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RAY NKONYENI MUNICIPALITY

TREASURY DEPARTMENT

QUARTERLY BUDGET STATEMENT FOR THE PERIOD ENDED 30 JUNE 2026(Q04)

Prepared By: Budget and Treasury Office

STATEMENT OF FINANCIAL PERFORMANCE AND THE IMPLEMENTATION OF THE 2025/2026 BUDGET FOR THE PERIOD ENDING 30 JUNE 2026

1. PURPOSE

The purpose of the report is to submit to the Mayor the statement of financial performance and implementation of the 2025/26 Budget of the Ray Nkonyeni Municipality for the period ending 30 June 2026 in line with the statutory requirements of Section 52d of the Municipal Finance Management Act (2003).

2. AUTHORITY

Mayor

3. LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act No 56, 2003 Chapter 8, Section 52d.

4. BACKGROUND

In terms of Section 52d of the MFMA No 56, 2003 Chapter 8, the Mayor of a municipality must by no later than 30 working days after the end of each quarter submit to the council of the municipality and the relevant provincial treasury a statement on the financial performance of that municipality.

5. EXECUTIVE SUMMARY

The quarterly budget statement in terms of section 52d of the Municipal Finance Management Act for the 4th quarter ended 30 June 2026 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
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5.6 Capital Expenditure
5.7 Transfers and Grants Receipts
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5.9 Salaries Expenditure
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6. MAIN TABLES

6.1. Quarterly Budget Statement Summary

6.2. Financial Performance by Revenue and Expenditure

6.3. Capital Expenditure

6.4. Financial Position

6.5. Cash Flow

Section 52d Budget Implementation ratio analysis.

National treasury has ratio norms in place that aid in the analysis of actual performance against budgeted performance. As at the end of the third quarter of the 2025/26 financial year, the tables below compare the implementation of the budget within the Fourth quarter against the implementation of the 2024/25 financial year fourth quarter. This comparison assesses the performance of the municipality in implementing its budget efficiently.

- The table below shows the municipality in the third quarter of 2025/2026 financial years' operating revenues and expenditure performance have been in line with the budget, with a 3% percent decline in the billing of service charges and property rates although the current year percentage is still above the norm of 95%.

- Performance of Capital expenditure has increased compared to the previous year's performance. This comparison assesses the performance of the municipality in implementing its budget efficiently.

BUDGET IMPLEMENTATION							
	RATIO	DATA SOURCE	FORMULA	NORM/RANGE	INPUT DESCRIPTION	2025/2026	2024/2025
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100		95% - 100%		101%	67%
					Actual Capital Expenditure	149,952,579	62,923,000
					Budget Capital Expenditure	147,744,557	94,322,000
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-	95% - 100%		91%	96%
					Actual Operating Expenditure	1,156,798,874	597,033,000
					Budget Operating Expenditure	1,265,760,020	619,205,000
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100		95% - 100%		95%	96%
					Actual Operating Revenue	1,334,657,999	769,111,000
					YTD Budget Operating Revenue	1,408,537,962	803,364,000
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		97%	100%
					Actual Service Charges and Property Rates Revenue	881,841,017	486,637,000
					Budget Service Charges and Property Rates Revenue	905,539,922	487,608,000

5.1 Quarterly 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.

KZN216 Ray Nkonyeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 - Quarter 4

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		929,387	930,623	984,860	69,536	925,166	984,860	(59,693)	-6%	984,860
Executive and council		302,729	308,440	308,440	321	309,191	308,440	751	0%	308,440
Finance and administration		626,658	622,183	676,420	69,216	615,976	676,420	(60,444)	-9%	676,420
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		23,116	22,254	21,885	3,126	21,856	21,885	(30)	0%	21,885
Community and social services		17,414	18,120	19,285	1,860	17,989	19,285	(1,296)	-7%	19,285
Sport and recreation		55	53	102	3	65	102	(37)	-36%	102
Public safety		1,757	165	121	19	101	121	(19)	-16%	121
Housing		3,890	3,916	2,378	1,245	3,700	2,378	1,323	56%	2,378
Health		–	–	–	–	–	–	–		–
Economic and environmental services		183,167	156,930	162,333	26,146	143,738	162,333	(18,595)	-11%	162,333
Planning and development		127,441	107,977	114,491	16,681	110,001	114,491	(4,490)	-4%	114,491
Road transport		55,363	48,537	47,232	9,341	33,175	47,232	(14,057)	-30%	47,232
Environmental protection		363	416	610	125	562	610	(48)	-8%	610
Trading services		284,519	318,866	347,837	74,517	345,132	347,837	(2,705)	-1%	347,837
Energy sources		208,725	238,147	258,944	64,999	259,083	258,944	139	0%	258,944
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		75,794	80,719	88,894	9,518	86,050	88,894	(2,844)	-3%	88,894
Other	4	678	1,277	3,985	166	3,879	3,985	(106)	-3%	3,985
Total Revenue - Functional	2	1,420,866	1,429,949	1,520,900	173,492	1,439,772	1,520,900	(81,129)	-5%	1,520,900
Expenditure - Functional										
Governance and administration		600,647	428,721	448,544	88,908	387,982	448,544	(60,561)	-14%	448,544
Executive and council		60,091	58,939	63,107	14,107	59,237	63,107	(3,871)	-6%	63,107
Finance and administration		493,690	333,206	345,734	65,508	287,380	345,734	(58,354)	-17%	345,734
Internal audit		46,866	36,575	39,703	9,293	41,366	39,703	1,663	4%	39,703
Community and public safety		148,358	156,170	153,224	39,732	166,577	153,224	13,353	9%	153,224
Community and social services		71,979	73,041	73,471	13,920	68,230	73,471	(5,241)	-7%	73,471
Sport and recreation		(10,369)	5,639	5,679	1,043	5,530	5,679	(150)	-3%	5,679
Public safety		71,783	67,249	61,947	21,538	79,602	61,947	17,655	28%	61,947
Housing		14,966	10,242	12,127	3,231	13,215	12,127	1,088	9%	12,127
Health		–	–	–	–	–	–	–		–
Economic and environmental services		320,427	302,121	279,275	58,869	277,806	279,275	(1,469)	-1%	279,275
Planning and development		67,345	65,979	58,617	11,266	55,563	58,617	(3,054)	-5%	58,617
Road transport		224,927	213,561	195,119	41,427	192,367	195,119	(2,752)	-1%	195,119
Environmental protection		28,155	22,580	25,539	6,176	29,876	25,539	4,337	17%	25,539
Trading services		417,169	379,961	378,275	56,844	317,230	378,275	(61,046)	-16%	378,275
Energy sources		222,362	204,087	204,746	14,345	127,332	204,746	(77,414)	-38%	204,746
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		194,807	175,874	173,529	42,500	189,897	173,529	16,368	9%	173,529
Other		6,045	12,603	6,442	2,796	7,175	6,442	733	11%	6,442
Total Expenditure - Functional	3	1,492,646	1,279,575	1,265,760	247,149	1,156,769	1,265,760	(108,991)	-9%	1,265,760
Surplus/ (Deficit) for the year		(71,779)	150,374	255,140	(73,657)	283,003	255,140	27,862	11%	255,140

5.2 Financial Performance -Revenue by Source

KZN216 Ray Nkonyeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 - Quarter 4

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		**929,387**	**930,623**	**984,860**	**69,536**	**925,166**	**984,860**	(59,693)	-6%	**984,860**
Executive and council		302,729	308,440	308,440	321	309,191	308,440	751	0%	308,440
Finance and administration		626,658	622,183	676,420	69,216	615,976	676,420	(60,444)	-9%	676,420
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**23,116**	**22,254**	**21,885**	**3,126**	**21,856**	**21,885**	(30)	0%	**21,885**
Community and social services		17,414	18,120	19,285	1,860	17,989	19,285	(1,296)	-7%	19,285
Sport and recreation		55	53	102	3	65	102	(37)	-36%	102
Public safety		1,757	165	121	19	101	121	(19)	-16%	121
Housing		3,890	3,916	2,378	1,245	3,700	2,378	1,323	56%	2,378
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**183,167**	**156,930**	**162,333**	**26,146**	**143,738**	**162,333**	(18,595)	-11%	**162,333**
Planning and development		127,441	107,977	114,491	16,681	110,001	114,491	(4,490)	-4%	114,491
Road transport		55,363	48,537	47,232	9,341	33,175	47,232	(14,057)	-30%	47,232
Environmental protection		363	416	610	125	562	610	(48)	-8%	610
Trading services		**284,519**	**318,866**	**347,837**	**74,517**	**345,132**	**347,837**	**(2,705)**	-1%	**347,837**
Energy sources		208,725	238,147	258,944	64,999	259,083	258,944	139	0%	258,944
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		75,794	80,719	88,894	9,518	86,050	88,894	(2,844)	-3%	88,894
Other	4	**678**	**1,277**	**3,985**	**166**	**3,879**	**3,985**	**(106)**	**-3%**	**3,985**
Total Revenue - Functional	2	**1,420,866**	**1,429,949**	**1,520,900**	**173,492**	**1,439,772**	**1,520,900**	**(81,129)**	**-5%**	**1,520,900**
Expenditure - Functional										
Governance and administration		**600,647**	**428,721**	**448,544**	**88,908**	**387,982**	**448,544**	(60,561)	-14%	**448,544**
Executive and council		60,091	58,939	63,107	14,107	59,237	63,107	(3,871)	-6%	63,107
Finance and administration		493,690	333,206	345,734	65,508	287,380	345,734	(58,354)	-17%	345,734
Internal audit		46,866	36,575	39,703	9,293	41,366	39,703	1,663	4%	39,703
Community and public safety		**148,358**	**156,170**	**153,224**	**39,732**	**166,577**	**153,224**	13,353	9%	**153,224**
Community and social services		71,979	73,041	73,471	13,920	68,230	73,471	(5,241)	-7%	73,471
Sport and recreation		(10,369)	5,639	5,679	1,043	5,530	5,679	(150)	-3%	5,679
Public safety		71,783	67,249	61,947	21,538	79,602	61,947	17,655	28%	61,947
Housing		14,966	10,242	12,127	3,231	13,215	12,127	1,088	9%	12,127
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**320,427**	**302,121**	**279,275**	**58,869**	**277,806**	**279,275**	(1,469)	-1%	**279,275**
Planning and development		67,345	65,979	58,617	11,266	55,563	58,617	(3,054)	-5%	58,617
Road transport		224,927	213,561	195,119	41,427	192,367	195,119	(2,752)	-1%	195,119
Environmental protection		28,155	22,580	25,539	6,176	29,876	25,539	4,337	17%	25,539
Trading services		**417,169**	**379,961**	**378,275**	**56,844**	**317,230**	**378,275**	**(61,046)**	-16%	**378,275**
Energy sources		222,362	204,087	204,746	14,345	127,332	204,746	(77,414)	-38%	204,746
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		194,807	175,874	173,529	42,500	189,897	173,529	16,368	9%	173,529
Other		**6,045**	**12,603**	**6,442**	**2,796**	**7,175**	**6,442**	**733**	**11%**	**6,442**
Total Expenditure - Functional	3	**1,492,646**	**1,279,575**	**1,265,760**	**247,149**	**1,156,769**	**1,265,760**	**(108,991)**	**-9%**	**1,265,760**
Surplus/ (Deficit) for the year		**(71,779)**	**150,374**	**255,140**	**(73,657)**	**283,003**	**255,140**	**27,862**	**11%**	**255,140**

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

Revenue

This table provides an overview of the quarterly, actual, year-to-date, actual and year-to-date Budget of Exchange and Non-Exchange Revenue and details explained below.

KZN216 Ray Nkonyeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 - Quarter 4

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		194,163	230,619	250,667	58,321	248,494	250,667	(2,173)	-1%	250,667
Service charges - Water		–	–	–	–	–	–	–		–
Service charges - Waste Water Management		–	–	–	–	–	–	–		–
Service charges - Waste management		64,481	75,971	78,502	6,766	75,297	78,502	(3,205)	-4%	78,502
Sale of Goods and Rendering of Services		19,962	12,712	11,278	6,241	14,467	11,278	3,188	28%	11,278
Agency services		11,957	7,331	18,852	1,554	12,498	18,852	(6,354)	-34%	18,852
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		10,415	10,394	11,997	3,473	12,768	11,997	771	6%	11,997
Interest from Current and Non Current Assets		11,068	13,802	13,802	487	3,179	13,802	(10,623)	-77%	13,802
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		4,188	5,477	6,206	5,734	10,066	6,206	3,861	62%	6,206
Licence and permits		511	493	659	162	637	659	(22)	-3%	659
Special Rating Levies		–	–	–	–	–	–	–		–
Operational Revenue		2,746	1,041	1,197	818	2,117	1,197	920	77%	1,197
Non-Exchange Revenue								–		
Property rates		532,725	556,296	576,370	51,301	558,050	576,370	(18,320)	-3%	576,370
Surcharges and Taxes		–	–	–	–	2	–	2	#DIV/0!	–
Fines, penalties and forfeits		43,560	26,357	32,793	8,952	22,842	32,793	(9,951)	-30%	32,793
Licence and permits		837	12,477	978	311	1,108	978	130	13%	978
Transfers and subsidies - Operational		356,798	331,550	332,769	2,571	333,114	332,769	345	0%	332,769
Interest		36,020	36,173	42,466	10,403	40,044	42,466	(2,422)	-6%	42,466
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Assets		(931)	–	–	–	–	–	–		–
Other Gains		29,140	–	30,000	–	(30)	30,000	(30,030)	-100%	30,000
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**1,317,641**	**1,320,695**	**1,408,538**	**157,094**	**1,334,653**	**1,408,538**	**(73,885)**	**-5%**	**1,408,538**

Revenue from Exchange Transactions

Service charges - Electricity

Electricity services for the quarter ending 30 June 2026 amount to R 58.3 million, the year-to-date (YTD) actual billing is R 248.4 million when measured against YTD budgeted billing of R 250.6 million equivalent to 1% variance which is in line with the projected revenue.

Service charges – Waste Management

Service charges – Waste Management for the quarter ending 30 June 2026 amount to R 6.7 million, the year-to-date (YTD) actual billing for refuse removal services amounts to R 75.2 million, when compared to the YTD budgeted billing of R 78.5 million, resulting in an overperformance variance of R 3.2 million. The refuse removal is linked to tariffs charged based on number of refuse upliftment's and property categories in terms of the Municipality's approved tariff policy. This is due to changes in property classifications, the application of indigent support and exemptions, as well as billing adjustments processed during the year.

Sale of goods and Rendering of Services

Sale of goods and Rendering of Services for the quarter ending June 2026 amount to R 6.2 million, the year-to-date (YTD) actual revenue amounts to R 14.4 million, against the year-to-date (YTD) budget of R 11.2 million. This reflects performance of 28% variance when compared to the year-to-date budget. The positive variance of approximately 28% is mainly attributable to higher-than-anticipated revenue from Building Plan Fees, Accreditation Grant, Scholar patrol Income.

Agency Services

The revenue received for the quarter amount to R 1.5 million, while the Year-to-Date (YTD) Actual Revenue stands at R 12.4 million, compared to a YTD Budget of R 18,8 million, resulting in a positive variance of approximately R 6.3 million. The underperformance is mainly attributable to lower-than-anticipated commissions earned from vehicle registration during the quarter under review under review.

Interest earned from receivables

For the quarter ending 30 June 2026 the interest earned from investment amount to R 3.4 million and the year-to-date (YTD) budget for interest on outstanding debtors amounts to R 12.7 million, while the YTD actual revenue stands at R 11.9 million, reflecting a positive variance of approximately R 771,246 thousand. The municipality has experienced an increase in Waste Management and interest on electricity which has consequently led to higher interest billing hence the variance.

Interest earned from Investments

As at the end of the financial year 30 June 2026 interest earned on investment amounts to R 487 thousand, the year-to-date (YTD) actual revenue from interest on investments amounts to R 3.1 million, against a YTD budgeted revenue of R 13.8 million. This reflects an underperformance variance of R 10.6 million This variance is attributable to cash available for investment due to ongoing cash flow constraints and declining cash coverage during the financial year to 0.15. The municipality continues to strengthen cash flow management and revenue collection initiatives to improve liquidity and maximise investment income.

Rental from fixed assets

The amount received from rental from fixed assets amount to R 5.7 million as of 30 June 2026, the YTD actual revenue from these rentals stands at R 10 million, compared to the YTD budgeted revenue of R 6.2 million, resulting in an underperformance variance of approximately R 3.8 million. This represents a shortfall of approximately 62% against the projected revenue. This is due to increased utilisation of municipal halls, leased rental, lease of property, Skip hire and Hangers and Garages.

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Licenses and Permits

As for the reporting period ending June 2026 licenses and permits raised amounts to R 162 thousand, YTD actual revenue from licenses and permits amount to R 637 thousand, compared to the YTD budget of R 659 thousand, resulting in a negative variance of R 21,703 thousand. The variance may be due to reduced demand for the related service, delays in processing transactions, timing differences in the recognition of revenue.

Revenue from non-exchange transactions

Property Rates

As at 30 June 2026, the Year-to-Date (YTD) actual property rates billing amounted to R 558.1 million, compared to a YTD budget of R 576.4 million, resulting in an unfavourable variance of R 18.3 million (3.2%). The variance is primarily attributable to lower-than-budgeted billing from the Residential Properties Developed category, which contributed approximately R 12.9 million of the shortfall, followed by Business and Commercial Properties (R 5.6 million), Vacant Land (R1.5 million) and Industrial Properties (R 1.0 million). The variance also reflects the application of statutory rebates and reductions in accordance with the Municipal Property Rates Act and the Municipality's approved Rates Policy, together with billing adjustments processed during the financial year. Despite the variance, actual property rates billing remains broadly aligned with the Municipality's annual projections, as property rates are levied over a 10-month billing cycle in accordance with the Municipality's approved billing.

Surcharges

The year-to-date actual amount of R 2,103 The surcharges revenue relates to bond transfer charges charged to the deeds titled holder as part of the conditions of the title deed transfer.

Fines

The quarter ended 30 June 2026 revenue from fines and penalties amounted to R 8.9 million, the Year-to-Date (YTD) Actual Revenue stands at R 22.8 million, compared to a YTD Budget of R 32.7 million, resulting in a negative variance of R 9.9 million. Traffic fines billing revenue is based traffic infringement identified in the reporting period which will vary to the projected revenue for the period.

Licenses and Permits

For the Year-to-Date (YTD) for quarter ended 30 June 2026, actual revenue from licences and permits amounts to R 311 thousand, when compared to the adjusted budget of R 978 thousand. This represents a marginal favourable variance of R 129,7 thousand, business licences applications and renewals have largely contributed to revenue from licences and permits.

Transfers and Subsidies -Operational

Total budget amount on transfers and subsidies is R 332.1 million and the transfers recognised for the quarter amounted to R 2,5 million as of 30 June 2026, the Year-to-Date (YTD) Actual Revenue from operational grants recognized/received amounts to R 333.1 million, compared to a YTD Budget of R 332.4 million. Included in the amount recognised for transfers and subsidies is the recognition of the unspent allocation related to the Margate airport in the 2024/25 financial year, conditions for the allocation were met during the current period and the grant was fully utilised.

Interest on Property Rates

Interest on non-payment of electricity has been raised quarter which amount to R 10.4 million has been posted on the interest on arrears for refuse services Interest on Property Rates for the quarter ending 30 June 2026, the Year-to-Date (YTD) Budget is R 42.4 million, while the YTD Actual Revenue amounts to R 40 million, resulting in a variance of approximately 6%. resulting in a negative variance of approximately 2.4%. Property rates categories such as residential properties, business and commercial properties, and state-owned properties with high outstanding receivables have led to an increase in interest charged on outstanding accounts in accordance with the municipality's credit control policy.

Other Gains

The municipality has budgeted R 30 million for Other Gains in the 2026/27 financial year, and this projection has been maintained over the Medium-Term Revenue and Expenditure Framework (MTREF) based on historical realised gains reflected in previous audited annual financial statements, including R 29.1 million disclosed in Note 45 of the 2024/25 Audited Annual Financial Statements. Other Gains mainly comprise non-recurring transactions, including gains on the disposal of property, plant and equipment, fair value adjustments, inventory valuation adjustments, insurance claim recoveries, and other once-off items. As these transactions are event-driven and unpredictable, actual performance against the budget will depend on the nature, timing, and occurrence of such transactions during the financial year.

Total Revenue

Total revenue raised for the quarter ending June 2026 amount to R 386.7 million, The YTD Actual revenue excluding capital transfers is R 1.1 million for the period ending 31 March 2026, YTD Budget is R 1 million, the overall variance is based on the different performances of all revenue line items noted above.

5.3 Expenditure by Type

KZN216 Ray Nkonyeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 - Quarter 4

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure By Type										
Employee related costs		589,975	534,610	512,150	112,461	535,255	512,150	23,104	5%	512,150
Remuneration of councillors		36,958	35,896	37,385	10,346	39,891	37,385	2,507	7%	37,385
Bulk purchases - electricity		177,510	170,932	170,932	6,957	93,231	170,932	(77,701)	-45%	170,932
Inventory consumed		13,509	11,917	12,524	1,215	11,517	12,524	(1,007)	-8%	12,524
Debt impairment		100,360	11,775	11,775	–	–	11,775	(11,775)	-100%	11,775
Depreciation and amortisation		118,013	107,839	107,839	15,292	84,026	107,839	(23,814)	-22%	107,839
Interest		31,135	11,126	12,626	733	1,749	12,626	(10,877)	-86%	12,626
Contracted services		240,599	212,306	213,908	59,204	220,563	213,908	6,656	3%	213,908
Transfers and subsidies		18,976	16,267	14,939	1,814	11,444	14,939	(3,495)	-23%	14,939
Irrecoverable debts written off		5,853	5,742	13,314	5,750	25,001	13,314	11,686	88%	13,314
Operational costs		158,103	161,166	158,367	34,776	135,496	158,367	(22,871)	-14%	158,367
Losses on Disposal of Assets		1,656	–	–	(1,399)	(1,399)	–	(1,399)	#DIV/0!	–
Other Losses		–	–	–	–	(5)	–	(5)	#DIV/0!	–
Total Expenditure		1,492,646	1,279,575	1,265,760	247,149	1,156,769	1,265,760	(108,991)	-9%	1,265,760

Employee related costs and Remuneration of Councillors

Salary costs incurred – the quarter incurred amount to R 112.4 million, the Year-to-Date (YTD) Actual Employee-Related Costs amounted to R 535.2 million against the Year-to-Date budget of R 512.1 million. resulting in an unfavourable variance of R 23.1 million (5%). The unfavourable variance is mainly due to employee-related expenditure exceeding budget as a result of the filling of critical vacant posts, overtime worked, acting allowances, leave gratuities, and other employee benefit obligations incurred during the financial year. The approved annual salary and wage increases were budgeted for; however, the additional personnel-related costs resulted in expenditure exceeding the available budget provision.

The Remuneration of Councillors amounted to R 10.3 million for the quarter ended 30 June 2026, the Year-to-Date (YTD) actual amount to R 39.8 million when measured against Year-to-Date budget of R 37.3 million. The variance is mainly attributable to councillor remuneration and related allowances exceeding the original budget provision following the implementation of the approved remuneration framework and other councillor-related benefit costs incurred during the financial year. Further details on employee-related costs can be found in Table 5.9: Expenditure – Salaries Details.

Contracted Services

The spending in this expenditure category is R 59.2 million, for the period ending 30 June 2026, the Year-to-Date (YTD) Actual Expenditure on contracted services amounts to R 220.5 million, compared to a YTD Budget of R 213.9 million, resulting in a variance of R 6,6 million. The overspending is mainly attributable to higher-than-budgeted expenditure incurred on Solid Waste Repairs and Oil, Solid Waste Management and the operation of refuse disposal sites, VAT review services, security services, Aquatic Safety (272 lifeguards), and public participation programmes. The increased expenditure was necessary to ensure the continued delivery of essential municipal services, meet operational requirements, comply with statutory and regulatory obligations, and support community engagement initiatives during the financial year.

Bulk Purchases

Electricity expenditure as at 30 June 2026 amounted to R 93.2 million against a Year-to-Date (YTD) Budget of R 170.9 million, resulting in a variance of approximately 45%. Apparent underspending does not represent actual savings but is primarily attributable to bulk electricity purchase invoices from Eskom that have not yet been processed and recognised in the financial system during the reporting period due to the Municipality's current financial constraints.

As at 30 June 2026, the Municipality owed Eskom R 132.7 million for outstanding bulk electricity purchases, representing six months of unpaid accounts. The year-end accrual should equal only the portion that has not yet been recognised in the accounting records. Consequently, the Year-to-Date actual expenditure reported is understated and does not fully reflect the Municipality's actual bulk electricity expenditure obligations as at 30 June 2026. The outstanding invoices will be recognised through the year-end financial reporting process to ensure that the Annual Financial Statements fairly present the Municipality's financial position and expenditure.

The Chief Financial Officer has held engagements with Eskom stakeholders to discuss the outstanding debt and is working towards a structured repayment arrangement. These discussions are aimed at reaching a sustainable payment plan that will enable the Municipality to settle the outstanding balance while improving its overall financial position and ensuring the continued provision of essential electricity services.

Inventory Consumed

The expenditure amounted to R 1.2 million for the quarter ended 30 June 2026, the YTD actual expenditure on inventory consumed by the municipality amounts to R 11.5 million, compared to the YTD budget of R 12.5 million. This reflects a favourable variance of R 1 million, equivalent to approximately 8%, resulting in lower consumption of inventory materials than originally budgeted.

Depreciation and Amortization

Depreciation and asset impairment reflects R 15.2 as at 30 June 2026, the Year-to-Date (YTD) Actual Depreciation Expense amounts to R 84 million, compared to a YTD Budget of R 107.8 million, resulting in a variance of R 77.7 million. A comprehensive asset register reconciliation and asset verification will be completed during year-end to ensure that all qualifying assets are capitalised and depreciated in accordance with the applicable GRAP Standards which will account for the current variance between the budget and year to date actual.

Finance charges

Finance charges reflect a variance of R 10.8 million against the Year-to-Date (YTD) budget of R 12.6 million, Finance charges relate to interest charged on borrowings, overdue accounts and finance lease charges, the YTD actual of R 1.7 million relate to interest on borrowings R 1.5 million, overdue accounts R 200 thousand. The variance of R 10.8 million relate to finance lease charged that are captured are year-end in preparation of the annual financial statements.

Transfers and Subsidies

As at 30 June 2026, Year-to-Date (YTD) Actual Expenditure on transfers and subsidies amounts to R 11.4 million when compared to a YTD Budget of R 14.9. million, reflecting an underspending variance of approximately R 3.4 million. Due to financial constraints, there are some projects management did not implement in the current year.

Overall expenditure budget

The overall expenditure YTD Actual is R 1.1 million, YTD Budget is R 1.2 million while expenditure incurred for quarter ending 30 June 2026 amounts to R 247.1, hence R 108.9 million variance. The variance is primarily driven by differences in performance across the various expenditure line items such as inventory shortage, Eskom bulk purchase, transfers and subsidies etc, as stated above in separate line items, where savings were identified/under expenditure.

Surplus/ (Deficit)

Total Revenue less Total Expenditure equals to Surplus (Deficit). The surplus for the quarter amounts to R 177.8 million, The YTD surplus excluding capital transfers is R 142.7 million compared to the YTD Budget surplus of 35.1 million due to the performance of the various line items detailed above.

5.4 Debtors Age Analysis

KZN216 Ray Nkonyeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 - Quarter 4

Description	NT Code	Budget Year 2025/26											
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	5	5	4	3	3	3	3	1,084	1,110	1,096	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	24,250	11,459	19,706	7,560	4,685	2,402	1,021	24,841	95,923	40,509	(773)	–
Receivables from Non-exchange Transactions - Property Rates	1400	1,535	4,927	16,089	13,878	12,629	11,574	10,942	336,403	407,977	385,426	(1,996)	–
Receivables from Exchange Transactions - Waste Water Management	1500	–	–	–	–	–	–	–	0	0	0	–	–
Receivables from Exchange Transactions - Waste Management	1600	20	13	2,677	2,318	2,092	1,921	1,943	67,399	78,383	75,673	(390)	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	1810	4,681	4,491	4,368	4,369	4,270	4,027	4,014	168,481	198,701	185,161	(0)	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	1,968	23	193	236	141	430	127	13,067	16,186	14,002	(27)	–
Total By Income Source	**2000**	**32,459**	**20,917**	**43,037**	**28,364**	**23,820**	**20,358**	**18,050**	**611,276**	**798,280**	**701,868**	**(3,187)**	**–**
2024/25 - totals only		–	–	–	–	–	–	–	–	–	–	–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	6,070	1,605	4,920	3,998	3,850	3,646	3,421	70,781	98,291	85,697	–	–
Commercial	2300	16,251	12,216	21,426	9,461	6,396	3,805	2,625	100,991	173,171	123,278	(1,934)	–
Households	2400	10,138	7,096	16,691	14,904	13,573	12,907	12,005	439,504	526,818	492,893	(1,253)	–
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	**2600**	**32,459**	**20,917**	**43,037**	**28,364**	**23,820**	**20,358**	**18,050**	**611,276**	**798,280**	**701,868**	**(3,187)**	**–**

Debtors Analysis – Customer Group and Ageing

As at the quarter ending 30 June 2026, an analysis of outstanding debt indicates varying contributions across customer groups to the total debtors' book.

Customer Group Contribution to Total Debt:

Households remain the largest contributor to total outstanding debt, accounting for approximately 70% of the total debtors' balance, followed by Business/Commercial customers at 17%. Government debtors contribute around 13%. This distribution reflects a high dependency on household collections, which typically carry a higher risk of default.

Ageing of Debt per Income Source:

The ageing profile of debtors shows that a significant portion of outstanding amounts falls within the 90+ days category, representing approximately 100% of total debt, indicating potential collection challenges.

- Service charges (electricity, water, sanitation, and refuse) constitute the largest share of aged debt, with about 17% of these balances outstanding for more than 90 days.
- Property rates debt reflects a similar trend, with approximately 55% of balances aged beyond 90 days.
- Other revenue sources (such as fines, rentals, and sundry debtors) contribute a smaller portion but still show a notable percentage (28%) in the over 90 days category.

The municipality has an adopted Credit Control and Debt Collection Policy, and as part of the drive to curb the escalating debt, there are various debt relief measures that are implemented as part of management's ongoing efforts to improve revenue collection and reduce the growth in consumer debt.

Management continues to implement corrective measures aimed at strengthening credit control, improving revenue collection, resolving billing challenges, and engaging major debtors to enhance payment levels and improve cash flow.

Measures being implemented to reduce outstanding debt include:

- Strengthening the enforcement of the Credit Control and Debt Collection Policy through service disconnections, restrictions, and legal action where necessary.
- Enhancing public awareness and communication initiatives to encourage payment for municipal services and promote a culture of payment.
- Engaging with significant debtors, including government departments, to facilitate the settlement of outstanding accounts.

The increase in outstanding debt is mainly attributable to the following factors:

- Financial constraints experienced by consumers, which have negatively impacted their ability to settle municipal accounts.
- The continued accumulation of interest on long-outstanding debt.
- Non-payment and delayed payment by government departments, which continue to contribute significantly to the growth of long-outstanding debtors.
- Outdated consumer information for old municipal accounts.

Management will continue to monitor collection trends and implement appropriate interventions to improve the Municipality's revenue collection performance and financial sustainability.

5.5 Creditors Age Analysis

KZN216 Ray Nkonyeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 - Quarter 4

Description R thousands	NT Code	Budget Year 2025/26 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	Prior year totals for chart (same period)
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	56,167	32	-	-	-	-	-	5	56,204	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	56,167	32	-	-	-	-	-	5	56,204	-

As at 30 June 2026, the Municipality's total outstanding creditors amounted to R 55.2 million. Of this amount, R 55.1 million (99%) falls within the 0–30 days ageing category, which relates to trade creditors, R 32 thousand falls within the 31–60 days category and only R 5 thousand is outstanding for more than one year.

The creditor ageing profile indicates that the Municipality is generally settling its trade creditors within the prescribed payment period, with virtually all outstanding balances classified as current. The insignificant balances older than 30 days demonstrate effective creditor management and compliance with payment obligations. The small balance outstanding for more than one year will be investigated and cleared where appropriate to ensure that the creditor ledger remains accurate and up to date.

It should, however, be noted that the aged creditors reflected in Supporting Table SC4 exclude the outstanding Eskom bulk electricity outstanding amount. As at 30 June 2026, the Municipality owes R 132.7 million to Eskom in respect of bulk electricity purchases to date. The year-end accrual should equal only the portion that has not yet been recognised in the accounting records owed to Eskom.

The Chief Financial Officer continues to engage with Eskom on a structured repayment arrangement to address the outstanding balance and improve the Municipality's financial position. The Municipality will continue to enforce its Credit Control and Debt Collection Policy and promote payment awareness to improve collection rates and support financial sustainability.

5.6 Capital Expenditure

KZN216 Ray Nkonyeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 - Quarter 4

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
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		–	401	30	–	–	30	(30)	-100%	30
Vote 2 - Finance and Administration		34,366	7,810	1,618	606	906	1,618	(712)	-44%	1,618
Vote 3 - Internal Audit		101	320	202	–	72	202	(130)	-64%	202
Vote 4 - Community and Social Services		15,998	–	–	–	–	–	–		–
Vote 5 - Sport and Recreation		76	–	–	–	–	–	–		–
Vote 6 - Public Safety		–	2,750	247	74	279	247	32	13%	247
Vote 7 - Housing		38	210	265	8	8	265	(257)	-97%	265
Vote 8 - Health		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		105,284	137,810	131,594	34,026	134,569	131,594	2,975	2%	131,594
Vote 10 - Road Transport		13,334	18,520	8,231	1,401	8,677	8,231	446	5%	8,231
Vote 11 - Environment Protection		–	500	500	244	433	500	(67)	-13%	500
Vote 12 - Energy Sources		3,620	4,304	4,304	2,902	4,570	4,304	266	6%	4,304
Vote 13 - Other		–	600	300	180	180	300	(120)	-40%	300
Vote 14 - Waste Water Management		–	–	–	–	–	–	–		–
Vote 15 - Waste Management		882	500	500	–	257	500	(243)	-49%	500
Total Capital single-year expenditure	4	173,699	173,725	147,792	39,442	149,953	147,792	2,161	1%	147,792
Total Capital Expenditure		**173,699**	**173,725**	**147,792**	**39,442**	**149,953**	**147,792**	**2,161**	**1%**	**147,792**
Capital Expenditure - Functional Classification										
Governance and administration		**34,467**	**8,531**	**1,850**	**606**	**978**	**1,850**	(872)	-47%	**1,850**
Executive and council		–	401	30	–	–	30	(30)	-100%	30
Finance and administration		34,366	7,810	1,618	606	906	1,618	(712)	-44%	1,618
Internal audit		101	320	202	–	72	202	(130)	-64%	202
Community and public safety		**16,112**	**2,960**	**512**	**82**	**287**	**512**	(225)	-44%	**512**
Community and social services		15,998	–	–	–	–	–	–		–
Sport and recreation		76	–	–	–	–	–	–		–
Public safety		–	2,750	247	74	279	247	32	13%	247
Housing		38	210	265	8	8	265	(257)	-97%	265
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**118,619**	**156,830**	**140,325**	**35,671**	**143,680**	**140,325**	3,354	2%	**140,325**
Planning and development		105,284	137,810	131,594	34,026	134,569	131,594	2,975	2%	131,594
Road transport		13,334	18,520	8,231	1,401	8,677	8,231	446	5%	8,231
Environmental protection		–	500	500	244	433	500	(67)	-13%	500
Trading services		**4,502**	**4,804**	**4,804**	**2,902**	**4,828**	**4,804**	23	0%	**4,804**
Energy sources		3,620	4,304	4,304	2,902	4,570	4,304	266	6%	4,304
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		882	500	500	–	257	500	(243)	-49%	500
Other		–	600	300	180	180	300	(120)	-40%	300
Total Capital Expenditure - Functional Classification	3	**173,699**	**173,725**	**147,792**	**39,442**	**149,953**	**147,792**	**2,161**	**1%**	**147,792**
Funded by:										
National Government		105,211	95,003	95,003	9,557	96,539	95,003	1,535	2%	95,003
Provincial Government		–	–	265	8	8	265	(257)	-97%	265
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		**105,211**	**95,003**	**95,268**	**9,565**	**96,547**	**95,268**	**1,278**	**1%**	**95,268**
Borrowing	6	3,620	–	–	–	–	–	–		–
Internally generated funds		34,500	78,722	52,523	29,877	53,406	52,523	883	2%	52,523
Total Capital Funding		**143,331**	**173,725**	**147,792**	**39,442**	**149,953**	**147,792**	**2,161**	**1%**	**147,792**

The table above provides details of Year-to-Date (YTD) Actual Capital Expenditure and Funding Sources. As at 30 June 2026, the YTD Actual Capital Expenditure amounts to R 149.9 million, compared to a YTD Budget of R 147.7 million, resulting in a variance of R 2.1 million (1%). The variance is attributable to the accelerated implementation and completion of capital projects during the latter part of the financial year, resulting in expenditure slightly exceeding the budgeted target.

5.7 Transfers and Grants Receipts

KZN216 RAY NKONYENI MUNICIPALITY GRANT REGISTER

KZN216 RAY NKONYENI MUNICIPALITY GRANT REGISTER
June 2026

Name of grant	Gazetted Amount	Opening Balance as at	Receipts	Outstanding trench	Unapproved rollover application	Expenditure: Operating (Revenue Recognised)/GRAP	Expenditure: Capital (Revenue Recognised)/GRAP	Internally Funded	Closing Balance as at
INTEGRATED URBAN DEVELOPMENT (IUDG)	89,404,000		R 89,404,000	R -		R -	R 89,399,231.05		R 4,768.95
NEIGHBOURHOOD GRANT	14,900,000	R 13,944,509	R 14,900,000	R -	R -13,944,509	R -	R 14,898,614.23		R 1,385.77
ENERGY EFFICIENT & DEMAND SIDE MANAGANEMENT	5,000,000	R 456,107	R 5,000,000	R -	R -456,107	R 0	R 5,000,000		R -
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	3,159,000	R -	R 3,159,000	R -		R 3,159,000	R -		R -
MUNICIPAL DISASTER RESPONSE	-	R 24,977		R -		R -	R -		R 24,976.87
MUNICIPAL DISASTER RECOVERY		R 1,426	R -	R -		R -			R 1,426.00
INEP GRANT	-		R 1,000,000		R -1,000,000	R -	R -		R -
FINANCIAL MANAGEMENT GRANT (FMG)	2,000,000	R 0	R 2,000,000	R -		R 2,000,000			R 0.00
PROVINCIALIZATION OF LIBRARY GRANT	14,142,000	R -	R 14,142,000	R -		R 14,142,000	R -		R -
CYBER CADET GRANT	2,216,000	R -	R 2,216,000	R 0		R 2,216,000	R -		R -
COMMUNITY LIBRARIES GRANT (MOB)	310,000	R -	R 310,000	R -		R 310,000	R -		R -
MUSEUM GRANT	530,000	R 0	R 530,000	R -		R 530,000	R -		R -
MODULAR LIBRARIES GRANT	780,000	R -	R 780,000	R -		R 780,000	R -		R -
AIRPORT GRANT	-	R 3,108,393	R -	R -		R 3,108,393	R -		R -
COMMUNITY LIBRARIES MAINT GRANT			R 571,100			R 571,100	R -		R -
TOTAL	**R 132,441,000**	**R 17,535,412**	**R 134,012,100**	**R 0**	**R -15,400,616**	**R 26,816,492**	**R 109,297,845**	**R -**	**R 32,558**

Opening Balances -Grant Register

As of 30 June 2025, the total unspent grants of Ray Nkonyeni Municipality amount to R 17,535,412, as reflected in the municipality's Grant Register. These balances represent unutilized portions of previously allocated conditional grants and are carried forward as opening balances into the current financial.

Transfers and Grants Receipts

The total grants received to date for period ending 30 June 2026 amounts to R 134 million, which include R 89.4 million from IUDG, Neighbourhood Development Grant R 14.2 million, Energy Efficient & Demand Side Management R 5 million, Expanded Public Works Programme R 3.2 million, INEP Grant R 1 million, Finance Management Grant R 2 million, Provincialization of Library Grant R 14.1 million, Cyber Cadet Grant R 2.2 million, Community Libraries Grant R 310 thousand, Museum Grant R 530 thousand and Modular Libraries Grant R 780 thousand and community libraries maintenance grant of R 571 thousand.

5.8 Transfers and Grants Expenditure

KZN216 RAY NKONYENI MUNICIPALITY GRANT REGISTER

KZN216 RAY NKONYENI MUNICIPALITY GRANT REGISTER
June 2026

Name of grant	Gazetted Amount	Opening Balance as at	Receipts	Outstanding trench	Unapproved rollover application	Expenditure: Operating (Revenue Recognised)/GRAP	Expenditure: Capital (Revenue Recognised)/GRAP	Internally Funded	Closing Balance as at
INTEGRATED URBAN DEVELOPMENT (IUDG)	89,404,000		R 89,404,000	R -		R -	R 89,399,231.05		R 4,768.95
NEIGHBOURHOOD GRANT	14,900,000	R 13,944,509	R 14,900,000	R -	R -13,944,509	R -	R 14,898,614.23		R 1,385.77
ENERGY EFFICIENT & DEMAND SIDE MANAGANEMENT	5,000,000	R 456,107	R 5,000,000	R -	R -456,107	R 0	R 5,000,000		R -
EXPANDED PUBLIC WORKS PROGRAMME (EPWP)	3,159,000	R -	R 3,159,000	R -		R 3,159,000	R -		R -
MUNICIPAL DISASTER RESPONSE	-	R 24,977		R -		R -	R -		R 24,976.87
MUNICIPAL DISASTER RECOVERY		R 1,426	R -	R -		R -			R 1,426.00
INEP GRANT	-		R 1,000,000		R -1,000,000	R -	R -		R -
FINANCIAL MANAGEMENT GRANT (FMG)	2,000,000	R 0	R 2,000,000	R -		R 2,000,000			R 0.00
PROVINCIALIZATION OF LIBRARY GRANT	14,142,000	R -	R 14,142,000	R -		R 14,142,000	R -		R -
CYBER CADET GRANT	2,216,000	R -	R 2,216,000	R 0		R 2,216,000	R -		R -
COMMUNITY LIBRARIES GRANT (MOB)	310,000	R -	R 310,000	R -		R 310,000	R -		R -
MUSEUM GRANT	530,000	R 0	R 530,000	R -		R 530,000	R -		R -
MODULAR LIBRARIES GRANT	780,000	R -	R 780,000	R -		R 780,000	R -		R -
AIRPORT GRANT	-	R 3,108,393	R -	R -		R 3,108,393	R -		R -
COMMUNITY LIBRARIES MAINT GRANT			R 571,100			R 571,100	R -		R -
TOTAL	**R 132,441,000**	**R 17,535,412**	**R 134,012,100**	**R 0**	**R -15,400,616**	**R 26,816,492**	**R 109,297,845**	**R -**	**R 32,558**

Transfers and Grants Expenditure

Grants are monitored monthly, and Grant's register is communicated/ shared with management to ensure effective management of grants and expenditure. As at the 30 June 2026, there is R 26.8 million operating expenditure recorded and capital expenditure amounting to R 109.2 million. giving a total expenditure of R 135.9 million.

Grant's expenditure

Grant's expenditure

- **Integrated Urban Development Grant (IUDG)**

  An amount of R 89.4 million has been received to date for the IUDG. This is a capital grant and the YTD actual for the quarter ending 30 June 2026 is R 89.4 million and has been spent on various capital projects.

- **Neighbourhood Development Partnership Grant**

  An amount of R 14.9 million has been received for the Neighbourhood Development Partnership Grant. This is a capital grant and the YTD actual spending for the period ending 30 June 2026 is R 14 million

- **Energy Efficient and Demand Side Management Grant**

  An amount of R 5 million has been received for the Energy Efficient and Demand Side Management Grant. This is a capital grant and the YTD actual spending for the ending 30 June 2026 is R 5 million.

- **Expanded Public Works Programme Grant**

  An amount of R 3.1 million has been received for the Expanded Public Works Programme Grant. This is an operational grant and the YTD actual spending for the quarter ending 30 June 2026 is R 3.1 million.

- **INEP Grant**

  An amount of R 1 million has been received for INEP Grant as at 30 June 2026. however, the allocation was not approved by National Treasury. As a result, the funds do not qualify as a valid conditional grant and are required to be refunded in full. The amount has been treated as a liability pending repayment back to National Treasury.

- **Finance Management Grant**

  An amount of R 2 million has been received for Finance Management Grant. This is an operational grant and the YTD actual for the period ending 30 June 2026 is R 2 million.

- **Provincialization of Library Grant**

  An amount of R 14.1 million has been received for Provincialization of Library Grant. This is an operational grant and the YTD actual for the period ending 30 June 2026 is R 14.1 million.

- **Cyber Cadet Grant**

An amount of R 2.2 million has been received for Cyber Cadet Grant. This is an operational grant and the YTD actual for the period ending 30 June 2026 is R 2,2 million.

- **Community Libraries Grant**

An amount of R 310 thousand has been received for Community libraries Grant. This is an operational grant and the YTD actual for the period ending 30 June 2026 is R 280 thousand.

- **Museum Grant**

An amount of R 530 thousand has been received for Museum Grant. This is an operational grant and the YTD actual for the period ending 30 June 2026 is R 530 thousand.

- **Modular Libraries Grant**

An amount of R 780 thousand has been received for Modular Libraries Grant. This is an operational grant and the YTD actual for the period ending 30 June 2026 is R 780 thousand.

- **Airport Grant**

An amount of R 3.1 million has been recognised under the Airport Grant as a rollover from the 2024/2025 financial year.

- **Community Libraries Maintenance Grant**

An amount of R 571 thousand has been received for INEP Grant as at 30 June 2026. This is an operational grant and the YTD actual for the period ending 30 June 2026 is R 571 thousand.

5.9 Salaries Expenditure details

KZN216 Ray Nkonyeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 - Quarter 4

Summary of Employee and Councillor remuneration R thousands	Ref	2024/25 Audited Outcome	Budget Year 2025/26 Original Budget	Adjusted Budget	Quarter 4	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		20,391	18,856	19,245	5,832	22,292	19,245	3,046	16%	19,245
Pension and UIF Contributions		835	923	926	231	912	926	(14)	-1%	926
Medical Aid Contributions		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		3,094	3,129	2,981	772	3,047	2,981	66	2%	2,981
Housing Allowances		9,092	9,245	10,697	2,660	10,232	10,697	(466)	-4%	10,697
Other benefits and allowances		3,546	3,743	3,535	852	3,409	3,535	(126)	-4%	3,535
Sub Total - Councillors		**36,958**	**35,896**	**37,385**	**10,346**	**39,891**	**37,385**	**2,507**	**7%**	**37,385**
% increase	4		**-2.9%**	**1.2%**						**1.2%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		3,638	4,004	4,965	872	4,631	4,965	(334)	-7%	4,965
Pension and UIF Contributions		216	227	361	49	330	361	(31)	-8%	361
Medical Aid Contributions		88	102	159	–	91	159	(68)	-43%	159
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		507	800	800	626	626	800	(174)	-22%	800
Motor Vehicle Allowance		938	1,099	1,099	207	1,138	1,099	39	4%	1,099
Cellphone Allowance		79	90	180	30	128	180	(53)	-29%	180
Housing Allowances		1,411	1,449	3,509	611	2,304	3,509	(1,205)	-34%	3,509
Other benefits and allowances		1	1	8	0	1	8	(7)	-91%	8
Payments in lieu of leave		101	21	71	–	(141)	71	(212)	-298%	71
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	–	–	–	–	–	–		–
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		**6,978**	**7,794**	**11,152**	**2,396**	**9,108**	**11,152**	**(2,045)**	**-18%**	**11,152**
% increase	4		**11.7%**	**59.8%**						**59.8%**
Other Municipal Staff										
Basic Salaries and Wages		398,211	339,877	306,593	59,748	326,040	306,593	19,447	6%	306,593
Pension and UIF Contributions		55,935	55,539	58,885	14,402	56,927	58,885	(1,958)	-3%	58,885
Medical Aid Contributions		23,071	23,752	26,253	6,363	25,237	26,253	(1,016)	-4%	26,253
Overtime		22,933	23,916	24,893	7,528	25,791	24,893	897	4%	24,893
Performance Bonus		25,111	26,390	28,121	6,036	25,742	28,121	(2,379)	-8%	28,121
Motor Vehicle Allowance		21,473	19,943	22,802	5,785	22,556	22,802	(247)	-1%	22,802
Cellphone Allowance		1,004	1,016	1,109	261	1,036	1,109	(73)	-7%	1,109
Housing Allowances		4,245	2,712	3,088	772	3,088	3,088	0	0%	3,088
Other benefits and allowances		6,162	5,612	7,159	1,641	6,604	7,159	(555)	-8%	7,159
Payments in lieu of leave		6,652	5,907	6,007	4,960	22,091	6,007	16,084	268%	6,007
Long service awards		6,129	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	10,686	18,353	12,353	1,441	5,744	12,353	(6,609)	-54%	12,353
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		1,386	677	954	444	1,249	954	295	31%	954
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff		**582,997**	**523,694**	**498,216**	**109,381**	**522,104**	**498,216**	**23,888**	**5%**	**498,216**
% increase	4		**-10.2%**	**-14.5%**						**-14.5%**
Total Parent Municipality		**626,933**	**567,384**	**546,753**	**122,123**	**571,103**	**546,753**	**24,350**	**4%**	**546,753**

Councillors’ Remuneration

Councillors’ Remuneration for the quarter ending 30 June 2026 amount to R 10.3 million, the Year-to-Date (YTD) Actual Expenditure on councillors’ remuneration amounts to R 39.8 million, compared to a YTD Budget of R 37.3 million, resulting in a variance of approximately R 2.5 million. This reflects an over-expenditure of around 7% relative to the approved budget. This reflects an over-expenditure of around 7% relative to the approved budget. This is due to unfavourable variance is primarily attributable to higher-than-budgeted expenditure on councillors' remuneration and related allowances incurred during the financial year hence the variance.

Senior Managers of the Municipality

The heads of departments in the municipality, including the Municipal Manager, are classified under this subheading, quarter spending amount to R 2.4 million and YTD actual of R 6.7 million and a YTD budget of R 7.3 million, with an underspending of R 627 thousand. The variance is mainly attributable to service-related benefits, including performance bonuses, leave pay provisions, and other employee benefit accruals, which had not yet been recognised at 30 June 2026. These amounts will be processed during Period 13 as part of the year-end annual financial statement’s preparation process.

Other Municipal Staff

The YTD budget amounts to R 379.9 million with a YTD actual of R 412.7 million while the spending for the quarter ending June 2026 amount to R 132.3 million The variance is due to the recognition of service-related benefits such as bonuses, leave pay provisions, and other accrued employee benefits which are accounted for as accrued expenditure at specific intervals during the financial year. Overall, the expenditure performance reflects controlled spending on employee-related costs by Ray Nkonyeni Municipality during the period under review.

5.10 Long-term Loans

RAY NKONYENI MUNICIPALITY
LONG TERM LOANS REGISTER : 30 June 2026

RAY NKONYENI MUNICIPALITY
The Game changer of South Coast development

DETAILS	%	PROJECT NUMBER	CAPITAL OPENING BALANCE 01 June 2026	LOAN ADVANCE	LOAN INTEREST CHARGED	INTEREST PAID	LOAN REPAYMENT	CLOSING BALANCE 30-Jun-26
			R				R	R
DBSA Loan 1	R 0.09	'61007684	7,691,566.61	R -	R 179,489.56	-R 179,489.56	-R 335,791.67	R 7,355,774.94
DBSA Loan 2	R 0.13	'61007761	5,751,066.51	R -	R 181,637.27	-R 181,637.27	-R 232,630.77	R 5,518,435.74
TOTAL DBSA LOANS			**R 13,442,633.12**	**R -**	**R 361,126.83**	**-R 361,126.83**	**-R 568,422.44**	**R 12,874,210.68**
TOTAL LOANS			**R 13,442,633.12**	**R -**	**R 361,126.83**	**-R 361,126.83**	**-R 568,422.44**	**R 12,874,210.68**

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 R 3.5 million was received, as well as the second drawdown of R 8.47, as well as the third drawdown of R 7.9 million totalling a total of R 19.9 million and the current loan balance owed to DBSA is R 12.8 million as at 30 June 2026. The loan agreement from DBSA is spread across four years funding various capital projects.

ANNEXURE B: PROGRAMME/PROJECTS DESCRIPTION

PROJECTS TO BE INCLUDED IN RNLM BUDGET							
	Year 1	*Year 2*	*Year 3*	*Totals*		*Year 4*	*Total*
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

5.11 Performance Indicators

KZN216 Ray Nkonyeni - Supporting Table SC2 Monthly Budget Statement - performance indicators - M12 - Quarter 4

Description of financial indicator	Basis of calculation	Ref	2024/25 Audited Outcome	Budget Year 2025/26 Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		2.1%	9.3%	9.5%	0.2%	4.0%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		2.1%	0.0%	0.0%	0.0%	0.0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/		28.0%	19.4%	22.1%	18.1%	22.1%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	48.1%	147.5%	86.6%	98.7%	86.6%
Liquidity Ratio	Monetary Assets/Current Liabilities		11.1%	7.0%	6.0%	10.6%	6.0%
Revenue Management							
Annual Debtors Collection Rate	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		8.8%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >		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		44.8%	40.5%	36.4%	40.1%	36.4%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		10.4%	10.9%	9.2%	9.3%	9.2%
Interest & Depreciation	I&D/Total Revenue - capital revenue		11.3%	9.0%	8.6%	0.1%	3.6%
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						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational						

References

1. Consumer debtors > 12 months old are excluded from current assets.

2. Material variances to be explained.

Calculations						
Financial liabilities		89,857	56,824	64,703	87,431	
Total Assets		2,598,615	3,115,180	2,848,827	2,804,829	2,848,827
Employee related costs		589,975	534,610	512,150	535,255	512,150
Repairs & Maintenance		137,462	144,419	129,594	123,892	129,594
Interest (finance charges)		31,135	11,126	12,626	1,749	12,626
Principal paid						
Depreciation		118,013	107,839	107,839		37,385
Operating expenditure		1,492,646	1,279,575	1,265,760	1,156,769	1,265,760
Total Capital Expenditure		173,699	173,725	147,792	39,442	149,953
Borrowed funding for capital		3,620				
Debt		537,456	466,182	481,291	397,358	481,291
Equity		1,918,058	2,406,577	2,173,199	2,201,273	2,173,199
Reserves and funds						
Borrowing		89,857	56,824	64,703	87,431	64,703
Current assets		203,595	723,399	383,860	343,841	383,860
Current liabilities		422,919	490,366	443,217	348,416	443,217
Monetary assets		47,001	34,442	26,651	36,836	26,651
Total Revenue (excluding capital transfers and contributions)		1,317,641	1,320,695	1,408,538	1,334,653	1,408,538
Transfers and subsidies - Operational		356,798				
Transfers and subsidies - capital (monetary allocations)		103,225	109,254	112,362	105,119	112,362
Debt service payments			56,551	60,005		12,626
Outstanding debtors (receivables)		115,675				
Annual services revenue		791,370	862,886	905,540	116,387	881,841
Cash + investments	Including LT investments	47,001	34,442	26,651	36,836	26,651
Fixed operational expend. (monthly)						
Longstanding debtors outstanding						
Longstanding debtors recovered						
Attorney collections						

The above table gives an overview of the financial indicators of the municipality for the period ending 30 June 2026 and the indicators are broken down below.

The outstanding amount in the loan from DBSA is currently R 12,874,210.68 as at 30 June 2026.

LIQUIDITY RATIOS

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

Budgeted Current Ratio: R 723,399 000 / R490,366 000= **1.48:1**

Actual Current Ratio as of 30 June 2026: R 343 841 000/ R 348 416 000=**0.99:1**

The 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 R 1.5-R 2 for every R 1 owed. The budget showed a R 1.48: R1 ratio and the actual ratio as of 30 June 2026 is: R 0.99: R 1 which is below both the budgeted target and the recommended benchmark. The current ratio currently indicates that the municipality cannot meet its short-term obligations because of ratio being R1, the ratio reflects a slight decline in liquidity and a reduced buffer compared to prior periods.

2. **Acid test Ratio**: Current Assets- Inventory/Current Liability

Budgeted Acid test Ratio: (R 723 399 000-R 11 019 000)/ R 490 366 000=**1.45:1**

Actual Acid test Ratio as 30 June 2026:(R 343 841 000-R 8 543 000)/R 348 416 000= **0.96:1**

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 R 1 for every R 1 owed. Budgeted to date acid test ratio is more than R 1: R 1, while actual acid test ratio is R 0.96: R 1. This indicates that the Municipality has only R0.96 of liquid assets available to settle every R1.00 of current liabilities, reflecting a slight liquidity shortfall. The decline in the current ratio is primarily attributable to increasing current liabilities, including outstanding creditor balances such as bulk electricity obligations, coupled with lower cash and cash equivalent balances available at year-end.

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5.12 Investment Register

KZN216 Ray Nkonyeni - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 - June

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
KZN216|378692984011|Standard Bank		M	12	Y	0	8.10%	0	0	20260630	11,786	838			12,624
KZN216|378692984004|Standard Bank		M	12	Y	0	8.10%	0	0	20260630	1,259	90			1,349
KZN216|378692984005|Standard Bank		M	12	Y	0	8.10%	0	0	20260630	400	28			428
KZN216|378692984018|Standard Bank		M	12	Y	0	8.00%	0	0	20260630	15,579	1,108			16,688
KZN216|62726614151|FNB		M	12	Y	0	8.10%	0	0	20260630	429	2,150	(713,156)	710,850	273
KZN216|74873852518|FNB		M	12	Y	0	8.00%	0	0	20260630	4,218	291	–		4,510
KZN216|037881000791|NEDBANK		M	12	Y	0	7.75%	0	0	20260630	21,206	507	(20,000)		1,713
														–
														–
Municipality sub-total										54,877	5,013	(733,156)	710,850	37,584
Entities														
														–
														–
Entities sub-total										–		–	–	–
TOTAL INVESTMENTS AND INTEREST	2									54,877	5,013	(733,156)	710,850	37,584

The Investment register as of 30 June 2026 has the closing balance of R 77.1 million, with R 4 million in total interest earned in various investment accounts as shown in the above register.

Included from the above table is Human Settlements Housing Development Funds amount of R 35 million which held by the municipality on behalf the department of human settlement and is currently invested in accordance with the Municipality’s Cash and Investment Policy, thereby earning interest until such time that the funds are required for housing project commitments. The interest generated to date is R 1.7 million.

6.1Quartery Budget Statement Summary

KZN216 Ray Nkonyeni - Table C1 Monthly Budget Statement Summary - M12 - Quarter 4

Description	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	532,725	556,296	576,370	51,301	558,050	576,370	(18,320)	-3%	576,370
Service charges	258,644	306,591	329,169	65,086	323,791	329,169	(5,378)	-2%	329,169
Investment revenue	11,068	13,802	13,802	487	3,179	13,802	(10,623)	-77%	13,802
Transfers and subsidies - Operational	356,798	331,550	332,769	2,571	333,114	332,769	345	0%	332,769
Other own revenue	158,406	112,456	156,427	37,649	116,519	156,427	(39,908)	-26%	156,427
Total Revenue (excluding capital transfers and contributions)	**1,317,641**	**1,320,695**	**1,408,538**	**157,094**	**1,334,653**	**1,408,538**	**(73,885)**	**-5%**	**1,408,538**
Employee costs	589,975	534,610	512,150	112,461	535,255	512,150	23,104	5%	512,150
Remuneration of Councillors	36,958	35,896	37,385	10,346	39,891	37,385	2,507	7%	37,385
Depreciation and amortisation	118,013	107,839	107,839	15,292	84,026	107,839	(23,814)	-22%	107,839
Interest	31,135	11,126	12,626	733	1,749	12,626	(10,877)	-86%	12,626
Inventory consumed and bulk purchases	191,019	182,849	183,456	8,172	104,748	183,456	(78,708)	-43%	183,456
Transfers and subsidies	18,976	16,267	14,939	1,814	11,444	14,939	(3,495)	-23%	14,939
Other expenditure	506,571	390,988	397,364	98,331	379,656	397,364	(17,708)	-4%	397,364
Total Expenditure	**1,492,646**	**1,279,575**	**1,265,760**	**247,149**	**1,156,769**	**1,265,760**	**(108,991)**	**-9%**	**1,265,760**
Surplus/(Deficit)	**(175,004)**	**41,120**	**142,778**	**(90,055)**	**177,884**	**142,778**	**35,106**	**25%**	**142,778**
Transfers and subsidies - capital (monetary allocations)	103,225	109,254	112,362	16,398	105,119	112,362	(7,244)	-6%	112,362
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
contributions	**(71,779)**	**150,374**	**255,140**	**(73,657)**	**283,003**	**255,140**	**27,862**	**11%**	**255,140**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(71,779)**	**150,374**	**255,140**	**(73,657)**	**283,003**	**255,140**	**27,862**	**11%**	**255,140**
Capital expenditure & funds sources									
Capital expenditure	**173,699**	**173,725**	**147,792**	**39,442**	**149,953**	**147,792**	**2,161**	**1%**	**147,792**
Capital transfers recognised	105,211	95,003	95,268	9,565	96,547	95,268	1,278	1%	95,268
Borrowing	3,620	–	–	–	–	–	–		–
Internally generated funds	**34,500**	**78,722**	**52,523**	**29,877**	**53,406**	**52,523**	**883**	**2%**	**52,523**
Total sources of capital funds	**143,331**	**173,725**	**147,792**	**39,442**	**149,953**	**147,792**	**2,161**	**1%**	**147,792**
Financial position									
Total current assets	203,595	723,399	383,860		343,841				383,860
Total non current assets	2,395,020	2,391,781	2,464,967		2,460,989				2,464,967
Total current liabilities	422,919	490,366	443,217		348,416				443,217
Total non current liabilities	257,565	218,237	232,412		255,140				232,412
Community wealth/Equity	**1,918,058**	**2,406,577**	**2,173,199**		**2,201,273**				**2,173,199**
Cash flows									
Net cash from (used) operating	–	208,907	161,571	(5,858)	191,615	109,381	(82,234)	-75%	161,571
Net cash from (used) investing	148,841	(173,725)	(170,654)	(25,003)	(156,052)	(170,654)	(14,602)	9%	(170,654)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**215,246**	**42,003**	**37,918**	–	**82,564**	**(14,272)**	**(96,836)**	**679%**	**37,918**
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	32,459	20,917	43,037	28,364	23,820	20,358	18,050	611,276	798,280
Creditors Age Analysis									
Total Creditors	56,167	32	–	–	–	–	–	5	56,204

The above table provides a concise overview of the quarterly actual, year to date actual of the operating expenditure, capital expenditure, and age analysis. The full year forecast, as seen in 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 C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 - Quarter 4

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		**929,387**	**930,623**	**984,860**	**69,536**	**925,166**	**984,860**	(59,693)	-6%	**984,860**
Executive and council		302,729	308,440	308,440	321	309,191	308,440	751	0%	308,440
Finance and administration		626,658	622,183	676,420	69,216	615,976	676,420	(60,444)	-9%	676,420
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**23,116**	**22,254**	**21,885**	**3,126**	**21,856**	**21,885**	(30)	0%	**21,885**
Community and social services		17,414	18,120	19,285	1,860	17,989	19,285	(1,296)	-7%	19,285
Sport and recreation		55	53	102	3	65	102	(37)	-36%	102
Public safety		1,757	165	121	19	101	121	(19)	-16%	121
Housing		3,890	3,916	2,378	1,245	3,700	2,378	1,323	56%	2,378
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**183,167**	**156,930**	**162,333**	**26,146**	**143,738**	**162,333**	(18,595)	-11%	**162,333**
Planning and development		127,441	107,977	114,491	16,681	110,001	114,491	(4,490)	-4%	114,491
Road transport		55,363	48,537	47,232	9,341	33,175	47,232	(14,057)	-30%	47,232
Environmental protection		363	416	610	125	562	610	(48)	-8%	610
Trading services		**284,519**	**318,866**	**347,837**	**74,517**	**345,132**	**347,837**	**(2,705)**	-1%	**347,837**
Energy sources		208,725	238,147	258,944	64,999	259,083	258,944	139	0%	258,944
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		75,794	80,719	88,894	9,518	86,050	88,894	(2,844)	-3%	88,894
Other	4	**678**	**1,277**	**3,985**	**166**	**3,879**	**3,985**	**(106)**	**-3%**	**3,985**
Total Revenue - Functional	2	**1,420,866**	**1,429,949**	**1,520,900**	**173,492**	**1,439,772**	**1,520,900**	**(81,129)**	**-5%**	**1,520,900**
Expenditure - Functional										
Governance and administration		**600,647**	**428,721**	**448,544**	**88,908**	**387,982**	**448,544**	(60,561)	-14%	**448,544**
Executive and council		60,091	58,939	63,107	14,107	59,237	63,107	(3,871)	-6%	63,107
Finance and administration		493,690	333,206	345,734	65,508	287,380	345,734	(58,354)	-17%	345,734
Internal audit		46,866	36,575	39,703	9,293	41,366	39,703	1,663	4%	39,703
Community and public safety		**148,358**	**156,170**	**153,224**	**39,732**	**166,577**	**153,224**	13,353	9%	**153,224**
Community and social services		71,979	73,041	73,471	13,920	68,230	73,471	(5,241)	-7%	73,471
Sport and recreation		(10,369)	5,639	5,679	1,043	5,530	5,679	(150)	-3%	5,679
Public safety		71,783	67,249	61,947	21,538	79,602	61,947	17,655	28%	61,947
Housing		14,966	10,242	12,127	3,231	13,215	12,127	1,088	9%	12,127
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**320,427**	**302,121**	**279,275**	**58,869**	**277,806**	**279,275**	(1,469)	-1%	**279,275**
Planning and development		67,345	65,979	58,617	11,266	55,563	58,617	(3,054)	-5%	58,617
Road transport		224,927	213,561	195,119	41,427	192,367	195,119	(2,752)	-1%	195,119
Environmental protection		28,155	22,580	25,539	6,176	29,876	25,539	4,337	17%	25,539
Trading services		**417,169**	**379,961**	**378,275**	**56,844**	**317,230**	**378,275**	**(61,046)**	-16%	**378,275**
Energy sources		222,362	204,087	204,746	14,345	127,332	204,746	(77,414)	-38%	204,746
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		194,807	175,874	173,529	42,500	189,897	173,529	16,368	9%	173,529
Other		**6,045**	**12,603**	**6,442**	**2,796**	**7,175**	**6,442**	**733**	**11%**	**6,442**
Total Expenditure - Functional	3	**1,492,646**	**1,279,575**	**1,265,760**	**247,149**	**1,156,769**	**1,265,760**	**(108,991)**	**-9%**	**1,265,760**
Surplus/ (Deficit) for the year		**(71,779)**	**150,374**	**255,140**	**(73,657)**	**283,003**	**255,140**	**27,862**	**11%**	**255,140**

The 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 for the period ended 30 June 2026. The full year forecast provides a guideline in terms of overall performance, and it gives an overview of whether the municipality will be able to spend as per budget.

6.3 Capital Expenditure

KZN216 Ray Nkonyeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 - Quarter 4

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
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		–	401	30	–	–	30	(30)	-100%	30
Vote 2 - Finance and Administration		34,366	7,810	1,618	606	906	1,618	(712)	-44%	1,618
Vote 3 - Internal Audit		101	320	202	–	72	202	(130)	-64%	202
Vote 4 - Community and Social Services		15,998	–	–	–	–	–	–		–
Vote 5 - Sport and Recreation		76	–	–	–	–	–	–		–
Vote 6 - Public Safety		–	2,750	247	74	279	247	32	13%	247
Vote 7 - Housing		38	210	265	8	8	265	(257)	-97%	265
Vote 8 - Health		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		105,284	137,810	131,594	34,026	134,569	131,594	2,975	2%	131,594
Vote 10 - Road Transport		13,334	18,520	8,231	1,401	8,677	8,231	446	5%	8,231
Vote 11 - Environment Protection		–	500	500	244	433	500	(67)	-13%	500
Vote 12 - Energy Sources		3,620	4,304	4,304	2,902	4,570	4,304	266	6%	4,304
Vote 13 - Other		–	600	300	180	180	300	(120)	-40%	300
Vote 14 - Waste Water Management		–	–	–	–	–	–	–		–
Vote 15 - Waste Management		882	500	500	–	257	500	(243)	-49%	500
Total Capital single-year expenditure	4	173,699	173,725	147,792	39,442	149,953	147,792	2,161	1%	147,792
Total Capital Expenditure		173,699	173,725	147,792	39,442	149,953	147,792	2,161	1%	147,792
Capital Expenditure - Functional Classification										
Governance and administration		34,467	8,531	1,850	606	978	1,850	(872)	-47%	1,850
Executive and council		–	401	30	–	–	30	(30)	-100%	30
Finance and administration		34,366	7,810	1,618	606	906	1,618	(712)	-44%	1,618
Internal audit		101	320	202	–	72	202	(130)	-64%	202
Community and public safety		16,112	2,960	512	82	287	512	(225)	-44%	512
Community and social services		15,998	–	–	–	–	–	–		–
Sport and recreation		76	–	–	–	–	–	–		–
Public safety		–	2,750	247	74	279	247	32	13%	247
Housing		38	210	265	8	8	265	(257)	-97%	265
Health		–	–	–	–	–	–	–		–
Economic and environmental services		118,618	156,830	140,325	35,671	143,680	140,325	3,354	2%	140,325
Planning and development		105,284	137,810	131,594	34,026	134,569	131,594	2,975	2%	131,594
Road transport		13,334	18,520	8,231	1,401	8,677	8,231	446	5%	8,231
Environmental protection		–	500	500	244	433	500	(67)	-13%	500
Trading services		4,502	4,804	4,804	2,902	4,828	4,804	23	0%	4,804
Energy sources		3,620	4,304	4,304	2,902	4,570	4,304	266	6%	4,304
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		882	500	500	–	257	500	(243)	-49%	500
Other		–	600	300	180	180	300	(120)	-40%	300
Total Capital Expenditure - Functional Classification	3	173,699	173,725	147,792	39,442	149,953	147,792	2,161	1%	147,792
Funded by:										
National Government		105,211	95,003	95,003	9,557	96,539	95,003	1,535	2%	95,003
Provincial Government		–	–	265	8	8	265	(257)	-97%	265
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		105,211	95,003	95,268	9,565	96,547	95,268	1,278	1%	95,268
Borrowing	6	3,620	–	–	–	–	–	–		–
Internally generated funds		34,500	78,722	52,523	29,877	53,406	52,523	883	2%	52,523
Total Capital Funding		143,331	173,725	147,792	39,442	149,953	147,792	2,161	1%	147,792

6.4 Statement financial Position

KZN216 Ray Nkonyeni - Table C6 Monthly Budget Statement - Financial Position - M12 - Quarter 4

Description	Ref	2024/25	Budget Year 2025/26			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash and cash equivalents		47,001	34,442	26,651	36,836	26,651
Trade and other receivables from exchange transactions		39,604	148,308	114,844	100,279	114,844
Receivables from non-exchange transactions		72,721	372,406	152,798	131,319	152,798
Current portion of non-current receivables		–	–	–	–	–
Inventory		5,550	11,019	5,341	8,543	5,341
VAT		35,369	152,422	80,877	63,686	80,877
Other current assets		3,349	4,802	3,349	3,178	3,349
Total current assets		**203,595**	**723,399**	**383,860**	**343,841**	**383,860**
Non current assets						
Investments		–	–	–	–	–
Investment property		430,436	395,906	460,436	430,436	460,436
Property, plant and equipment		1,961,908	1,988,020	2,002,691	2,027,995	2,002,691
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		2,460	2,348	2,460	2,460	2,460
Intangible assets		215	5,508	(621)	98	(621)
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		**2,395,020**	**2,391,781**	**2,464,967**	**2,460,989**	**2,464,967**
TOTAL ASSETS		**2,598,615**	**3,115,180**	**2,848,827**	**2,804,829**	**2,848,827**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		26,530	27,972	22,708	(31,308)	22,708
Consumer deposits		40,652	38,330	40,652	41,785	40,652
Trade and other payables from exchange transactions		249,385	224,601	238,233	177,383	238,233
Trade and other payables from non-exchange transactions		50,778	41,848	34,739	42,945	34,739
Provision		52,183	4,694	55,907	71,589	55,907
VAT		3,390	152,921	50,976	46,023	50,976
Other current liabilities		–	–	–	–	–
Total current liabilities		**422,919**	**490,366**	**443,217**	**348,416**	**443,217**
Non current liabilities						
Financial liabilities		89,857	56,824	64,703	87,431	64,703
Provision		46,802	46,476	46,802	46,802	46,802
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		120,907	114,936	120,907	120,907	120,907
Total non current liabilities		**257,565**	**218,237**	**232,412**	**255,140**	**232,412**
TOTAL LIABILITIES		**680,484**	**708,603**	**675,628**	**603,556**	**675,628**
NET ASSETS	2	**1,918,131**	**2,406,577**	**2,173,199**	**2,201,273**	**2,173,199**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		1,957,495	2,446,014	2,212,635	2,240,710	2,212,635
Reserves and funds		(39,437)	(39,437)	(39,437)	(39,437)	(39,437)
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**1,918,058**	**2,406,577**	**2,173,199**	**2,201,273**	**2,173,199**

The statement of financial position indicates the financial health of the municipality as the assets and liabilities are listed to measure the solvency of the municipality for the period ended 30 June 2026. Total assets are R 2.8 billion over the total liabilities of R 603.5 million this therefore means the municipality is still able to meet its long term financial obligations but the current ratio of the municipality signifies that the municipality cannot meet all its current financial obligations as the current liabilities exceed the current assets.

The Statement of Financial Position of Ray Nkonyeni Local Municipality indicates that the municipality remains financially viable with a strong infrastructure asset base and positive net assets. However, the municipality continues to face financial pressures arising from liquidity constraints, increasing debtors, operational expenditure commitments, and bulk electricity obligations.

To strengthen financial sustainability, the municipality should continue focusing on improving debt collection, managing operational costs, maintaining adequate cash reserves, and ensuring effective financial management practices in line with the Municipal Finance Management Act (MFMA) and applicable GRAP standards.

6.5 Statement Cash Flow

KZN216 Ray Nkonyeni - Table C7 Monthly Budget Statement - Cash Flow - M12 - Quarter 4

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	510,680	512,571	107,604	523,691	512,571	11,120	2%	512,571
Service charges		–	281,450	294,101	85,076	325,226	294,101	31,125	11%	294,101
Other revenue		–	38,634	39,985	24,778	49,712	39,985	9,727	24%	39,985
Transfers and Subsidies - Operational		–	333,764	334,983	1,567	321,771	334,983	(13,212)	-4%	334,983
Transfers and Subsidies - Capital		–	109,254	109,254	–	110,304	109,254	1,050	1%	109,254
Interest		–	56,551	60,005	4,255	17,374	60,005	(42,631)	-71%	60,005
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		–	(1,094,032)	(1,215,424)	(229,139)	(1,156,463)	(1,215,424)	58,961	-5%	(1,215,424)
Interest		–	(11,126)	12,626	–	–	(12,626)	12,626	-100%	12,626
Transfers and Subsidies		–	(16,267)	13,469	–	–	(13,469)	13,469	-100%	13,469
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	**208,907**	**161,571**	**(5,858)**	**191,615**	**109,381**	**(82,234)**	**-75%**	**161,571**
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		148,841	(173,725)	(170,654)	(25,003)	(156,052)	(170,654)	14,602	-9%	(170,654)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**148,841**	**(173,725)**	**(170,654)**	**(25,003)**	**(156,052)**	**(170,654)**	**(14,602)**	**9%**	**(170,654)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		**148,841**	**35,182**	**(9,083)**	**(30,861)**	**35,563**	**(61,273)**			**(9,083)**
Cash/cash equivalents at beginning:		66,405	6,821	47,001		47,001	47,001			47,001
Cash/cash equivalents at month/year end:		215,246	42,003	37,918		82,564	(14,272)			37,918

A cash flow statement provides data regarding all cash inflows a municipality receives from its ongoing operations and external investment sources.