the unwinding of interest from the landfill site not yet recorded. Interest on landfill site is recorded at year end by the municipality. The municipality is not expecting to adjust this expenditure line item based on prior year experience.
-28%	Depreciation and Amortization	Favorable	The monthly depreciation is posted utilizing an asset module however, the impairment element is only processed at year. However, there will be a downward adjustment on the adjustment budget.
-12%	Operating Leases	Favorable	Favorable balance is due to timing differences as the invoice was only received in January, which is already recorded on the system under month 7. The municipality is not expecting to adjust this class.
-10%	Transfers and Subsidies	Favorable	The variance is accepted.
2%	Remuneration of Councilors	Unfavorable	The variance is accepted.
3%	Contracted Services	Unfavorable	The variance is accepted.
5%	Employee Related Cost	Unfavorable	The variance is accepted.
7%	Inventory Consumed	Unfavorable	The variance is accepted.
12%	Operational Cost	Unfavorable	The variance is due to annual subscriptions (Licenses) that are once off, as a result the budget is expected to self-restore by the end of the year. The municipality is not expecting to adjust this class
93%	Impairment Loss	Unfavorable	The unfavorable variance is due to the raising of the annual expected impairment provision for debtors as at 31 December 2023, the amount is not expected to material vary at year end based on the calculations and projections performed. However, after further investigations in month 07 the municipality may immaterially adjust upwards.

The table and graph below further show expenditure per source on a monthly basis:

Expenditure by type	Total Budget	M01	M02	M03	M04	M05	M06	Total Actual
Contracted Services	31,217,472.00	3,198,815.47	3,115,964.36	2,786,667.98	2,289,064.76	1,641,344.99	3,073,471.13	16,105,328.69
Depreciation and Amortisation	22,241,400.00	1,354,578.70	-	2,665,465.84	1,354,578.70	1,310,887.14	1,354,548.97	8,040,059.35
Employee Related Cost	68,612,604.00	5,729,804.04	5,432,130.94	5,618,137.13	5,314,657.64	8,525,503.48	5,486,521.79	36,106,755.02
Interest; Dividends and Rent on Land	401,616.00	-	6,946.81	3,290.13	3,130.01	2,990.97	2,850.92	19,208.84
Inventory Consumed	8,663,724.00	452,866.75	710,775.38	688,817.60	1,006,598.94	1,044,440.86	727,294.87	4,630,794.40
Operating Leases	3,022,860.00	257,951.21	247,523.73	266,317.45	260,063.97	282,030.29	8,629.85	1,322,516.50
Operational Cost	19,494,384.00	535,085.55	1,683,147.16	3,116,700.70	1,519,123.29	1,986,831.05	2,033,017.97	10,873,905.72
Remuneration of Councillors	6,881,352.00	1,010,520.76	(1,440.00)	506,321.88	793,782.97	679,583.43	530,119.15	3,518,888.19
Transfers and Subsidies	600,000.00	42,904.83	46,694.77	47,198.04	44,734.47	45,166.38	43,374.85	270,073.34
Impairment Loss	5,000,000.00	901.04	-	-	-	-	4,826,378.91	4,827,279.95
Grand Total	**166,135,412.00**	**12,583,428.35**	**11,241,743.15**	**15,698,916.75**	**12,585,734.75**	**15,518,778.59**	**18,086,208.41**	**85,714,810.00**



Richmond
Local Municipality

KZN227 Richmond - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive And Council		–	–	–	–	–	–	–		–
Vote 2 - Finance and administration		–	–	–	–	–	–	–		–
Vote 3 - Housing		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–		–
Vote 5 - Internal Audit		–	–	–	–	–	–	–		–
Vote 6 - Planning and Development		–	–	–	–	–	–	–		–
Vote 7 - Road Transport		–	–	–	–	–	–	–		–
Vote 8 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 9 - Waste Management		–	–	–	–	–	–	–		–
Vote 10 - Waste Water Management		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	–	–	–	–	–	–	–		–
Single Year expenditure appropriation	2									
Vote 1 - Executive And Council		7	700	–	–	749	350	399	114%	700
Vote 2 - Finance and administration		892	1,074	–	(16)	295	537	(242)	-45%	1,074
Vote 3 - Housing		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		210	50	–	–	–	25	(25)	-100%	50
Vote 5 - Internal Audit		–	–	–	–	–	–	–		–
Vote 6 - Planning and Development		101	3,130	–	–	72	1,565	(1,493)	-95%	3,130
Vote 7 - Road Transport		34,252	22,575	–	–	6,708	11,288	(4,580)	-41%	22,575
Vote 8 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 9 - Waste Management		–	–	–	–	–	–	–		–
Vote 10 - Waste Water Management		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	35,461	27,529	–	(16)	7,825	13,765	(5,940)	-43%	27,529
Total Capital Expenditure		35,461	27,529	–	(16)	7,825	13,765	(5,940)	-43%	27,529
Capital Expenditure - Functional Classification										
Governance and administration		899	1,774	–	(16)	1,045	887	158	18%	1,774
Executive and council		7	700	–	–	749	350	399	114%	700
Finance and administration		892	1,074	–	(16)	295	537	(242)	-45%	1,074
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		210	50	–	–	–	25	(25)	-100%	50
Community and social services		210	50	–	–	–	25	(25)	-100%	50
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		34,352	25,705	–	–	6,780	12,853	(6,072)	-47%	25,705
Planning and development		101	3,130	–	–	72	1,565	(1,493)	-95%	3,130
Road transport		34,252	22,575	–	–	6,708	11,288	(4,580)	-41%	22,575
Environmental protection		–	–	–	–	–	–	–		–
Trading services		–	–	–	–	–	–	–		–
Energy sources		–	–	–	–	–	–	–		–
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	–	–	–	–	–	–		–
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	35,461	27,529	–	(16)	7,825	13,765	(5,940)	-43%	27,529
Funded by:										
National Government		33,539	19,485	–	–	6,610	9,743	(3,132)	-32%	19,485
Provincial Government		119	3,050	–	–	–	1,525	(1,525)	-100%	3,050
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		33,658	22,535	–	–	6,610	11,268	(4,657)	-41%	22,535
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		1,307	4,994	–	(16)	1,214	2,497	(1,283)	-51%	4,994
Total Capital Funding		34,965	27,529	–	(16)	7,825	13,765	(5,940)	-43%	27,529

Above is the schedule of capital projects budgeted for as at December 2022. It should be noted that Capital relate to MIG, High Over and Library Grant.

1.1.6 Financial Health Indicators

The following provides an overview of the key financial health indicators

Crucial ratios	A brief definition of that ratio	M01	M02	M03	M04	M05	M06
Collection rate	The ratio indicates the collection rate; i.e. level of payments. It measures an increase or decrease in debtors relative to annual billed revenue. In addition, in order to determine the real collection rate bad debts written off are taken into consideration. The norm is 95%	256%	12%	26%	44%	53%	57%
Cash/Cost Coverage ratio (excluding unspent conditional grants)	The ratio indicates the municipality's or municipal entity's ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue, during that month. The norm range is between 1 month to 3 months.	0.48 Months	3 months	2 months	2 months	0.89 months	2.83 months
Current ratio	The ratio is used to assess the municipality's or municipal entity's ability to pay back its short-term liabilities (Debt and Payables) with its short-term assets (cash, inventory, receivables). The norm ranges between 1.5 to 2:1	0.9	2.6	2.1	2.0	1.68	2.34
Creditor payment period	This ratio indicates the average number of days taken for trade creditors to be paid. The norm is 30 days	27 days	28 days	25 days	26 days	25 days	24 days

<u>Debtors collection rate (norm 95%)</u>

Collection rate as at the end of December was 57%. This is considered below the norm of 95%, however currently there is a debt collector who is assist with collection of outstanding debt and during quarter 3 the municipality will be embarking on a debt incentive scheme with the intention of increasing the debt collection ratio..

Cash coverage (norm 1-3 months)

Currently this ratio is within the norm, which means the municipality can continue its operations for 2.83 months by only utilising its own funds.

Current ratio: (Norm 1:1.5)

There is an increase in current ratio for December and the ratio is still within the norm which means the municipality is still able to meet it short term obligations.

Creditors payment period (norm 30 days)

The municipality is within the norm of paying it short term creditors within 30 days. This means that the municipality is complying with section 65 of the MFMA.

1.1.7 Material differences from the SDBIP

None identified, however a detailed report is attached under performance information.

1.1.8 Remedial or corrective steps

None identified

1.2 In-Year Budget Statement Tables

The In-Year Budget Statement Tables, that are submitted with this report, include the following:

TABLE	DESCRIPTION	ADDITIONAL DETAILS
C1	Monthly Budget Statement	S71 Summary
C2	Monthly Budget Statement	Financial Performance (standard classification)
C3	Monthly Budget Statement	Financial Performance (revenue and expenditure by municipal vote)
C4	Monthly Budget Statement	Financial Performance (revenue and expenditure)
C5	Monthly Budget Statement	Capital expenditure
C6	Monthly Budget Statement	Financial Position
C7	Monthly Budget Statement	Cash Flow

2 Part 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

The following is from **Table SC3, Monthly Budget Statement – aged debtors**, and an analysis is further provided:

KZN227 Richmond - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - December													
Description	NT Code	Budget Year 2023/24											
R thousands		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	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	–	–	–	–	–	–	–	–	–	–	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	1,236	797	698	659	10,211	123	494	24,976	39,195	36,463	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Management	1600	117	68	67	60	62	56	50	2,045	2,525	2,272	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	1810	260	253	248	245	221	221	4,852	7,978	14,279	13,518	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	22	22	24	27	21	22	321	374	834	765	–	–
Total By Income Source	**2000**	**1,636**	**1,141**	**1,037**	**991**	**10,515**	**422**	**5,718**	**35,373**	**56,833**	**53,018**	–	–
2022/23 - totals only		–	–	–	–	–	–	–	–	–	–	–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	298	132	105	94	8,782	124	4,860	10,242	24,636	24,102	–	–
Commercial	2300	264	102	71	51	285	2	12	79	866	429	–	–
Households	2400	1,075	906	862	846	1,448	296	845	25,052	31,331	28,488	–	–
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	**2600**	**1,636**	**1,141**	**1,037**	**991**	**10,515**	**422**	**5,718**	**35,373**	**56,833**	**53,018**	–	–

The Debtor's report has been prepared based on the format required to be lodged electronically with National Treasury. This format provides an extended aged analysis, as well as an aged analysis by debtor type. The summary report indicates that the debtors >90 days balance amounts to **R 53 019 000**

2.2 Creditors Analysis

The following is from **Table SC4, Monthly Budget Statement – aged creditors**, and an analysis is further provided:

KZN227 Richmond - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 - December											
Description	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
R thousands		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	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	–	–	–	–	–	–	–	–	–	–
Bulk Water	0200	–	–	–	–	–	–	–	–	–	–
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	–	–	–	–	–	–	–	–	–	–
Auditor General	0800	–	–	–	–	–	–	–	–	–	–
Other	0900	–	–	–	–	–	–	–	–	–	–
Total By Customer Type	**1000**	–	–	–	–	–	–	–	–	–	–

The Creditors report has been prepared based on the format required to be lodged electronically with National Treasury. This format provides an extended aged analysis, as well as an aged analysis by creditor type.

The municipality had a total of **R 0** outstanding creditors as of December 2023.

2.3 Investment portfolio analysis

The following is from Richmond Local Municipality financial system and is aligned with **Table SC5, Monthly Budget Statement – Investment portfolio**, and an analysis is further provided:

INVESTMENT PORTFOLIO ANALYSIS

NOTICE NO. R.1536 - GOVT GAZETTE NO.18435

REGULATION 3(1)(g)

INVESTMENT PORTFOLIO :

Financial Institution	Account Number	Investment Type	Bal. as at 31 December 2023	Interest Rate	December 2023 Interest	Bal. as at 30 November 2023
First National Bank	61356002695	Call account	9,039,526.68		18,749.67	320,777.01
First National Bank	62117170407	Patheni Housing	180,826.07		1,115.19	179,710.88
First National Bank	62134473280	Housing Operating Account	860,922.63		5,309.49	855,613.14
First National Bank	62155682844	Zwelethu Housing	402,071.89		2,479.66	399,592.23
First National Bank	62176174383	Siyathuthuka Phase II	340,567.55		2,100.35	338,467.20
First National Bank	62810019217	Housing Title deed Account	2,492,297.29		15,879.61	2,476,417.68
First National Bank	62299629116	Mig Grant Funding	3,697,431.01		2,348.25	445,082.76
First National Bank	62241817537	Financial Management Grant	1,062,081.16			-
First National Bank	62833569900	Library Services Grant	1,786,181.55		6,628.47	995.64
First National Bank	62833571385	Small Town Grant	432,028.69		2,752.66	429,276.03
FNB DME	63003663506	FNB DME	457,793.41		1,703.54	1,182,004.78
FNB RESERVES	63003024063	FNB RESERVES	6,366,905.39		15,838.47	18,804.07
NEDBANK	03/7165013946/000052	Nedbank Fixed	15,620,284.94		126,505.48	15,493,779.46
STANDARD BANK	268791155 004	Standard Fixed				-
STANDARD BANK	268791155 003	Standard Fixed				-
First National Bank	63024683319	FNB HIGHOVER	799,998.53		3,587.21	886,671.42
ABSA BANK FIXED	20-8098-6579	ABSA FIXED	-			-
			43,538,916.79		204,998	23,027,192

Summary of exposures to particular financial institutions

financial institution	amount invested	Percentage exposure
First National Bank	27,918,631.85	64.12
Nedbank	15,620,284.94	35.88
Investec	-	
Standard Bank		-
ABSA BANK	-	-
TOTAL	43,538,916.79	100.00
Primary Bank Account	R 1,384,650.04	
Cash & Cash Equivalent	44,923,566.83	

2.4 Allocation and grants receipts & expenditure

Further detailed on **Table SC6, Monthly Budget Statement – Transfers and grant receipts** and **Table SC7, Monthly Budget Statement – Transfers and grant expenditure**:

KZN227 RICHMOND MUNICIPALITY GRANT REGISTER					
Name of grant	Budget	Expenditure: Operating (Revenue Recognised)	Expenditure: Capital (Revenue Recognised)	Balance as at Sunday, December 31, 2023	%
Expanded Public Works Programme Integrated grant for Municipalities (EPWP)	R 1,125,000	R 981,390	R -	R 981,390	87%
Financial Management Grant (FMG)	R 1,950,000	R 933,698	R -	R 933,698	48%
Library Grant	R 2,946,000	R 1,555,085	R -	R 1,555,085	53%
INEP Grant	R 9,920,000	R 2,276,440	R -	R 2,276,440	23%
Municipal Infrastructure Grant (MIG)	R 21,252,000	R 174,200	R 14,880,182	R 15,054,383	71%
Highover Game Reserve	R 2,752,851	R 2,281,691		R 2,281,691	83%
Small Town Rehabilitation Programme	R 408,764	R -	R -	R -	0%
Library Cyber Grant	R 254,004	R 156,866		R 156,866	62%
Rehabilitation of Nelson Street SMME Units	R 500,000				0%
TOTAL	R 41,108,619	R 8,359,370	R 14,880,182	R 23,239,552	

The equitable share is anticipated to be a total of R 92,919,000.00.

2.5 Councillor & Board member allowances

The following is from **Table SC8, Monthly Budget Statement – Councillor and staff benefits**, and an analysis is further provided:

KZN227 Richmond - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 - December										
Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		4,730	5,277	5,277	409	2,822	2,639	183	7%	5,277
Pension and UIF Contributions		31	150	150	2	14	75	(61)	-81%	150
Medical Aid Contributions		23	79	79	3	17	40	(22)	-56%	79
Motor Vehicle Allowance		541	65	65	54	326	33	293	899%	65
Cellphone Allowance		619	656	656	55	330	328	2	1%	656
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		109	654	654	6	10	327	(317)	-97%	654
Sub Total - Councillors		**6,051**	**6,881**	**6,881**	**530**	**3,519**	**3,441**	**78**	**2%**	**6,881**
% increase	4		**13.7%**	**13.7%**						**13.7%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4,685	3,645	3,645	407	2,575	1,823	753	41%	3,645
Pension and UIF Contributions		10	10	10	1	5	5	0	8%	10
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		44	–	–	–	–	–	–		–
Motor Vehicle Allowance		765	887	887	67	402	444	(42)	-9%	887
Cellphone Allowance		36	106	106	–	–	53	(53)	-100%	106
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		1	1	1	0	0	0	(0)	-12%	1
Payments in lieu of leave		15	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	(346)	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	–	–	–	–	–	–		–
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		**5,210**	**4,649**	**4,649**	**475**	**2,983**	**2,325**	**659**	**28%**	**4,649**
% increase	4		**-10.8%**	**-10.8%**						**-10.8%**
Other Municipal Staff										
Basic Salaries and Wages		40,007	45,974	45,974	3,649	22,193	22,987	(794)	-3%	45,974
Pension and UIF Contributions		6,029	6,479	6,479	564	3,336	3,240	96	3%	6,479
Medical Aid Contributions		2,133	2,406	2,406	192	1,127	1,203	(77)	-6%	2,406
Overtime		1,326	1,074	1,074	86	808	537	271	50%	1,074
Performance Bonus		3,077	3,215	3,215	–	3,101	1,607	1,493	93%	3,215
Motor Vehicle Allowance		1,728	1,622	1,622	126	800	811	(11)	-1%	1,622
Cellphone Allowance		401	437	437	34	210	218	(8)	-4%	437
Housing Allowances		165	98	98	26	151	49	102	209%	98
Other benefits and allowances		182	728	728	62	381	364	17	5%	728
Payments in lieu of leave		2,286	1,930	1,930	273	1,017	965	52	5%	1,930
Long service awards		387	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	1,308	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	–	–	–	–	–	–		–
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff		**59,028**	**63,964**	**63,964**	**5,012**	**33,124**	**31,982**	**1,142**	**4%**	**63,964**
% increase	4		**8.4%**	**8.4%**						**8.4%**
Total Parent Municipality		**70,290**	**75,494**	**75,494**	**6,017**	**39,626**	**37,747**	**1,879**	**5%**	**75,494**

The schedule details expenditure incurred by the municipality on staff salaries, wages, allowances, and benefits. All expenditure is within year-to-date budget.

2.6 Material Variances to the SDBIP

None identified

2.7 Capital programme performance

2.7.1 Capital expenditure per month

The following is from **Table SC12, Monthly Budget Statement – Capital expenditure trend**, and an analysis is further provided:

KZN227 Richmond - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 - December									
	2022/23	Budget Year 2023/24							
Month	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
R thousands								%	
Monthly expenditure performance trend									
July	1,315	2,027	–	2,761	2,761	2,027	(734)	-36.2%	11%
August	1,432	2,027	–	2,425	5,186	4,054	(1,132)	-27.9%	21%
September	2,090	2,027	–	2,735	7,921	6,081	(1,840)	-30.3%	33%
October	945	2,027	–	2,443	10,363	8,108	(2,255)	-27.8%	43%
November	2,069	2,027	–	1,579	11,942	10,135	(1,807)	-17.8%	49%
December	(16)	2,027	–	1,936	13,878	12,162	(1,716)	-14.1%	57%
January	407	2,027	–	–		14,189	–		
February	563	2,027	–	–		16,216	–		
March	3,190	2,027	–	–		18,243	–		
April	3,797	2,027	–	–		20,270	–		
May	5,678	2,027	–	–		22,297	–		
June	31,175	2,027	–	–		24,324	–		
Total Capital expenditure	52,626	24,324	–	13,878					

2.7.2 Summary of Capital expenditure by asset class

The following is from **Table SC13a, Monthly Budget Statement – Capital expenditure on new assets by asset class**, and an analysis is further provided on c schedule.

2.8 Other supporting documents

A complete set of C schedule is attached.

2.9 Municipal Mangers Quality Certification

I, B.E Mswane, the Municipal Manager, of Richmond Municipality, hereby certify that the

- monthly budget statement
- quarterly report on the implementation of the budget and financial of the municipality
- mid-year budget and performance assessment

for the month of **December** of **2023** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Name: BE Mswane.

Municipal Manager of Richmond Municipality (KZN227)

Signature.. BE Mswane