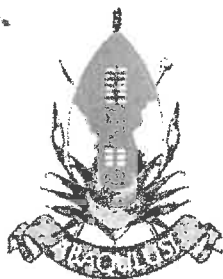


**SECTION 72 REPORT- DECEMBER
2023**

FOR CONSIDERATION

147



FINANCIAL SERVICES

INTEROFFICE MEMORANDUM FINANCIAL SECTION

ABAOULUSI MUNICIPALITY	
CORPORATE SERVICE	
FILE NO.	4/7/3/3
DATE RECEIVED	17 JAN 2024
RD	ATTENTION
MM	DEP. MAYOR
DIR. TECH	DEV

82256

ENQUIRIES	:	CHIEF FINANCIAL OFFICER
REFERENCE	:	9/1/1/7
TELEPHONE	:	034 9822133X2235
FAX.	:	086 645 2165
EMAIL	:	finance@abaqulusi.gov.za
DATE	:	MONDAY, 08 JANUARY 2024

TO : **COUNCIL**

SUBJECT : **SECTION 72 REPORT – DECEMBER 2023**

1. PURPOSE

To comply with Section 72 of the MFMA, by the provision of a statement of Performance to Council containing certain financial and performance particulars to achieve MFMA compliance.

2. DELIBERATION

Strategic Objective: "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."

Section 72 of the MFMA requires that:

The Accounting Officer of a municipality must by no later than the 25th of January submit to the Mayor of the municipality, and the relevant National & Provincial Treasury, a statement in the prescribed format on the state of the municipality's performance reflecting certain particulars for the six months (July to December) taking into account the monthly statements referred to as the Section 71 reports for the first half of the financial year, the municipality's service delivery performance, the service delivery targets and performance indicators set in the service delivery and budget implementation plan. The past year's annual report and progress on resolving problems identified in the annual report.

The Accounting Officer must as part of the review make recommendations as to whether an adjustment budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary.

3. INSTITUTION/S CONSULTED

National and Provincial Treasury
Finance

4. FINANCIAL IMPLICATIONS

This interim report indicates various financial risks:

- Achievement of the operating revenue budget
- Achievement of the operating expenditure budget
- Achievement of the capital expenditure budget

5. RECOMMENDATIONS

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


CHIEF FINANCIAL OFFICER

09/01/2024
DATE

SUPPORTED/NOT SUPPORTED
APPROVED/NOT APPROVED


ACTING MUNICIPAL MANAGER

2024-01-17
DATE

**MID-YEAR BUDGET & PERFORMANCE
ASSESSMENT REPORT
DECEMBER 2023**

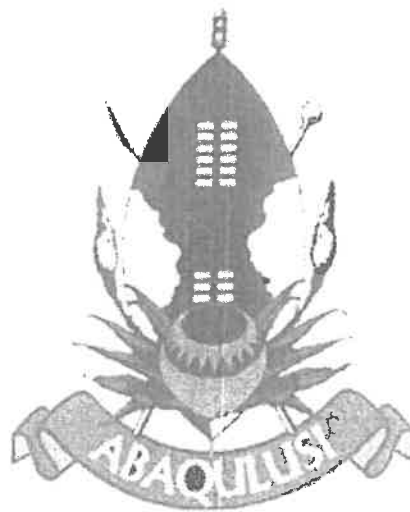


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INTRODUCTION

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, 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

Ref	Description	Budget Year 2023/24																		
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Mid-Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast										
	R thousands Revenue																			
	Exchange Revenue	213 962	266 529	-	111 937	111 937	133 264	(21 328)	-16%	266 529										
	Service charges - Electricity	43 331	62 253	-	31 675	31 675	30 600	1 075	4%	62 253										
	Service charges - Water	36 295	36 734	-	19 371	19 371	18 367	1 004	5%	36 734										
	Service charges - Waste Water Management	22 127	28 588	-	14 603	14 603	14 294	309	2%	28 588										
	Service charges - Waste management	591	513	-	881	881	256	625	244%	513										
	Sale of Goods and Rendering of Services	-	-	-	-	-	-	-	-	-										
	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	-	-	-	-	-	-	-										
	Licence and permits	5 797	2 643	-	469	469	834	(364)	-44%	1 667										
	Operational Revenue	854	-	-	2 719	2 719	1 322	1 397	106%	2 643										
	Non-Exchange Revenue	-	-	-	5 801	5 801	-	5 801	-	-										
	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	-	-	-	-	-	-	-	-	-										
	Other Gains	2 983	-	-	-	-	-	-	-	-										
	Discontinued Operations	16 794	-	-	-	-	-	-	-	-										
	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	Budget Year 2023/24								
	2022/23 Audited Outcome	Original Budget	Adjusted Budget	Mid-Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
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 Councilors	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 & Share of surplus/ (deficit) of associate	(131 340)	142 357	-	38 712	38 712	117 600	(78 889)	-67%	142 357
Surplus/(Deficit) for the year	(131 340)	142 357	-	38 712	38 712	117 600	(78 889)	-67%	142 357
Capital expenditure & funds sources									
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	-	-	-	-	-	-	-	-	-

	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
Financial position									
Total current assets	392 219	425 745	-	496 931	496 931				425 745
Total non-current assets	1 039 880	1 412 533	-	1 001 511	1 001 511				1 412 533
Total current liabilities	421 876	333 576	-	449 507	449 507				333 576
Total noncurrent liabilities	99 323	92 952	-	99 323	99 323				92 952
Community wealth/Equity	910 901	1 411 750	-	949 612	949 612				1 411 750
Cash flows									
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	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 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	38 956	21 395	16 263	16 800	14 327	13 071	11 046		392 366
Creditors Age Analysis									
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

Ref	Description	Budget Year 2023/24																		
		2022/23 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	6%	-										
	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 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	Ref	Budget Year 2022/23		Budget Year 2023/24		YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year			
R thousands		A	B	C				D
Councillors (Political Office Bearers plus Other)	1							
Basic Salaries and Wages			652			326	(326)	-100%
Pension and UIF Contributions		1 918			872			
Medical Aid Contributions								
Motor Vehicle Allowance								
Cell phone Allowance								
Housing Allowances		15 349			872			
Other benefits and allowances			1 998					
Sub Total - Councillors		17 265	16 656		872			
% increase	4		11.8%		7 625			
Senior Managers of the Municipality	3				8 497			
Basic Salaries and Wages		6 942	7 318					
Pension and UIF Contributions		0						
Medical Aid Contributions								
Overtime								
Performance Bonus					3 355			
Motor Vehicle Allowance					(9)			
Cell phone Allowance								
Housing Allowances		1 400	1 024					
Other benefits and allowances		183	1 471					
Payments in lieu of leave			186		574			
Long service awards					78			
Post-retirement benefit obligations								
Entertainment								
Scarcity								
Acting and post related allowance in kind benefits								
Sub Total - Senior Managers of Municipality		8 525	9 999		3 997			
% increase	4		17.3%		5 512			
Other Municipal Staff								
Basic Salaries and Wages		97 373	101 190		59 170			
Pension and UIF Contributions		19 973	20 655		10 839			
Sub Total - Other Municipal Staff		117 346	121 845		70 009			
Total		135 611	138 501		130 839			
Sub Total - Councillors and Senior Managers of Municipality		25 790	26 655		13 871			
% increase			3.2%		51.8%			
Sub Total - Other Municipal Staff		110 821	111 846		116 968			
% increase			0.9%		5.4%			
Total		136 611	138 501		130 839			
Sub Total - Councillors and Senior Managers of Municipality		25 790	26 655		13 871			
% increase			3.2%		51.8%			
Sub Total - Other Municipal Staff		110 821	111 846		116 968			
% increase			0.9%		5.4%			

MID-YEAR BUDGET & PERFORMANCE ASSESSMENT REPORT

Medical Aid Contributions	11 060	9 567	-	-	-	5 937	4 783	1 154	24%	9 567
Overtime	16 898	-	-	-	5 937	7 454	-	7 454	-	-
Performance Bonus	6 893	9 070	-	-	7 454	8 871	4 535	4 336	96%	9 070
Motor Vehicle Allowance	5 129	10 678	-	-	8 871	5 195	5 339	(144)	-3%	10 678
Cell phone Allowance	1 297	1 308	-	-	5 195	650	654	(4)	-1%	1 308
Housing Allowances	347	382	-	-	650	196	191	5	3%	382
Other benefits and allowances	2 230	6 058	-	-	196	1 831	3 029	(1 197)	-40%	6 058
Payments in lieu of leave	3 594	16 469	-	-	1 831	788	8 235	(8 235)	-100%	16 469
Long service awards	1 500	1 500	-	-	788	273	-	-	-	1 500
Post-retirement benefit obligations	7 144	1 500	-	-	273	-	-	-	-	1 500
Entertainment	-	-	-	-	-	-	-	-	-	-
Scarcity	-	-	-	-	-	-	-	-	-	-
Acting and post related allowance	-	-	-	-	-	-	-	-	-	-
In kind benefits	-	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	-	-	-	-	-	-	-	-	-	-
% increase	-	-	-	-	-	-	-	-	-	-
Total Parent Municipality	171 936	178 377	4	-	101 205	87 688	13 517	15%	3.7%	178 377
Unpaid salary, allowances & benefits in arrears:	197 726	207 681	-	-	113 699	102 853	10 846	11%	3.7%	207 681
TOTAL SALARY, ALLOWANCES & BENEFITS	197 726	207 681	4	-	113 699	102 853	10 846	11%	5.0%	207 681
% increase	-	-	-	-	-	-	-	-	-	-
TOTAL MANAGERS AND STAFF	180 462	188 376	-	-	105 202	93 200	12 002	13%	5.0%	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	Ref	2022/23 Audited	Original	Adjusted	Mid-Year	Budget Year 2023/24			YTD %	Full Year
						YearTD actual	YearTD budget	YTD		
R thousands										
Capital Expenditure - Functional Classification	1									
Governance and administration										
Executive and council		7 333	1 000	-	835	835	500	335	67%	1 000
Finance and administration		(479)	-	-	-	-	-	-	-	-
Internal audit		7 812	1 000	-	835	835	500	335	67%	1 000
Community and public safety										
Community and social services		1 195	-	-	-	-	-	-	-	-
Sport and recreation		1 195	32 417	-	2 216	2 216	21 611	(19 395)	-90%	32 417
Public safety		-	15 917	-	2 216	2 216	10 611	(8 395)	-79%	15 917
Housing		-	16 500	-	-	-	11 000	(11 000)	-100%	16 500
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services										
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		53 716	32 343	-	9 578	9 578	21 895	(12 318)	-56%	32 343
Environmental protection		333	2 000	-	-	-	2 000	(2 000)	-100%	2 000
Trading services										
Energy sources		53 383	30 343	-	9 578	9 578	19 895	(10 318)	-52%	30 343
Water management		4 858	17 680	-	3 966	3 966	11 620	(7 654)	-66%	17 680
Waste water management		4 858	17 680	-	3 966	3 966	11 620	(7 654)	-66%	17 680
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

R thousands	Vote Description	Ref	2022/23		Budget Year 2023/24				YTD %	YTD	Full Year
			Audited	Original	Adjusted	Mid-Year	YearTD actual	YearTD budget			
	Funded by:	1									
	National Government		31 208	65 940	-	13 261	13 261	43 960	(30 699)	65 940	
	Provincial Government		333	10 500	-	-	-	7 667	(7 667)	10 500	
	District Municipality		-	-	-	-	-	-	-	-	
	Transfers and subsidies - capital (monetary allocations) (Nat / Prov		-	-	-	-	-	-	-	-	
	Departm Agencies.		-	-	-	-	-	-	-	-	
	Transfers recognised - capital		-	-	-	-	-	-	-	-	
	Borrowing		31 540	76 440	-	13 261	13 261	51 627	(38 366)	76 440	
	Internally generated funds	6	-	-	-	-	-	-	-	-	
	Total Capital Funding		27 555	7 000	-	3 333	3 333	4 000	(667)	7 000	
			59 095	83 440	-	16 594	16 594	55 627	(39 032)	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				YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year	YearTD actual	YearTD budget			
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		-	-	-	-	-	-	-	-	-
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		50 332	(83 440)	-	(21 864)	(21 864)	(55 627)	(33 762)	61%	(83 440)
Receipts										

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

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Supporting documentation

Financial Position

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

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands						
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	3 116	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	Budget Year 2023/24								
		2022/23 Audited	Original	Adjusted	Mid Year	YearTD actual	YearTD budget	YTD	YTD %	Full Year
R thousands										
Revenue by Vote										
Vote 1 - VOTE1	1	7 156	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		373 047	419 848	-	248 828	248 828	253 126	(4 298)	-1.7%	419 848
Vote 3 - Community & Social Services		2 757	5 578	-	3 809	3 809	3 707	102	2.8%	5 578
Vote 4 - Energy Sources		231 394	283 472	-	122 910	122 910	144 516	(21 606)	-15.0%	283 472
Vote 5 - Housing		-	-	-	-	-	-	-	-	-
Vote 6 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 7 - Other		-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		3 152	5 128	-	704	704	3 397	(2 593)	-79.3%	5 128
Vote 9 - Public Safety		8 584	5 265	-	165	165	2 633	(2 468)	-93.7%	5 265
Vote 10 - Road Transport		5 800	7 487	-	2 721	2 721	3 743	(1 023)	-27.3%	7 487
Vote 11 - Sport and Recreation		-	8 500	-	-	-	6 000	(6 000)	-100.0%	8 500
Vote 12 - Waste Management		22 127	28 588	-	14 603	14 603	14 294	309	2.2%	28 588
Vote 13 - Waste Water Management		36 295	36 734	-	19 371	19 371	18 367	1 004	5.5%	36 734
Vote 14 - Water Management		43 331	62 253	-	31 675	31 675	30 600	1 075	3.5%	62 253
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	733 644	862 862	-	444 785	444 785	480 384	(35 599)	-7.4%	862 862
Expenditure by Vote										
Vote 1 - VOTE1	1	34 233	40 727	-	18 611	18 611	20 477	(1 866)	-9.1%	40 727
Vote 2 - Finance & Administration		134 957	101 319	-	63 950	63 950	50 324	13 626	27.1%	101 319
Vote 3 - Community & Social Services		34 743	28 685	-	16 110	16 110	14 465	1 645	11.4%	28 685
Vote 4 - Energy Sources		408 824	320 428	-	178 759	178 759	161 842	16 916	10.5%	320 428
Vote 5 - Housing		2 466	2 637	-	1 384	1 384	1 319	65	4.9%	2 637
Vote 6 - Internal Audit		5 417	6 044	-	3 766	3 766	3 022	744	24.6%	6 044
Vote 7 - Other		(1)	836	-	-	-	318	(318)	-100.0%	836
Vote 8 - Planning and Development		12 406	19 867	-	6 580	6 580	10 170	(3 590)	-35.3%	19 867
Vote 9 - Public Safety		35 320	58 350	-	22 513	22 513	29 182	(6 670)	-22.9%	58 350
Vote 10 - Road Transport		55 680	32 592	-	31 067	31 067	16 298	14 768	60.6%	32 592
Vote 11 - Sport and Recreation		9 697	8 859	-	4 589	4 589	4 430	160	3.6%	8 859
Vote 12 - Waste Management		22 112	26 231	-	9 500	9 500	13 115	(3 615)	-27.6%	26 231
Vote 13 - Waste Water Management		38 767	19 448	-	16 678	16 678	9 724	6 954	71.5%	19 448
Vote 14 - Water Management		70 362	54 662	-	32 566	32 566	28 098	4 470	15.9%	54 662
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	864 984	720 495	-	406 073	406 073	362 783	43 290	11.9%	720 495
Surplus: (Deficit) for the year	2	(131 340)	142 367	-	38 712	38 712	117 600	(78 889)	-67.1%	142 367

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			
	Service charges - Electricity	16.00%	Due to load shedding less electricity is purchased by consumers.	The revenue enhancement team is dealing daily with checking of meters
	Interest earned from Receivables	58.00%	Illegal connections and cable theft 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			
	Fines, penalties and forfeits	517.00%	There is a misallocation between exchange and non-exchange revenue	To be rectified during adjustment budget
	Licences & permits	100.00%	There is a misallocation between exchange and non-revenue	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 The municipality will rectify during adjustment budget
	Interest	100.00%	This is interest on payments to Eskom	The municipality will rectify during adjustment budget
	Operational costs	153.00%		
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	Budget Year 2023/24				
			2022/23		Year TD actual		
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		1.0%	5.9%	0.0%	0.8%	2.7%
Borrowed funding of 'low n' capital expenditure	Borrowings/Capital expenditure excl transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/	1	24.0%	12.3%	0.0%	23.5%	12.3%
Gearing	Long Term Borrowing/ Funds & Reserves	2	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities		93.0%	127.6%	0.0%	110.6%	127.6%
Liquidity Ratio	Monetary Assets/Current Liabilities		4.8%	17.9%	0.0%	7.2%	17.9%
Revenue Management							
Annual Debtors Collection Rate	Total Outstanding Debtors to Annual Revenue		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	Debtors > 12 Mths Recovered/Total Debtors >						
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))			100.0%		79.0%	90.0%
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated					22.8%	
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own 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%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received (Available cash +						
iii. Cost coverage							

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
Municipality														
STANDARD BANK 32 DAY - 06 846 176 3-003		1 Month	Call Account		Fixed	1.5			NA	5	0			5
STANDARD BANK MONEY - 06 846 176 3-011		1 Month	Call Account		Fixed	2.8			NA	72	2			76
ABSA CALL DEPOSIT - 9195460599		1 Month	Call Account		Fixed	3.3			NA	0				0
NEDBANK CALL ACCOUNT - 037165020780000033		1 Month	Call Account		Fixed	3			NA	3746	76			3 824
NEDBANK CALL DEPOSIT - 037165020780000039		1 Month	Call Account		Fixed	2.8			NA	4	0			4
NEDBANK CALL ACCOUNT - 037165020780000040		1 Month	Call Account		Fixed	3.3			NA	5	0			5
NEDBANK CALL DEPOSIT - 037165020780000042		1 Month	Call Account		Fixed	3.3			NA	813	16	(15 362)		630
NEDBANK CALL DEPOSIT - 037165020780000043		1 Month	Call Account		Fixed	3.3			NA	7 980	161			8 141
ABSA CALL DEPOSIT - 9122681337		1 Month	Call Account		Fixed	3.3			NA	2	0			2
ABSA LIQUIDITY ACCOUNT - 9363389794		1 Month	Call Account		Fixed	2.8			NA	15 206	203			49
Municipality sub-total										27 638		(15 362)		12 946
Entities														
Entities sub-total														
TOTAL INVESTMENTS AND INTEREST	2									27 638		(15 362)		12 936

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

Description	Ref	Budget Year 2023/24								Full Year Forecast
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Mid Year	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:	1,2	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
Library		--	--	--	248	248	--	248	--	--
		--	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	--	--	--	--	--	--	--	--
Enondo 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 Abaqiusi - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant 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	3									
Operating expenditure of Transfers and Grants										
National Government:		5 773	5 361	-	541	541	3 567	(3 027)	-84.8%	5 361
Expanded Public Works Programme Integrated Grant		2 773	2 361	-	429	429	1 667	(1 139)	-72.6%	2 361
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)	-66.9%	13 363
Capital Transfers and Grants		53 228	68 533	-	15 187	15 187	45 689	(30 504)	-66.8%	68 533
National Government:										
Municipal Infrastructure Grant		42 083	61 853	-	9 695	9 695	34 569	(24 874)	-72.0%	61 853
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	-	-	-	-	-	-	-	-
Emondlo Sports field		2 038	8 500	-	-	-	6 000	(6 000)	-100.0%	8 500
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants		68 536	79 033	-	15 187	15 187	53 022	(37 836)	-71.4%	79 033
TOTAL EXPENDITURE OF TRANSFERS & GRANTS		66 123	92 396	-	19 060	19 060	62 014	(42 963)	-69.3%	92 396

KZN253 Abaqulus - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 - Half Year

Description	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
Cash Receipts by Source															
Property rates	6 365	6 977	7 989	8 417	10 502	10 301	29 778	29 778	29 778	29 778	29 778	29 725	115 013	118 586	123 581
Service charges - Electricity revenue	9 817	10 325	21 647	19 719	20 301	18 100	72 624	72 624	72 624	72 624	72 624	73 309	249 021	282 745	340 402
Service charges - Water revenue	4 006	2 634	3 395	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	2 054	2 054	2 242	2 233	2 046	8 688	8 688	8 688	8 688	8 688	8 688	33 126	34 750	35 382
Service charges - Waste Management	1 857	2 342	2 244	2 433	2 323	2 046	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	867	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	7 354	8 223
Agency services	64 647	2 981	(32)	8 400	1 020	71 055	---	---	---	---	---	---	219 671	235 644	236 257
Transfers and Subsidies - Operational	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	18 551	13 146
Other revenue	111 074	42 137	41 765	47 104	42 728	106 311	138 558	138 558	138 558	138 558	138 558	138 191	791 620	856 556	908 456
Cash Receipts by Source	14 000	---	---	---	6 000	---	---	---	61 079	---	---	---	76 440	53 899	53 899
Transfers and subsidies - capital (monetary allocations)	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Transfers and subsidies - capital (monetary allocations) (Net / Pro Department 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 financing	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Increase (decrease) in consumer deposits	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Increase (decrease) in non-current receivables	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Decrease (increase) in non-current investments	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Total Cash Receipts by Source	128 074	42 137	41 765	47 104	48 728	106 311	138 558	138 558	138 558	138 558	138 191	784 460	846 419	908 456	
Cash Payments by Type	2 362	---	---	---	---	---	48 965	48 215	48 215	48 965	48 215	51 215	188 376	194 055	203 176
Employee related costs	---	---	---	---	---	---	5 339	5 339	5 339	5 339	5 339	5 339	19 305	21 835	22 928
Remuneration of councillors	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
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	253 147	330 602	389 119
Acquisitions - water & other inventory	7 335	5 418	4 241	4 721	7 235	6 024	7 116	7 116	7 116	7 116	7 116	6 831	40 210	90 107	89 427
Contracted services	10 076	6 736	6 084	9 184	11 401	10 394	22 185	23 435	22 991	22 185	22 772	95 641	89 935	88 486	
Transfers and subsidies - other municipalities	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Transfers and subsidies - other	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Other expenditure	13 981	36 890	4 387	12 363	5 086	4 894	15 456	15 456	15 456	15 456	15 026	65 954	59 548	61 356	
Cash Payments by Type	60 573	79 460	16 405	34 744	29 921	69 278	184 142	184 142	184 142	184 142	183 092	672 629	788 186	852 454	
Other Cash Flows/Payments by Type	3 345	2 387	1 995	6 556	4 152	3 429	---	---	66 288	---	---	---	83 440	53 899	67 555
Repayment of borrowing	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Total Cash Flow Payments	1 919	---	---	2 542	---	1 046	---	---	---	---	---	---	---	---	---
NET INCREASE/DECREASE IN CASH HELD	68 236	81 947	17 401	43 842	34 073	73 754	184 142	184 142	184 142	184 142	183 092	750 058	839 084	920 045	
Cash/cash equivalents at the month/year beginning	20 110	89 346	49 636	74 000	77 263	91 918	124 475	146 544	146 544	146 544	146 544	129 635	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	146 544	146 544	146 544	146 544	146 544	129 635	20 110	48 502	54 837

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

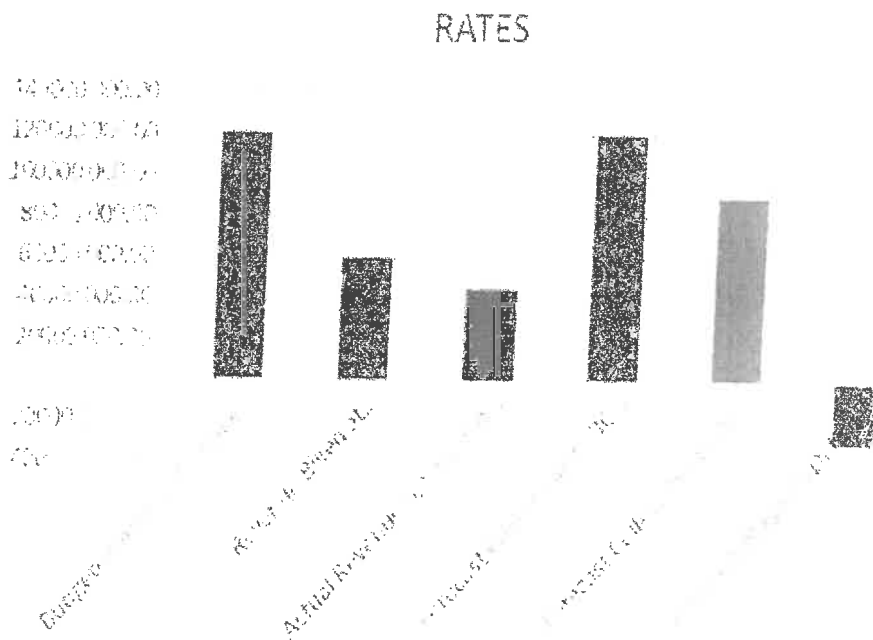
The total outstanding debt owed to the Abaqulusi Municipality as at 31 December 2023 is R392,3 million.
As at the end of December 2023 an amount of R315,7 million is outstanding for longer than 90 days.

KZN263 Abaqulusi - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - Half Year

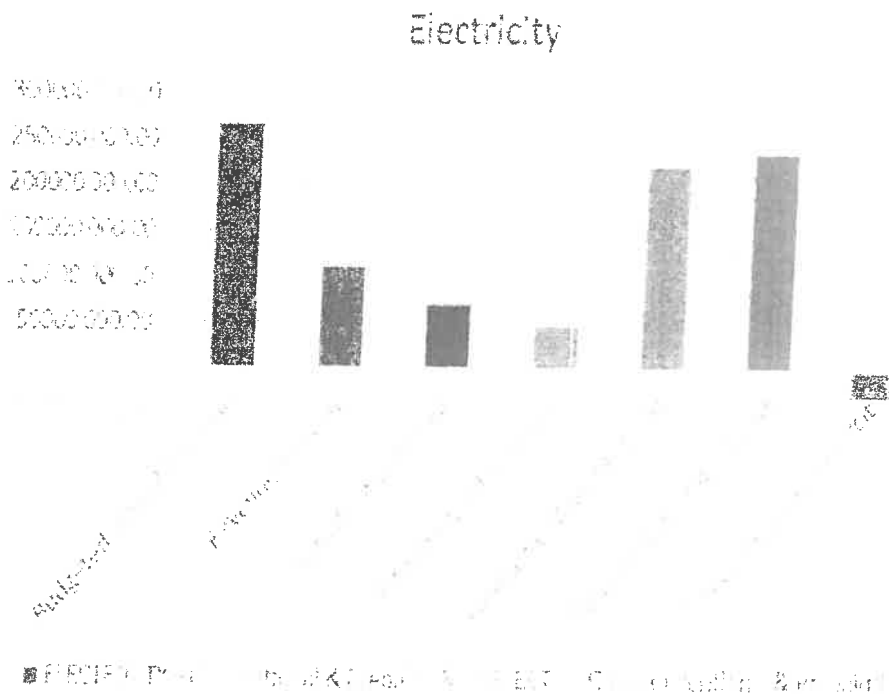
R thousands	NT Code	Description	Budget Year 2023/24							Total over 90 days											
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr		Over 1Yr	Total									
Debtors Age Analysis By Income Source																					
	1200	Trade and Other Receivables from Exchange Transactions - Water	6 003	4 138	3 746	3 434	3 616														
	1300	Trade and Other Receivables from Exchange Transactions - Electricity	16 941	6 152	3 076	4 605	2 420														
	1400	Receivables from Non-exchange Transactions - Property Rates	7 272	3 278	2 481	2 096	1 914														
	1500	Receivables from Exchange Transactions - Waste Water Management	3 205	2 018	1 706	1 576	1 481														
	1600	Receivables from Exchange Transactions - Waste Management	3 136	1 904	1 669	1 522	1 432														
	1700	Interest on Arrear Debtor Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1810	Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1 918	1 862	1 813	1 770	1 775														
	1820	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1900	Other	481	2 054	1 773	1 797	1 690														
	2000	Total By Income Source	38 956	21 395	16 263	16 800	14 327	13 071	11 046	260 508	392 366	315 751	392 366	315 751	392 366	315 751	392 366	315 751	392 366	315 751	392 366
Debtors Age Analysis By Customer Group																					
	2200	Organs of State	5 192	3 569	2 109	2 075	2 385														
	2300	Commercial	17 813	7 837	5 176	6 454	4 257														
	2400	Households	15 951	9 989	8 979	8 270	7 685														
	2500	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2600	Total By Customer Group	38 956	21 395	16 263	16 800	14 327	13 071	11 046	260 508	392 366	315 751	392 366	315 751	392 366	315 751	392 366	315 751	392 366	315 751	392 366

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%

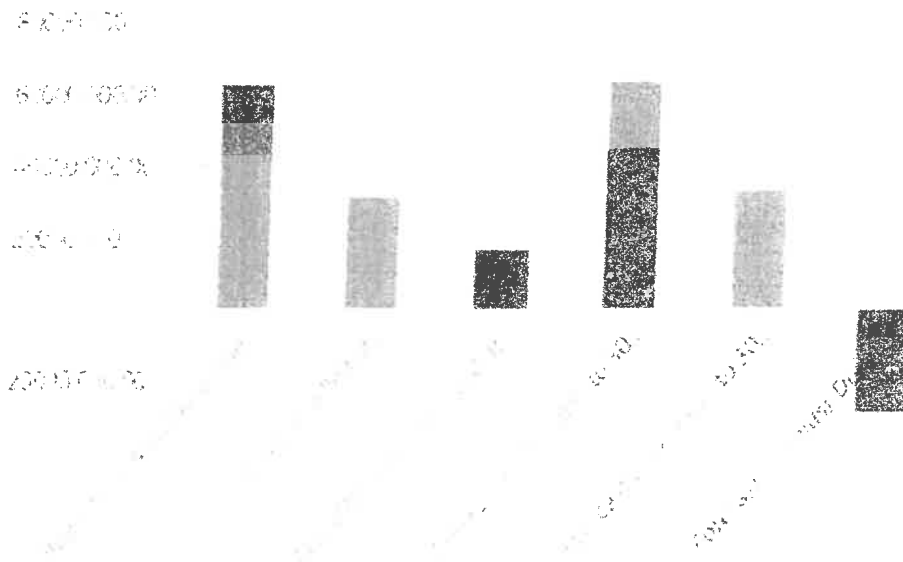


ELECTRICITY – Conventional & Prepaid		
	R	%
Budgeted Annual Revenue	266 528 942.00	100%
Revenue Billed at December 2023	111 990 233.66	42.02%
Actual Conventional Revenue received at December 2023	70 990 313.24	26.64%
Actual Prepaid Revenue received at December 2023	48 408 898.76	18.16%
Forecast Collectable 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%

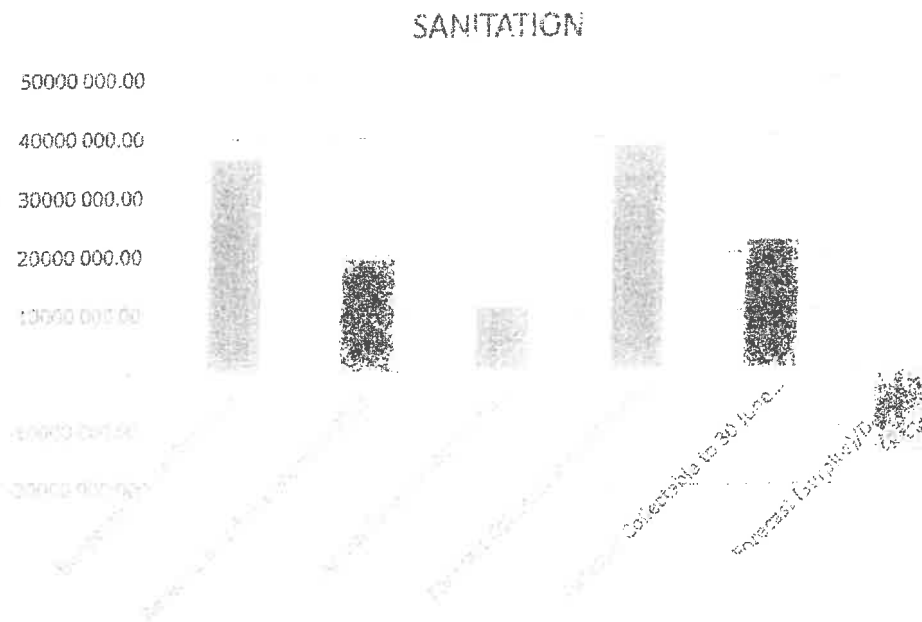


WATER		
	R	%
Budgeted Annual Revenue	62 253 388.00	100%
Revenue Billed at December 2023	31 668 212.75	50.87%
Actual Revenue received at December 2023	16 720 705.54	26.86%
Forecast Collectable to 30 June 2024 on billed revenue	63 336 425.50	101.74%
Forecast Collectable to 30 June 2024 on actual revenue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

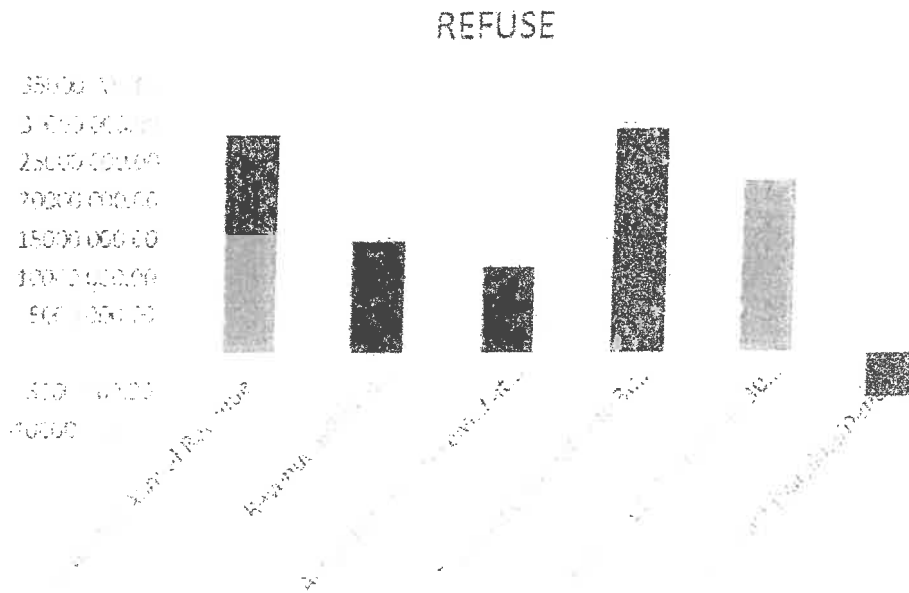
WATER



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%

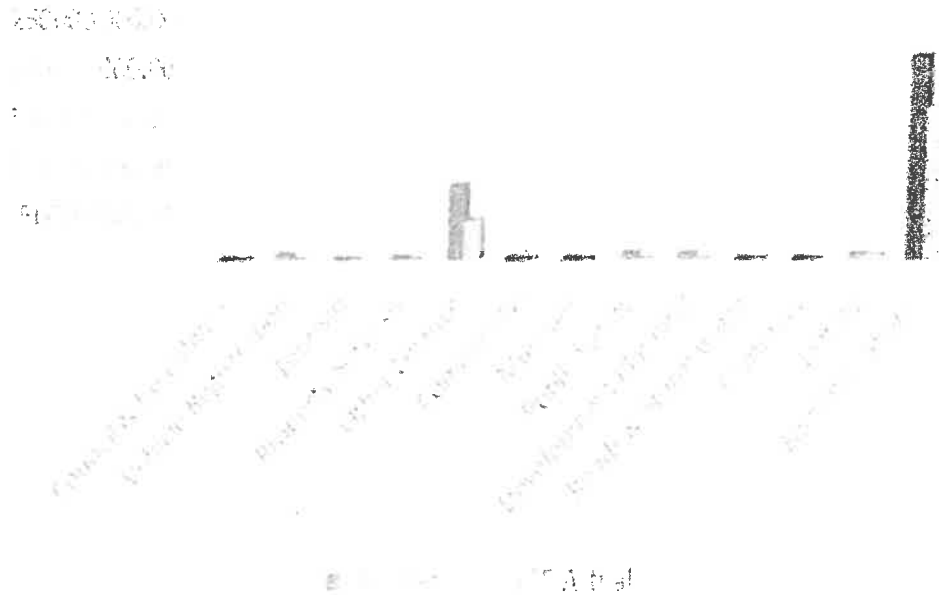


REFUSE		
	R	%
Budgeted Annual Revenue	28 587 742.00	100%
Revenue Billed at December 2023	14 602 687.16	51.08%
Actual Revenue received at December 2023	11 294 215.81	39.51%
Forecast Collectable to 30 June 2024 on billed revenue	29 205 374.32	102.16%
Forecast Collectable to 30 June 2024 on actual revenue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



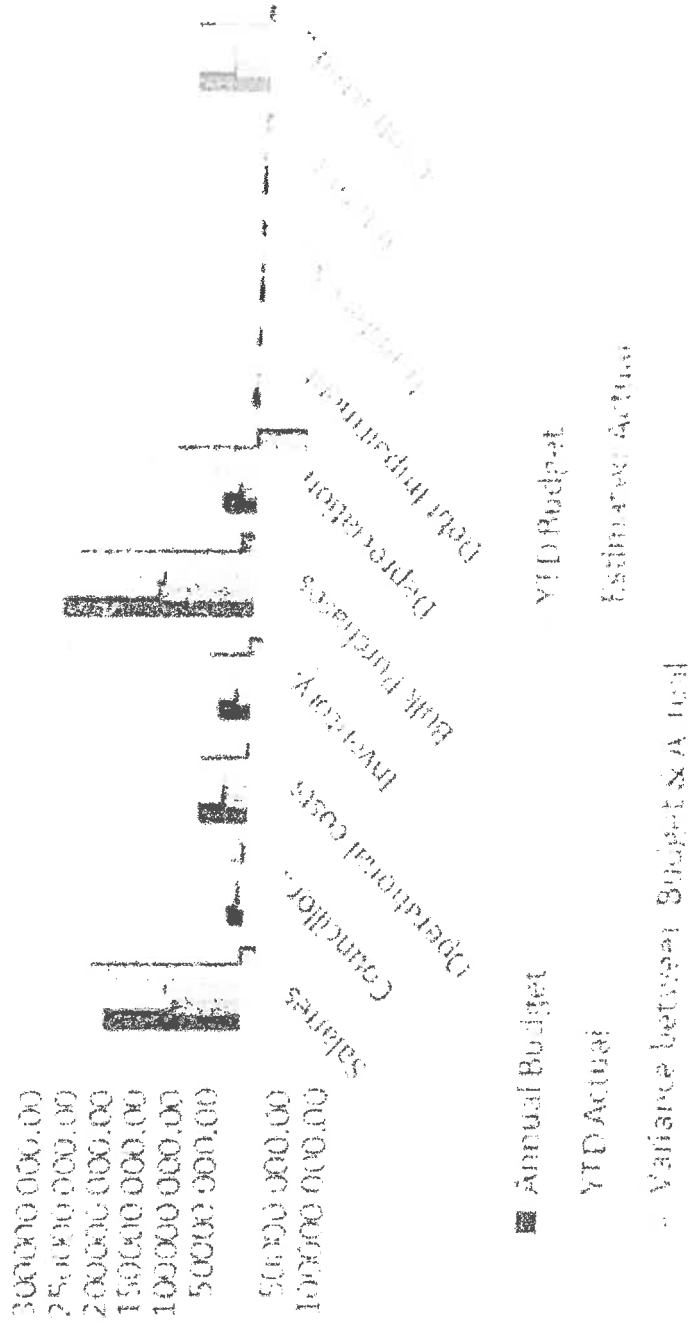
OTHER OPERATING INCOME				
	Budget	YTD Actual	Est Actual 30 June 2024	%
Council & Executive – Council	-	-	-	
Vehicle Registration	4 854 330.00	24 401.82	48 803.64	0.50%
Tourism	-	-	-	
Property Services	1 421 200.00	126 116.76	252 233.52	8.87%
Other Finance	74 289 781.00	39 740 554.82	79 481 109.64	53.49%
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%

Chart Title



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	-	-	-	-	-
Contracted Services	95 641 000.00	47 820 500.00	51 028 745.87	6 766 086.24	-6 766 086.24
Total	720 495 031.00	360 247 515.50	406 072 892.74	819 315 591.68	-98 820 560.68

Chart Title



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

Revenue	Water	Waste Water	Energy	Waste Management	Total
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	16 720 705.54	10 980 483.63	48 408 898.76	11 294 215.81	48 408 898.76
Revenue outstanding from consumers	14 947 507.21	8 390 060.48	3 563 791.14	3 308 471.35	158 394 616.98
Expenditure					30 209 830.18
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	16 583 951.98
Total segment expenditure	32 565 850.40	16 678 410.14	178 758 600.91	237 502 896.78
Unallocated expenses			9 500 035.33	
Entity's surplus deficit for the period	-15 845 144.86	-5 697 926.51	-107 768 287.67	-127 517 178.56
Profit/(loss) - Actual revenue - Actual expenditure	-95%	-51.89%	-50%	-50%
Profit/(loss) - Billed revenue - Actual expenditure	-3%	13.90%	-45%	-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.

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		MOVEMENTS	BALANCE AT		INTEREST	EARNED	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	2023/07/01	2023/12/31		2023/12/31	2023/12/31								
Bank													
NEDBANK	3 697 779.83	3 850 399.11	0.00	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	2 411.35	0.00	62.52	10.14	10.52	10.57	10.27	10.66	10.36			
ABSA CALL	243.11	243.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
NEDBANK	4 111.15	4 281.04	0.00	169.89	28.21	28.21	27.60	28.83	27.90	29.14			
STANDARD BANK	74 828.42	74 828.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
NEDBANK	4 470.61	4 655.22	0.00	184.61	30.69	30.69	30.00	31.31	30.30	31.62			
NEDBANK	802 257.39	835 369.42	0.00	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	4 799.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00			
NEDBANK	7 872 082.11	8 196 987.71	0.00	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	4 043 614.06	637 751.39	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	17 017 589.11	637 751.39	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		
31 August 2023	284 054.00	556 716.80	206 404.18	42.37%
30 September 2023	267 386.00	511 788.70	272 662.80	48.98%
31 October 2023	257 747.00	593 535.68	244 402.70	47.75%
30 November 2023	261 208.00	1 216 519.57	335 788.68	56.57%
31 December 2023	269 453.00	1 323 668.67	955 311.57	78.53%
TOTAL :2023/2024	1 620 534.00	4 689 319.60	1 054 215.67	79.64%
			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		
31 August 2023	166 949.00	340 473.80	139 063.18	46.30%
30 September 2023	166 623.00	272 877.70	173 524.80	50.97%
31 October 2023	159 345.00	345 127.68	106 254.70	38.94%
30 November 2023	162 749.00	988 387.57	185 782.68	53.83%
31 December 2023	171 420.00	1 017 418.67	825 638.57	83.53%
TOTAL :2023/2024	988 397.00	3 264 659.60	845 998.67	83.15%
			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		
31 August 2023	104 576.00	147 000.00	46 972.00	30.50%
30 September 2023	89 049.00	195 000.00	42 424.00	28.86%
31 October 2023	86 260.00	197 000.00	105 951.00	54.33%
30 November 2023	85 873.00	190 000.00	110 740.00	56.21%
31 December 2023	85 837.00	252 000.00	104 127.00	54.80%
TOTAL :2023/2024	558 623.00	1 135 000.00	166 163.00	65.94%

Hlobane

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

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		
31 August 2023	532 020.85	1 908 380.46	7 123 148.42	5 629 449.22	74.03%
30 September 2023	405 491.31	1 485 561.99	4 338 300.51	4 682 747.11	65.74%
31 October 2023	33 938.00	1 661 786.80	4 797 539.51	2 447 247.21	56.41%
30 November 2023	236 861.23	1 445 114.57	4 154 966.29	3 101 814.71	64.65%
31 December 2023	735 438.26	1 907 743.55	4 538 592.48	2 472 990.49	59.52%
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		
31 August 2023	230 849.68	93 927.85	1 742 294.86	1 227 936.71	73.92%
30 September 2023	57 563.65	82 163.95	921 149.76	1 417 517.33	81.36%
31 October 2023	119 107.50	85 341.87	984 967.52	781 422.16	84.83%
30 November 2023	129 096.47	96 784.48	894 721.71	780 518.15	79.24%
31 December 2023	151 800.07	143 181.44	787 860.58	668 840.76	74.75%
TOTAL :2023/2024	1 035 315.60	587 675.77	6 992 105.55	492 879.07	62.56%
				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		
31 August 2023	22 410.33	108 423.60	859 087.46	820 772.02	89.18%
30 September 2023	20 675.43	89 025.98	575 260.14	728 253.53	84.77%
31 October 2023	15 278.68	98 803.72	509 233.75	465 558.73	80.93%
30 November 2023	11 424.02	55 834.95	404 722.86	395 151.35	77.60%
31 December 2023	13 059.26	88 116.18	436 293.33	337 463.89	83.38%
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	-	
M.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 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	- -	-	-
O STAFF 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%
SPLO00 SPECIALISED NON	- 966 281.63	872 752.85	111%
SPORTS SPORT CLUBS	- 312 475.36	328 661.99	95%
STATEO 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