

MID-YEAR BUDGET & PERFORMANCE ASSESSMENT REPORT DECEMBER 2020



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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, taking into account 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 2019/20 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

2020/2021 Mid-Year Budget & Performance Assessment Report presentation by his worship the Mayor, Councillor MC Maphisa, at Abaqulusi Council Chambers, during January 2021

Mr Speaker, I wish to present an assessment of the Mid-Year Budget & Performance for the 2020/2021 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 2020/2021 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 2020 are:

- Total operating revenue received to date is R368 million which is 23% more than the budgeted target of R298 million. This additional income is due to the 1st and 2nd tranches of Equitable Share having been received.
- The collection rate has fluctuated during the 1st 6 months of the financial year from 40,82% in July to 77,65% in December, averaging 85,06% for the 6 months. This together with Covid is having 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 2019/20 was 30% above targeted budget and in 2020/21 the billed amount is 5% less than the estimated budget.
 - Water in 2019/20 was 1% above targeted budget and in 2020/21 the actual is 16% above the estimated budget.
 - Sanitation in 2019/20 was 1% above targeted budget and in 2020/21 is 18% above the estimated budget
 - Refuse in 2019/20 was 1% less than the estimated budget and in 2020/21 is 7% above the estimated budget
- An analysis of the losses was carried out during the 1st half of 2020/21 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 unfortunately increased percentage wise to 22,69% compared to 17% in the previous financial year, however in rand value the loss in 2019/20 was R41,6 million for the year and for the 6 months amounts to R16,7 million. Water losses have increased from 51,85% to 71,78%.
- Operating expenditure is less than budget with expenditure to date of R251 million compared to a budget of R284,3 million.
- Whilst the municipality has collected/billed more revenue (R368 million) and only spent R251 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.

- The municipality has settled the outstanding Eskom debt agreement during the 1st quarter of 2020/21.

Mr 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 additional grant funding the municipality will 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 2020/2021 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 ***within five days*** of 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 2020/2021 budget classified by main revenue source

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

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Source										
Property rates		94 550	84 063	84 063	8 627	51 621	42 031	9 589	23%	103 242
Service charges - electricity revenue		190 143	186 503	186 503	16 340	88 527	93 252	(4 724)	-5%	177 055
Service charges - water revenue		34 542	39 317	39 317	3 299	22 813	19 659	3 154	16%	45 626
Service charges - sanitation revenue		29 097	26 693	26 693	2 614	15 699	13 346	2 353	18%	31 399
Service charges - refuse revenue		16 193	18 419	18 419	1 388	9 811	9 209	602	7%	19 622
Rental of facilities and equipment		1 141	1 050	1 050	61	457	525	(68)	-13%	914
Interest earned - external investments		1 884	1 785	1 785	32	366	893	(526)	-59%	732
Interest earned - outstanding debtors		11 478	-	-	966	9 575	-	9 575	#DIV/0!	19 150
Dividends received		-	-	-	-	-	-	-		-
Fines, penalties and forfeits		11 195	24 254	24 254	428	2 600	12 127	(9 527)	-79%	5 200
Licences and permits		3 646	5 148	5 148	109	1 576	2 574	(998)	-39%	3 152
Agency services		-	-	-	-	-	-	-		-
Transfers and subsidies		179 517	176 689	207 388	80 850	159 453	103 694	55 759	54%	200 788
Other revenue		960	1 472	1 472	39	5 529	736	4 793	651%	11 058
Gains		(1)	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		574 345	565 393	596 092	114 755	368 027	298 046	69 981	23%	617 937

Revenue by Source

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 R596 million. For the period under review the planned SDBIP target is R298 million and the actual revenue collected to date is R368 million. When comparing the planned against the actual revenue there is a 23% over performance shown. This is mainly due to the 1st and 2nd tranche of Equitable Share having been received as well as 48,5% of the MIG and 100% of the INEP grants. The full grant funding for Arts & Culture (Library) and the Finance Management Grant has been received. The estimation of the expected revenue will be addressed in the Adjustment Budget.

REVENUE - BILLING VERSUS ACTUAL

TOTAL	ANNUAL BUDGET	6 MONTH BUDGET	6 MONTH BILLING	6 MONTH ACTUAL PAYMENT	VARIANCE BUDGET TO PAYMENT	VARIANCE BILLING TO PAYMENT
Sewerage	26 692 673.00	13 346 336.50	15 699 291.00	9 756 762.45	3 589 574.05	5 942 528.55
Water	39 317 194.00	19 658 597.00	22 813 060.00	14 028 064.87	5 630 532.13	8 784 995.13
Rates	84 062 625.00	42 031 312.50	51 620 787.00	35 011 708.33	7 019 604.17	16 609 078.67
Electricity	186 503 403.00	93 251 701.50	88 527 372.00	67 770 704.27	25 480 997.23	20 756 667.73
Refuse	18 418 653.00	9 209 326.50	9 811 059.00	7 528 486.67	1 680 839.83	2 282 572.33
Adjustments		-		5 727.85	-5 727.85	
Agreements		-		1 674 684.41	-1 674 684.41	
Legal Fees		-		26 168.24	-26 168.24	
Penalties	1 785 000.00	892 500.00	9 575 192.00	567 737.16	324 762.84	9 007 454.84
Interest		-		57 172.30	-57 172.30	
Receipts		-		13 868 400.02	-13 868 400.02	
Old debt		-		100.00	-100.00	
Collection fee		-		614.16	-614.16	
Service Charge		-		80.58	-80.58	
Sundry Charge		-		75 609.99	-75 609.99	
VAT		-		1 493.62	-1 493.62	
TOTAL	356 779 548.00	178 389 774.00	198 046 761.00	150 373 514.92	28 016 259.08	63 383 297.25

Reasons for major variances between planned and actual revenue collected:

- revenue billed for rates is 23% above the planned projection and in the previous year the projection was 20% less the planned projection, the payment rate is 16,7% less than the planned projection
- revenue billed for electricity sales is 5% less than the planned projection and in the previous financial year the sales were 30% above the planned projection, the payment rate is 27,32% less than the planned projection

- revenue billed for water sales is 16% above the planned projection compared to the 1% above the planned projection in the previous financial year, the payment rate is 28,64% less than the planned projection
- revenue billed for sanitation sales is 18% above the planned projection compared to 1% above the planned projection in the previous financial year, the payment rate is 26,9% less than the planned projection
- revenue billed for refuse sales is 7% above the planned projection compared to 1% above the planned projection in the previous financial year, the payment rate is 18,25% less than the planned projection
- overall billed revenue from the 4 trading services is 24% (R10,9 million) above the projected budget, however the payment rate is 17,81% (R43,4 million) less than planned projection which is a fair indication that the community is struggling to pay for services
- the collection of fines is 79% less than the planned projection compared to 47% less than the planned projection in the previous financial year, this collection rate similar to the payment for services has been severely hampered by Covid
- revenue from service charges income for free services has not been impacted as severely as in the past as all indigent applications had to reapply for the 2020/2021 financial year.
- revenue from investments is less than budget, this is due to no additional revenue being available to invest
- revenue from Development Planning for building plan fees is less than the budgeted amount
- 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 Covid is impacting on the revenue of the municipality

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 – R 9,5 million more than budget
- Service charges – R 10,9 million more than budget
- Government Grants and subsidies – Operating – no additional equitable share allocated by National Treasury to local municipalities, the 2nd tranche of the equitable share received

was reduced by R6,6 million due to the repayment for unspent grants for MIG and EPWP not approved for 2018/19

- Government Grants and subsidies – Capital – no additional funding allocated
- Other Income – R 3,7 million more than budget

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 2020/21 Evaluation Report was used during the preparation of the report

**KZN263 Abaqulusi - Table C1 Monthly Budget Statement Summary - M06
December**

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	94 550	84 063	84 063	8 627	51 621	42 031	9 589	23%	103 242
Service charges	269 974	270 932	270 932	23 641	136 851	135 466	1 385	1%	273 702
Investment revenue	1 884	1 785	1 785	32	366	893	(526)	-59%	732
Transfers and subsidies	179 517	176 689	207 388	80 850	159 453	103 694	55 759	54%	200 788
Other own revenue	28 419	31 924	31 924	1 604	19 737	15 962	3 775	24%	39 474
Total Revenue (excluding capital transfers and contributions)	574 345	565 393	596 092	114 755	368 027	298 046	69 981	23%	617 937
Employee costs	151 615	158 254	158 854	19 939	82 480	79 427	3 053	4%	164 961
Remuneration of Councillors	15 036	19 490	19 490	1 452	9 621	9 745	(124)	-1%	19 241
Depreciation & asset impairment	-	45 754	45 754	-	-	22 877	(877)	-100%	45 754
Finance charges	1 043	-	-	92	5 311	-	5 311		10 622
Materials and bulk purchases	229 496	220 197	220 097	3 963	93 829	110 048	(220)	-15%	187 657
Transfers and subsidies	12 063	1 831	1 831	818	4 936	916	4 021	439%	9 873
Other expenditure	134 393	104 877	122 681	25 281	54 882	61 340	(458)	-11%	115 377
Total Expenditure	543 647	550 403	568 706	51 545	251 060	284 353	(293)	-12%	553 485
Surplus/(Deficit)	30 698	14 990	27 385	63 210	116 968	13 693	103 275	754%	64 452
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	40 399	42 782	42 782	1 436	20 145	28 521		-29%	42 782
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	8	-	-	-	0	-	0		-
Surplus/(Deficit) after capital transfers & contributions	71 105	57 772	70 167	64 646	137 113	42 214	94 899	225%	107 234
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	71 105	57 772	70 167	64 646	137 113	42 214	94 899	225%	107 234
Capital expenditure & funds sources									
Capital expenditure	35 091	57 772	69 167	6 636	24 571	57 772	(33 201)	-57%	-
Capital transfers recognised	34 413	42 782	42 782	3 503	20 541	16 835	3 706	22%	-
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	-	14 990	14 990	1 759	2 195	7 830	(5 635)	-72%	-
Total sources of capital funds	34 413	57 772	57 772	5 262	22 736	24 665	(1 929)	-8%	-
Financial position									
Total current assets	406 561	446 825	417 688		483 013				-
Total noncurrent assets	1 508 848	1 422 135	1 433 530		1 533 553				-

Total current liabilities	448 848	389 016	374 544		387 732				-
Total noncurrent liabilities	(212)	33 002	31 615		(212)				-
Community wealth/Equity	1 466 772	1 446 942	1 445 060		1 629 045				-
Cash flows									
Net cash from (used) operating	1 155 082	868 077	1 004 344	228 334	536 270	509 888	(26 383)	-5%	-
Net cash from (used) investing	(36 712)	-	(1 570)	(4 930)	645	-	25 645		-
Net cash from (used) financing	(15 643)	(11 936)	(15 309)	158	(15 883)	(11 936)	3 947	-33%	-
Cash/cash equivalents at the month/year end	1 010 571	869 602	989 357	-	499 192	499 844	652	0%	4 449
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	-	-	-	-	-	-	-	-	-
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

Operating Expenditure

The following table is a summary of the 2020/21 budget classified by main expenditure source

Expenditure by source

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

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure by Type	-									
Employee related costs		151 615	158 254	158 854	19 939	82 480	79 427	3 053	4%	164 961
Remuneration of councillors		15 036	19 490	19 490	1 452	9 621	9 745	(124)	-1%	19 241
Debt impairment		17 343	5 612	5 612	-	-	2 806	(2 806)	-100%	5 612
Depreciation & asset impairment		-	45 754	45 754	-	-	22 877	(22 877)	-100%	45 754
Finance charges		1 043	-	-	92	5 311	-	5 311		10 622
Bulk purchases		215 715	191 904	191 904	2 351	89 996	95 952	(5 956)	-6%	179 991
Other materials		13 781	28 293	28 193	1 612	3 833	14 097	(10 263)	-73%	7 666
Contracted services		72 513	65 074	82 877	24 072	42 847	41 439	1 409	3%	85 695
Transfers and subsidies		12 063	1 831	1 831	818	4 936	916	4 021	439%	9 873
Other expenditure		44 537	34 192	34 192	1 208	12 035	17 096	(5 061)	-30%	24 070
Losses		-	-	-	-	-	-	-		-
Total Expenditure		543 647	550 403	568 706	51 545	251 060	284 353	(33 293)	-12%	553 485

The approved operating expenditure budget amounts to R 568,7 million, including the non-cash items. For the period under review the planned SDBIP target is R 284,3 million and the actual expenditure to date is R 251 million. When comparing the planned against the actual expenditure there is only a 12% (R33,2 million) underspending.

Reasons for major expenditure variance variances against budget are:

- Employee costs – R 3 million more than budget. Overtime costs is less than in the previous financial year with expenditure for the year to date of R3,840,911.70 (three million, eight hundred & forty thousand, nine hundred & eleven rand) which is R691,207.47 less than the previous financial year and the projected amount for the year is R7,8 million.
- Repairs and Maintenance (other materials) – R 10,2 million less than budget, despite the extensive and ongoing repairs to water and sanitation infrastructure
- Bulk purchases – to date Eskom has been paid R89,9 million and all old debt due to Eskom has been settled
- General expenses – R12 million has been spent to date
- Contract payments – R42,8 million has been spent to date

The following table gives a breakdown of Councillors and staff remuneration

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

Summary of Employee and Councillor remuneration	Ref	2019/20	Budget Year 2020/21		Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget						
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		-	-	-	-	-	-	-		-
Pension and UIF Contributions		-	-	-	-	-	-	-		-
Medical Aid Contributions		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		-	-	-	-	-	-	-		-
Cell phone Allowance		15 036	19 490	19 490	1 452	9 621	9 745	(124)	-1%	19 241
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	-	-	-		-
Sub Total - Councillors		15 036	19 490	19 490	1 452	9 621	9 745	(124)	-1%	19 241
% increase	4		29.6%	29.6%						28.0%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		-	-	-	-	-	-	-		-
Pension and UIF Contributions		-	-	-	-	-	-	-		-
Medical Aid Contributions		-	-	-	-	-	-	-		-
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		-	-	-	-	-	-	-		-
Cell phone Allowance		-	-	-	-	-	-	-		-
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	-	-	-		-
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-		-
Sub Total - Senior Managers of Municipality		-	-	-	-	-	-	-		-
% increase	4									
Other Municipal Staff										
Basic Salaries and Wages		137 765	120 394	120 394	19 194	77 843	60 197	17 646	29%	155 687
Pension and UIF Contributions		425	1 858	1 858	-	(0)	929	(929)	-100%	(0)

Medical Aid Contributions		8 109	8 993	8 993	601	3 775	4 496	(721)	-16%	7 550
Overtime		1 464	7 903	8 503	2	2	3 952	(3 949)	-100%	5
Performance Bonus		112	7 216	7 216	-	81	3 608	(3 527)	-98%	162
Motor Vehicle Allowance		2 504	8 572	8 572	52	245	4 286	(4 041)	-94%	490
Cell phone Allowance		-	-	-	-	-	-	-		-
Housing Allowances		1 062	1 063	1 063	91	534	532	2	0%	1 068
Other benefits and allowances		174	1 157	1 157	-	-	579	(579)	-100%	-
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	1 098	1 098	-	-	549	(549)	-100%	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-		-
Sub Total - Other Municipal Staff		151 615	158 254	158 854	19 939	82 480	79 127	3 353	4%	164 961
% increase	4		4.4%	4.8%						8.8%
Total Parent Municipality		166 651	177 744	178 344	21 391	92 101	88 872	3 229	4%	184 202
Unpaid salary, allowances & benefits in arrears:			6.7%	7.0%						10.5%
TOTAL SALARY, ALLOWANCES & BENEFITS		166 651	177 744	178 344	21 391	92 101	88 872	3 229	4%	184 202
% increase	4		6.7%	7.0%						10.5%
TOTAL MANAGERS AND STAFF		151 615	158 254	158 854	19 939	82 480	79 127	3 353	4%	164 961

Capital Expenditure

The capital budget increased from R35,2 million (2019/2020) to R69,1 million in 2020/2021

The following table is a summary of the 2020/2021 capital budget classified by department

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

Vote Description	Ref	2019/20	Budget Year							
		Audited Outcome	2020/21	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands	1									
Single Year expenditure appropriation	2									
Vote 1		-	-	-	-	-	-	-	-	-
Vote 2: Finance & Administration		-	700	2 270	-	140	700	(560)	-80%	279
Vote 3: Community & Social Services		9 804	15 250	17 675	1 613	7 318	15 250	(7 932)	-52%	14 636
Vote 4: Energy Sources		571	9 723	14 523	71	362	9 723	(9 361)	-96%	15 523
Vote 5: Housing		-	-	-	-	-	-	-	-	-
Vote 6: Internal Audit		-	-	-	-	-	-	-	-	-
Vote 7: Other		-	-	-	-	-	-	-	-	-
Vote 8: Planning and Development		-	-	-	-	-	-	-	-	-
Vote 9: Public Safety		-	-	-	-	-	-	-	-	-
Vote 10: Road Transport		16 166	21 387	22 887	1 842	11 827	21 387	(9 560)	-45%	23 654
Vote 11: Sport and Recreation		-	1 500	1 500	-	-	1 500	(1 500)	-100%	-
Vote 12: Waste Management		95	4 140	4 140	1 740	1 740	4 140	(2 400)	-58%	3 481
Vote 13: Waste Water Management		8 443	4 072	5 172	1 369	3 184	4 072	(888)	-22%	6 369
Vote 14: Water Management		12	1 000	1 000	-	-	1 000	(1 000)	-100%	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	35 091	57 772	69 167	6 636	24 571	57 772	(33 201)	-57%	63 941
Total Capital Expenditure		35 091	57 772	69 167	6 636	24 571	57 772	(33 201)	-57%	63 941
Capital Expenditure - Functional Classification										
Governance and administration		-	700	2 270	-	140	700	(560)	-80%	279
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	700	2 270	-	140	700	(560)	-80%	279
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		12 304	16 750	19 175	1 613	7 318	5 950	1 368	23%	14 636
Community and social services		9 804	15 250	17 675	1 613	7 318	5 450	1 868	34%	14 636
Sport and recreation		-	1 500	1 500	-	-	500	(500)	-100%	-

Public safety		2 500	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		13 666	21 387	22 887	1 842	11 827	7 129	4 698	66%	23 654
Planning and development		-	-	-	-	-	-	-		-
Road transport		13 666	21 387	22 887	1 842	11 827	7 129	4 698	66%	23 654
Environmental protection		-	-	-	-	-	-	-		-
Trading services		9 121	18 935	24 835	3 181	5 287	10 886	(5 599)	-51%	25 373
Energy sources		571	9 723	14 523	71	362	7 149	(6 787)	-95%	14 523
Water management		12	1 000	1 000	-	-	1 000	(1 000)	-100%	1 000
Waste water management		8 443	4 072	5 172	1 369	3 184	1 357	1 827	135%	6 369
Waste management		95	4 140	4 140	1 740	1 740	1 380	360	26%	3 481
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	35 091	57 772	69 167	6 636	24 571	24 665	(94)	0%	63 941
Funded by:										
National Government		34 413	42 782	42 782	3 503	20 541	16 835	3 706	22%	42 782
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-		-
Transfers recognised – capital		34 413	42 782	42 782	3 503	20 541	16 835	3 706	22%	42 782
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		-	14 990	14 990	1 759	2 195	7 830	(5 635)	-72%	14 990
Total Capital Funding		34 413	14 990	14 990	5 262	22 736	24 665	(1 929)	-8%	57 772

The approved capital budget amounts to R69,1million. For the period under review the planned SDBIP target is R24,6 million and the actual expenditure to date is R24,5 million. When comparing the planned against the actual expenditure, an under performance is shown.

Capital from own funding was budgeted to start in the 3rd quarter depending on the cashflow constraints that the municipality is currently experiencing.

Reason for major variance of year-to-date capital expenditure, compared to departmental Service Delivery Budget Implementation Plans (SDBIP) targets for the municipal vote is mainly due to cashflow constraints:

- Electricity Reticulation – repairs to Cross Roads Substation
- Electricity Reticulation – Lighting not yet advertised due to cash flow constraints
- Water Reservoirs & Reticulation – replacement of water pipes in eMondlo to control leaks
- Community Services – equipment for halls
- Public Safety – Relief equipment not yet advertised due to cash flow constraints
- Funds were allocated to small capital items funded from the operating budget for computers
- Capital program for MIG is ongoing
- Electrification of Eskom areas is ongoing and is no longer shown as capital due to the asset being transferred back to Eskom when the electrification is complete

Capital funding by source

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

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Funded by:										
National Government		34 413	42 782	42 782	3 503	20 541	16 835	3 706	22%	42 782
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-		-
Transfers recognised - capital		34 413	42 782	42 782	3 503	20 541	16 835	3 706	22%	42 782
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		-	14 990	14 990	1 759	2 195	7 830	(5 635)	-72%	14 990
Total Capital Funding		34 413	14 990	14 990	5 262	22 736	24 665	(1 929)	-8%	57 772

Borrowings – own resources need to be accumulated before capital projects are embarked upon. Due to the impact of the growth in external funding on the operating budget the municipality currently enters into finance leases for the acquisition of new vehicles rather than rely on external funding to fund the capital budget.

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 December

Description	Ref	2019/20	Budget Year 2020/21		Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget						
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		7 870	58 548	84 063	8 627	51 621	42 031	9 589	23%	103 242
Service charges		326 150	224 204	224 204	23 641	136 851	112 102	24 749	22%	273 702
Other revenue		960	1 472	1 472	39	5 529	736	4 793	651%	11 058
Transfers and Subsidies - Operational		182 400	168 611	199 310	80 850	159 453	99 655	59 798	60%	199 310
Transfers and Subsidies - Capital		35 832	42 782	42 782	1 436	20 145	28 521	(8 376)	-29%	40 291
Interest		1 884	1 785	1 785	32	366	893	(526)	-59%	732
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(518 979)	(514 380)	(514 380)	(49 519)	(234 877)	(257 190)	(22 313)	9%	(469 753)
Finance charges		(1 562)	-	-	-	-	-	-		-
Transfers and Grants		-	-	(3)	1 066	21 288	(2)	(21 290)		42 577
NET CASH FROM/(USED) OPERATING ACTIVITIES		34 554	(16 979)	39 232	66 173	160 377	26 746	(133 630)	-500%	201 159
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		(35 832)	(42 782)	(42 782)	(4 930)	(25 645)	(21 391)	4 254	-20%	(51 290)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(35 832)	(42 782)	(42 782)	(4 930)	(25 645)	(21 391)	4 254	-20%	(51 290)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-

Borrowing long term/refinancing	-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits	(15 643)	(11 936)	(15 309)	158	(15 883)	(11 936)	(3 947)	33%	(15 883)
Payments									
Repayment of borrowing	-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES	(15 643)	(11 936)	(15 309)	158	(15 883)	(11 936)	3 947	-33%	(15 883)
NET INCREASE/ (DECREASE) IN CASH HELD	(16 921)	(71 696)	(18 858)	61 402	118 849	(6 580)			133 986
Cash/cash equivalents at beginning:	367	13 461	1 892		4 449	1 892			4 449
Cash/cash equivalents at month/year end:	(16 554)	(58 235)	(16 966)		123 298	(4 688)			138 435

Supporting documentation

Financial Position

KZN263 Abaqulusi - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2019/20	Budget Year 2020/21		YearTD actual	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget		
R thousands	1					
ASSETS						
Current assets						
Cash		1 898	228 570	256 199	28 075	-
Call investment deposits		14 656	16 055	16 055	12 679	-
Consumer debtors		152 677	148 044	148 044	191 766	-
Other debtors		5 733	6 750	6 750	234 153	-
Current portion of long-term receivables		22 346	5 502	5 502	5 502	-
Inventory		10 886	25 559	26 559	10 839	-
Total current assets		208 196	430 480	459 109	483 013	-
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		61 388	66 249	66 249	66 249	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		1 402 083	1 351 490	1 362 886	1 362 886	-
Biological		-	-	-	-	-
Intangible		364	541	541	541	-
Other non-current assets		3 855	3 855	3 855	3 855	-
Total noncurrent assets		1 467 690	1 422 135	1 433 530	1 433 530	-
TOTAL ASSETS		1 675 886	1 852 615	1 892 640	1 916 544	-
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		-	-	-	-	-
Consumer deposits		15 309	11 936	11 936	11 936	-
Trade and other payables		138 672	309 047	336 676	336 676	-
Provisions		3 145	67 743	67 743	67 743	-
Total current liabilities		157 126	388 726	416 355	416 355	-

Non current liabilities						
Borrowing		-	1 157	1 157	(212)	-
Provisions		89 345	31 845	30 457	30 457	-
Total noncurrent liabilities		89 345	33 002	31 615	30 246	-
TOTAL LIABILITIES		246 471	421 728	447 970	446 601	-
NET ASSETS	2	1 429 414	1 430 887	1 444 670	1 469 943	-
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 429 414	1 430 887	1 444 670	1 469 943	-
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	1 429 414	1 430 887	1 444 670	1 469 943	-

Debtor's age analysis

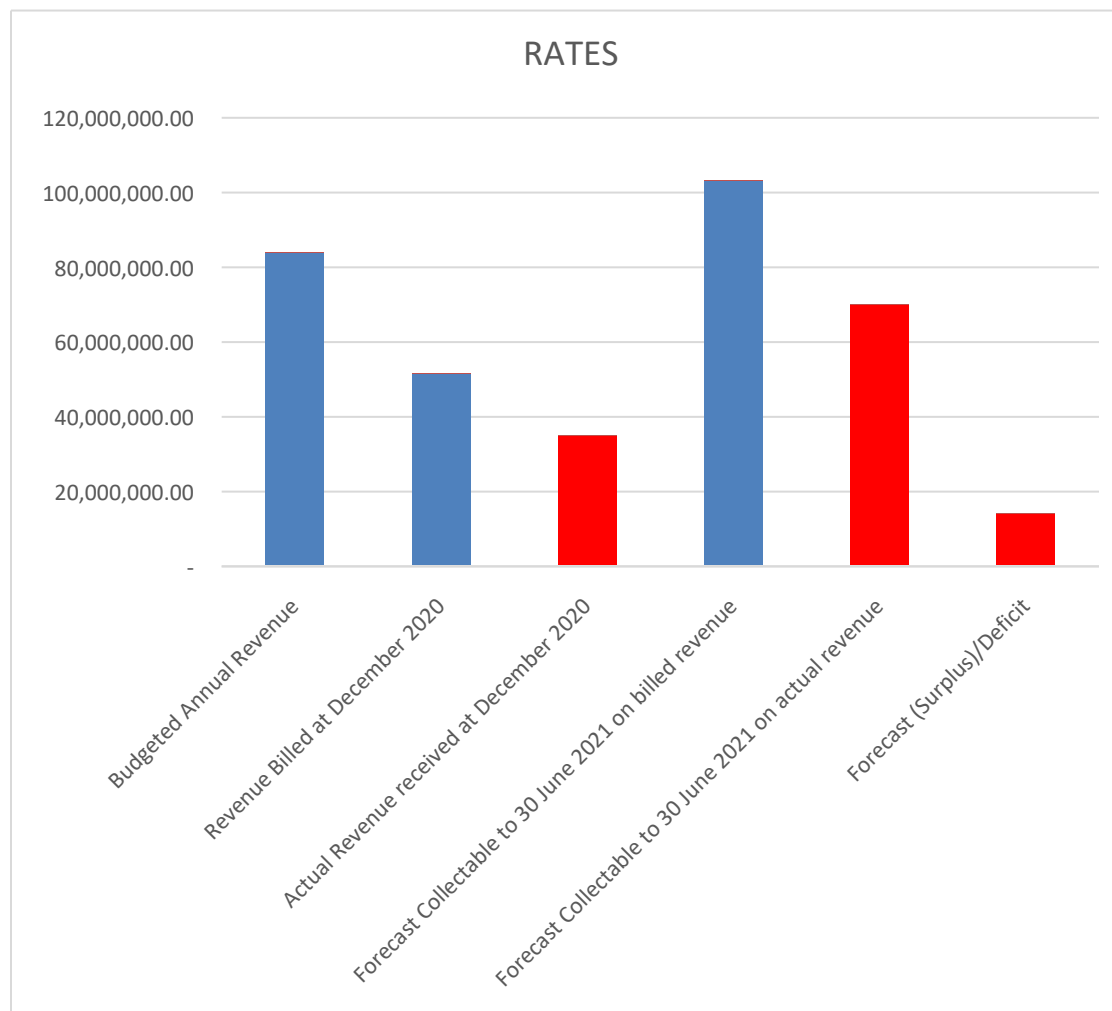
The total outstanding debt owed to the Abaqulusi Municipality as at 31 December 2020 is R248,6 million.

As at the end of December 2020 an amount of R206,5 million is outstanding for longer than 90 days.

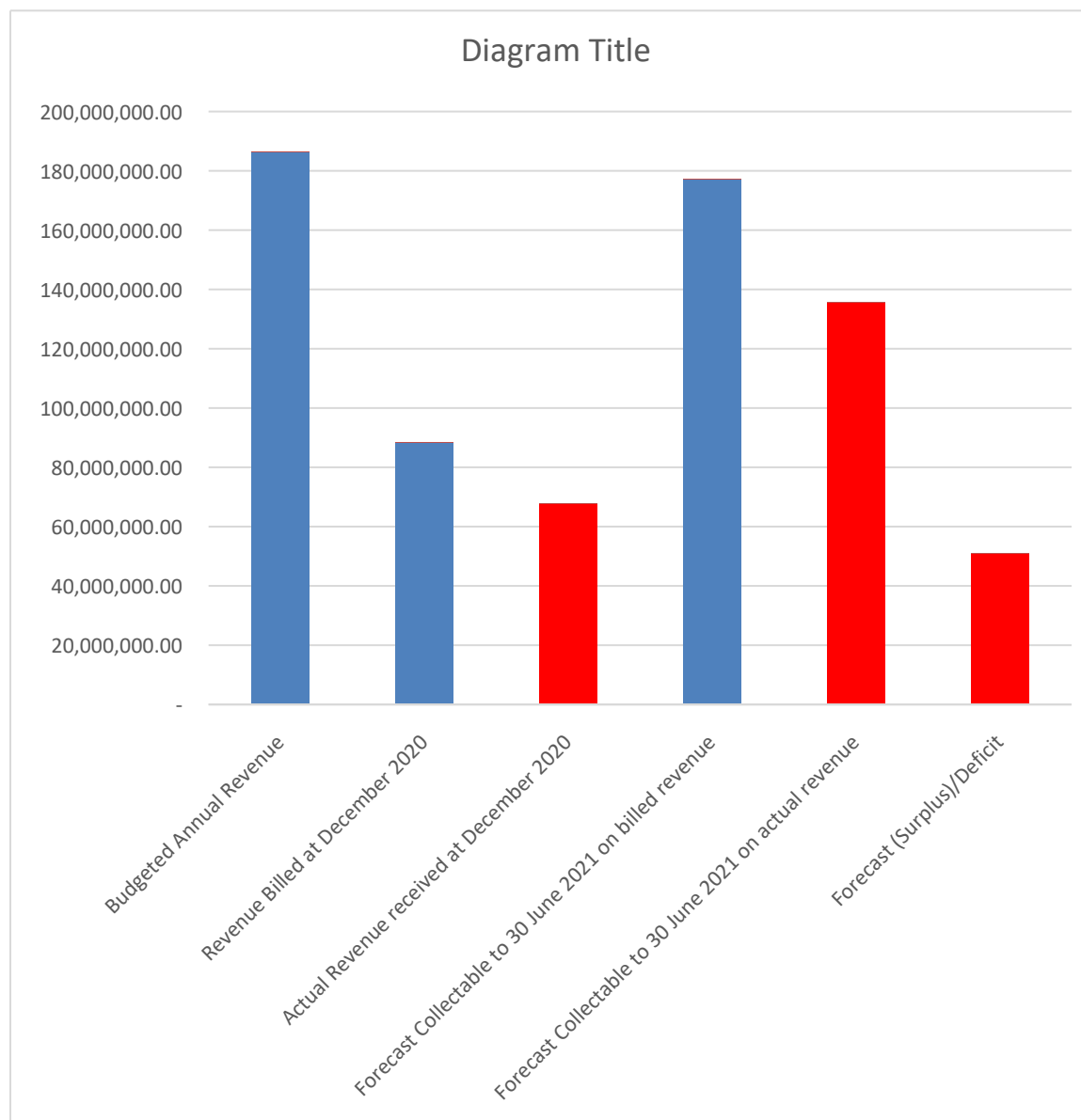
Service	202101 (Current)	202012 (30 Days)	202011 (60 Days)	202010 (90 Days)	202009 (120 Days)	202008 (150 Days)	202007-202002 (180 Days)	202001+ (Over 1 Year)	Total	>90 Days
V.A.T.	-15 153.02	2 862 464.37	1 318 449.03	655 278.02	957.11	502 172.56	2 214 645.14	11 733 775.58	588.79	15 700
DEPOSIT ELEC	-41 145.63	-19 163.55	29 528.35	721.60	13 032.08		-129 693.32	881.07	88 717.40	119 498.23
INTEREST		422 348.87	412 467.61	404 783.41	981.80	396 364.27	2 318 935.39	17 340 762.70	21 696 644.05	20 861
ADJUSTMENTS	-21 082.97	30 349.30	2 273.60		401.17		-2 115.59	392.40	411 217.91	827.57
ELECTRICITY	-72 721.54	8 439 141.88	1 684 867.66	688 660.14	272.69	457 019.86	890 539.23	3 038 320.56	15 872 100.48	399 677.98
DEMAND/BASIC CHARGES	-242.34	2 694 627.04	554 426.51	220 033.63	925.51	137 034.27	389 249.32	2 136 542.41	6 352 596.35	5 820 812.48
WATER CONSUMP	-3 209.42	3 379 343.34	3 452 749.34	894 069.65	614.26	582 926.04	2 178 717.77	14 819 591.44	25 970 802.42	3 103 785.14
REFUSE	-3 425.52	1 820 585.45	1 030 402.60	862 255.24	479.36	739 490.94	3 745 393.87	19 285 295.04	28 278 476.98	19 141
ADD SEWERAGE	-1 916.91	399 958.02	209 782.34	99 262.16	99 184.94	087.29	105 137.35	877.19	1 371 372.38	919.16
RATES GENERAL	-44 207.01	6 767 486.08	3 283 854.95	2 406 660.63	2 362 823.84	2 170 798.84	9 292 115.77	51 555 876.27	77 795 409.37	25 430
AVAIL SEWER	-6 787.93	2 068 676.58	1 313 111.99	1 141 017.21	1 064 047.85	1 003 911.75	5 099 963.11	25 292 699.14	36 976 639.70	25 430
AVAIL WATER	-4 105.75	693 011.23	435 260.40	376 478.30	745.85	334 114.24	1 656 718.18	9 391 785.79	13 237 008.24	12 112
SERVICE CHARGE								362 408.14	362 408.14	362 408.14
OLD DEBT								2 136.18	2 136.18	2 136.18
PENALTIES LATE PAYMENT			24 031.55		523.40		335 960.63	7 957 959.52	8 318 475.10	8 294 443.55
COLL. FEES								49 399.12	49 399.12	49 399.12
LEGAL FEES			26 203.52	40 721.23			11 348.03	939 692.13	1 017 964.91	991 761.39
DEPOSIT WATER	-9 537.20	-456.28	4 109.80	900.20	-1 553.16		-11 998.78	64 501.45	45 966.03	51 849.71
SUNDRY CHARGE		500.00	0.08					7 591.75	8 091.83	7 591.75
INDIGENT SUPPOR	-1 758.08	-1 036.60	-524.33	-476.17	-364.53	-224.11	-92.72	1 187.23	-3 289.31	29.70
AGREEMENTS		501 737.95	234 537.05	675.43	148 199.77	126 238.24	631 081.25	728 576.76	2 536 046.45	1 799 771.45
RECEIPTS		273.82	510.11	-8 004 053.58	-212 073.02	-75 849.88	-376 807.22	-1 162 779.47	-11 586 347.10	-9 831 563.17
	-225	29 218								
	293.32	299.86	13 102 021.94	-51 456.10	7 432 198.92	6 391 084.31	28 349 097.41	164 452 472.40	248 668 425.42	206 573 396.94

REVENUE PER SOURCE

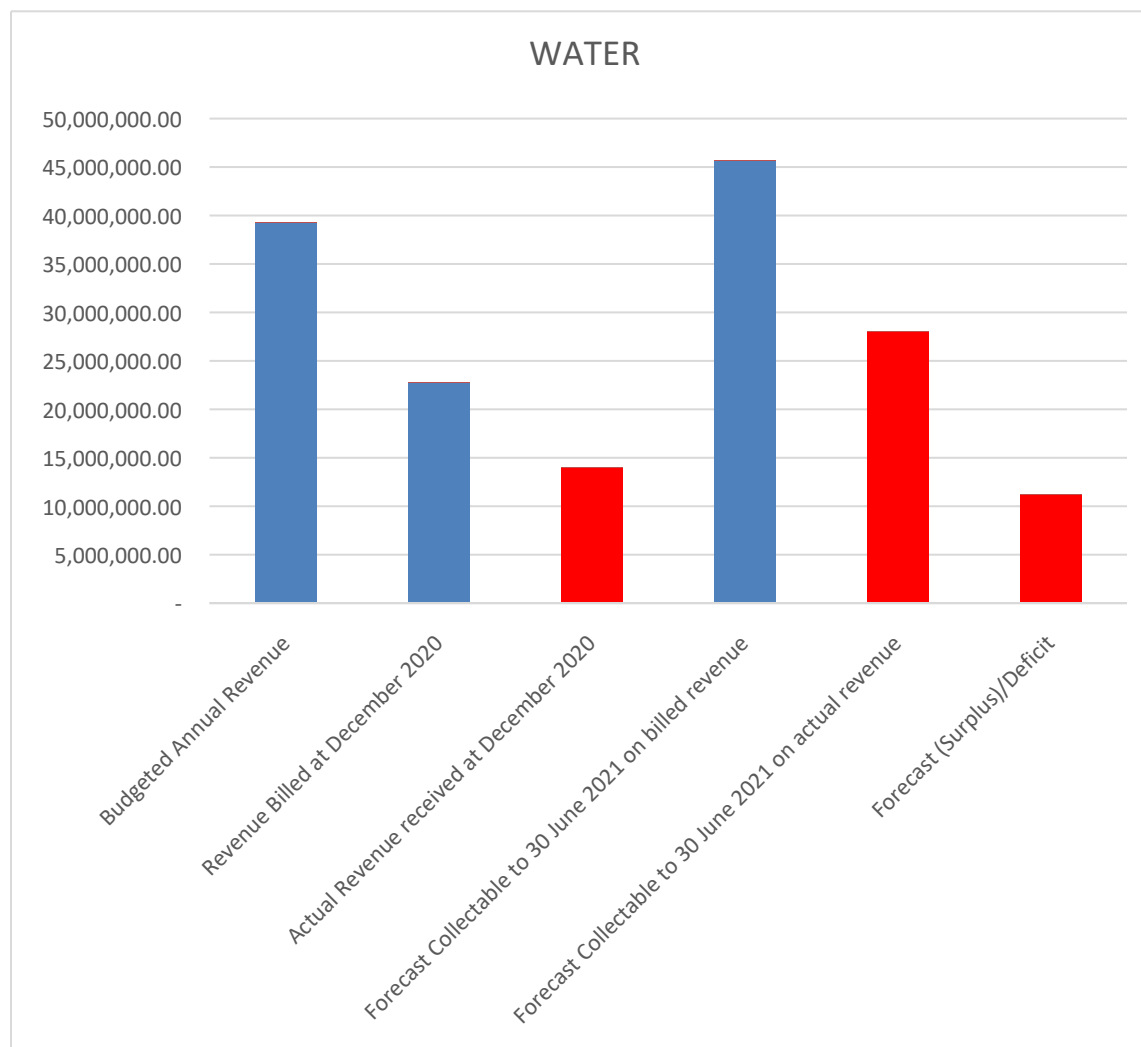
RATES		
	R	%
Budgeted Annual Revenue	84 062 625.00	100
Revenue Billed at December 2020	51 620 787.00	61.41
Actual Revenue received at December 2020	35 011 708.33	41.65
Forecast Collectable to 30 June 2021 on billed revenue	103 241 574.00	122.82
Forecast Collectable to 30 June 2021 on actual revenue	70 023 416.66	83.3
Forecast (Surplus)/Deficit	14 039 208.34	16.7



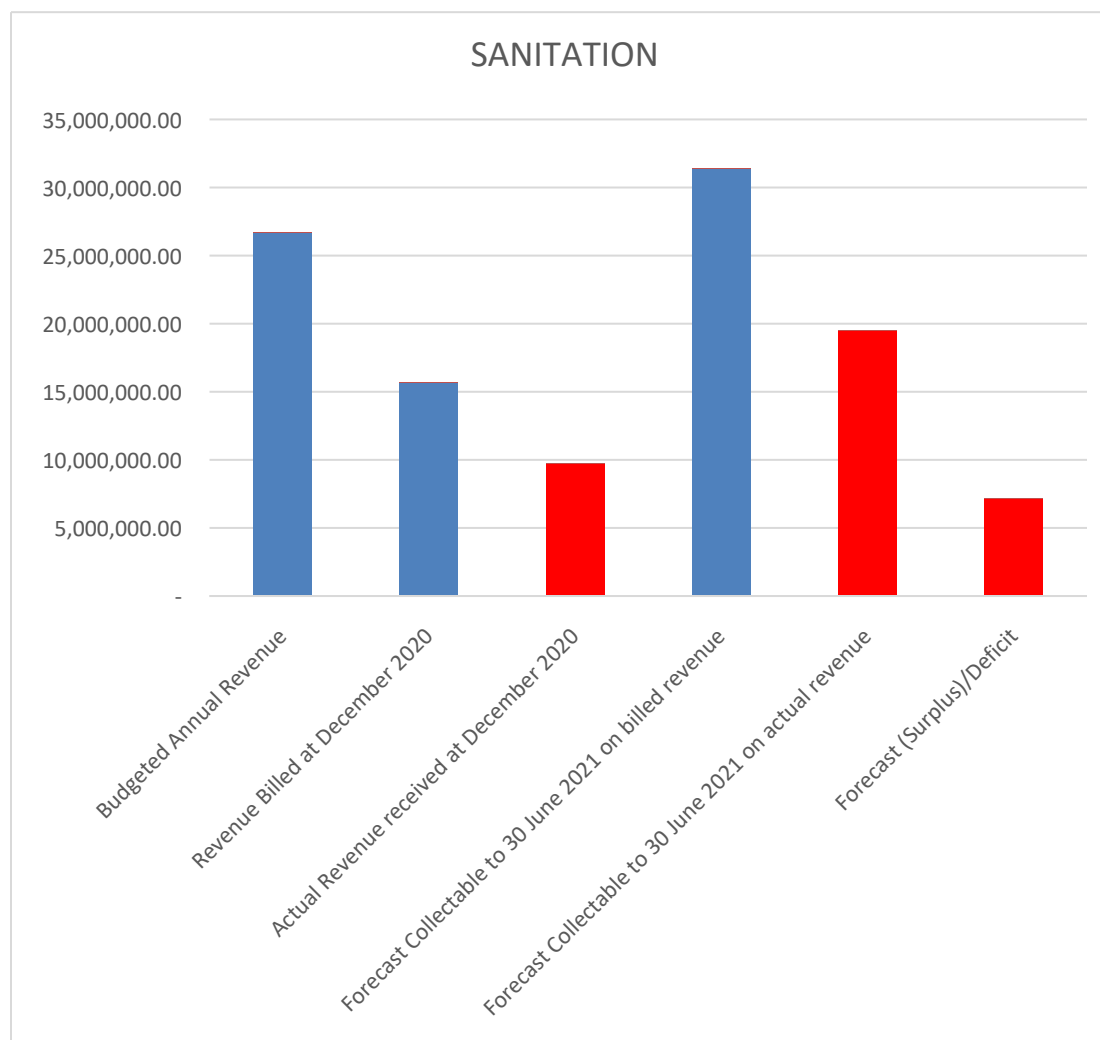
ELECTRICITY – Conventional & Prepaid		
	R	%
Budgeted Annual Revenue	186 503 403.00	100
Revenue Billed at December 2020	88 527 372.00	47.47
Actual Revenue received at December 2020	67 770 704.27	36.34
Forecast Collectable to 30 June 2021 on billed revenue	177 054 744.00	94.93
Forecast Collectable to 30 June 2021 on actual revenue	135 541 408.54	72.68
Forecast (Surplus)/Deficit	50 961 994.46	27.32



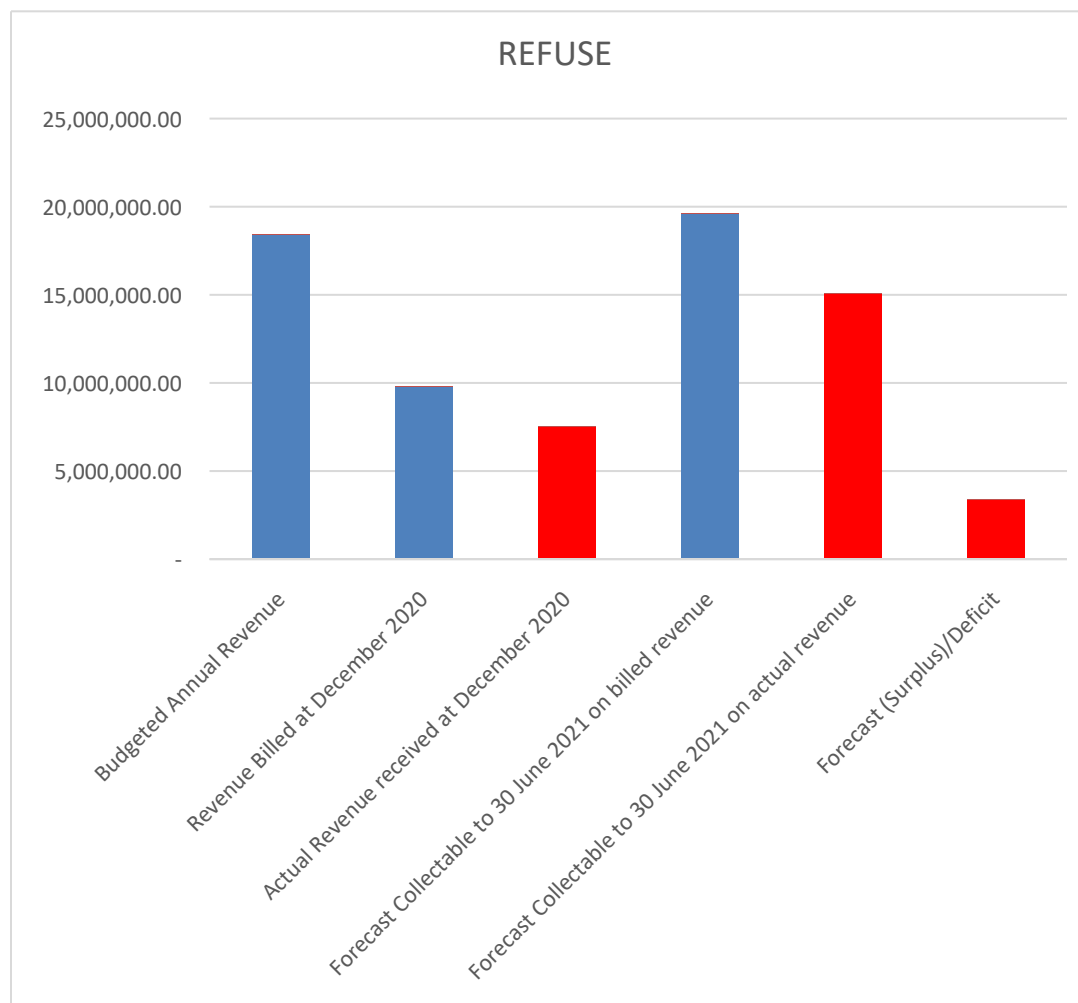
WATER		
	R	%
Budgeted Annual Revenue	39 317 194.00	100
Revenue Billed at December 2020	22 813 060.00	58.02
Actual Revenue received at December 2020	14 028 064.87	35.68
Forecast Collectable to 30 June 2021 on billed revenue	45 626 120.00	116.05
Forecast Collectable to 30 June 2021 on actual revenue	28 056 129.74	71.36
Forecast (Surplus)/Deficit	11 261 064.26	28.64



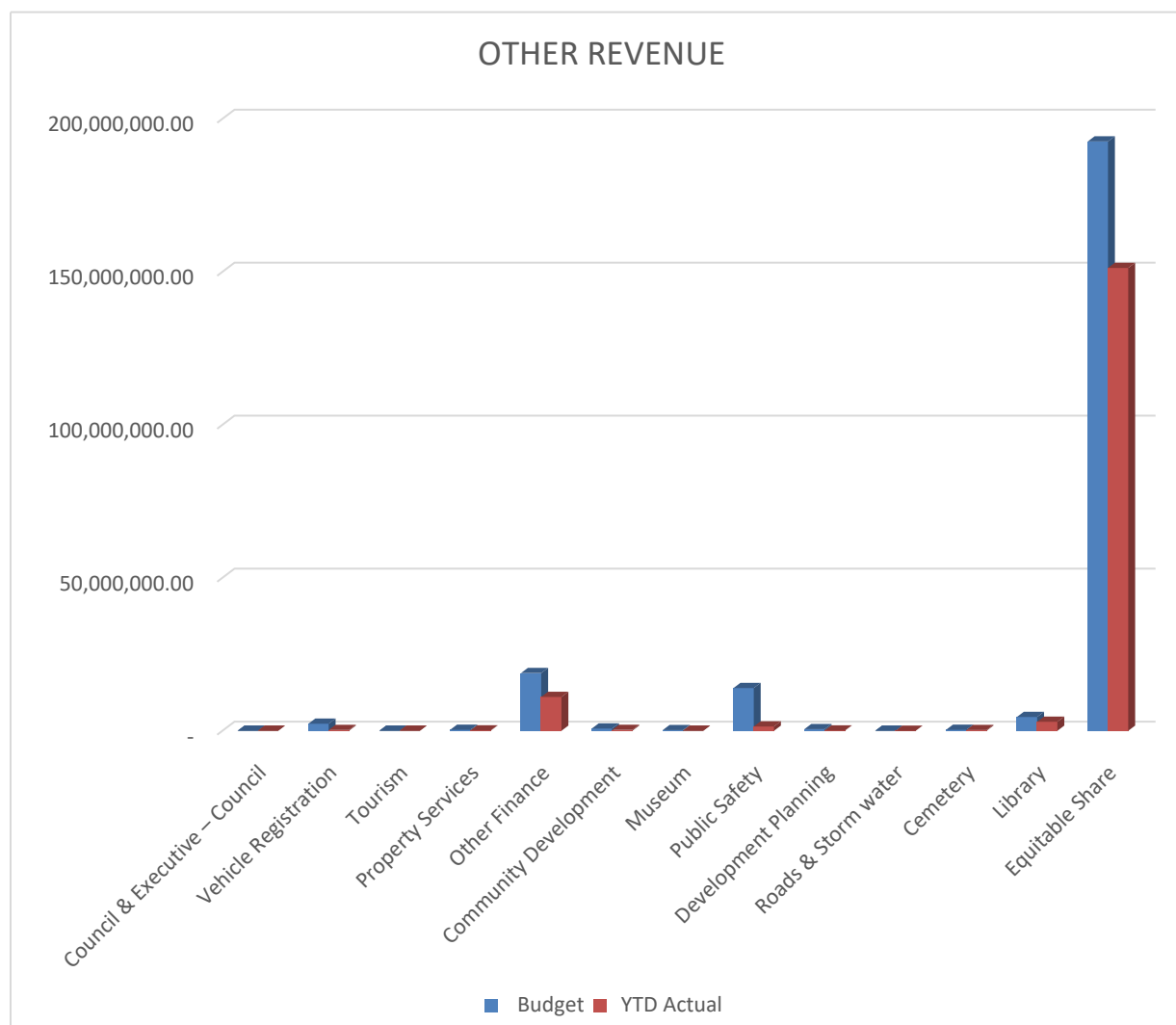
SANITATION		
	R	%
Budgeted Annual Revenue	26 692 673.00	100
Revenue Billed at December 2020	15 699 291.00	58.81
Actual Revenue received at December 2020	9 756 762.45	36.55
Forecast Collectable to 30 June 2021 on billed revenue	31 398 582.00	117.63
Forecast Collectable to 30 June 2021 on actual revenue	19 513 524.90	73.1
Forecast (Surplus)/Deficit	7 179 148.10	26.9



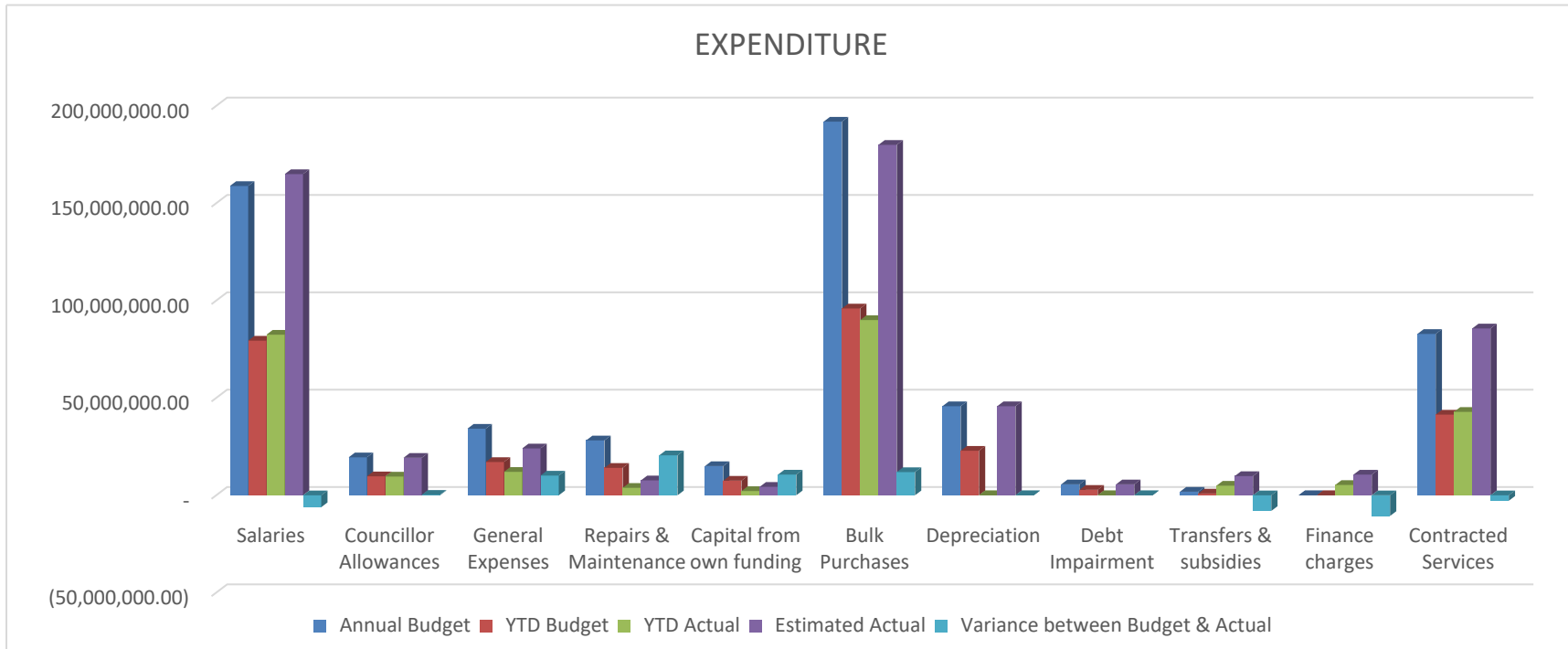
REFUSE		
	R	%
Budgeted Annual Revenue	18 418 653.00	100
Revenue Billed at December 2020	9 811 059.00	53.27
Actual Revenue received at December 2020	7 528 486.67	40.87
Forecast Collectable to 30 June 2021 on billed revenue	19 622 118.00	106.53
Forecast Collectable to 30 June 2021 on actual revenue	15 056 973.34	81.75
Forecast (Surplus)/Deficit	3 361 679.66	18.25



OTHER OPERATING INCOME			
	Budget	YTD Actual	%
Council & Executive – Council	-	-	
Vehicle Registration	2 310 000.00	256 463.86	11.10%
Tourism	-	-	
Property Services	315 000.00	112 405.00	35.68%
Other Finance	18 860 100.00	11 059 592.00	58.64%
Community Development	735 000.00	279 185.35	37.98%
Museum	213 000.00	-	0.00%
Public Safety	13 967 124.00	1 401 803.00	10.04%
Development Planning	530 250.00	91 295.50	17.22%
Roads & Storm water	-	1 800.00	
Cemetery	315 000.00	238 286.92	75.65%
Library	4 514 200.00	2 944 433.65	65.23%
Equitable Share	192 605 000.00	151 262 000.00	78.53%



OPERATING EXPENDITURE					
	Annual Budget	YTD Budget	YTD Actual	Estimated Actual	Variance between Budget & Actual
Salaries	158 854 212.00	79 427 106.00	82 480 444.00	164 960 888.00	-6 106 676.00
Councillor Allowances	19 489 926.00	9 744 963.00	9 620 557.00	19 241 114.00	248 812.00
General Expenses	34 191 557.00	17 095 778.50	12 035 195.00	24 070 390.00	10 121 167.00
Repairs & Maintenance	28 193 000.00	14 096 500.00	3 833 194.00	7 666 388.00	20 526 612.00
Capital from own funding	14 990 000.00	7 495 000.00	2 176 458.00	4 352 916.00	10 637 084.00
Bulk Purchases	191 903 600.00	95 951 800.00	89 995 503.00	179 991 006.00	11 912 594.00
Depreciation	45 753 707.00	22 876 853.50	-	45 753 707.00	-
Debt Impairment	5 612 000.00	2 806 000.00	-	5 612 000.00	-
Transfers & subsidies	1 831 000.00	915 500.00	4 936 315.00	9 872 630.00	-8 041 630.00
Finance charges	-	-	5 311 207.00	10 622 414.00	-10 622 414.00
Contracted Services	82 877 293.00	41 438 646.50	42 847 304.00	85 694 608.00	-2 817 315.00
Total	583 696 295.00	291 848 147.50	253 236 177.00	557 838 061.00	25 858 234.00



CAPITAL BUDGET FROM EXTERNAL FUNDING					
	Annual Budget	YTD Budget	YTD Actual	Forecast Outturn	Forecast Variance
<u>MIG Funding</u>	35,278,000.00	17,639,000.00	23,300,000.00	35,278,000.00	-
<u>Department of Energy</u>	10,000,000.00	5,000,000.00	13,300,000.00	10,000,000.00	-

The fact that the municipality is experiencing on-going cash flow challenges is highlighted and needs to be taken into account 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.

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 2019/2020 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 – 7 961 average per month
- b) Free Electricity – 50 kwh per month
- c) Cost to date – R1,854,157.11 and estimate for year – R3,708,314.22
- d) Free Water – 2 358 average receiving 6 kl per month
- e) Cost to date – R396,464.63 and estimate for year - R792,929.26 including Basic Charge
- f) Free Refuse – 2 358 consumers who do not pay for refuse removal
- g) Cost to date – R804,621.51 and estimate for year – R1,609,243.02
- h) Free Sanitation – 2 358 consumers, cost to date R1,110,496.59 and estimate for year – R2,220,993.18
- i) Free Rates – 2 932 consumers with house values less than R 100,000 who do not pay rates
- j) Cost to date – R882,781.98 and the estimate for the year – R1,765,563.96
- k) To date the cost for services for indigents amounts to R5,048,521.82 and the estimated cost for the year is expected to be R10,097,043.64. The information is based on the number of indigent consumers as at 31 December 2020 but could increase due to more consumers whose income due to Covid 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	2932	882 781.98	1 765 563.96
ELECTRICITY - 50 KWH	7961	1 854 157.11	3 708 314.22
WATER - 6KL	2358	396 464.63	792 929.26
SANITATION	2358	1 110 496.59	2 220 993.18
REFUSE	2358	804 621.51	1 609 243.02
TOTAL COST		5 048 521.82	10 097 043.64

Financial Statements – 2019/2020

The financial statements were completed in time as per the National Treasury amended dates and submitted to the Auditor-General by the 31st of October 2020. The financial statements are currently being audited and the final management report will be issued on the 15th of February 2021.

Assets

The asset register is currently being prepared into the correct segments for uploading to the Munsoft system during 2020/2021.

Investments

Council has an investment portfolio of R 12,7 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 at present.

Water losses

MONTH	Purification Plants					
	Klipfontein/ Bloemveld	Mondlo	Hlobane	Coronation	Louwsburg	Total Purified
July-20	4 550 000.00	1 750 000.00	200 000.00	320 000.00	117 000.00	6 937 000.00
August-20	4 476 000.00	2 170 000.00	198 000.00	329 000.00	112 000.00	7 173 000.00
September-20	4 845 000.00	2 300 000.00	198 000.00	261 000.00	101 000.00	7 604 000.00
October-20						
November-20						
December-20						
January-21						
February-21						
March-21						
April-21						
May-21						
June-21						
TOTAL :2020/2021	13 871 000.00	6 220 000.00	596 000.00	910 000.00		21 714 000.00

MONTH	Water Sales						Total loses	% Losses
	Klipfontein/ Bloemveld	Mondlo	Hlobane	Coronation	Louwsburg	Total Sales		
July-20	1 659 706.98	594 231.18	61 562.65	-	48 297.67	2 363 798.48	4 573 201.52	66%
August-20	1 706 438.05	471 210.11	112 887.03	-	67 771.14	2 358 306.33	4 814 693.67	67%
September-20	2 377 816.65	571 797.07	50 764.92	-	77 054.82	3 077 433.46	4 526 566.54	60%
October-20	1 926 791.42	695 383.51	56 514.07	-	70 871.76	2 749 560.76	(2 749 560.76)	
November-20	1 907 185.60	3 463 674.86	56 101.93	-	87 955.91	5 514 918.30	(5 514 918.30)	
December-20	1 642 504.32	802 443.46	45 588.31	-	165 673.04	2 656 209.13	(2 656 209.13)	
January-21								
February-21								
March-21								
April-21								
May-21								
June-21								
TOTAL :2020/2021	11 220 443.02	6 598 740.19	383 418.91	-	517 624.34	18 720 226.46	2 993 773.54	

Electricity losses

	Total sales	Total purchased	Difference between sales & purchases (Rands)	% Losses
July-20	10 218 990.50	13 607 105.00	3 388 114.50	24.90
August-20	10 772 062.60	12 844 474.00	2 072 411.40	16.13
September-20	9 796 698.90	12 151 292.00	2 354 593.10	19.38
October-20	8 367 894.40	12 144 285.40	3 776 391.00	31.10
November-20	8 483 477.09	11 559 200.20	3 075 723.11	26.61
December-20	9 277 672.68	11 320 642.20	2 042 969.52	18.05
TOTAL :2020/2021	56 916 796.17	73 626 998.80	16 710 202.63	22.69

	Total sales Vryheid	Total purchased	Difference between sales & purchases (Rands)	% Losses
July-20	8 807 204.10	10 597 572.00	1 790 367.90	16.89
August-20	9 283 724.40	9 974 724.00	690 999.60	6.93
September-20	8 553 399.10	9 508 974.00	955 574.90	10.05
October-20	7 220 956.00	9 701 994.00	2 481 038.00	25.57
November-20	7 384 723.19	9 148 338.00	1 763 614.81	19.28
December-20	7 969 087.48	8 993 400.00	1 024 312.52	11.39
TOTAL :2020/2021	49 219 094.27	57 925 002.00	8 705 907.73	15.02

	Total sales Emondlo	Total purchased	Difference between sales & purchases (Rands)	% Losses
July-20	1 247 840.30	1 933 169.00	685 328.70	35.45
August-20	1 318 170.60	1 870 774.00	552 603.40	29.54
September-20	1 089 600.40	1 735 722.00	646 121.60	37.22
October-20	1 036 787.00	1 656 227.80	619 440.80	37.40
November-20	957 881.50	1 576 875.40	618 993.90	39.25
December-20	1 169 133.70	1 644 879.60	475 745.90	28.92
TOTAL :2020/2021	6 819 413.50	10 417 647.80	3 598 234.30	34.63

	Total sales Hlobane	Total purchased	Difference between sales & purchases (Rands)	% Losses
July-20	112 174.30	609 945.00	497 770.70	81.61
August-20	113 666.10	576 823.00	463 156.90	80.29
September-20	105 030.80	507 341.00	402 310.20	79.30
October-20	62 840.40	517 881.60	455 041.20	87.87
November-20	95 221.50	445 420.80	350 199.30	78.62
December-20	96 900.60	428 106.60	331 206.00	77.37
TOTAL :2020/2021	585 833.70	3 085 518.00	2 499 684.30	80.84

	Total sales Coronation	Total purchased	Difference between sales & purchases (Rands)	% Losses
July-20	51 771.80	466 419.00	414 647.20	88.90
August-20	56 501.50	422 153.00	365 651.50	86.62
September-20	48 668.60	399 255.00	350 586.40	87.81
October-20	47 311.00	268 182.00	220 871.00	82.36
November-20	45 650.90	388 566.00	342 915.10	88.25
December-20	42 550.90	254 256.00	211 705.10	83.26
TOTAL :2020/2021	292 454.70	2 198 831.00	1 906 376.30	86.20

Other

The collection target that was reached in the second quarter was 85,06% which is 18,43% more in comparison with the first quarter (66,63%) and 0,21% less than the collection rate at the same time last year.

The number of paying consumers increased from the first quarter to the second quarter.

MONTH	Monthly Billing	Total Billing to date	Actual cash	Actual cash	Total consumer	% YTD	% Monthly
			Received	Received to date	Outstanding balance	Collections	Collection

Balance carried over from 30/06/2020

R 220 100 252.95

Jul-20	R 31 015 669.27	R 31 015 669.27	R 12 660 751.30	R 12 660 751.30	R 238 455 170.92	40.82	40.82
Aug-20	R 31 622 386.09	R 62 638 055.36	R 24 748 562.65	R 37 409 313.95	R 245 328 994.36	59.72	78.26
Sep-20	R 31 994 371.50	R 94 632 426.86	R 25 640 046.81	R 63 049 360.76	R 251 683 319.05	66.63	80.14
Oct-20	R 30 079 317.58	R 124 711 744.44	R 44 591 551.92	R 107 640 912.68	R 237 171 084.71	86.31	148.25
Nov-20	R 31 739 820.84	R 156 451 565.28	R 27 700 367.80	R 135 341 280.48	R 241 210 537.75	86.51	87.27
Dec-20	R 30 677 821.35	R 187 129 386.63	R 23 822 606.97	R 159 163 887.45	R 248 065 752.13	85.06	77.65
Jan-21	R 0.00		R 0.00				

Feb-21	R 0.00		R 0.00					
Mar-21	R 0.00		R 0.00					
Apr-21	R 0.00		R 0.00					
May-21								
2021/06/30 YEAR END								
TOTALS R 187 129 386.63							R 159 163 887.45	YTD 85.06

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 2020 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 was 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 no project/program launches during the period 1 July to 31 December 2020

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 2020.

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 2020/2021

T MHLONGO
ACTING CHIEF FINANCIAL OFFICER

DATE

SUPPORTED/NOT SUPPORTED
APPROVED/NOT APPROVED

BE NTANZI
MUNICIPAL MANAGER

DATE

RATIFIED BY ADMINISTRATOR

SW MKHIZE
ADMINISTRATOR

DATE

Our Ref.: 9/1/17

Your Ref.

Enquiries: H A Mahomed



✉ 57, VRYHEID 3100

c/o, Mark & High Street



(034) 982-

2333

E-mail:  finance@abaqulusi.gov.za

QUALITY CERTIFICATE

I, BE Ntanzi, 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 2020 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

BE NTANZI

MUNICIPAL MANAGER

ABAQULUSI MUNICIPALITY

KZN263

SIGNATURE: _____

DATE: _____



CONFIRMATION CERTIFICATE

I, _____, the Acting 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.

T MHLONGO
ACTING CHIEF FINANCIAL OFFICER

DATE

ABAQULUSI MUNICIPALITY

KZN263