

MID-YEAR BUDGET & PERFORMANCE ASSESSMENT REPORT DECEMBER 2023



Table of Contents

- Introduction & Legislative Background
- Mayor's Report
- Resolutions
- Executive Summary
- In-Year Budget Statement Tables

SUPPORTING DOCUMENTATION

- Debtors' Analysis
- Creditors' Analysis
- Investment Portfolio
- Allocation and grant receipts and expenditure
- Councillor allowances and employee benefits
- Material variances to the SDBIP plan
- Financial Performance
- Capital Program Performance
- Other Supporting Documents
- Quality Certificate

INTRODUCTION

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

This report has been prepared in terms of the following legislative framework:

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

Section 72 - Mid-year budget and performance assessment

- (1) The accounting officer of a municipality must by 25 January of each year-
 - (a) assess the performance of the municipality during the first half of the financial year, taking into account-
 - (i) the monthly statements referred to in section 71 for the first half of the financial year;
 - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
 - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
 - (iv) the performance of every municipal entity under the sole or shared control of the municipality, considering reports in terms of section 88 from any such entities; and
 - (b) submit a report on such assessment to-
 - (i) the mayor of the municipality;
 - (ii) the National treasury; and
 - (iii) the relevant provincial treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1) (b) of this section.
- (3) The accounting officer must, as part of the review-
 - (a) make recommendations as to whether an adjustment budget is necessary; and
 - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary

Section 33 of the MBRR states:

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

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

Provincial Treasury will undertake an assessment of the 2023/24 Mid-Year Budget & Performance Assessment Report and intends visiting the municipality to engage on the report in terms of Provincial Treasury’s oversight and monitoring role. For the visit the relevant role players of the municipality must be present which includes the Municipal Manager, CFO, Directors, the Manager responsible for Budgeting, Planning, and any technical experts on infrastructure. The municipality is also encouraged to invite the Budget Steering Committee or Finance Committee Chairperson as the councilor responsible for financial matters to be part of the presentation as per the guide attached to the Provincial Treasury Circular. The feedback report is required to be tabled back to Council and proof that it was tabled must be submitted to Provincial Treasury.

MAYOR'S REPORT

2023/2024 Mid-Year Budget & Performance Assessment Report presentation by his worship the Mayor, Councillor SE Mkhwanazi, at Abaqulusi Council Chambers, during January 2024

Madam Speaker, I wish to present an assessment of the Mid-Year Budget & Performance for the 2023/2024 budget year. This document is prepared in terms of the Municipal Budget and Reporting Regulations. It serves as a mechanism which seeks to review the progress made in realizing the targets the municipality set itself at the beginning of the financial year.

With the tabling and approval of the 2023/2024 budget, a strong focus was placed on Service Delivery and fighting poverty.

The overview of financial performance, challenges and risks for the period 1 July to 31 December 2023 are:

- Total operating revenue received to date is R435 million which is 1% less than the budgeted target of R429 million.
- The collection rate has fluctuated during the 1st 6 months of the financial year from 69% in July to 90% in November and only 70% in December, averaging 81% for the 6 months. This is a decrease of 3% when compared to the 1st 6 months of the previous financial year. This is continuing to have a negative effect on the cashflow of the municipality because in previous financial years the norm has been 90%.
- When comparing the billed service rates and comparing to the previous financial year:
 - Electricity in 2022/23 was 3% below targeted budget and in 2023/24 the billed amount is 16% below than the estimated budget.
 - Water in 2022/23 was 29% above targeted budget and in 2023/24 the actual is 4% above the estimated budget.
 - Sanitation in 2022/23 was 4% above targeted budget and in 2023/24 is 5% above the estimated budget
 - Refuse in 2022/23 was 13% below than the estimated budget and in 2023/24 is 2% above the estimated budget
- An analysis of the losses was carried out during the 1st half of 2023/24 and a report was submitted identifying the areas and during the Adjustment Budget these areas will be addressed. In total for the 6 months the electricity losses have decreased percentage wise to 22,75% compared to 26% in the previous financial year, in rand value the loss in 2022/23 was R42,5 million for the 6 months and for the 2023/24 also amounts to R31,2 million. Water losses have increased from 55% to 65,44% which is due to faulty, broken and stolen water meters being replaced as well as consumers not paying for services.
- Operating expenditure is more than budget with expenditure to date of R406 million compared to a budget of R362,7 million.
- Whilst the municipality has collected/billed more revenue (R435 million) and only spent R406 million which can be seen as good news from a financial perspective, the challenge remains in ensuring expenditure is further reduced as much as possible on nice-to-have but not to the detriment of service delivery, but to stabilize the cash flow position of the municipality and to ensure all outstanding payments to creditors are paid.

Madam Speaker, based on the findings of this report, adjustments need to be made in the adjustment budget. I recommend to Council that an adjustment budget be tabled to address the variances as well as the reduction in grant funding the municipality will no longer be receiving.

RESOLUTIONS

It is resolved and noted

- That, in compliance with Section 72 of the MFMA, the financial results regarding the operating and capital budgets for the first half of the 2023/2024 financial year, and supporting documents as required by National Treasury, is submitted to Council; and
- In order to comply, this report be submitted to the National Treasury and the relevant Provincial Treasury **immediately** after tabling of the report in the council, in both a Council approved document and in electronic format; and
- It is recommended that an adjustment budget be prepared to recommend revised projections for revenue and expenditure where necessary

EXECUTIVE SUMMARY

This report is a summary of the main budget issues arising from the monitoring process. It compares the progress of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

The following categories provide a consolidated overview of the implementation of the budget of the municipality.

Operating Revenue

It should be noted that the figures for property rates and service charges relates to billed income and not cash collected.

The following table is a summary of the 2023/2024 budget classified by main revenue source

KZN263 Abaqulusi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - Half Year

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		213 962	266 529	–	111 937	111 937	133 264	(21 328)	-16%	266 529
Service charges - Water		43 331	62 253	–	31 675	31 675	30 600	1 075	4%	62 253
Service charges - Waste Water Management		36 295	36 734	–	19 371	19 371	18 367	1 004	5%	36 734
Service charges - Waste management		22 127	28 588	–	14 603	14 603	14 294	309	2%	28 588
Sale of Goods and Rendering of Services		591	513	–	881	881	256	625	244%	513
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		11 175	35 088	–	7 402	7 402	17 544	(10 142)	-58%	35 088
Interest from Current and Non-Current Assets		1 704	1 706	–	1 527	1 527	853	674	79%	1 706
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		1 124	1 667	–	469	469	834	(364)	-44%	1 667
Licence and permits		5 797	2 643	–	2 719	2 719	1 322	1 397	106%	2 643
Operational Revenue		854	–	–	5 801	5 801	–	5 801		–
Non-Exchange Revenue								–		
Property rates		99 002	120 645	–	59 971	59 971	60 038	(67)	0%	120 645
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties, and forfeits		18 016	5 531	–	17 058	17 058	2 766	14 292	517%	5 531
Licence and permits		–	4 844	–	–	–	2 422	(2 422)	-100%	4 844
Transfers and subsidies - Operational		215 280	219 671	–	161 675	161 675	146 530	15 145	10%	219 671
Interest		–	–	–	–	–	–	–		–
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Assets		2 983	–	–	–	–	–	–		–
Other Gains		16 794	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		689 034	786 412	–	435 089	435 089	429 090	5 999	1%	786 412

Revenue generated from property rates and service charges forms a significant percentage of the revenue source of the municipality. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the municipality.

The approved operating revenue budget amounts to R786,4 million. For the period under review the planned SDBIP target is R429 million and the actual revenue collected to date is R435 million. When comparing the planned against the actual revenue there is a 1% over performance shown. This is mainly due to the 1st and 2nd tranche of Equitable Share having been received as well as R10 million of the MIG and R10 million of the INEP grants. The full grant funding for Arts & Culture (Museum), Library Grant and the Finance Management Grant has been received. The estimation of the expected revenue will be addressed in the Adjustment Budget.

Reasons for major variances between planned and actual revenue collected:

- revenue billed for rates is R67 thousand below the planned projection and in the previous year the projection was 1% more than the planned projection, the payment rate is 25% less than the planned projection
- revenue billed for electricity sales is 16% less than the planned projection and in the previous financial year the sales were 3% less than the planned projection, the payment rate is 14% less than the planned projection
- revenue billed for water sales is 4% above the planned projection compared to the 29% below the planned projection in the previous financial year, the payment rate is 60% less than the planned projection
- revenue billed for sanitation sales is 5% above the planned projection compared to 4% above the planned projection in the previous financial year, the payment rate is 37% less than the planned projection
- revenue billed for refuse sales is 2% above the planned projection compared to 13% below the planned projection in the previous financial year, the payment rate is 13% less than the planned projection
- overall billed revenue from the 4 trading services is 9,6% (R19 million) less than the projected budget, however the payment rate is 44% (R86,6 million) less than planned projection which is a fair indication that the community is struggling to pay for services
- the collection of fines is more than the planned projection
- revenue from service charges for free services has not been impacted as severely as in the past as all indigent applications had to reapply for the 2023/2024 financial year including Eskom consumers
- revenue from investments is more than budget, this is due to the increase in interest rates
- Revenue from Community Services department is less than was budgeted for

- It must also be noted that the half year income reflects the second tranche of the equitable share which must be carried over into next quarter. This inflates the six-month Income figure as shown above
- The impact of load shedding is impacting on the revenue of the municipality and consumers are consuming less electricity with more and more consumers migrating to solar and gas

The municipality is still expected to deliver services in an area which is growing with fewer funds to do so.

The major operating revenue variances against budget to date are:

- Property rates including penalties and collection charges – R67 thousand less than budget
- Service charges – R19 million less than budget
- Government Grants and subsidies – Operating – no additional equitable share allocated by National Treasury to local municipalities, the 1st and 2nd tranche of the equitable share was received. The EPWP funding has been reduced by R131 thousand
- Government Grants and subsidies – Capital – National Treasury have advised that the MIG allocation has been reduced by R3,4 million, INEP reduced by R1,6 million and the Emondlo Sports field grant reduced R536 thousand
- Other Income – R5,8 million more than budget

.

The 2023/24 Evaluation Report was used during the preparation of the report

KZN263 Abaqulusi - Table C1 Monthly Budget Statement Summary - M06 - Half Year

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Mid-Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
<u>Financial Performance</u>									
Property rates	99 002	120 645	–	59 971	59 971	60 038	(67)	0%	120 645
Service charges	315 715	394 104	–	177 585	177 585	196 525	(18 940)	-10%	394 104
Investment revenue	1 704	1 706	–	1 527	1 527	853	674	79%	1 706
Transfers and subsidies - Operational	215 280	219 671	–	161 675	161 675	146 530	15 145	10%	219 671
Other own revenue	57 333	50 286	–	34 330	34 330	25 143	9 187	37%	–
Total Revenue (excluding capital transfers and contributions)	689 034	786 412	–	435 089	435 089	429 090	5 999	1%	786 412
Employee costs	180 462	188 376	–	105 202	105 202	93 200	12 002	13%	188 376
Remuneration of Councillors	17 265	19 305	–	8 497	8 497	9 653	(1 156)	-12%	19 305
Depreciation and amortisation	133 438	42 503	–	54 964	54 964	21 252	33 712	159%	42 503
Interest	5 475	–	–	3 383	3 383	–	3 383		–
Inventory consumed and bulk purchases	262 392	303 352	–	150 614	150 614	154 463	(3 849)	-2%	303 352
Transfers and subsidies	0	–	–	–	–	–	–		–
Other expenditure	265 954	166 958	–	83 413	83 413	84 215	(802)	-1%	166 958
Total Expenditure	864 984	720 495	–	406 073	406 073	362 783	43 290	12%	720 495
Surplus/(Deficit)	(175 950)	65 917	–	29 017	29 017	66 307	(37 290)	-56%	65 917
Transfers and subsidies - capital (monetary allocations)	43 990	76 440	–	9 695	9 695	51 293	(41 598)	-81%	76 440
Transfers and subsidies - capital (in-kind)	620	–	–	0	0	–	0		–
Surplus/(Deficit) after capital transfers &	(131 340)	142 357	–	38 712	38 712	117 600	(78 889)	-67%	142 357
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	(131 340)	142 357	–	38 712	38 712	117 600	(78 889)	-67%	142 357
<u>Capital expenditure & funds sources</u>									
Capital expenditure	67 102	83 440	–	16 594	16 594	55 627	(39 032)	-70%	83 440
Capital transfers recognised	31 540	76 440	–	13 261	13 261	51 627	(38 366)	-74%	76 440
Borrowing	–	–	–	–	–	–	–		–

Internally generated funds	27 555	7 000	–	3 333	3 333	4 000	(667)	-17%	7 000
Total sources of capital funds	59 095	83 440	–	16 594	16 594	55 627	(39 032)	-70%	83 440
<u>Financial position</u>									
Total current assets	392 219	425 745	–		496 931				425 745
Total non-current assets	1 039 880	1 412 533	–		1 001 511				1 412 533
Total current liabilities	421 876	333 576	–		449 507				333 576
Total noncurrent liabilities	99 323	92 952	–		99 323				92 952
Community wealth/Equity	910 901	1 411 750	–		949 612				1 411 750
<u>Cash flows</u>									
Net cash from (used) operating	204 338	114 205	–	127 710	127 710	104 335	(23 375)	-22%	114 205
Net cash from (used) investing	50 332	(83 440)	–	(21 864)	(21 864)	(55 627)	(33 762)	61%	(83 440)
Net cash from (used) financing	2 837	–	–	–	–	–	–	–	–
Cash/cash equivalents at the month/year end	286 531	59 796	–	–	125 956	77 739	(48 217)	-62%	50 875
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
<u>Debtors Age Analysis</u>									
Total By Income Source	38 956	21 395	16 263	16 800	14 327	13 071	11 046		392 366
<u>Creditors Age Analysis</u>									
Total Creditors	28 410	2 384	39 320	90	8 914	62	4 150		86 549

Operating Expenditure

The following table is a summary of the 2023/24 budget classified by main expenditure source

Expenditure by source

KZN263 Abaqulusi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - Half Year

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		180 462	188 376	–	105 202	105 202	93 200	12 002	13%	188 376
Remuneration of councillors		17 265	19 305	–	8 497	8 497	9 653	(1 156)	-12%	19 305
Bulk purchases - electricity		215 218	263 142	–	122 881	122 881	131 571	(8 690)	-7%	263 142
Inventory consumed		47 174	40 210	–	27 733	27 733	22 892	4 841	21%	40 210
Debt impairment		3 636	7 363	–	–	–	3 682	(3 682)	-100%	7 363
Depreciation and amortisation		133 438	42 503	–	54 964	54 964	21 252	33 712	159%	42 503
Interest		5 475	–	–	3 383	3 383	–	3 383		–
Contracted services		117 485	95 641	–	51 029	51 029	47 938	3 091	6%	95 641
Transfers and subsidies		0	–	–	–	–	–	–		–
Irrecoverable debts written off		73 664	–	–	(59)	(59)	–	(59)		–
Operational costs		53 260	63 954	–	32 443	32 443	32 596	(153)	0%	63 954
Losses on Disposal of Assets		–	–	–	–	–	–	–		–
Other Losses		17 909	–	–	–	–	–	–		–
Total Expenditure		864 984	720 495	–	406 073	406 073	362 783	43 290	12%	720 495

The approved operating expenditure budget amounts to R720,4 million, including the non-cash items. For the period under review the planned SDBIP target is R362,7 million and the actual expenditure to date is R406 million. When comparing the planned against the actual expenditure there is a 12% (R43,2 million) overspending. This is due to employee costs payment of bonuses and appointment of additional staff, the non-cash items of depreciation that has been under budgeted for, the payment of interest on late payment of accounts to Eskom, additional costs of payments to contractors.

Reasons for major expenditure variance variances against budget are:

- Employee costs – R12 million more than budget. Overtime costs remains high with expenditure for the year to date of R7,7 million and the projected amount for the year is R15,5 million.
- Inventory consumed (Repairs and Maintenance) – R4,8 million more than budget, the extensive and ongoing repairs to water and sanitation infrastructure as well as theft of cable is impacting severely on the budget
- Bulk purchases – to date Eskom has been paid R122,8 million
- Operational costs – R32,4 million has been spent to date
- Contract payments – R51 million has been spent to date
- The Directors and Managers are playing their oversight on their budgets and monitoring their spending as advised monthly by the Finance Department, the only major concern is the lack of adhering to the cost containment measures and this is going to result in Finance again having to block non-essential projects to try and limit spending. This will hamper service delivery in the second half of the year and result in no additional funding being made available. The municipality tabled a funded budget for 2023/24 that was approved by National Treasury. During the adjustment budget the municipality will have to ensure the budget is again funded. To rectify the current overspending within all departments no additional funding is available for departments and certain projects will have to be delayed.
- During the 2022/23 financial year certain departments carried out work without official orders being obtained prior to work commencing and invoices were submitted at year end. This has severely impacted the cashflow for the 2023/24 financial year. During the 2nd half of the 2023/24 no invoices will be paid unless accompanied by an official order and all relevant supporting information indicating that the funds are available.

The following table gives a breakdown of Councillors and staff remuneration

KZN263 Abaqulusi - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 - Half Year

Summary of Employee and Councillor remuneration R thousands	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages			652				326	(326)	-100%	652
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cell phone Allowance		1 916	1 998		872	872	999	(127)	-13%	1 998
Housing Allowances										
Other benefits and allowances		15 349	16 656		7 625	7 625	8 328	(703)	-8%	16 656
Sub Total - Councillors		17 265	19 305		8 497	8 497	9 653	(1 156)	-12%	19 305
% increase	4		11.8%							11.8%
<u>Senior Managers of the Municipality</u>	3									
Basic Salaries and Wages		6 942	7 318		3 355	3 355	3 659	(304)	-8%	7 318
Pension and UIF Contributions		0			(9)	(9)		(9)		
Medical Aid Contributions										
Overtime										
Performance Bonus			1 024				1 024	(1 024)	-100%	1 024
Motor Vehicle Allowance		1 400	1 471		574	574	736	(162)	-22%	1 471
Cell phone Allowance		183	186		78	78	93	(15)	-16%	186
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	2									
Entertainment										
Scarcity										
Acting and post related allowance										
In kind benefits										
Sub Total - Senior Managers of Municipality		8 525	9 999		3 997	3 997	5 512	(1 515)	-27%	9 999
% increase	4		17.3%							17.3%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		97 373	101 190		59 170	59 170	50 595	8 575	17%	101 190
Pension and UIF Contributions		19 973	20 655		10 839	10 839	10 327	512	5%	20 655

Medical Aid Contributions		11 060	9 567	—	5 937	5 937	4 783	1 154	24%	9 567
Overtime		16 898	—	—	7 454	7 454	—	7 454		—
Performance Bonus		6 893	9 070	—	8 871	8 871	4 535	4 336	96%	9 070
Motor Vehicle Allowance		5 129	10 678	—	5 195	5 195	5 339	(144)	-3%	10 678
Cell phone Allowance		1 297	1 308	—	650	650	654	(4)	-1%	1 308
Housing Allowances		347	382	—	196	196	191	5	3%	382
Other benefits and allowances		2 230	6 058	—	1 831	1 831	3 029	(1 197)	-40%	6 058
Payments in lieu of leave		—	16 469	—	—	—	8 235	(8 235)	-100%	16 469
Long service awards		3 594	1 500	—	788	788	—	788		1 500
Post-retirement benefit obligations	2	7 144	1 500	—	273	273	—	273		1 500
Entertainment		—	—	—	—	—	—	—		—
Scarcity		—	—	—	—	—	—	—		—
Acting and post related allowance		—	—	—	—	—	—	—		—
In kind benefits		—	—	—	—	—	—	—		—
Sub Total - Other Municipal Staff		171 936	178 377	—	101 205	101 205	87 688	13 517	15%	178 377
% increase	4		3.7%							3.7%
Total Parent Municipality		197 726	207 681	—	113 699	113 699	102 853	10 846	11%	207 681
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		197 726	207 681	—	113 699	113 699	102 853	10 846	11%	207 681
% increase	4		5.0%							5.0%
TOTAL MANAGERS AND STAFF		180 462	188 376	—	105 202	105 202	93 200	12 002	13%	188 376

The following are the reasons for employee costs being more than the YTD budget

Basic salaries are R1 million more than budget

The payment of overtime of R7,7 million is R2,3 million more than budget

Bonusses of R8 million were paid in December

Capital Expenditure

The capital budget increased from R55,9 million (2022/2023) to R83,4 million in 2023/2024

The following table is a summary of the 2023/2024 capital budget classified by department

KZN263 Abaqulusi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification, and funding) - M06 - Half Year

Vote Description R thousands	Ref	2022/23	Budget Year 2023/24							
		Audited	Original	Adjusted	Mid-Year	YearTD actual	YearTD budget	YTD	YTD %	Full Year
	1									
Capital Expenditure - Functional Classification		7 333	1 000	–	835	835	500			1 000
Governance and administration								335	67%	
Executive and council		(479)	–	–	–	–	–	–		–
Finance and administration		7 812	1 000	–	835	835	500	335	67%	1 000
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		1 195	32 417	–	2 216	2 216	21 611	(19 395)	-90%	32 417
Community and social services		1 195	15 917	–	2 216	2 216	10 611	(8 395)	-79%	15 917
Sport and recreation		–	16 500	–	–	–	11 000	(11 000)	-100%	16 500
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		53 716	32 343	–	9 578	9 578	21 895	(12 318)	-56%	32 343
Planning and development		333	2 000	–	–	–	2 000	(2 000)	-100%	2 000
Road transport		53 383	30 343	–	9 578	9 578	19 895	(10 318)	-52%	30 343
Environmental protection		–	–	–	–	–	–	–		–
Trading services		4 858	17 680	–	3 966	3 966	11 620	(7 654)	-66%	17 680
Energy sources		4 858	17 680	–	3 966	3 966	11 620	(7 654)	-66%	17 680
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	–	–	–	–	–	–		–
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	67 102	83 440	–	16 594	16 594	55 627	(39 032)	-70%	83 440

The approved capital budget amounts to R83,4 million. For the period under review the planned SDBIP target is R55,6 million and the actual expenditure to date is R16,5 million. When comparing the planned against the actual expenditure, an under performance is shown.

The slow spending on grant funded projects is due to the delay in the appointment of contractors, however spending will increase in the 3rd quarter.

Capital from own funding is dependent on the cashflow, however the bulk of the budget is mainly for the completion of President Street which was started in 2022/23.

Capital funding by source

KZN263 Abaqulusi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification, and funding) - M06 - Half Year

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited	Original	Adjusted	Mid-Year	YearTD actual	YearTD budget	YTD	YTD %	Full Year
R thousands	1									
Funded by:										
National Government		31 208	65 940	–	13 261	13 261	43 960	(30 699)	-70%	65 940
Provincial Government		333	10 500	–	–	–	7 667	(7 667)	-100%	10 500
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		31 540	76 440	–	13 261	13 261	51 627	(38 366)	-74%	76 440
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		27 555	7 000	–	3 333	3 333	4 000	(667)	-17%	7 000
Total Capital Funding		59 095	83 440	–	16 594	16 594	55 627	(39 032)	-70%	83 440

Borrowings – own resources need to be accumulated before capital projects are embarked upon. Due to the current cashflow position of the municipality there are no borrowings.

Cash flow statement

This statement reflects the actual cash that was received and spent by the municipality

KZN263 Abaqulusi - Table C7 Monthly Budget Statement - Cash Flow - M06 - Half Year

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		90 997	115 013	–	50 532	50 532	57 506	(6 975)	-12%	115 013
Service charges		295 490	365 334	–	154 460	154 460	182 667	(28 207)	-15%	365 334
Other revenue		19 062	8 670	–	18 393	18 393	4 335	14 058	324%	8 670
Transfers and Subsidies - Operational		205 678	219 671	–	168 251	168 251	146 530	21 720	15%	219 671
Transfers and Subsidies - Capital		61 269	76 440	–	20 000	20 000	51 293	(31 293)	-61%	76 440
Interest		986	1 706	–	964	964	853	111	13%	1 706
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(469 144)	(672 629)	–	(284 889)	(284 889)	(338 850)	53 961	-16%	(672 629)
Interest		–	–	–	–	–	–	–		–
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		204 338	114 205	–	127 710	127 710	104 335	(23 375)	-22%	114 205
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		50 332	(83 440)	–	(21 864)	(21 864)	(55 627)	33 762	-61%	(83 440)
NET CASH FROM/(USED) INVESTING ACTIVITIES		50 332	(83 440)	–	(21 864)	(21 864)	(55 627)	(33 762)	61%	(83 440)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										

Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		2 837	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		2 837	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		257 506	30 765	-	105 846	105 846	48 708			30 765
Cash/cash equivalents at beginning:		29 025	29 031	-		20 110	29 031			20 110
Cash/cash equivalents at month/year end:		286 531	59 796	-		125 956	77 739			50 875

Supporting documentation

Financial Position

KZN263 Abaqulusi - Table C6 Monthly Budget Statement - Financial Position - M06 - Half Year

Description R thousands	Ref 1	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash and cash equivalents		20 113	59 796	–	32 565	59 796
Trade and other receivables from exchange transactions		49 664	132 635	–	117 938	132 635
Receivables from non-exchange transactions		12 179	33 209	–	21 301	33 209
Current portion of non-current receivables		–	–	–	–	–
Inventory		84 751	19 160	–	90 167	19 160
VAT		225 454	180 875	–	244 923	180 875
Other current assets		58	70	–	(9 963)	70
Total current assets		392 219	425 745	–	496 931	425 745
Non-current assets						
Investments		–	–	–	–	–
Investment property		42 413	99 933	–	42 413	99 933
Property, plant, and equipment		993 373	1 308 594	–	955 075	1 308 594
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		3 855	3 855	–	3 855	3 855
Intangible assets		239	152	–	169	152
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non-current assets		1 039 880	1 412 533	–	1 001 511	1 412 533
TOTAL ASSETS		1 432 099	1 838 278	–	1 498 442	1 838 278
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		2 837	–	–	2 837	–
Consumer deposits		18 065	16 928	–	18 058	16 928
Trade and other payables from exchange transactions		163 090	123 101	–	150 923	123 101
Trade and other payables from non-exchange transactions		5 442	7 524	–	21 953	7 524
Provision		2 916	5 008	–	2 916	5 008
VAT		227 286	178 273	–	250 580	178 273
Other current liabilities		2 241	2 743	–	2 241	2 743
Total current liabilities		421 876	333 576	–	449 507	333 576
Noncurrent liabilities						
Financial liabilities		4 607	–	–	4 607	–
Provision		51 828	50 237	–	51 828	50 237
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		42 887	42 715	–	42 887	42 715
Total noncurrent liabilities		99 323	92 952	–	99 323	92 952
TOTAL LIABILITIES		521 199	426 529	–	548 830	426 529
NET ASSETS	2	910 901	1 411 750	–	949 612	1 411 750
COMMUNITY WEALTH/EQUITY						

Accumulated surplus/(deficit)		910 901	1 411 750	–	949 612	1 411 750
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	910 901	1 411 750	–	949 612	1 411 750

Revenue and Expenditure per department

KZN263 Abaqulusi - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 - Half Year										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands	1									
Revenue - Functional										
Governance and administration		380 203	419 848	–	248 828	248 828	253 126	(4 298)	-2%	419 848
Executive and council		7 156	–	–	–	–	–	–	–	–
Finance and administration		373 047	419 848	–	248 828	248 828	253 126	(4 298)	-2%	419 848
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		11 341	19 343	–	3 974	3 974	12 340	(8 365)	-68%	19 343
Community and social services		2 757	5 578	–	3 809	3 809	3 707	102	3%	5 578
Sport and recreation		–	8 500	–	–	–	6 000	(6 000)	-100%	8 500
Public safety		8 584	5 265	–	165	165	2 633	(2 468)	-94%	5 265
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		8 919	7 760	–	3 401	3 401	4 714	(1 312)	-28%	7 760
Planning and development		3 152	5 128	–	704	704	3 397	(2 693)	-79%	5 128
Road transport		5 767	2 633	–	2 697	2 697	1 316	1 381	105%	2 633
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		333 147	411 047	–	188 558	188 558	207 777	(19 219)	-9%	411 047
Energy sources		231 394	283 472	–	122 910	122 910	144 516	(21 606)	-15%	283 472
Water management		43 331	62 253	–	31 675	31 675	30 600	1 075	4%	62 253
Waste water management		36 295	36 734	–	19 371	19 371	18 367	1 004	5%	36 734
Waste management		22 127	28 588	–	14 603	14 603	14 294	309	2%	28 588
Other	4	34	4 854	–	24	24	2 427	(2 403)	-99%	4 854
Total Revenue - Functional	2	733 644	862 852	–	444 785	444 785	480 384	(35 599)	-7%	862 852
Expenditure - Functional										
Governance and administration		174 608	148 090	–	86 327	86 327	73 824	12 504	17%	148 090
Executive and council		34 233	40 727	–	18 611	18 611	20 477	(1 866)	-9%	40 727
Finance and administration		134 957	101 319	–	63 950	63 950	50 324	13 626	27%	101 319
Internal audit		5 417	6 044	–	3 766	3 766	3 022	744	25%	6 044
Community and public safety		82 226	98 512	–	44 596	44 596	49 396	(4 800)	-10%	98 512
Community and social services		34 743	28 665	–	16 110	16 110	14 465	1 645	11%	28 665
Sport and recreation		9 697	8 859	–	4 589	4 589	4 430	160	4%	8 859
Public safety		35 320	58 350	–	22 513	22 513	29 182	(6 670)	-23%	58 350
Housing		2 466	2 637	–	1 384	1 384	1 319	65	5%	2 637
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		60 256	52 459	–	33 394	33 394	26 468	6 925	26%	52 459
Planning and development		12 406	19 867	–	6 580	6 580	10 170	(3 590)	-35%	19 867
Road transport		47 850	32 592	–	26 813	26 813	16 298	10 515	65%	32 592
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		540 065	420 798	–	237 503	237 503	212 778	24 725	12%	420 798
Energy sources		408 824	320 428	–	178 759	178 759	161 842	16 916	10%	320 428
Water management		70 362	54 692	–	32 566	32 566	28 096	4 470	16%	54 692
Waste water management		38 767	19 448	–	16 678	16 678	9 724	6 954	72%	19 448
Waste management		22 112	26 231	–	9 500	9 500	13 115	(3 615)	-28%	26 231
Other		7 829	636	–	4 253	4 253	318	3 935	1238%	636
Total Expenditure - Functional	3	864 984	720 495	–	406 073	406 073	362 783	43 290	12%	720 495
Surplus/ (Deficit) for the year		(131 340)	142 357	–	38 712	38 712	117 600	(78 889)	-67%	142 357

Revenue and Expenditure per municipal vote

KZN263 Abaqulusi - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 - Half

Vote Description	Ref	2022/23	Budget Year 2023/24						
		Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD budget	YTD	YTD %
R thousands									
Revenue by Vote	1								
Vote 1 - VOTE1		7 156	—	—	—	—	—	—	—
Vote 2 - Finance & Administration		373 047	419 848	—	248 828	248 828	253 126	(4 298)	-1.7%
Vote 3 - Community & Social Services		2 757	5 578	—	3 809	3 809	3 707	102	2.8%
Vote 4 - Energy Sources		231 394	283 472	—	122 910	122 910	144 516	(21 606)	-15.0%
Vote 5 - Housing		—	—	—	—	—	—	—	—
Vote 6 - Internal Audit		—	—	—	—	—	—	—	—
Vote 7 - Other		—	—	—	—	—	—	—	—
Vote 8 - Planning and Development		3 152	5 128	—	704	704	3 397	(2 693)	-79.3%
Vote 9 - Public Safety		8 584	5 265	—	165	165	2 633	(2 468)	-93.7%
Vote 10 - Road Transport		5 800	7 487	—	2 721	2 721	3 743	(1 023)	-27.3%
Vote 11 - Sport and Recreation		—	8 500	—	—	—	6 000	(6 000)	-100.0%
Vote 12 - Waste Management		22 127	28 588	—	14 603	14 603	14 294	309	2.2%
Vote 13 - Waste Water Management		36 295	36 734	—	19 371	19 371	18 367	1 004	5.5%
Vote 14 - Water Management		43 331	62 253	—	31 675	31 675	30 600	1 075	3.5%
Vote 15 -		—	—	—	—	—	—	—	—
Total Revenue by Vote	2	733 644	862 852	—	444 785	444 785	480 384	(35 599)	-7.4%
Expenditure by Vote	1								
Vote 1 - VOTE1		34 233	40 727	—	18 611	18 611	20 477	(1 866)	-9.1%
Vote 2 - Finance & Administration		134 957	101 319	—	63 950	63 950	50 324	13 626	27.1%
Vote 3 - Community & Social Services		34 743	28 665	—	16 110	16 110	14 465	1 645	11.4%
Vote 4 - Energy Sources		408 824	320 428	—	178 759	178 759	161 842	16 916	10.5%
Vote 5 - Housing		2 466	2 637	—	1 384	1 384	1 319	65	4.9%
Vote 6 - Internal Audit		5 417	6 044	—	3 766	3 766	3 022	744	24.6%
Vote 7 - Other		(1)	636	—	—	—	318	(318)	-100.0%
Vote 8 - Planning and Development		12 406	19 867	—	6 580	6 580	10 170	(3 590)	-35.3%
Vote 9 - Public Safety		35 320	58 350	—	22 513	22 513	29 182	(6 670)	-22.9%
Vote 10 - Road Transport		55 680	32 592	—	31 067	31 067	16 298	14 768	90.6%
Vote 11 - Sport and Recreation		9 697	8 859	—	4 589	4 589	4 430	160	3.6%
Vote 12 - Waste Management		22 112	26 231	—	9 500	9 500	13 115	(3 615)	-27.6%
Vote 13 - Waste Water Management		38 767	19 448	—	16 678	16 678	9 724	6 954	71.5%
Vote 14 - Water Management		70 362	54 692	—	32 566	32 566	28 096	4 470	15.9%
Vote 15 -		—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	864 984	720 495	—	406 073	406 073	362 783	43 290	11.9%
Surplus/ (Deficit) for the year	2	(131 340)	142 357	—	38 712	38 712	117 600	(78 889)	-67.1%

KZN263 Abaqulusi - Supporting Table SC1 Material variance explanations - M06 - Half Year

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue			
	Revenue			
	Exchange revenue		Due to load shedding less electricity is purchased by consumers.	The revenue enhancement team is dealing daily with checking of meters
	Service charges - Electricity	16.00%	Illegal connections and cable theft	
	Interest earned from Receivables	58.00%	Interest charged on arrear debt, consumers are not Revenue being allocated under non-exchange revenue penalties and forfeits	The accounts are to be handed over. The misallocation rectified during adjustment budget
2	Non-Exchange revenue		There is a misallocation between exchange and non-exchange revenue	
	Fines, penalties and forfeits	517.00%	There is a misallocation between exchange and non-revenue	To be rectified during adjustment budget
	Licences & permits	100.00%		To be rectified during adjustment budget
	Expenditure By Type			
3				
	Capital Expenditure			
	Employee related costs	13.00%	This is due to bonuses being paid in the month of	No action required
	Remuneration of Councillors	12.00%	This is due to increases not yet paid	No action required
	Inventory consumed	21.00%	This is due to ageing infrastructure and cable theft	
	Debt impairment	100.00%	This is only done at year end	
	Depreciation	159.00%	The updated audited FAR needs to be uploaded onto system	Depreciation will be recalculated during adjustment
	Interest	100.00%	This is interest on payments to Eskom	The municipality will rectify during adjustment budget
	Operational costs	153.00%		The municipality will rectify during adjustment budget
4	Capital expenditure			
	Capital expenditure from MIG		The appointment of contractors was delayed	Spending will improve in the 3rd quarter
	Cash Flow			
5	Other revenue	324.00%		This will be investigated
	Transfers & subsidies - capital	61.00%	This is due to MIG funding not transferred	
6	Measureable performance			
7	Municipal Entities			

Performance indicators

KZN263 Abaqulusi - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 - Half Year							
Description of financial indicator	Basis of calculation	Ref	2022/23	Budget Year 2023/24			
						YearTD actual	
<u>Borrowing Management</u>							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		1.0%	5.9%	0.0%	0.8%	2.7%
Borrow ed funding of 'ow n' capital expenditure	Borrow ings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax	1	24.0%	12.3%	0.0%	23.5%	12.3%
Gearing	Provision/	2	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>							
Current Ratio	Long Term Borrow ing/ Funds & Reserves						
Liquidity Ratio			93.0%	127.6%	0.0%	110.6%	127.6%
	Current assets/current liabilities		4.8%	17.9%	0.0%	7.2%	17.9%
<u>Revenue Management</u>							
	Monetary Assets/Current Liabilities						
Annual Debtors Collection Rate			9.0%	0.0%	0.0%	0.0%	0.0%
Outstanding Debtors to Revenue	Last 12 Mths Receipts/ Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue						
	Debtors > 12 Mths Recovered/Total Debtors >						
<u>Creditors Management</u>							
Creditors System Efficiency	% of Creditors Paid Within Terms (w ithin MFMA s 65(e))			100.0%		79.0%	90.0%
<u>Funding of Provisions</u>							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
<u>Other Indicators</u>							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated					22.8%	
Water Distribution Losses	% Volume (units purchased and ow n source less units sold)/Total units purchased and ow n source	2				65.4%	
Employee costs	Employee costs/Total Revenue - capital revenue		26.2%	24.0%	0.0%	24.2%	24.0%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		6.4%	2.7%	0.0%	5.6%	2.7%
Interest & Depreciation	I&D/Total Revenue - capital revenue		20.2%	5.4%	0.0%	0.8%	2.5%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due w ithin financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual						
iii. Cost coverage	revenue received (Available cash +						

KZN263 Abaqulusi - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 - Half Year														
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 *	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														
STANDARD BANK 32 DAY - '06 846 176 3-003		1 Month	Call Account		Fixed	1.5			N/A	5	0			5
STANDARD BANK MONEY - '06 846 176 3-011		1 Month	Call Account		Fixed	2.8			N/A	72	2			75
ABSA CALL DEPOSIT - '9195460586		1 Month	Call Account		Fixed	3.3			N/A	0	-			0
NEDBANK CALL ACCOUNT - '03/7165020780/000030		1 Month	Call Account		Fixed	3			N/A	3 749	76			3 824
NEDBANK CALL DEPOSIT - '03/7165020780/000039		1 Month	Call Account		Fixed	2.8			N/A	4	0			4
NEDBANK CALL ACCOUNT - '03/7165020780/000040		1 Month	Call Account		Fixed	3.3			N/A	5	0	(15 362)		5
NEDBANK CALL DEPOSIT - '03/7165020780/000042		1 Month	Call Account		Fixed	3.3			N/A	813	16			830
NEDBANK CALL DEPOSIT - '03/7165020780/000043		1 Month	Call Account		Fixed	3.3			N/A	7 980	161			8 141
ABSA CALL DEPOSIT - '9122861337		1 Month	Call Account		Fixed	3.3			N/A	2	0			2
ABSA LIQUIDITY ACCOUNT - '9363389794		1 Month	Call Account		Fixed	2.8			N/A	15 208	203			45
														-
														-
Municipality sub-total										27 838		(15 362)	-	12 935
Entities														
														-
														-
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									27 838		(15 362)	-	12 935

KZN263 Abaqulusi - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 - Half Year

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		193 267	209 066	–	157 431	157 431	139 377	18 054	13.0%	209 066
Expanded Public Works Programme Integrated Grant		2 773	2 351	–	1 645	1 645	1 567	78	5.0%	2 351
Local Government Financial Management Grant	3	3 000	3 000	–	3 000	3 000	2 000	1 000	50.0%	3 000
Equitable Share		187 494	203 715	–	152 786	152 786	135 810	16 976	12.5%	203 715
Provincial Government:		235	8 012	–	10 927	10 927	5 424	5 502	101.4%	8 012
Museum		235	249	–	249	249	249	–		249
		–	–	–	248	248	–	248		–
Library		–	3 540	–	4 763	4 763	2 360	2 403	101.8%	3 540
		–	–	–	5 667	5 667	–	5 667		–
		–	1 223	–	–	–	815	(815)	-100.0%	1 223
		–	3 000	–	–	–	2 000	(2 000)	-100.0%	3 000
District Municipality:		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
Total Operating Transfers and Grants		193 502	217 078	–	168 358	168 358	144 802	23 556	16.3%	217 078
Capital Transfers and Grants										
National Government:		53 228	68 533	–	20 000	20 000	45 689	(25 689)	-56.2%	68 533
Municipal Infrastructure Grant		42 083	51 853	–	10 000	10 000	34 569	(24 569)	-71.1%	51 853
Integrated National Electrification Programme Grant		11 145	16 680	–	10 000	10 000	11 120	(1 120)	-10.1%	16 680
Provincial Government:		4 804	10 500	–	–	–	7 333	(7 333)	-100.0%	10 500
LED Market stalls		1 618	2 000	–	–	–	1 333	(1 333)	-100.0%	2 000
Specify (Add grant description)		2 652	–	–	–	–	–	–		–
Specify (Add grant description)		535	–	–	–	–	–	–		–
Emondlo Sportsfield		–	8 500	–	–	–	6 000	(6 000)	-100.0%	8 500
District Municipality:		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
Total Capital Transfers and Grants		58 033	79 033	–	20 000	20 000	53 022	(33 022)	-62.3%	79 033
TOTAL RECEIPTS OF TRANSFERS & GRANTS		251 535	296 111	–	188 358	188 358	197 824	(9 466)	-4.8%	296 111

KZN263 Abaqulusi - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 - Half Year

		Ref	2022/23	Budget Year 2023/24							
Description			Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
<u>EXPENDITURE</u>		3									
<u>Operating expenditure of Transfers and Grants</u>											
National Government:			5 773	5 351	–	541	541	3 567	(3 027)	-84.8%	5 351
Expanded Public Works Programme Integrated Grant			2 773	2 351	–	429	429	1 567	(1 139)	-72.6%	2 351
Local Government Financial Management Grant			3 000	3 000	–	112	112	2 000	(1 888)	-94.4%	3 000
Provincial Government:			1 813	8 012	–	3 332	3 332	5 424	(2 092)	-38.6%	8 012
Museum			235	249	–	47	47	249	(202)	-81.1%	249
Library			–	3 540	–	3 285	3 285	2 360	(2 360)	-100.0%	3 540
Library			–	1 223	–	–	–	815	(815)	-100.0%	1 223
			–	3 000	–	–	–	2 000	(2 000)	-100.0%	3 000
			1 578	–	–	–	–	–	3 285		–
District Municipality:			–	–	–	–	–	–	–		–
Other grant providers:			–	–	–	–	–	–	–		–
Total Operating Transfers and Grants			7 586	13 363	–	3 873	3 873	8 992	(5 119)	-56.9%	13 363
<u>Capital Transfers and Grants</u>			53 228	68 533	–	15 187	15 187	45 689			68 533
National Government:									(30 501)	-66.8%	
Municipal Infrastructure Grant			42 083	51 853	–	9 695	9 695	34 569	(24 874)	-72.0%	51 853
Integrated National Electrification Programme Grant			11 145	16 680	–	5 492	5 492	11 120	(5 628)	-50.6%	16 680
Provincial Government:			5 308	10 500	–	–	–	7 333	(7 333)	-100.0%	10 500
Market stalls			–	2 000	–	–	–	1 333	(1 333)	-100.0%	2 000
			3 270	–	–	–	–	–	–		–
Erondlo Sports field			2 038	8 500	–	–	–	6 000	(6 000)	-100.0%	8 500
District Municipality:			–	–	–	–	–	–	–		–
Other grant providers:			–	–	–	–	–	–	–		–
Total Capital Transfers and Grants			58 536	79 033	–	15 187	15 187	53 022	(37 835)	-71.4%	79 033
TOTAL EXPENDITURE OF TRANSFERS & GRANTS			66 123	92 396	–	19 060	19 060	62 014	(42 953)	-69.3%	92 396

KZN263 Abaqulusi - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 - Half Year

Description	Ref	Budget Year 2023/24												2023/24 Medium Term Revenue & Expenditure		
		July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2024/25	Budget Year 2024/24	Budget Year 2025/25
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget			
R thousands	1	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget			
Cash Receipts By Source																
Property rates		6 365	6 977	7 969	8 417	10 502	10 301	29 778	29 778	29 778	29 778	29 778	29 725	115 013	118 688	123 581
Service charges - Electricity revenue		9 917	18 325	21 647	19 719	20 301	19 100	72 624	72 624	72 624	72 624	72 624	73 309	249 021	282 746	340 402
Service charges - Water revenue		4 006	2 634	3 336	3 471	3 240	2 725	14 821	14 821	14 821	14 821	14 821	14 821	56 380	59 142	62 336
Service charges - Waste Water Management		2 015	2 071	2 054	2 242	2 233	2 046	8 688	8 688	8 688	8 688	8 688	8 688	33 126	34 750	36 383
Service charges - Waste Management		1 857	2 342	2 244	2 433	2 323	2 179	7 031	7 031	7 031	7 031	7 031	7 031	26 807	28 120	29 442
Rental of facilities and equipment		13	2	370	85	9	37	175	175	175	175	175	175	667	700	733
Interest earned - external investments		—	—	505	147	—	313	447	447	447	447	447	447	1 706	1 789	1 874
Interest earned - outstanding debtors		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		41	27	66	10	21	1	943	943	943	943	943	943	3	5 526	5 786
Licences and permits		44	407	318	1 341	349	444	1 964	1 964	1 964	1 964	1 964	1 964	7 487	7 854	8 223
Agency services		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and Subsidies - Operational		84 847	2 961	(32)	8 400	1 020	71 055	—	—	230 421	—	—	—	219 671	235 844	236 257
Other revenue		1 983	6 391	4 164	1 071	2 738	(1 540)	2 709	2 709	2 709	2 709	2 709	2 709	513	18 851	13 146
Cash Receipts by Source		111 074	42 137	41 765	47 104	42 728	106 311	138 558	138 558	368 979	138 558	138 558	139 191	708 020	791 520	855 556
Other Cash Flows by Source																
Transfers and subsidies - capital (monetary allocations)		14 000	—	—	—	6 000	—	—	—	61 079	—	—	—	76 440	53 899	53 899
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Proceeds on Disposal of Fixed and Intangible Assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short term loans		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current receivables		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total Cash Receipts by Source		125 074	42 137	41 765	47 104	48 728	106 311	138 558	138 558	430 058	138 558	138 558	139 191	784 460	845 419	909 455
Cash Payments by Type																
Employee related costs		2 382	—	—	—	—	—	48 965	48 215	48 215	48 965	48 215	51 215	188 376	194 055	203 176
Remuneration of councillors		—	—	—	—	—	—	5 339	5 339	5 339	5 339	5 339	5 339	19 305	21 836	22 928
Interest		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Bulk purchases - Electricity		14 800	30 625	694	8 477	6 197	44 997	81 905	81 905	81 905	81 905	81 905	81 905	263 142	330 602	389 119
Acquisitions - water & other inventory		7 335	5 418	4 241	4 721	7 235	9 024	10 266	7 116	45 616	13 266	6 916	6 831	40 210	90 107	89 427
Contracted services		10 076	6 738	6 084	9 184	11 401	10 394	22 185	23 435	22 991	22 185	22 185	22 772	95 641	89 936	86 488
Transfers and subsidies - other municipalities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers and subsidies - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenditure		15 981	36 680	4 387	12 363	5 088	4 864	15 481	15 456	15 456	15 481	15 456	15 028	65 954	58 648	61 356
Cash Payments by Type		50 573	79 460	15 405	34 744	29 921	69 278	184 142	181 467	219 523	187 142	180 017	183 092	672 629	785 185	852 494
Other Cash Flows/Payments by Type																
Capital assets		3 345	2 387	1 995	6 556	4 152	3 429	—	—	66 298	2 000	—	—	83 440	53 899	67 555
Repayment of borrowing		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Cash Flow s/Payments		1 919	—	—	2 542	—	1 046	—	—	—	—	—	—	—	—	—
Total Cash Payments by Type		55 837	81 847	17 401	43 842	34 073	73 754	184 142	181 467	285 821	189 142	180 017	183 092	756 069	839 084	920 049
NET INCREASE/(DECREASE) IN CASH HELD		69 236	(39 710)	24 364	3 263	14 655	32 557	(45 584)	(42 909)	144 237	(50 584)	(41 459)	(43 901)	28 392	6 335	(10 594)
Cash/cash equivalents at the month/year beginning:		20 110	89 346	49 636	74 000	77 263	91 918	124 475	78 891	35 982	180 219	129 635	88 176	20 110	48 502	54 837
Cash/cash equivalents at the month/year end:		89 346	49 636	74 000	77 263	91 918	124 475	78 891	35 982	180 219	129 635	88 176	44 275	48 502	54 837	44 244

KZN263 Abaqulusi - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 - Half Year

Month	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	3 957	28 313	–	1 212	1 212	28 313	27 102	95.7%	1%
August	2 220	–	–	1 684	2 896	28 313	25 418	89.8%	3%
September	1 173	–	–	2 614	5 510	28 313	22 804	80.5%	7%
October	4 291	–	–	4 907	10 417	28 313	17 897	63.2%	12%
November	5 338	24 813	–	3 256	13 673	53 127	39 453	74.3%	16%
December	2 681	2 500	–	2 921	16 594	55 627	39 032	70.2%	20%
January	1 900	–	–	–	–	55 627	–		
February	4 110	–	–	–	–	55 627	–		
March	4 646	25 813	–	–	–	81 440	–		
April	5 454	2 000	–	–	–	83 440	–		
May	4 831	–	–	–	–	83 440	–		
June	26 500	–	–	–	–	83 440	–		
Total Capital expenditure	67 102	83 440	–	16 594					

Debtor's age analysis

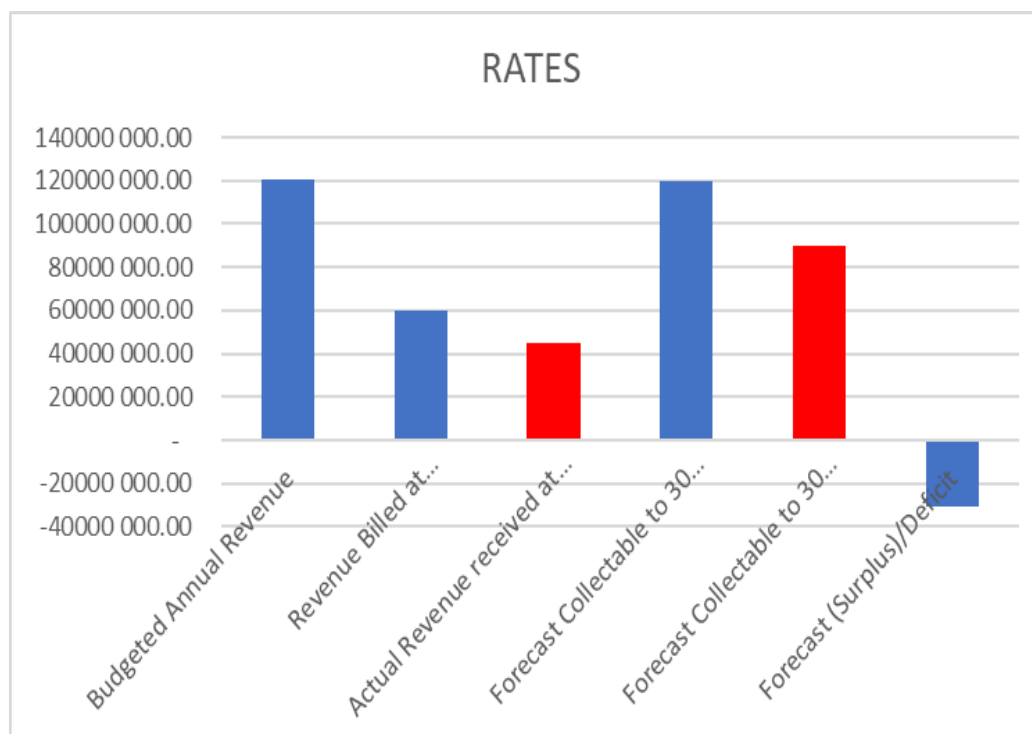
The total outstanding debt owed to the Abaqulusi Municipality as at 31 December 2023 is R392,3 million.

As at the end of December 2023 an amount of R315,7 million is outstanding for longer than 90 days.

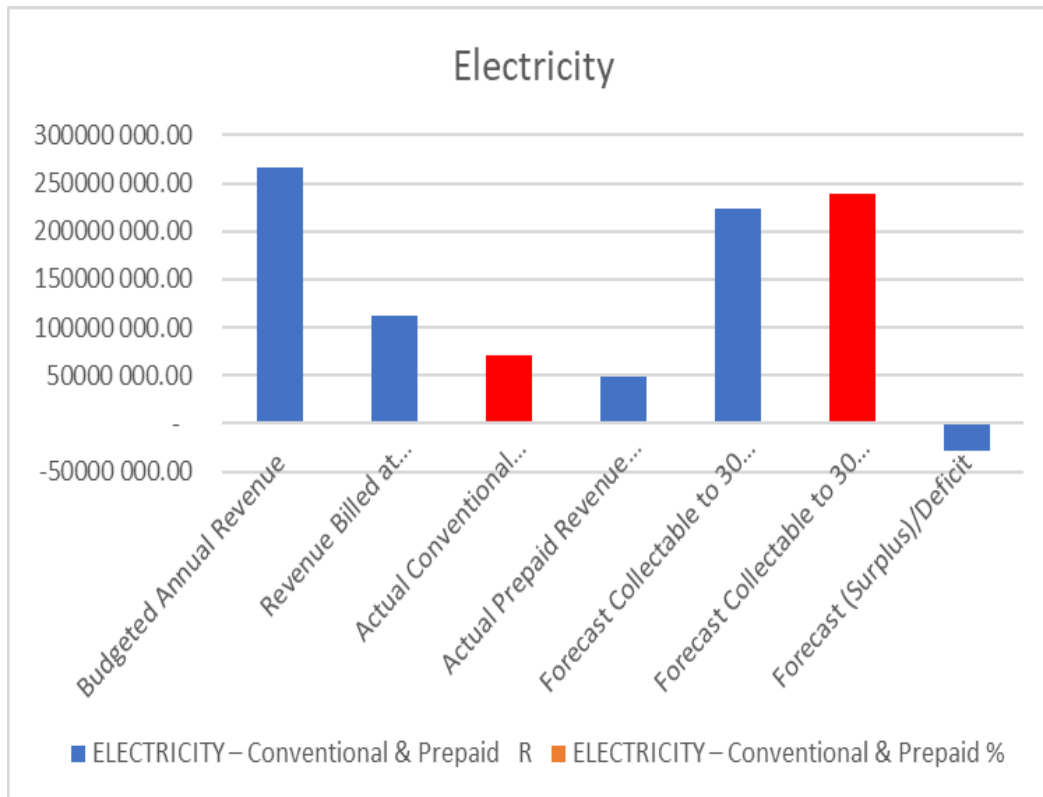
KZN263 Abaqulusi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - Half Year											
Description	NT Code	Budget Year 2023/24									
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	6 003	4 138	3 746	3 434	3 616	3 154	1 172	36 187	61 451	47 564
Trade and Other Receivables from Exchange Transactions - Electricity	1300	16 941	6 152	3 076	4 605	2 420	1 830	1 374	15 851	52 247	26 079
Receivables from Non-exchange Transactions - Property Rates	1400	7 272	3 278	2 481	2 096	1 914	1 858	1 851	82 948	103 698	90 667
Receivables from Exchange Transactions - Waste Water Management	1500	3 205	2 018	1 706	1 576	1 481	1 394	1 256	41 867	54 503	47 574
Receivables from Exchange Transactions - Waste Management	1600	3 136	1 904	1 669	1 522	1 432	1 356	1 142	30 046	42 207	35 498
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	1810	1 918	1 852	1 813	1 770	1 775	1 792	1 707	41 464	54 090	48 508
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–
Other	1900	481	2 054	1 773	1 797	1 690	1 687	2 545	12 144	24 170	19 862
Total By Income Source	2000	38 956	21 395	16 263	16 800	14 327	13 071	11 046	260 508	392 366	315 751
2022/23 - totals only		–	–	–	–	–	–	–	–	–	–
Debtors Age Analysis By Customer Group											
Organs of State	2200	5 192	3 569	2 109	2 075	2 385	1 648	1 854	60 473	79 306	68 436
Commercial	2300	17 813	7 837	5 176	6 454	4 257	3 916	2 671	29 069	77 193	46 367
Households	2400	15 951	9 989	8 979	8 270	7 685	7 506	6 521	170 966	235 867	200 948
Other	2500	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	2600	38 956	21 395	16 263	16 800	14 327	13 071	11 046	260 508	392 366	315 751

REVENUE PER SOURCE

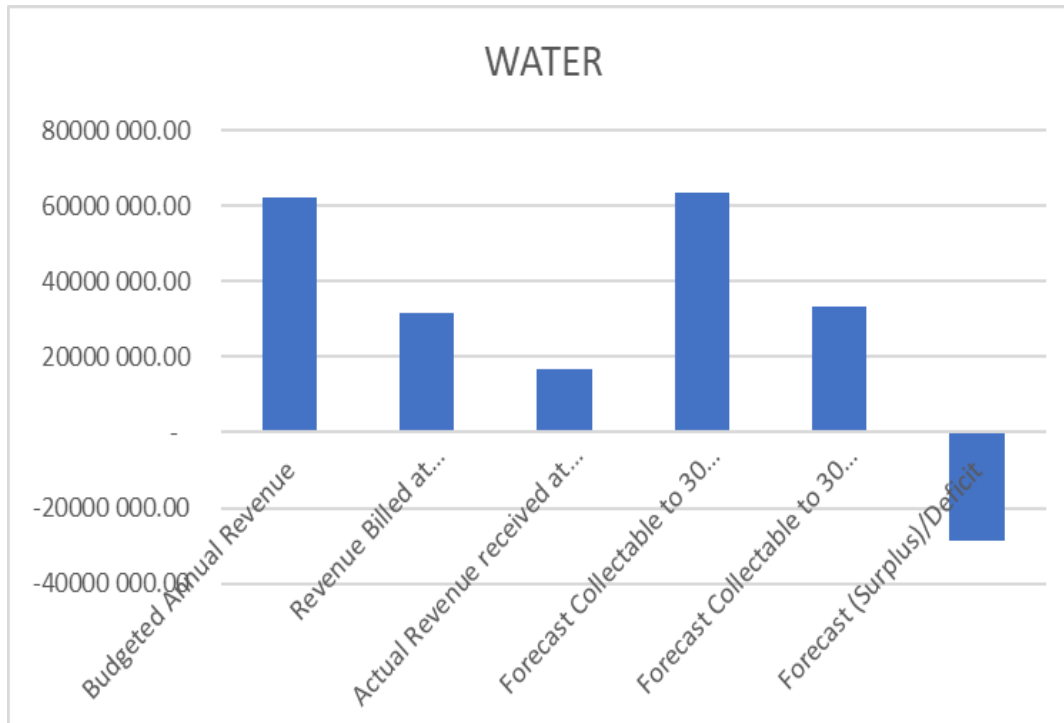
RATES		
	R	%
Budgeted Annual Revenue	120 645 317.00	100%
Revenue Billed at December 2023	59 971 431.73	49.71%
Actual Revenue received at December 2023	44 874 821.60	37.20%
Forecast Collectable to 30 June 2024 on billed revenue	119 942 863.46	99.42%
Forecast Collectable to 30 June 2024 on actual revenue	89 749 643.20	74.39%
Forecast (Surplus)/Deficit	-30 895 673.80	-25.61%



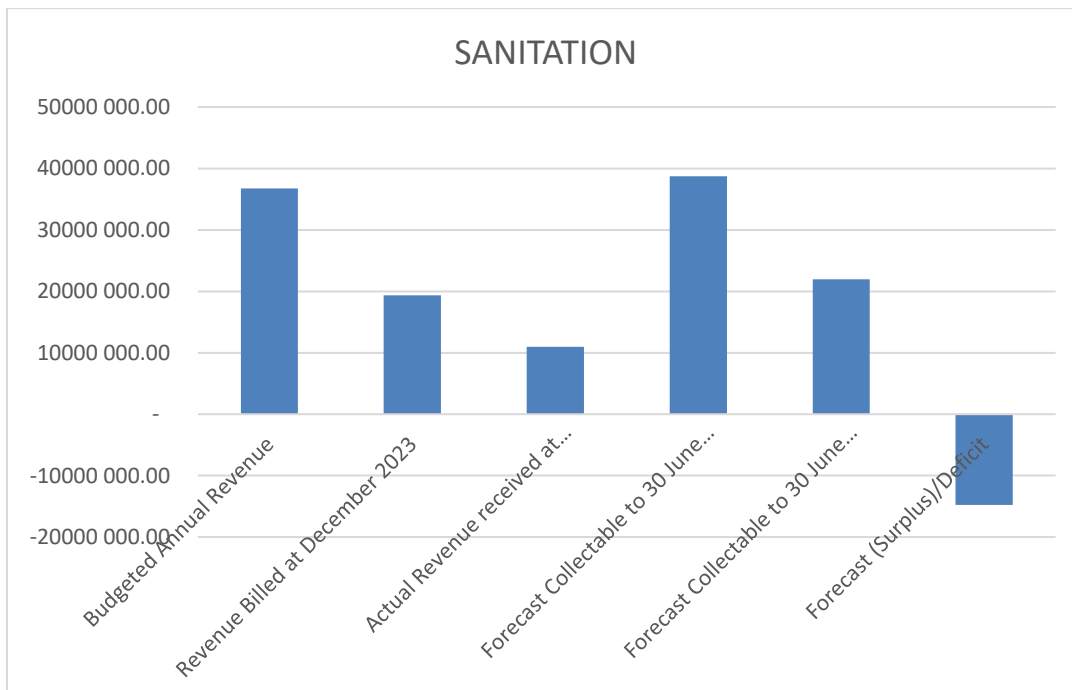
ELECTRICITY – Conventional & Prepaid		
	R	%
Budgeted Annual Revenue	266 528 942.00	100%
Revenue Billed at December 2023	111 990 233.66	42.02%
Actual Conventional Revenue received at December 2023	70 990 313.24	26.64%
Actual Prepaid Revenue received at December 2023	48 408 898.76	18.16%
Forecast Collectable to 30 June 2024 on billed revenue	223 980 467.32	84.04%
Forecast Collectable to 30 June 2024 on actual revenue	238 798 424.00	89.60%
Forecast (Surplus)/Deficit	-27 730 518.00	-10.40%



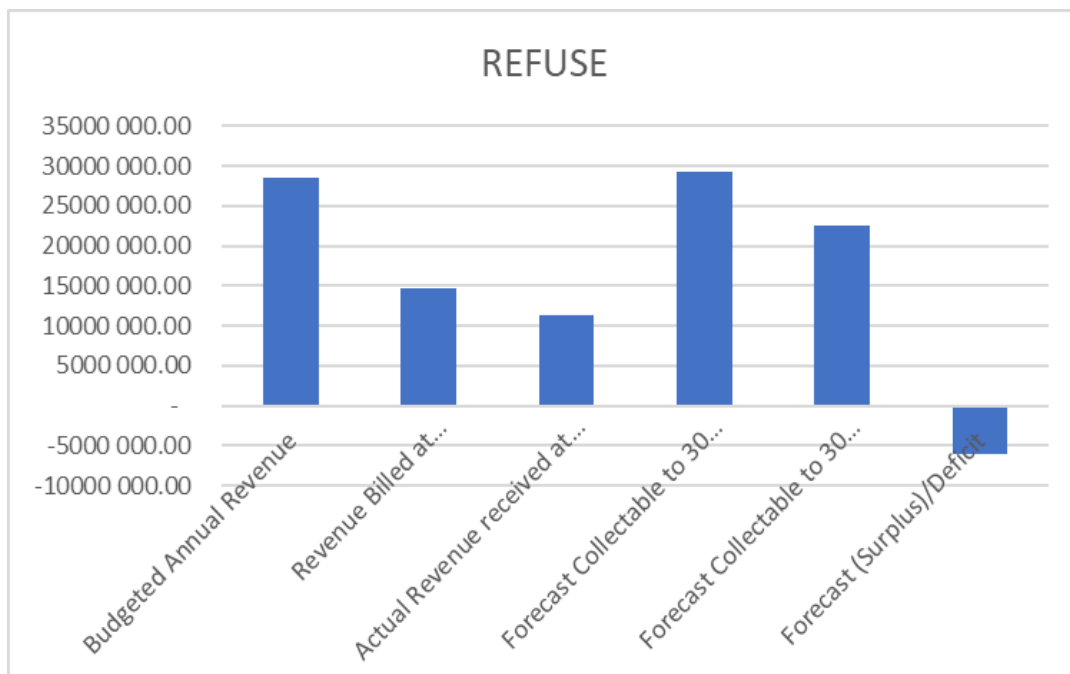
WATER		
	R	%
Budgeted Annual Revenue	62 253 388.00	100%
Revenue Billed at December 2023	31 668 212.75	50.87%
Actual Revenue received at December 2023	16 720 705.54	26.86%
Forecast Collectable to 30 June 2024 on billed revenue	63 336 425.50	101.74%
Forecast Collectable to 30 June 2024 on actual revenue	33 441 411.08	53.72%
Forecast (Surplus)/Deficit	-28 811 976.92	-46.28%



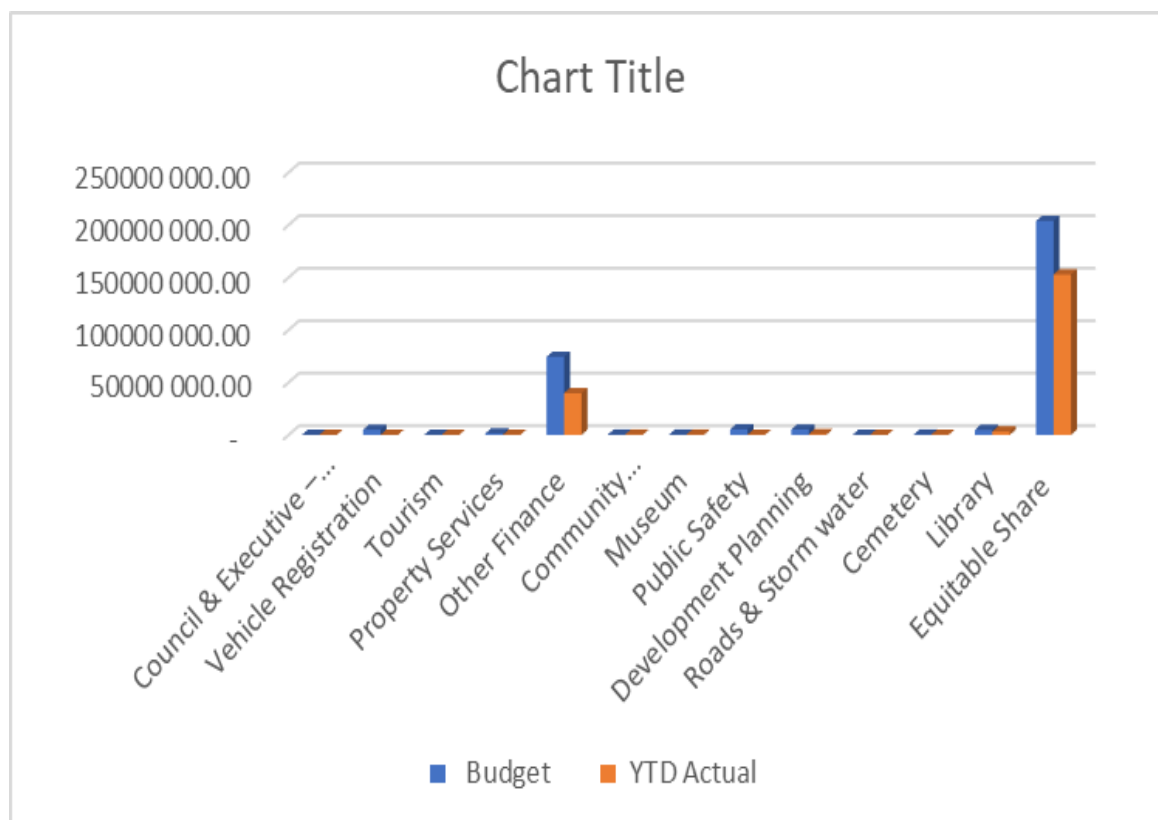
SANITATION		
	R	%
Budgeted Annual Revenue	36 733 750.00	100%
Revenue Billed at December 2023	19 370 544.11	52.73%
Actual Revenue received at December 2023	10 980 483.63	29.89%
Forecast Collectable to 30 June 2024 on billed revenue	38 741 088.22	105.46%
Forecast Collectable to 30 June 2024 on actual revenue	21 960 967.26	59.78%
Forecast (Surplus)/Deficit	-14 772 782.74	-40.22%



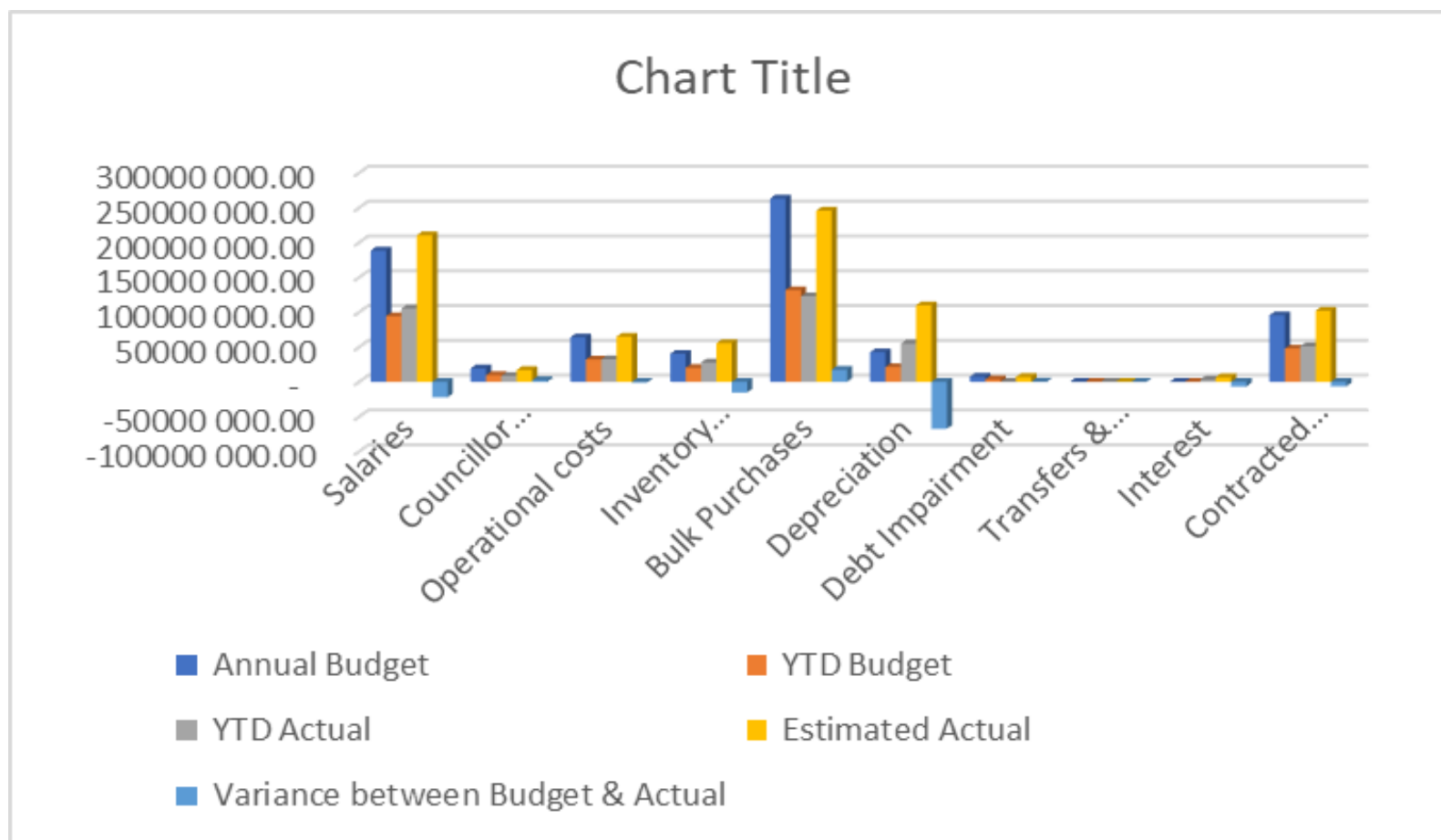
REFUSE		
	R	%
Budgeted Annual Revenue	28 587 742.00	100%
Revenue Billed at December 2023	14 602 687.16	51.08%
Actual Revenue received at December 2023	11 294 215.81	39.51%
Forecast Collectable to 30 June 2024 on billed revenue	29 205 374.32	102.16%
Forecast Collectable to 30 June 2024 on actual revenue	22 588 431.62	79.01%
Forecast (Surplus)/Deficit	-5 999 310.38	-20.99%



OTHER OPERATING INCOME				
	Budget	YTD Actual	Est Actual 30 June 2024	%
Council & Executive – Council	-	-		
Vehicle Registration	4 854 330.00	24 401.82	48 803.64	0.50%
Tourism	-	-	-	
Property Services	1 421 200.00	126 116.76	252 233.52	8.87%
Other Finance	74 289 781.00	39 740 554.82	79 481 109.64	53.49%
Community Development	245 981.00	342 913.94	685 827.88	139.41%
Museum	249 000.00	249 000.00	249 000.00	100.00%
Public Safety	5 265 000.00	164 750.00	329 500.00	3.13%
Development Planning	5 127 940.00	704 250.64	1 408 501.28	13.73%
Roads & Storm water	-	1 800.00	3 600.00	100.00%
Cemetery	315 900.00	134 121.38	268 242.76	42.46%
Library	4 766 159.00	3 286 478.34	6 572 956.68	68.95%
Equitable Share	203 715 000.00	152 786 000.00	203 715 000.00	75.00%



OPERATING EXPENDITURE					
	Annual Budget	YTD Budget	YTD Actual	Estimated Actual	Variance between Budget & Actual
Salaries	188 376 009.00	94 188 004.50	105 202 320.30	210 404 640.60	-22 028 631.60
Councillor Allowances	19 305 486.00	9 652 743.00	8 497 040.28	16 994 080.56	2 311 405.44
Operational costs	63 954 049.00	31 977 024.50	32 442 897.39	64 885 794.78	-931 745.78
Inventory consumed (Repairs & Maintenance)	40 210 000.00	20 105 000.00	27 733 139.69	55 466 279.38	-15 256 279.38
Bulk Purchases	263 142 159.00	131 571 079.50	122 880 615.92	245 761 231.84	17 380 927.16
Depreciation	42 503 244.00	21 251 622.00	54 963 611.77	109 927 223.54	-67 423 979.54
Debt Impairment	7 363 084.00	3 681 542.00	-58 521.60	7 052 763.00	310 321.00
Transfers & subsidies	-	-	-	-	-
Interest	-	-	3 383 043.12	6 766 086.24	-6 766 086.24
Contracted Services	95 641 000.00	47 820 500.00	51 028 745.87	102 057 491.74	-6 416 491.74
Total	720 495 031.00	360 247 515.50	406 072 892.74	819 315 591.68	-98 820 560.68



CAPITAL BUDGET					
	Annual Budget	YTD Budget	YTD Actual	Estimated Actual	Variance between Budget & Actual
MIG funded projects	49 260 000.00	24 630 000.00	9 313 031.82	18 626 063.64	30 633 936.36
INEP funded projects	16 680 000.00	8 340 000.00	3 948 047.94	7 896 095.88	8 783 904.12
Provincial projects	10 500 000.00	5 250 000.00	-	-	10 500 000.00
Own funded projects	7 000 000.00	3 500 000.00	3 333 232.94	6 666 465.88	333 534.12
Total	83 440 000.00	41 720 000.00	16 594 312.70	33 188 625.40	50 251 374.60

The fact that the municipality is experiencing on-going cash flow challenges is highlighted and needs to be considered when approval is considered for specific initiatives. Departments continue to bypass the CFO for financial input for certain projects and this is impacting on the reprioritizing of funds during the Adjustment Budget due to the shortfall.

Below is a table indicating the revenue and expenditure of the Trading Services (Water, Energy, Waste Water and Waste Management)

Trading Services

1 July 2023 to 31 December 2023	Water	Waste Water	Energy	Waste Management	Total
Revenue					
Revenue from non-exchange transactions	-	-	10 964 157.62	-	10 964 157.62
Revenue from exchange transactions (Revenue billed)	31 668 212.75	19 370 544.11	111 998 845.52	14 602 687.16	177 640 289.54
Total segment revenue	31 668 212.75	19 370 544.11	122 963 003.14	14 602 687.16	188 604 447.16
Unallocated revenue					
Entity's revenue billed	31 668 212.75	19 370 544.11	122 963 003.14	14 602 687.16	188 604 447.16
Actual revenue received from consumers billed	16 720 705.54	10 980 483.63	70 990 313.24	11 294 215.81	109 985 718.22
Actual revenue received from prepaid electricity			48 408 898.76		48 408 898.76
	16 720 705.54	10 980 483.63	119 399 212.00	11 294 215.81	158 394 616.98
Revenue outstanding from consumers	14 947 507.21	8 390 060.48	3 563 791.14	3 308 471.35	30 209 830.18
Expenditure					
Employee Costs	9 941 721.12	9 181 689.74	13 652 737.75	2 369 556.15	35 145 704.76
Contracted services	6 846 260.04	463 252.59	8 843 914.81	4 451 697.31	20 605 124.75
Operational costs	7 950 506.71	6 823 583.81	24 990 912.99	2 522 495.86	42 287 499.37

Bulk purchases	-	-	122 880 615.92	-	122 880 615.92
Inventory consumed	7 827 362.53	209 884.00	8 390 419.44	156 286.01	16 583 951.98
Total segment expenditure	32 565 850.40	16 678 410.14	178 758 600.91	9 500 035.33	237 502 896.78
Unallocated expenses					
Entity's surplus deficit for the period	-15 845 144.86	-5 697 926.51	-107 768 287.67	1 794 180.48	-127 517 178.56
 Profit/(loss) - Actual revenue - Actual expenditure	 -95%	 -51.89%	 -50%	 15.89%	 -50%
Profit/(loss) - Billed revenue - Actual expenditure	-3%	13.90%	-45%	34.94%	-26%

Other Financial Issues

This executive report continues to highlight the performance achievement of the Finance Department during the first half of the financial year, taking into account:

- i. The targets set in the service delivery and business delivery

The main strategic goals during the 2023/2024 as set out in the business plan and reported in the performance report were for the following:

- The optimization of revenue collection by using incentives to encourage payments, increasing the number of payment methods, increasing the billing coverage and vigorously implementing the credit control policy and bylaws through effective implementation of the existing legal processes.
- Increasing the number of paying consumers by improving better communication and better relationships with consumers.
- Reduction of costs through reduction in physical and bulk losses.
- Improve service delivery to community through best practices.
- Reduction and/or control of expenditures mainly through the control of overhead costs by utilizing effective systems (blocking votes on the financial system)
- Alignment of structure with organizational strategy.
- Counteract wasteful water and electricity practices through education and awareness campaigns.
- Raising the level of awareness of consumers about hygiene and environmental health in compliance with regulatory requirements.
- Continual development of the required strategic skills from managerial levels to lower levels.
- Identify and manage operational and financial risks within the existing regulatory framework/environment.
- Manage and maintain an effective and efficient network system within the total Abaqulusi area.

Indigent Statistics

- a) Number of indigents – 3 714 average per month
- b) Free Electricity – 4 939 consumers receiving 50 kwh per month
- c) Cost to date – R2,008,570.08 and estimate for year – R4,017,140.16
- d) Free Water – 3 714 consumers receiving 6 kl per month
- e) Cost to date – R1,595,307.30 and estimate for year – R3,190,614.60 including Basic Charge
- f) Free Refuse – 3 714 consumers who do not pay for refuse removal
- g) Cost to date – R2,828,895 and estimate for year – R5,657,790
- h) Free Sanitation – 3 714 consumers, cost to date R3,181,023.65 and estimate for year – R6,362,047.30
- i) Free Rates – 3 714 consumers with house values less than R 100,000 who do not pay rates
- j) Cost to date – R721,386.41 and the estimate for the year – R1,442,772.82
- k) Free Electricity in Eskom areas – 865 consumers receiving 50 kwh per month
- l) Cost to date paid to Eskom for Free Basic Electricity – R507,994.92 and estimate for year – R1,015,989.84
- m) To date the cost for services for indigents amounts to R10,843,177.36 and the estimated cost for the year is expected to be R21,686,354.72. The information is based on the number of indigent consumers as at 31 December 2023 but could increase due to more consumers applying for indigent status

INDIGENT STATS

SERVICE	NO OF CONSUMERS	EXPENDITURE TO DATE	EST EXPENDITURE FOR 12 MONTHS
RATES - HOUSE VALUED AT LESS THAN R100000	3714	721 386.41	1 442 772.82
ELECTRICITY - 50 KWH - OWN LICENCED AREA	4939	2 008 570.08	4 017 140.16
ELECTRICITY - 50 KWH - ESKOM LICENCED AREA	865	507 994.92	1 015 989.84
WATER - 6KL	3714	1 595 307.30	3 190 614.60
SANITATION	3714	3 181 023.65	6 362 047.30
REFUSE	3714	2 828 895.00	5 657 790.00
TOTAL COST		10 843 177.36	21 686 354.72

Financial Statements – 2022/2023

The financial statements were completed in time as per National Treasury dates and submitted to the Auditor-General by the 31st of August 2023. The financial statements have been audited and the municipality received an unqualified audit opinion for the 2nd year.

Assets

The asset register is currently being prepared into the correct segments for uploading to the Munsoft system during 2023/2024.

Investments

Council has an investment portfolio of R17 million; the Council's obligations are as follows:

- At least one month's operating expenditure
- Consumer deposits
- Unspent grants

The Council currently has insufficient resources to cover its monthly expenses

Abaqulusi Municipality Investment Register

INVESTMENT REGISTER 1 July 2023 to 31 June 2024

MAIN SUMMARY

INSTITUTION	BALANCE AT 2023/07/01	MOVEMENTS	BALANCE AT 2023/12/31	INTEREST EARNED	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Bank										
NEDBANK	3 697 779.83	0.00	3 850 399.11	152 619.28	25 281.74	25 454.41	24 801.90	25 798.20	25 136.70	26 146.33
ABSA CALL	2 348.83	0.00	2 411.35	62.52	10.14	10.52	10.57	10.27	10.66	10.36
ABSA CALL	243.11	0.00	243.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEDBANK	4 111.15	0.00	4 281.04	169.89	28.21	28.21	27.60	28.83	27.90	29.14
STANDARD BANK	74 828.42	0.00	74 828.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEDBANK	4 470.61	0.00	4 655.22	184.61	30.69	30.69	30.00	31.31	30.30	31.62
NEDBANK	802 257.39	0.00	835 369.42	33 112.03	5 485.14	5 522.65	5 380.80	5 597.05	5 453.70	5 672.69
STANDARD BANK	4 799.67	0.00	4 799.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NEDBANK	7 872 082.11	0.00	8 196 987.71	324 905.60	53 821.27	54 189.24	52 799.70	54 920.84	53 512.50	55 662.05
ABSA LIQUIDITY PLUS	2 867 757.30	637 751.39	4 043 614.06	538 105.37	29 646.63	155 709.87	149 336.86	63 947.71	101 127.83	38 336.47
	15 330 678.42	637 751.39	17 017 589.11	1 049 159.30	114 303.82	240 945.59	232 387.43	150 334.21	185 299.59	125 888.66

Water losses

Total all areas

	Total sales	Total purified	Difference between sales & purchases (Rands)	% Losses
31 July 2023	280 686.00	487 090.18	206 404.18	42.37%
31 August 2023	284 054.00	556 716.80	272 662.80	48.98%
30 September 2023	267 386.00	511 788.70	244 402.70	47.75%
31 October 2023	257 747.00	593 535.68	335 788.68	56.57%
30 November 2023	261 208.00	1 216 519.57	955 311.57	78.53%
31 December 2023	269 453.00	1 323 668.67	1 054 215.67	79.64%
TOTAL :2023/2024	1 620 534.00	4 689 319.60	3 068 785.60	65.44%

Vryheid

	Total sales Vryheid	Total purified	Difference between sales & purchases (Rands)	% Losses
31 July 2023	161 311.00	300 374.18	139 063.18	46.30%
31 August 2023	166 949.00	340 473.80	173 524.80	50.97%
30 September 2023	166 623.00	272 877.70	106 254.70	38.94%
31 October 2023	159 345.00	345 127.68	185 782.68	53.83%
30 November 2023	162 749.00	988 387.57	825 638.57	83.53%
31 December 2023	171 420.00	1 017 418.67	845 998.67	83.15%
TOTAL :2023/2024	988 397.00	3 264 659.60	2 276 262.60	69.72%

Emondlo

	Total sales Emondlo	Total purified	Difference between sales & purchases (Rands)	% Losses
31 July 2023	107 028.00	154 000.00	46 972.00	30.50%
31 August 2023	104 576.00	147 000.00	42 424.00	28.86%
30 September 2023	89 049.00	195 000.00	105 951.00	54.33%
31 October 2023	86 260.00	197 000.00	110 740.00	56.21%
30 November 2023	85 873.00	190 000.00	104 127.00	54.80%
31 December 2023	85 837.00	252 000.00	166 163.00	65.94%
TOTAL :2023/2024	558 623.00	1 135 000.00	576 377.00	50.78%

Hlobane

	Total sales Hlobane	Total purified	Difference between sales & purchases (Rands)	% Losses
31 July 2023	5 956.00	6 014.00	58.00	0.96%
31 August 2023	6 204.00	28 460.00	22 256.00	78.20%
30 September 2023	5 293.00	4 353.00	-940.00	-21.59%
31 October 2023	5 716.00	12 770.00	7 054.00	55.24%
30 November 2023	6 148.00	15 191.00	9 043.00	59.53%
31 December 2023	5 760.00	15 435.00	9 675.00	62.68%
TOTAL :2023/2024	35 077.00	82 223.00	47 146.00	57.34%

Coronation

	Total sales Coronation	Total purified	Difference between sales & purchases (Rands)	% Losses
31 July 2023	20.00	19 421.00	19 401.00	99.90%
31 August 2023	20.00	31 903.00	31 883.00	99.94%
30 September 2023	30.00	31 153.00	31 123.00	99.90%
31 October 2023	7.00	29 906.00	29 899.00	99.98%
30 November 2023	30.00	15 265.00	15 235.00	99.80%
31 December 2023	30.00	31 336.00	31 306.00	99.90%
TOTAL :2023/2024	137.00	158 984.00	158 847.00	99.91%

Louwsburg

	Total sales Louwsburg	Total purified	Difference between sales & purchases (Rands)	% Losses
31 July 2023	6 371.00	7 281.00	910.00	12.50%
31 August 2023	6 305.00	8 880.00	2 575.00	29.00%
30 September 2023	6 391.00	8 405.00	2 014.00	23.96%
31 October 2023	6 419.00	8 732.00	2 313.00	26.49%
30 November 2023	6 408.00	7 676.00	1 268.00	16.52%
31 December 2023	6 406.00	7 479.00	1 073.00	14.35%
TOTAL :2023/2024	38 300.00	48 453.00	10 153.00	20.95%

Electricity losses

Total all areas

	Total conventional sales	Total prepaid sales	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2023	9 505 657.41	7 776 358.78	31 964 832.69	14 682 816.50	45.93%
31 August 2023	10 707 943.85	9 639 847.97	31 766 314.66	11 418 522.84	35.95%
30 September 2023	8 920 556.87	7 036 411.81	17 463 001.32	1 506 032.64	8.62%
31 October 2023	8 613 474.04	7 955 424.02	19 890 598.04	3 321 699.98	16.70%
30 November 2023	9 444 954.22	7 131 597.53	17 862 147.42	1 285 595.67	7.20%
31 December 2023	10 491 313.02	8 869 258.65	18 383 506.51	-977 065.16	-5.31%
TOTAL :2023/2024	57 683 899.41	48 408 898.76	137 330 400.64	31 237 602.47	22.75%

Electricity Losses - Vryheid

	Total conventional sales Vryheid	Total prepaid sales Vryheid	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2023	8 836 767.29	5 938 093.20	21 779 519.04	7 004 658.55	32.16%
31 August 2023	9 922 662.99	7 529 116.06	22 041 783.92	4 590 004.87	20.82%
30 September 2023	8 436 826.48	5 379 659.89	11 628 290.91	-2 188 195.46	-18.82%
31 October 2023	8 445 149.86	6 109 491.63	13 598 857.26	-955 784.23	-7.03%
30 November 2023	9 067 572.50	5 533 863.53	12 407 736.56	-2 193 699.47	-17.68%
31 December 2023	9 591 015.43	6 730 217.48	12 620 760.12	-3 700 472.79	-29.32%
TOTAL :2023/2024	54 299 994.55	37 220 441.79	94 076 947.81	2 556 511.47	2.72%

Electricity Losses - Emondlo

	Total conventional sales Emondlo	Total prepaid sales Emondlo	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2023	306 033.11	1 668 411.11	7 603 893.44	5 629 449.22	74.03%
31 August 2023	532 020.85	1 908 380.46	7 123 148.42	4 682 747.11	65.74%
30 September 2023	405 491.31	1 485 561.99	4 338 300.51	2 447 247.21	56.41%
31 October 2023	33 938.00	1 661 786.80	4 797 539.51	3 101 814.71	64.65%
30 November 2023	236 861.23	1 445 114.57	4 154 966.29	2 472 990.49	59.52%
31 December 2023	735 438.26	1 907 743.55	4 538 592.48	1 895 410.67	41.76%
TOTAL :2023/2024	2 249 782.76	10 076 998.48	32 556 440.65	20 229 659.41	62.14%

Electricity losses - Hlobane

	Total conventional sales Hlobane	Total prepaid sales Hlobane	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2023	346 898.23	86 276.18	1 661 111.12	1 227 936.71	73.92%
31 August 2023	230 849.68	93 927.85	1 742 294.86	1 417 517.33	81.36%
30 September 2023	57 563.65	82 163.95	921 149.76	781 422.16	84.83%
31 October 2023	119 107.50	85 341.87	984 967.52	780 518.15	79.24%
30 November 2023	129 096.47	96 784.48	894 721.71	668 840.76	74.75%
31 December 2023	151 800.07	143 181.44	787 860.58	492 879.07	62.56%
TOTAL :2023/2024	1 035 315.60	587 675.77	6 992 105.55	5 369 114.18	76.79%

Electricity losses - Coronation

	Total conventional sales Coronation	Total prepaid sales Coronation	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2023	15 958.78	83 578.29	920 309.09	820 772.02	89.18%
31 August 2023	22 410.33	108 423.60	859 087.46	728 253.53	84.77%
30 September 2023	20 675.43	89 025.98	575 260.14	465 558.73	80.93%
31 October 2023	15 278.68	98 803.72	509 233.75	395 151.35	77.60%
30 November 2023	11 424.02	55 834.95	404 722.86	337 463.89	83.38%
31 December 2023	13 059.26	88 116.18	436 293.33	335 117.89	76.81%
TOTAL :2023/2024	98 806.50	523 782.72	3 704 906.63	3 082 317.41	83.20%

Other

The collection target that was reached in the second quarter was 81% which is 3% more in comparison with the first quarter (78%) and 5% more than the collection rate at the same time last year.

The number of paying consumers has decreased from the first quarter to the second quarter. The impact of load shedding is resulting in more consumers converting to solar.

Payment per Type of Service

Payment Period	July to December
Total Payments (Including Reversals)	-194 389 435.94

Type Of Service	Total Settlements	Billing	Payment Rate (Movement)
RATES GENERAL	-44 874 821.60	58 953 443.25	76%
ELECTRICITY	-50 528 213.02	58 606 844.86	86%
DEMAND/BASIC CHARGES	-20 462 100.22	23 730 716.87	86%
WATER CONSUMP	-12 242 036.10	21 012 296.86	58%
AVAIL WATER	-4 478 669.44	11 172 953.04	40%
AVAIL SEWER	-8 303 507.07	13 221 146.59	63%
ADD SEWERAGE	-2 676 976.56	3 064 759.46	87%
REFUSE	-11 294 215.81	17 839 765.08	63%
INTEREST	-826 823.06	10 949 592.52	8%
ADJUSTMENTS	-23 269.78	-	
V.A.T.	-15 971 948.48	21 114 383.20	75%
DEPOSIT ELEC	-523 911.15	-	
DEPOSIT WATER	-42 742.42	-	
SERVICE CHARGE	-	-	
OLD DEBT	-30 724.64	-	
PENALTIES LATE PAYMENT	-1 552 124.83	-	
COLL. FEES	-	-	
LEGAL FEES	-17 759.19	-	
SUNDRY CHARGE	-322 643.32	3 000.00	
INDIGENT SUPPOR	-122 973.57	307 305.24	37%
PAYMENT ADVANCED	-20 093 975.68	-	
Total	-194 389 435.94	239 976 206.97	81%

Payment per Ward

Payment Period July to December
 Total Payments - 194 389 435.94
 Percentage 81%

Ward	Total Settlements	Billing	Payment Rate (Billing)
000001 WARD 1	- 1 674 879.39	5 955 930.11	28%
000002 WARD 2	- 555 554.23	1 209 001.85	46%
000003 WARD 3	- 153 325.14	576 845.89	27%
000004 WARD 4	- 274 029.55	1 413 568.18	19%
000005 WARD 5	- 487 141.88	1 365 784.90	36%
000006 WARD 6	- 1 779 313.26	7 834 527.28	23%
000007 WARD 7	- 1 531 585.68	5 182 261.12	30%
000008 WARD 8	- 85 185 868.82	102 912 968.40	83%
000009 WARD 9	- 26 878 357.17	28 732 954.25	94%
000010 WARD 10	- 3 357 364.83	4 836 466.10	69%
000011 WARD 11	- 1 691 275.69	2 342 536.81	72%
000012 WARD 12	- 7 434 850.49	13 305 386.58	56%
000013 WARD 13	- 7 546 420.55	10 071 511.87	75%
000014 WARD 14	- 297 706.11	332 257.78	90%
000015 WARD 15	- 210 416.16	415 371.14	51%
000016 WARD 16	- 579 165.67	1 014 910.68	57%
000017 WARD 17	- 142 989.65	241 560.80	59%
000018 WARD 18	- 2 988 576.02	5 518 926.92	54%
000019 WARD 19	- 51 467.23	153 434.68	34%
000020 WARD 20	- 5 828 601.31	10 050 386.02	58%
000021 WARD 21	- 204 707.62	632 095.05	32%
000022 WARD 22	- 31 557 859.25	35 877 520.56	88%
PAYMENT ADVANCED	- 13 977 980.24	-	0%
Total	- 194 389 435.94	239 976 206.97	81%

Payment report per account type

Payment Period July to December
 Total Payments - 194 389 435.94
 Percentage 81%

Account Type	Total Settlements	Billing	Payment Rate (Billing)
0000VP VACANT LAND	- 250 739.25	471 140.40	53%
000AGA AGRICULTURE	- 1 858 411.70	3 879 344.34	48%
000BUS BUSINESS AND CO	- 11 371 314.79	12 759 755.85	89%
000IND INDUSTRIAL	- 2 222 141.06	2 523 799.67	88%
000MUN MUNICIPAL	- 46 626.20	175 100.98	27%
000PBO PUBLIC BENEFIT	- 486 872.03	561 216.47	87%
000POW PLACE OF WORSHI	- 125 123.35	139 749.01	90%
000PSI PUBLIC SERICE	- 800.09	2 222.10	36%
000PSP PUBLIC SERICE P	- 17 551 037.55	20 832 877.91	84%
000RES RESIDENTIAL	- 11 658 487.80	19 246 993.25	61%
000WOR PLACE OF WORSHI	- -	-	
0STAFF STAFF	- 912 131.29	1 161 995.28	79%
AGRICU AGRICULTURAL	- 5 620 351.32	11 019 947.95	51%
BUSINE BUSINESS	- 57 768 083.27	65 304 641.24	88%
CHURCH CHURCH	- 787 515.34	979 420.66	80%
MDVDEV MDV DEV X 13	- -	573 776.65	0%
MUNICI MUNICIPAL	- 8 942 005.71	15 483 143.60	58%
NONRAT NON RATEBLE	- 195 428.18	758 812.72	26%
PENSIO PENSIONER	- 149 351.12	169 613.28	88%
PSI000 PUBLIC SERVICE	- 3 648 955.29	4 466 408.95	82%
RESIDE RESIDENTIAL	- 43 541 636.42	63 176 438.72	69%
SCHOOL SCHOOL	- 3 721 819.29	4 661 634.72	80%
SECTIT SECTIONAL TITLE	- 3 397 953.97	3 748 205.48	91%
SPECCO SPECIAL CONSENT	- 3 109 089.98	3 030 309.50	103%
SPL000 SPECIALISED NON	- 966 281.63	872 752.85	111%
SPORTS SPORT CLUBS	- 312 475.36	328 661.99	95%
STATE0 STATE OWNED	- 42 495.94	3 503.56	121%
TELKOM TELKOM	- 130 482.38	166 739.24	78%
TLCREN TLC RENTAL	- 28 763.18	76 018.52	38%
TRANSN TRANSNET	- 998 159.01	1 017 073.79	98%
VACANT VACANT LAND	- 566 923.20	2 384 908.29	24%
PAYMENT ADVANCED	- 13 977 980.24	-	0%
Total	- 194 389 435.94	239 976 206.97	81%

Annual Report

The Annual Report contains the Annual Financial Statements, together with Audit report and the actions which the municipality will take to resolve the matters raised by the Auditor-General.

Cost Containment Register

The municipality adopted and implemented the cost containment measures from the 1st of July 2023 and the municipality must disclose the cost containment measures applied in the in-year reports and annual cost savings must be disclosed in the annual report.

Use of Consultants – during the period under review Consultants were appointed for MIG projects. No needs assessment was done. The municipality will be preparing a reduction of consultant's policy as requested by the Auditor-General during the audit for adoption with the Adjustment Budget.

Travel & Subsistence including the attendance of conferences, seminars and workshops – a list is attached of all Councillors and Employees and the meetings they attended. The cost containment is monitored by the Municipal Manager

Temporary appointments, contractual appointments, unemployed graduates and experiential learners – all appointments were done in terms of the HR policy

Acting allowances – all acting was in accordance with the HR and Cost Containment policies

Overtime – this was paid in accordance with the SALGBC Collective Agreements and exemption granted where necessary. Overtime is limited to 40 hours per month unless approved by the Municipal Manager. The overtime report is tabled monthly as part of the Section 71 report and overtime has reduced compared to the previous financial year

Catering, refreshments & entertainment – the policy has been adhered to

Sponsorships & events – the policy has been adhered to

Municipal workshops, retreats, strategic sessions and internal training – the policy has been adhered to

Projects/program launches – there were project/program launches during the period 1 July to 31 December 2023

Telephone costs – private calls are recovered from employees

Uniforms and clothing – the policy has been adhered to

INSTITUTION/S CONSULTED

This report must be communicated to ward committees once it is approved.

IMPLICATIONS

➤ **Finances**

This report incorporates the financial status for the period ended 31 December 2023.

The implication of approval of this report is compliance to legislative requirements (Section 72 of the MFMA).

➤ **Communication**

In compliance to legislative requirements (Section 72 of the MFMA) this document is provided to all stakeholders by placing it on the Abaqulusi Municipality website and to the ward committees.

➤ **Conclusion**

This report meets with the requirements of the MFMA, Section 72 by submitting the 'In-Year report' to Council on the implementation of the budget and the financial status of the municipality.

RECOMMENDATIONS

- That Council notes the Mid-year budget & performance assessment report that is submitted in terms of Section 72 of MFMA; and
- Council recommends that an Adjustment Budget be prepared revising the projections of revenue and expenditure as necessary for 2023/2024

MPE MTHEMBU
CHIEF FINANCIAL OFFICER

DATE

SUPPORTED/NOT SUPPORTED
APPROVED/NOT APPROVED

SP DLAMINI
ACTING MUNICIPAL MANAGER

DATE

Our Ref.: 9/1/1/7

Your Ref.

Enquiries: M Mthembu

- -



57, VRYHEID 3100

c/o, Mark & High Street

(034) 982-2133



Fax: (034) 982-1939

E-mail: finance@abaqulusi.gov.za

QUALITY CERTIFICATE

I, SP Dlamini, Acting Municipal Manager of **ABAQULUSI MUNICIPALITY**, hereby certify that: (mark as appropriate)

☐

The monthly budget statement

☐

Quarterly report on the implementation of the budget and financial state of affairs to the municipality

☒

Mid-year budget and performance assessment

For the half year ending December of 2023 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

ACTING MUNICIPAL MANAGER

ABAQULUSI MUNICIPALITY

KZN263

SIGNATURE: _____

DATE: _____



QUALITY CERTIFICATE

I, SE Mkhwanazi, Mayor of **ABAQULUSI MUNICIPALITY**, hereby certify that: (mark as appropriate)

☐

The monthly budget statement

☐

Quarterly report on the implementation of the budget and financial state of affairs to the municipality

☒

Mid-year budget and performance assessment

For the half year ending December of 2023 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

MAYOR

ABAQULUSI MUNICIPALITY

KZN263

SIGNATURE: _____

DATE: _____



CONFIRMATION CERTIFICATE

I, MPE Mthembu, the Chief Financial Officer of (**ABAQULUSI MUNICIPALITY**.) have checked the Report and done the Review Session with my Department. The POE's are categorised according to the index. *(Marked as appropriate)*

The December Monthly Report

☐

Quarterly Report on the implementation of the
Financial State of affairs to the Municipality

☐

Mid-year Performance Assessment

☒

Medium Term Report

☐

I hereby confirm that the above is a true reflection of the Finance Section and in full compliance with Schedule 2 of the Municipal Systems Act.

MPE MTHEMBU
CHIEF FINANCIAL OFFICER
ABAQULUSI MUNICIPALITY

DATE

KZN263