

**MID-YEAR BUDGET & PERFORMANCE
ASSESSMENT REPORT
DECEMBER 2021**



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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 2021/22 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

2021/2022 Mid-Year Budget & Performance Assessment Report presentation by his worship the Mayor, Councillor MC Maphisa, at Abaqulusi Council Chambers, during January 2022

Mr Speaker, I wish to present an assessment of the Mid-Year Budget & Performance for the 2021/2022 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 2021/2022 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 2021 are:

- Total operating revenue received to date is R348,1 million which is 4% more than the budgeted target of R334,7 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 59,54% in July to 111,65% in December, averaging 86,86% for the 6 months. This together with Covid 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 2020/21 was 5% below targeted budget and in 2021/22 the billed amount is 1,29% more than the estimated budget.
 - Water in 2020/21 was 16% above targeted budget and in 2021/22 the actual is 7,54% above the estimated budget.
 - Sanitation in 2020/21 was 18% above targeted budget and in 2021/22 is 8% above the estimated budget
 - Refuse in 2020/21 was 7% above than the estimated budget and in 2021/22 is 7,98% above the estimated budget
- An analysis of the losses was carried out during the 1st half of 2021/22 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 25,84% compared to 22,69% in the previous financial year, however in rand value the loss in 2020/21 was R18,4 million for the 6 months and for the 2021/22 also amounts to R18,4 million. Water losses have decreased from 71,78% to 43,68% which is due to faulty, broken and stolen water meters being replaced.
- Operating expenditure is less than budget with expenditure to date of R285,4 million compared to a budget of R310,9 million.

- Whilst the municipality has collected/billed more revenue (R348,1 million) and only spent R285,4 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.

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 2021/2022 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 2021/2022 budget classified by main revenue source

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

Vote Description R thousands	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Source										
Property rates		100 717	83 493	–	8 728	51 233	41 746	9 486	23%	83 493
Service charges - electricity revenue		193 292	219 846	–	17 106	102 935	109 923	(6 988)	-6%	219 846
Service charges - water revenue		44 344	41 679	–	4 182	24 270	20 840	3 431	16%	41 679
Service charges - sanitation revenue		31 367	27 787	–	2 709	16 125	13 894	2 232	16%	27 787
Service charges - refuse revenue		17 866	23 174	–	1 781	11 842	11 587	255	2%	23 174
Rental of facilities and equipment		1 070	1 050	–	38	210	525	(315)	-60%	1 050
Interest earned - external investments		897	1 680	–	66	589	840	(251)	-30%	1 680
Interest earned - outstanding debtors		33	–	–	1 044	6 212	–	6 212	#DIV/ 0!	–
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		13 602	24 773	–	542	2 986	12 386	(9 400)	-76%	24 773
Licences and permits		2 837	5 148	–	151	3 617	2 574	1 043	41%	5 148
Agency services		–	–	–	–	–	–	–	–	–
Transfers and subsidies		213 994	179 728	–	55 684	127 857	119 894	7 963	7%	179 728
Other revenue		4 726	5 576	–	7	320	538	(218)	-40%	5 576
Gains		15 928	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		640 674	613 934	–	92 038	348 197	334 747	13 450	4%	613 934

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 R613,9 million. For the period under review the planned SDBIP target is R334,7 million and the actual revenue collected to date is R348,1 million. When comparing the planned against the actual revenue there is a 4% over performance shown. This is mainly due to the 1st and 2nd tranche of Equitable Share having been received as well as 85% 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 - BUDGET VERSUS ACTUAL PAYMENTS									
TOTAL	ANNUAL BUDGET	MONTH BUDGET	6 MONTH BUDGET	6 MONTH ACTUAL	6 MONTH BILLING	VARIANCE BUDGET TO PAYMENT	VARIANCE BILLING TO PAYMENT	12 MONTH EST PAYMENT	EST DIFF BETWEEN BUDGET AND PAYMENTS
Sewerage	27 787 073.00	2 315 589.42	13 893 536.50	10 676 792.06	16 125 417.58	3 216 744.44	-2 231 881.08	21 353 584.12	6 433 488.88
Water	42 179 199.00	3 514 933.25	21 089 599.50	15 784 300.72	24 270 244.52	5 305 298.78	-3 180 645.02	31 568 601.44	10 610 597.56
Rates	83 492 763.00	6 957 730.25	41 746 381.50	43 744 542.81	51 232 596.66	-1 998 161.31	-9 486 215.16	87 489 085.62	-3 996 322.62
Electricity	199 708 480.00	16 642 373.33	99 854 240.00	76 546 257.12	102 935 191.67	23 307 982.88	-3 080 951.67	153 092 514.24	46 615 965.76
Refuse	23 173 818.00	1 931 151.50	11 586 909.00	9 045 709.74	11 842 185.48	2 541 199.26	-255 276.48	18 091 419.48	5 082 398.52
Adjustments		-	-	69 569.55	-	-69 569.55	-	139 139.10	-139 139.10
Agreements		-	-	2 087 582.61	-	-2 087 582.61	-	4 175 165.22	-4 175 165.22
Legal Fees		-	-	16 030.11	-	-16 030.11	-	32 060.22	-32 060.22
Penalties	12 600 000.00	1 050 000.00	6 300 000.00	284 675.33	-	6 015 324.67	6 300 000.00	569 350.66	12 030 649.34
Interest		-	-	182 784.25	-	-182 784.25	-	365 568.50	-365 568.50
Receipts		-	-	-128 418.81	-	128 418.81	-	-256 837.62	256 837.62
Indigent		-	-	54.04	-	-54.04	-	108.08	-108.08
Sundry Charge		-	-	3 000.00	-	-3 000.00	-	6 000.00	-6 000.00
VAT		-	-	3 005 791.28	-	-3 005 791.28	-	6 011 582.56	-6 011 582.56
TOTAL	388 941 333.00	32 411 777.75	194 470 666.50	161 318 670.81	206 405 635.91	33 151 995.69	-11 934 969.41	322 637 341.62	66 303 991.38

Reasons for major variances between planned and actual revenue collected:

- revenue billed for rates is 22,72% above the planned projection and in the previous year the projection was 23% more than the planned projection, the payment rate is 4,79% more than the planned projection
- revenue billed for electricity sales is 2,6% more than the planned projection and in the previous financial year the sales were 5% less than the planned projection, the payment rate is 17,91% less than the planned projection
- revenue billed for water sales is 15,08% above the planned projection compared to the 16% above the planned projection in the previous financial year, the payment rate is 25,16% less than the planned projection
- revenue billed for sanitation sales is 16% above the planned projection compared to 17,63% above the planned projection in the previous financial year, the payment rate is 23,06% less than the planned projection
- revenue billed for refuse sales is 15,98% above the planned projection compared to 7% above the planned projection in the previous financial year, the payment rate is 21,89% less than the planned projection
- overall billed revenue from the 4 trading services is 0,69% (R2,1 million) less than the projected budget, however the payment rate is 21,15% (R66,1 million) less than planned projection which is a fair indication that the community is struggling to pay for services
- the collection of fines is less than the planned projection, this collection rate similar to the payment for services has been severely hampered by Covid
- 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 2021/2022 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 9,4 million more than budget
- Service charges – R 2,1 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 was received
- Government Grants and subsidies – Capital – no additional funding allocated
- Other Income – R218 thousand less 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 2021/22 Evaluation Report was used during the preparation of the report

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

Description R thousands	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	100 717	83 493	–	8 728	51 233	41 746	9 486	23%	83 493
Service charges	286 869	312 486	–	25 778	155 173	156 243	(1 070)	-1%	312 486
Investment revenue	897	1 680	–	66	589	840	(251)	-30%	1 680
Transfers and subsidies	213 994	179 728	–	55 684	127 857	119 894	7 963	7%	179 728
Other own revenue	38 196	36 547	–	1 782	13 345	16 024	(2 679)	-17%	36 547
Total Revenue (excluding capital transfers and contributions)	640 674	613 934	–	92 038	348 197	334 747	13 450	4%	613 934
Employee costs	161 440	168 228	–	21 662	90 278	82 450	7 827	9%	168 228
Remuneration of Councillors	18 340	19 123	–	1 538	8 817	9 562	(745)	-8%	19 123
Depreciation & asset impairment	88 595	42 666	–	–	–	21 333	(21 333)	-100%	42 666
Finance charges	7 986	–	–	3	72	–	72		–
Inventory consumed and bulk purchases	205 841	265 828	–	16 395	110 729	132 664	(21 935)	-17%	265 828
Transfers and subsidies	7 008	–	–	810	4 161	–	4 161		–
Other expenditure	244 075	117 708	–	12 540	71 379	64 974	6 405	10%	117 708
Total Expenditure	733 285	613 553	–	52 948	285 435	310 983	(25 548)	-8%	613 553
Surplus/(Deficit)	(92 611)	381	–	39 090	62 762	23 764	38 998	164%	381
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	35 368	40 548	–	–	7 285	26 466	(19 181)	-72%	40 548
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)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers &	(57 243)	40 928	–	39 090	70 046	50 229	19 817	39%	40 928

contributions									
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(57 243)	40 928	-	39 090	70 046	50 229	19 817	39%	40 928
Capital expenditure & funds sources									
Capital expenditure	48 099	44 908	-	4 921	16 150	27 952	(11 802)	-42%	44 908
Capital transfers recognised	34 056	38 928	-	4 880	12 950	25 952	(13 002)	-50%	38 928
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	7 352	5 980	-	-	1 975	2 000	(25)	-1%	5 980
Total sources of capital funds	41 407	44 908	-	4 880	14 926	27 952	(13 027)	-47%	44 908
Financial position									
Total current assets	270 767	263 500	-		346 747				263 500
Total non current assets	1 334 399	1 466 764	-		1 350 549				1 466 764
Total current liabilities	302 771	263 216	-		327 004				263 216
Total non current liabilities	50 338	1 147	-		50 338				1 147
Community wealth/Equity	1 438 817	1 465 901	-		1 319 953				1 465 901
Cash flows									
Net cash from (used) operating	558 094	54 278	-	25 092	144 604	57 125	(87 479)	-153%	54 278
Net cash from (used) investing	(47 850)	(36 928)	-	(4 932)	(18 897)	(19 214)	(317)	2%	(36 928)
Net cash from (used) financing	27	-	-	69	389	-	(389)		-
Cash/cash equivalents at the month/year end	526 826	61 572	-	-	149 820	82 133	(67 687)	-82%	41 075
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total
Debtors Age Analysis Total by Income	30 218	20 199	11 216	7 902	6 336	6 474	33 868	190 987	307 201
Source Creditors Age Analysis Total Creditors	39 119	161	2	1 633	6 932	-	-	-	47 846

Operating Expenditure

The following table is a summary of the 2021/22 budget classified by main expenditure source

Expenditure by source

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

Vote Description R thousands	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure by Type										
Employee related costs		161 440	168 228	–	21 662	90 278	82 450	7 827	9%	168 228
Remuneration of councillors		18 340	19 123	–	1 538	8 817	9 562	(745)	-8%	19 123
Debt impairment		116 956	6 730	–	–	–	6 730	(6 730)	-100%	6 730
Depreciation & asset impairment		88 595	42 666	–	–	–	21 333	(21 333)	-100%	42 666
Finance charges		7 986	–	–	3	72	–	72		–
Bulk purchases - electricity		191 594	240 000	–	15 366	102 877	120 000	(17 123)	-14%	240 000
Inventory consumed		14 247	25 828	–	1 029	7 852	12 664	(4 812)	-38%	25 828
Contracted services		91 544	85 660	–	9 864	53 688	44 085	9 603	22%	85 660
Transfers and subsidies		7 008	–	–	810	4 161	–	4 161		–
Other expenditure		35 517	25 318	–	2 675	17 690	14 159	3 531	25%	25 318
Losses		58	–	–	–	–	–	–		–
Total Expenditure		733 285	613 553	–	52 948	285 435	310 983	(25 548)	-8%	613 553

The approved operating expenditure budget amounts to R613,5 million, including the non-cash items. For the period under review the planned SDBIP target is R310,9 million and the actual expenditure to date is R 285,4 million. When comparing the planned against the actual expenditure there is only an 8% (R25,5 million) underspending.

Reasons for major expenditure variance variances against budget are:

- Employee costs – R 7,8 million less than budget. Overtime costs is more than in the previous financial year with expenditure for the year to date of R6,843,654.04 (six million, eight hundred & forty three thousand, six hundred & fifty four rand) which is R3,002,742.34 more than the previous financial year and the projected amount for the year is R13,6 million.
- Repairs and Maintenance (other materials) – R4,8 million less than budget, despite the extensive and ongoing repairs to water and sanitation infrastructure
- Bulk purchases – to date Eskom has been paid R102,8 million
- General expenses – R17,6 million has been spent to date which is R3,5 million more than budget
- Contract payments – R53,6 million has been spent to date which is R9,6 million more than budget

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 R thousands	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers Plus Other)										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cell phone Allowance		1 971	2 160	-	-	643	1 080	(437)	-40%	2 160
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		16 369	16 963	-	1 538	8 174	8 481	(307)	-4%	16 963
Sub Total - Councillors		18 340	19 123	-	1 538	8 817	9 562	(745)	-8%	19 123
% increase	4		4.3%							4.3%
Senior Managers of the Municipality										
Basic Salaries and Wages		5 373	6 613	-	564	3 256	3 306	(50)	-2%	6 613
Pension and UIF Contributions		-	12	-	-	-	6	(6)	-100%	12
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		758	196	-	-	-	98	(98)	-100%	196
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cell phone Allowance		165	212	-	10	66	106	(40)	-38%	212
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		6 297	7 033	-	574	3 322	3 516	(194)	-6%	7 033
% increase	4		11.7%							11.7%
Other Municipal Staff										
Basic Salaries and Wages		100 727	100 327	-	17 585	65 692	50 164	15 529	31%	100 327
Pension and UIF Contributions		17 984	17 742	-	1 447	9 117	8 871	246	3%	17 742
Medical Aid Contributions		7 544	9 442	-	787	4 796	4 721	75	2%	9 442

Overtime		9 783	7 989	-	962	4 514	3 995	520	13%	7 989
Performance Bonus		6 339	7 576	-	10	41	3 788	(3 747)	-99%	7 576
Motor Vehicle Allowance		9 241	8 209	-	23	887	4 105	(3 217)	-78%	8 209
Cell phone Allowance		1 149	982	-	106	619	491	128	26%	982
Housing Allowances		1 090	1 117	-	22	344	558	(214)	-38%	1 117
Other benefits and allowances		1 978	4 483	-	146	945	2 242	(1 297)	-58%	4 483
Payments in lieu of leave		3 251	-	-	-	-	-	-		-
Long service awards		1 844	1 098	-	-	-	-	-		1 098
Post-retirement benefit obligations	2	(5 787)	2 229	-	-	-	-	-		2 229
Sub Total - Other Municipal Staff		155 143	161 195	-	21 088	86 956	78 934	8 022	10%	161 195
% increase	4		3.9%							3.9%
Total Parent Municipality		179 780	187 351	-	23 200	99 095	92 012	7 083	8%	187 351
Unpaid salary, allowances & benefits in arrears:										
<u>Board Members of Entities</u>										
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								-		
Board Fees								-		
Payments in lieu of leave								-		
Long service awards								-		
Post-retirement benefit obligations								-		
Sub Total - Board Members of Entities	2	-	-	-	-	-	-	-		-
% increase	4									
<u>Senior Managers of Entities</u>										
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 Entities		-	-	-	-	-	-	-		-
% increase	4									
Other Staff of Entities										
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								-		
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-		-
% increase	4									
Total Municipal Entities		-	-	-	-	-	-	-		-
TOTAL SALARY, ALLOWANCES & BENEFITS		179 780	187 351	-	23 200	99 095	92 012	7 083	8%	187 351
% increase	4		4.2%							4.2%
TOTAL MANAGERS AND STAFF		161 440	168 228	-	21 662	90 278	82 450	7 827	9%	168 228

Capital Expenditure

The capital budget increased from R41,7 million (2020/2021) to R44,9 million in 2021/2022

The following table is a summary of the 2021/2022 capital budget classified by department

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

Vote Description R thousands	Ref 1	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Multi-Year expenditure appropriation	2									
Vote 1 - VOTE1		-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	-
Vote 3 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 4 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 5 - Housing		-	-	-	-	-	-	-	-	-
Vote 6 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 7 - Other		-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 9 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 11 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 13 - Waste Water Management		-	-	-	-	-	-	-	-	-
Vote 14 - Water Management		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - VOTE1		-	2 400	-	-	-	-	-	-	2 400
Vote 2 - Finance & Administration		165	570	-	-	402	-	402	-	570

Vote 3 - Community & Social Services		13 586	5 022	-	140	2 209	3 348	(1 139)	-34%	5 022
Vote 4 - Energy Sources		8 327	2 277	-	40	1 433	1 185	249	21%	2 277
Vote 5 - Housing		-	-	-	-	-	-	-		-
Vote 6 - Internal Audit		-	-	-	-	-	-	-		-
Vote 7 - Other		-	-	-	-	-	-	-		-
Vote 8 - Planning and Development		-	-	-	-	-	-	-		-
Vote 9 - Public Safety		-	2 350	-	-	2	1 493	(1 491)	-100%	2 350
Vote 10 - Road Transport		16 548	30 290	-	4 740	10 445	19 926	(9 482)	-48%	30 290
Vote 11 - Sport and Recreation		319	-	-	-	-	-	-		-
Vote 12 - Waste Management		7 385	2 000	-	-	1 466	2 000	(534)	-27%	2 000
Vote 13 - Waste Water Management		1 768	-	-	-	192	-	192		-
Vote 14 - Water Management		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	48 099	44 908	-	4 921	16 150	27 952	(11 802)	-42%	44 908
Total Capital Expenditure		48 099	44 908	-	4 921	16 150	27 952	(11 802)	-42%	44 908
Capital Expenditure - Functional Classification										
Governance and administration										
Executive and council Finance and administration Internal audit										
Community and public safety Community and social services		165	2 970	-	-	402	-	402		2 970
Sport and recreation		-	2 400	-	-	-	-	-		2 400
Public safety Housing Health		165	570	-	-	402	-	402		570
Economic and environmental services										
Planning and development Road transport Environmental protection		-	-	-	-	-	-	-		-
Trading services Energy sources Water management		13 906	7 372	-	140	2 211	4 841	(2 630)	-54%	7 372
Waste water management Waste management		13 586	5 022	-	140	2 209	3 348	(1 139)	-34%	5 022
Other		319	-	-	-	-	-	-		-
		-	2 350	-	-	2	1 493	(1 491)	-100%	2 350
		16 548	30 290	-	4 740	10 445	19 926	(9 482)	-48%	30 290
		-	-	-	-	-	-	-		-
		16 548	30 290	-	4 740	10 445	19 926	(9 482)	-48%	30 290
		-	-	-	-	-	-	-		-
		17 479	4 277	-	40	3 092	3 185	(93)	-3%	4 277
		8 327	2 277	-	40	1 433	1 185	249	21%	2 277
		-	-	-	-	-	-	-		-
		1 768	-	-	-	192	-	192		-
		7 385	2 000	-	-	1 466	2 000	(534)	-27%	2 000
		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	48 099	44 908	-	4 921	16 150	27 952	(11 802)	-42%	44 908

The approved capital budget amounts to R44,9 million. For the period under review the planned SDBIP target is R27,9 million and the actual expenditure to date is R14,9 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	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
National Government		34 056	38 928	-	4 880	12 950	25 952	-13 002		38 928
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	6	34 056	38 928	-	4 880	12 950	25 952	(13 002)	-50%	38 928
Borrowing										
Internally generated funds		7 352	5 980	0	0	1 975	2 000	(25)	-1%	5 980
Total Capital Funding		41 408	44 908	-	0	14 925	27 952	(13 027)	-47%	44 908

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 R thousands	Ref 1	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property Rates		30 310	71 391	-	5 832	44 336	35 696	8 640	24%	71 391
Service Charges		271 603	279 674	-	19 177	147 132	139 337	7 795	6%	278 674
Other Revenue		63 796	37 340	-	-1 221	13 034	14 739	-1 705	-12%	37 340
Transfers and Subsidies - Operational		200 432	179 728	-	55 684	128 898	119 781	9 117	8%	179 728
Transfers and Subsidies - Capital		49 486	40 548	-	8 396	34 396	27 032	7 364	27%	40 548
Interest		397	1 680	-	-	362	840	-478	-57%	1 680
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		-57 930	-553 783	-	-62 776	-223 554	-279 650	-56 096	20%	-553 783
Finance charges		-	-1 300	-	-	-	-650	-650	100%	-1 300
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		558 094	54 278	-	25 092	144 604	57 125	(87 479)	-153%	54 278
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	4 500	-	-	-	2 250	-		4 500
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(47 850)	(41 428)	-	(4 932)	(18 897)	(21 464)	-		(41 428)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(47 850)	(36 928)	-	(4 932)	(18 897)	(19 214)	(317)	2%	(36 928)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	389		-
Increase (decrease) in consumer deposits		27	-	-	69	389	-	-		-

Payments									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	27	-	-	69	389	-	(389)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	510 270	17 350	-	20 229	126 095	37 911			17 350
Cash/cash equivalents at beginning: Cash/cash equivalents at month/year end:	16 555	44 222			23 725	44 222			23 725
	526 826	61 572			149 820	82 133			41 075

Supporting documentation

Financial Position

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

Description R thousands	Ref 1	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash		5 563	46 956	–	14 733	46 956
Call investment deposits		18 162	15 916	–	30 799	15 916
Consumer debtors		92 927	189 898	–	126 480	189 898
Other debtors		136 776	4 944	–	154 829	4 944
Current portion of long-term receivables		5 502	–	–	5 502	–
Inventory		11 837	5 786	–	14 404	5 786
Total current assets		270 767	263 500	–	346 747	263 500
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		70 605	54 677	–	70 605	54 677
Investments in Associate		–	–	–	–	–
Property, plant and equipment		1 259 668	1 407 993	–	1 275 818	1 407 993
Biological		–	–	–	–	–
Intangible		271	240	–	271	240
Other non-current assets		3 855	3 855	–	3 855	3 855
Total non current assets		1 334 399	1 466 764	–	1 350 549	1 466 764
TOTAL ASSETS		1 605 166	1 730 264	–	1 697 295	1 730 264
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		15 670	15 643	–	16 058	15 643
Trade and other payables		231 903	137 158	–	255 747	137 158
Provisions		55 199	110 415	–	55 199	110 415
Total current liabilities		302 771	263 216	–	327 004	263 216
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		50 338	1 147	–	50 338	1 147
Total non current liabilities		50 338	1 147	–	50 338	1 147
TOTAL LIABILITIES		353 109	264 363	–	377 342	264 363
NET ASSETS	2	1 252 056	1 465 901	–	1 319 953	1 465 901
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		1 438 817	1 465 901	–	1 319 953	1 465 901
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	1 438 817	1 465 901	–	1 319 953	1 465 901

Debtor's age analysis

The total outstanding debt owed to the Abaqulusi Municipality as at 31 December 2021 is R296,6 million.

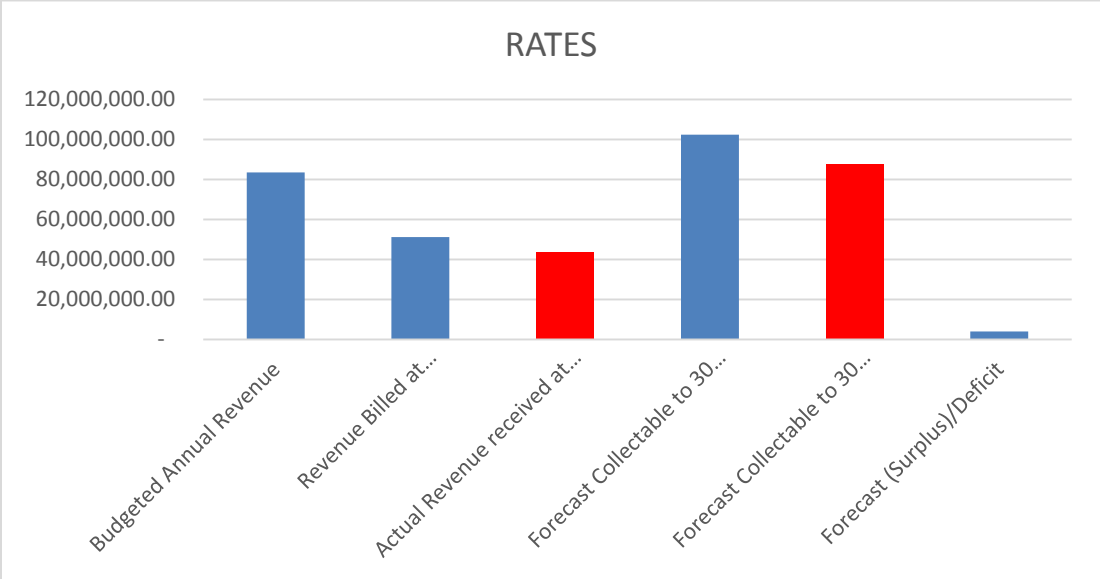
As at the end of December 2021 an amount of R260,8 million is outstanding for longer than 90 days.

Service	2022/01 (Current)	2021/12 (30 Days)	2021/11 (60 Days)	2021/10 (90 Days)	2021/09 (120 Days)	2021/08 (150 Days)	202107- 202102 (180 Days)	2021/01+ (Over 1 Year)	Total	>90 Days
V.A.T.	-5	2 897	1 448	1 144	890	1 290	2 718	14 203	24 588	20 247
DEPOSIT ELEC	667.73	688.07	077.47	579.50	474.98	82.81	280.08	760.63	015.81	918.00
INTEREST	-22	3		-10	-13	-6	-50	136	37	56
ADJUSTMENTS	107.17	523.09	-544.41	015.14	546.45	909.01	181.65	843.16	062.42	190.91
ELECTRICITY		498	487	465	456	460	2 496	20 833	25	24 712
DEMAND/BASIC		565.89	566.51	590.16	936.11	796.45	345.36	302.67	699 103.15	970.75
CHARGES	-8	-1	1	11				422	424	433
WATER	547.32	650.84	278.71	524.06				153.93	758.54	677.99
CONSUMP	3	7 974	2 478	1 232	725	471	1 725	3 085	17	7 240
REFUSE	066.07	182.76	811.86	134.75	834.53	431.28	586.36	872.84	696 920.45	859.76
ADD SEWERAGE		2 917	814	351	245	196	517	2 154	7 199	3 466
RATES GENERAL		760.96	898.78	969.63	989.33	893.23	454.05	035.18	001.16	341.42
	-	3 284	2 960	3 070	2 206	5 378	3 143	17 944	37 987	31 743
	342.49	440.95	677.18	401.32	088.95	770.97	051.82	726.18	814.88	039.24
	-6	2 293	1 343	1 163	1 061	1 018	4 309	23 608	34 792	31 161
	700.70	454.48	516.41	826.45	940.89	197.24	553.16	239.29	027.22	757.03
		391	122	52	54	32	144	536	1 334	820
		136.63	540.69	107.60	225.39	880.19	848.59	676.16	415.25	737.93
	-3	6 227	2 684	2 107	1 995	1 927	9 190	62 253	86 383	77 474
	245.21	133.27	644.39	691.27	594.78	114.95	501.37	904.07	338.89	806.44

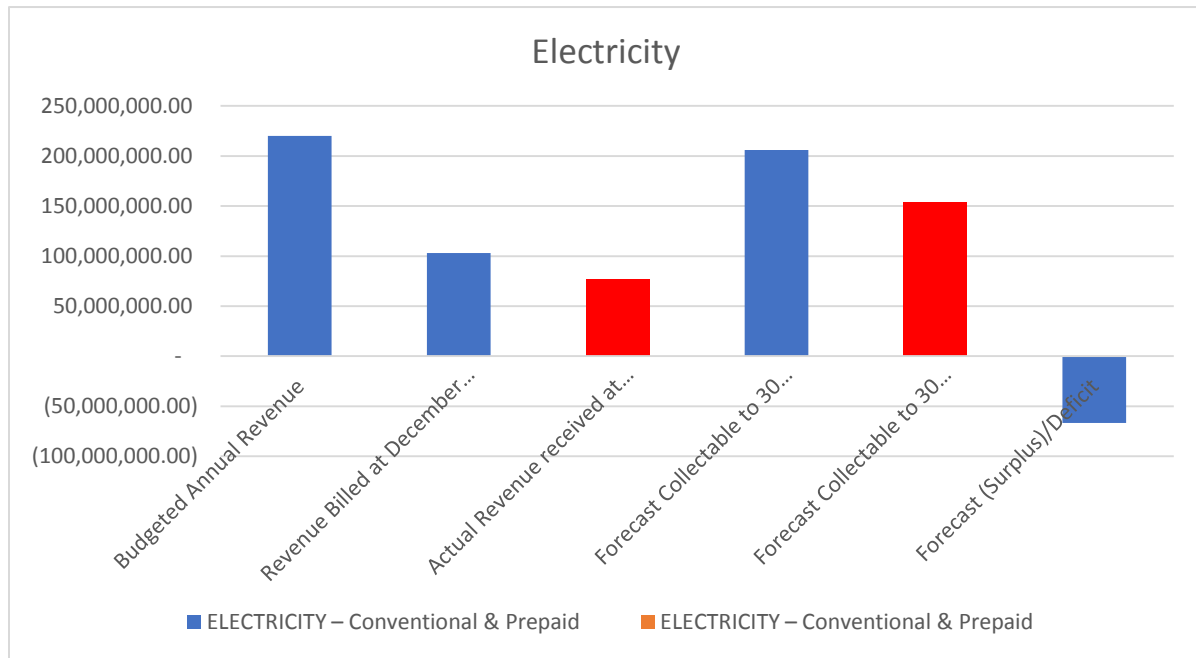
	-10	2 101	1 365	1 185	1 112	1 070	5 566	31 600	43 991	40 536
AVAIL SEWER	954.22	270.13	542.56	128.07	816.71	839.53	495.74	790.19	928.71	070.24
	-4	705	454	395	369	353	1 855	11 595	15 724	14 569
AVAIL WATER	834.91	652.83	141.00	062.60	795.55	783.44	441.25	428.61	470.37	511.45
								361	361	361
SERVICE CHARGE								071.28	071.28	071.28
								2	2	2
OLD DEBT								136.18	136.18	136.18
PENALTIES LATE		1	-1	1				7 349	7 351	7 351
PAYMENT		193.58	570.20	570.20			64.29	833.03	090.90	467.52
								49	49	49
COLL. FEES								399.12	399.12	399.12
			5	8				940	967	961
LEGAL FEES			860.03	010.40			006.04	586.56	463.03	603.00
	-3	2	1	-	-	-	-6	39	32	32
DEPOSIT WATER	750.56	940.72	070.74	212.79	400.00	118.43	893.06	295.02	431.64	170.74
								6	6	6
SUNDRY CHARGE		500.00	0.08					386.24	886.32	386.24
INDIGENT	-2	-	-	-	-	-	-	1	-3	-
SUPPOR	026.59	871.30	448.11	413.71	234.61	234.61	293.27	133.19	389.01	-43.01
		498	482	256	331	178	2 152	1 457	5 357	4 376
AGREEMENTS		720.66	922.51	410.62	164.37	645.12	140.46	910.94	914.68	271.51
	-75	-7 887	-605	-1 634	-251	-224	-1 298	-1 355	-13 333	-4 765
RECEIPTS	324.19	503.63	358.74	595.95	714.73	557.29	829.32	557.40	441.25	254.69
	-140	21 908	14 043	9 800	9 184	12 148	32 477	197 227	296 650	260 839
	435.02	138.25	627.46	769.04	965.80	355.87	071.27	927.07	419.74	089.05

REVENUE PER SOURCE

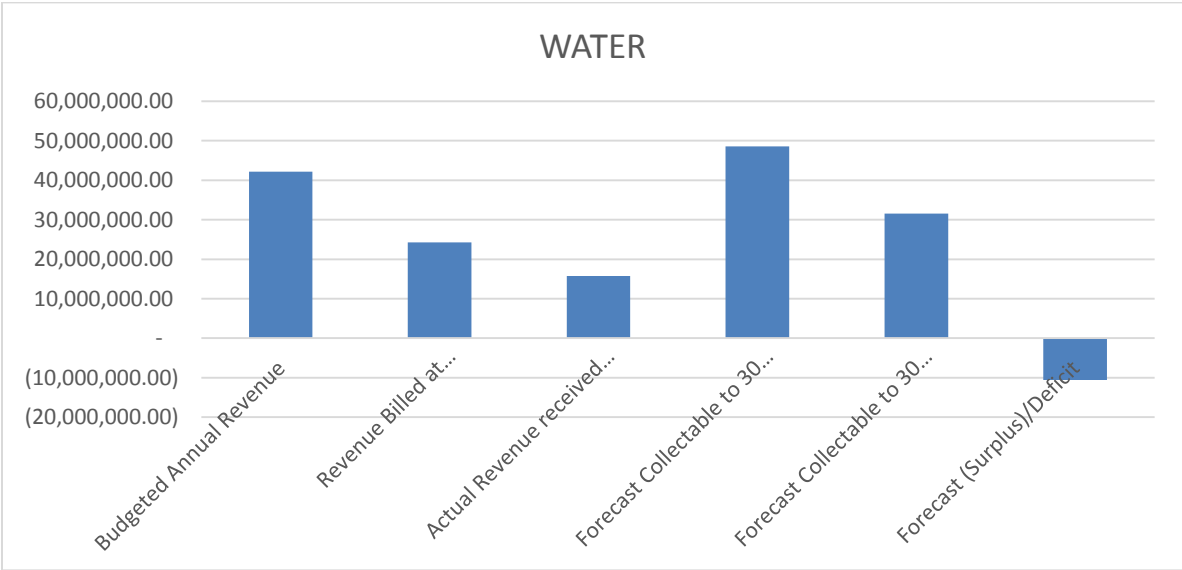
RATES		
	R	%
Budgeted Annual Revenue	83 492 763.00	100%
Revenue Billed at December 2021	51 232 596.66	61.36%
Actual Revenue received at December 2021	43 744 542.81	52.39%
Forecast Collectable to 30 June 2022 on billed revenue	102 465 193.32	122.72%
Forecast Collectable to 30 June 2022 on actual revenue	87 489 085.62	104.79%
Forecast (Surplus)/Deficit	3 996 322.62	4.79%



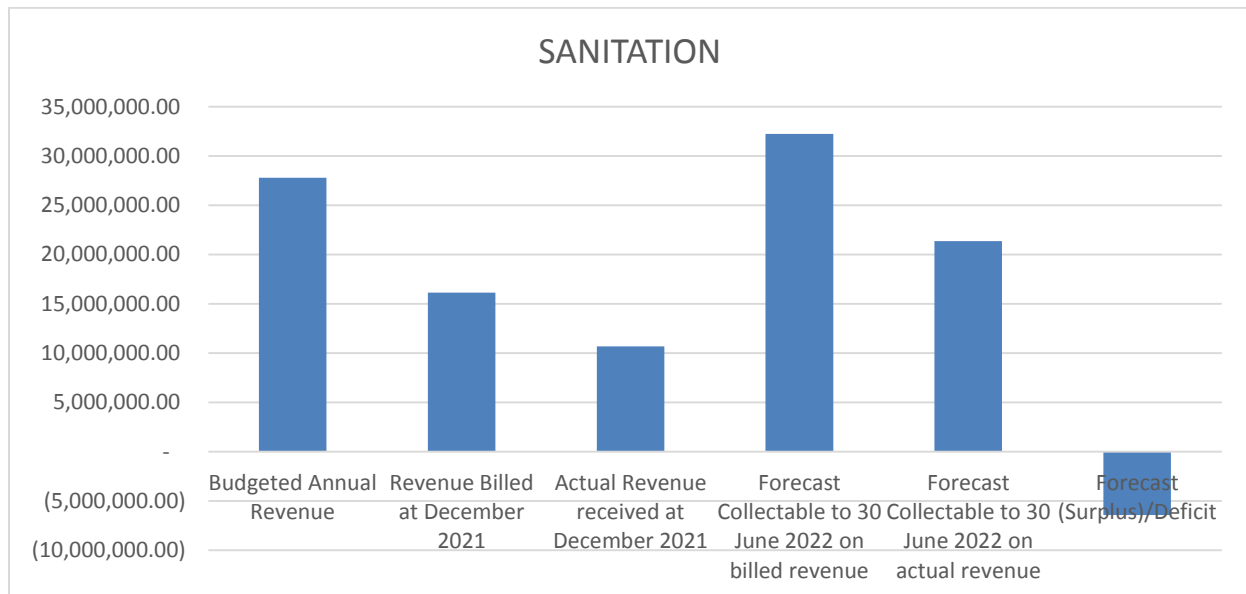
ELECTRICITY – Conventional & Prepaid		
	R	%
Budgeted Annual Revenue	219 845 603.00	100%
Revenue Billed at December 2021	102 935 191.67	46.82%
Actual Revenue received at December 2021	76 546 257.12	34.82%
Forecast Collectable to 30 June 2022 on billed revenue	205 870 383.34	93.64%
Forecast Collectable to 30 June 2022 on actual revenue	153 092 514.24	69.64%
Forecast (Surplus)/Deficit	-66 753 088.76	-30.36%



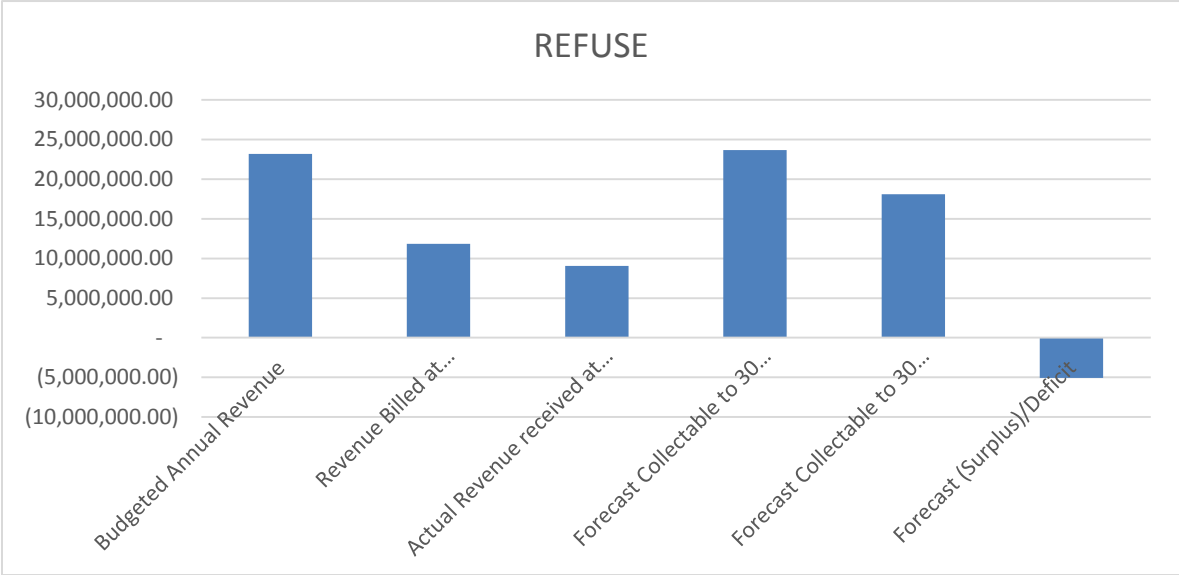
WATER		
	R	%
Budgeted Annual Revenue	41 679 199.00	100%
Revenue Billed at December 2021	24 270 244.52	58.23%
Actual Revenue received at December 2021	15 784 300.72	37.87%
Forecast Collectable to 30 June 2022 on billed revenue	48 540 489.04	116.46%
Forecast Collectable to 30 June 2022 on actual revenue	31 568 601.44	75.74%
Forecast (Surplus)/Deficit	-10 110 597.56	-24.26%



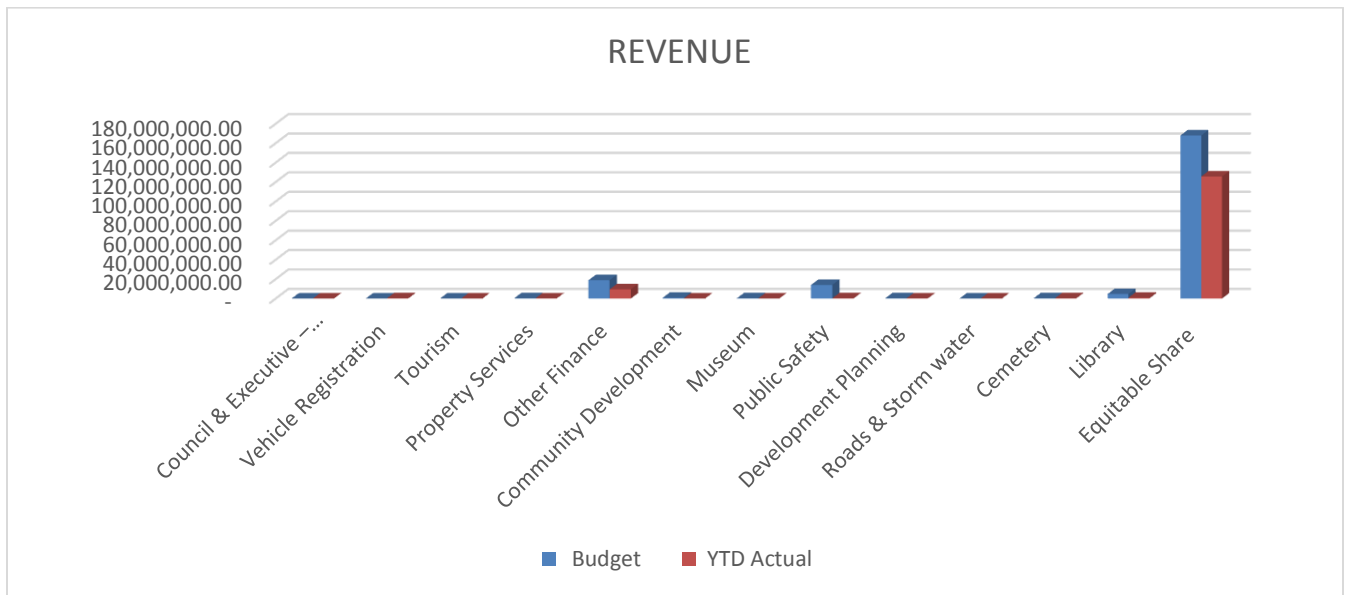
SANITATION		
	R	%
Budgeted Annual Revenue	27 787 073.00	100%
Revenue Billed at December 2021	16 125 417.58	58.03%
Actual Revenue received at December 2021	10 676 792.06	38.42%
Forecast Collectable to 30 June 2022 on billed revenue	32 250 835.16	116.06%
Forecast Collectable to 30 June 2022 on actual revenue	21 353 584.12	76.85%
Forecast (Surplus)/Deficit	-6 433 488.88	-23.15%



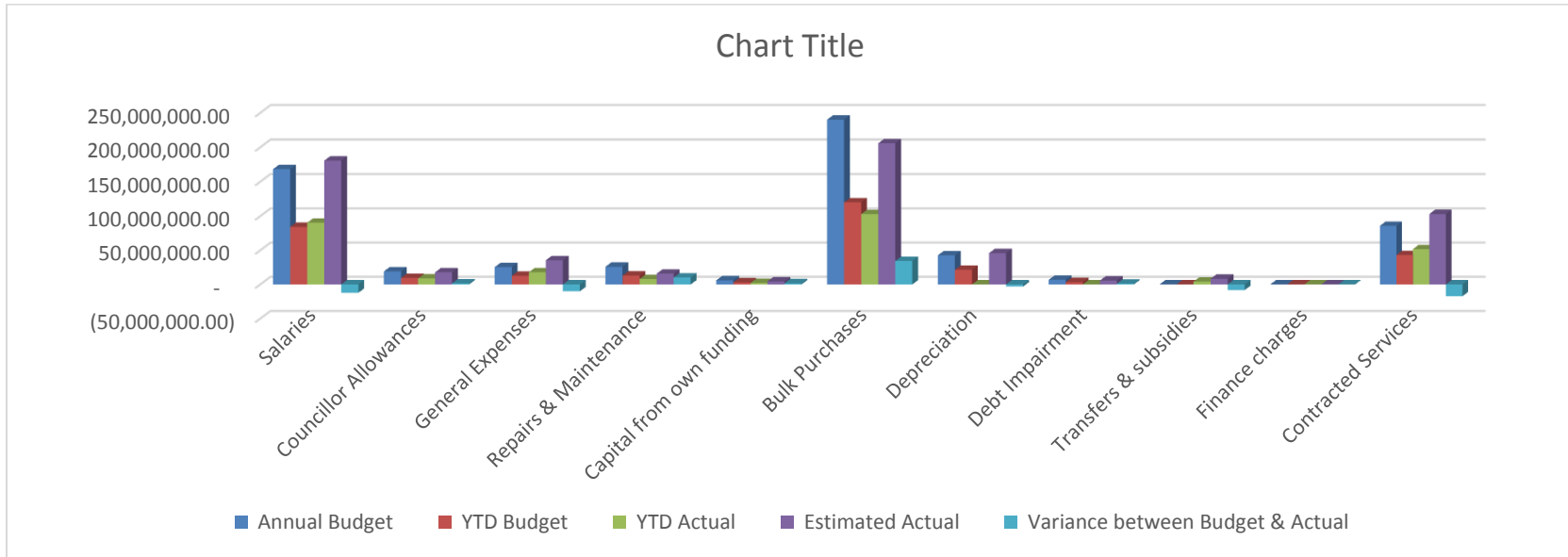
REFUSE		
	R	%
Budgeted Annual Revenue	23 173 818.00	100%
Revenue Billed at December 2021	11 842 185.48	51.10%
Actual Revenue received at December 2021	9 045 709.74	39.03%
Forecast Collectable to 30 June 2022 on billed revenue	23 684 370.96	102.20%
Forecast Collectable to 30 June 2022 on actual revenue	18 091 419.48	78.07%
Forecast (Surplus)/Deficit	-5 082 398.52	-21.93%



OPERATING INCOME			
	Budget	YTD Actual	%
Council & Executive – Council	-	-	
Vehicle Registration	52 500.00	256 463.86	488.50%
Tourism	-	-	
Property Services	315 000.00	120 492.04	38.25%
Other Finance	18 825 909.00	9 476 811.20	50.34%
Community Development	735 000.00	87 463.50	11.90%
Museum	225 000.00	-	0.00%
Public Safety	13 967 124.00	178 285.00	1.28%
Development Planning	223 645.00	104 898.38	46.90%
Roads & Storm water	-	1 800.00	
Cemetery	327 915.00	157 179.49	47.93%
Library	4 605 200.00	809 318.89	17.57%
Equitable Share	167 845 000.00	125 619 000.00	74.84%



OPERATING EXPENDITURE					
	Annual Budget	YTD Budget	YTD Actual	Estimated Actual	Variance between Budget & Actual
Salaries	168 227 580.00	84 113 790.00	90 277 504.39	180 555 008.78	-12 327 428.78
Councillor Allowances	19 123 140.00	9 561 570.00	8 817 023.38	17 634 046.76	1 489 093.24
General Expenses	25 318 128.00	12 659 064.00	17 689 653.40	35 379 306.80	-10 061 178.80
Repairs & Maintenance	25 828 000.00	12 914 000.00	7 852 304.35	15 704 608.70	10 123 391.30
Capital from own funding	5 980 000.00	2 990 000.00	2 150 000.00	4 300 000.00	1 680 000.00
Bulk Purchases	240 000 000.00	120 000 000.00	102 876 968.31	205 753 936.62	34 246 063.38
Depreciation	42 666 464.00	21 333 232.00	-	45 753 707.00	-3 087 243.00
Debt Impairment	6 729 736.00	3 364 868.00	-	5 612 000.00	1 117 736.00
Transfers & subsidies	-	-	4 160 816.65	8 321 633.30	-8 321 633.30
Finance charges	-	-	71 793.61	143 587.22	-143 587.22
Contracted Services	85 660 340.00	42 830 170.00	51 538 706.83	103 077 413.66	-17 417 073.66
Total	619 533 388.00	309 766 694.00	285 434 770.92	622 235 248.84	-2 701 860.84



CAPITAL BUDGET FROM EXTERNAL FUNDING					
	Annual Budget	YTD Budget	YTD Actual	Forecast Outturn	Forecast Variance
<u>MIG Funding</u>	39,107,000.00	19,553,500.00	11,259,957.41	39,107,000.00	-
<u>Department of Energy</u>	3,396,000.00	1,698,000.00	1,443,034.00	3,396,000.00	-

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 2021/2022 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 – 2 589 average per month
- b) Free Electricity – 50 kwh per month
- c) Cost to date – R1,065,057.66 and estimate for year – R2,130,115.32
- d) Free Water – 2 463 average receiving 6 kl per month
- e) Cost to date – R479,130.71 and estimate for year – R958,261.42 including Basic Charge
- f) Free Refuse – 2 563 consumers who do not pay for refuse removal
- g) Cost to date – R1,461,566.44 and estimate for year – R2,923,132.88
- h) Free Sanitation – 2 564 consumers, cost to date R1,589,540.12 and estimate for year – R3,179,080.24
- i) Free Rates – 2 899 consumers with house values less than R 100,000 who do not pay rates
- j) Cost to date – R905,906.30 and the estimate for the year – R1,811,812.60
- k) Free Electricity in Eskom areas – 4 573 consumers receiving 50 kwh per month
- l) Cost to date paid to Eskom for Free Basic Electricity – R2,292,200.57 and estimate for year – R4,584,401.14
- m) To date the cost for services for indigents amounts to R7,793,402 and the estimated cost for the year is expected to be R15,586,804. 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	2899	905 906.30	1 811 812.60
ELECTRICITY - 50 KWH - OWN LICENCED AREA	2589	1 065 057.86	2 130 115.72
ELECTRICITY - 50 KWH - ESKOM LICENCED AREA	4573	2 292 200.57	4 584 401.14
WATER - 6KL	2463	479 130.71	958 261.42
SANITATION	2564	1 589 540.12	3 179 080.24
REFUSE	2563	1 461 566.44	2 923 132.88

TOTAL COST		7 793 402.00	15 586 804.00
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Financial Statements – 2020/2021

The financial statements were completed in time as per the National Treasury amended dates and submitted to the Auditor-General by the 31st of August 2021. The financial statements are currently being audited and the final management report will be issued at the end of January 2022.

Assets

The asset register is currently being prepared into the correct segments for uploading to the Munsoft system during 2022/2023.

Investments

Council has an investment portfolio of R 30,8 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

Water losses

MONTH	Purification Plants					
	Klipfontein/ Bloemveld	Mondlo	Hlobane	Coronation	Louwsburg	Total Purified
July-21	421 619.00	315 000.00				736 619.00
August-21	365 723.00	323 000.00				688 723.00
September-21	493 637.00	318 000.00				811 637.00
October-21	372 440.00	277 000.00				649 440.00
November-21	382 630.00	313 000.00				695 630.00
December-21	407 396.00	312 000.00				719 396.00
TOTAL :2021/2022	2 443 445.00	1 858 000.00	-	-	-	4 301 445.00

Water Sales								
Klipfontein/ Bloemveld	Mondlo	Hlobane	Coronation	Louwsburg	Total Sales	Total loses	% Losses	
140 564.00	154 668.00				295 232.00	441 387.00	60%	
156 646.00	602 152.00				758 798.00	(70 075.00)	-10%	
145 062.00	180 334.00				325 396.00	486 241.00	60%	
158 118.00	220 545.00				378 663.00	270 777.00	42%	
159 148.00	185 516.00				344 664.00	350 966.00	50%	
180 736.00	139 006.00				319 742.00	399 654.00	56%	
940 274.00	1 482 221.00	-	-	-	2 422 495.00	1 878 950.00	44%	

Electricity losses

	Total sales	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2021	9 087 342.36	12 851 751.00	3 764 408.64	29.29%
31 August 2021	9 230 719.74	12 887 127.60	3 656 407.86	28.37%
30 September 2021	9 168 641.66	11 622 159.00	2 453 517.34	21.11%
31 October 2021	8 621 745.50	11 771 494.00	3 149 748.50	26.76%
30 November 2021	7 993 784.40	11 103 735.80	3 109 951.40	28.01%
31 December 2021	8 868 388.30	11 191 739.80	2 323 351.50	20.76%
TOTAL :2021/2022	52 970 621.96	71 428 007.20	18 457 385.24	25.84%

	Total sales Vryheid	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2021	7 777 180.30	9 800 736.00	2 023 555.70	20.65%
31 August 2021	7 917 299.00	9 727 518.00	1 810 219.00	18.61%
30 September 2021	7 856 276.60	8 893 890.00	1 037 613.40	11.67%
31 October 2021	7 576 217.00	8 996 664.00	1 420 447.00	15.79%
30 November 2021	7 009 592.50	8 685 174.00	1 675 581.50	19.29%
31 December 2021	7 302 217.30	8 653 644.00	1 351 426.70	15.62%
TOTAL :2021/2022	45 438 782.70	54 757 626.00	9 318 843.30	17.02%

	Total sales Emondlo	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2021	1 208 677.86	2 067 366.60	858 688.74	41.54%
31 August 2021	1 207 280.44	2 050 986.00	843 705.56	41.14%
30 September 2021	1 206 337.96	1 764 601.80	558 263.84	31.64%
31 October 2021	928 960.90	1 868 984.80	940 023.90	50.30%
30 November 2021	883 640.00	1 643 059.40	759 419.40	46.22%
31 December 2021	994 233.50	1 765 517.80	771 284.30	43.69%
TOTAL :2021/2022	6 429 130.66	11 160 516.40	4 731 385.74	42.39%

	Total sales Hlobane	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2021	56 090.60	582 905.40	526 814.80	90.38%
31 August 2021	59 405.00	655 740.60	596 335.60	90.94%
30 September 2021	56 012.60	558 661.20	502 648.60	89.97%
31 October 2021	72 954.20	559 984.20	487 030.00	86.97%
30 November 2021	63 401.10	464 627.40	401 226.30	86.35%
31 December 2021	539 005.00	447 402.00	-91 603.00	-20.47%
TOTAL :2021/2022	846 868.50	3 269 320.80	2 422 452.30	74.10%

	Total sales Coronation	Total purchased	Difference between sales & purchases (Rands)	% Losses
31 July 2021	45 393.60	400 743.00	355 349.40	88.67%
31 August 2021	46 735.30	452 883.00	406 147.70	89.68%
30 September 2021	50 014.50	405 006.00	354 991.50	87.65%
31 October 2021	43 613.40	345 861.00	302 247.60	87.39%
30 November 2021	37 150.00	310 875.00	273 725.00	88.05%
31 December 2021	32 932.50	325 176.00	292 243.50	89.87%
TOTAL :2021/2022	255 839.30	2 240 544.00	1 984 704.70	88.58%

Other

The collection target that was reached in the second quarter was 86,86% which is 17,97% more in comparison with the first quarter (68,89%) 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	Collection	Collection
Balance carried over from 30/06/2021					R 279 316 475.60		
Jul-21	R 32 278 416.92	R 32 278 416.92	R 19 219 307.57	R 19 219 307.57	R 292 375 584.95	59.54	59.54
Aug-21	R 42 043 204.40	R 74 321 621.32	R 22 618 821.05	R 41 838 128.62	R 311 799 968.30	56.29	53.80
Sep-21	R 28 999 026.65	R 103 320 647.97	R 29 340 311.01	R 71 178 439.63	R 311 458 683.94	68.89	101.18
Oct-21	R 28 908 618.00	R 132 229 265.97	R 29 786 928.15	R 100 965 367.78	R 310 580 373.79	76.36	103.04
Nov-21	R 31 404 167.73	R 163 633 433.70	R 32 845 205.30	R 133 810 573.08	R 309 139 336.22	81.77	104.59
Dec-21	R 33 563 455.06	R 197 196 888.76	R 37 473 154.88	R 171 283 727.96	R 305 229 636.40	86.86	111.65
						YTD	86.86

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 2021 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 project/program launches during the period 1 July to 31 December 2021

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 2021.

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 2021/2022

N PHUNGULA
ACTING CHIEF FINANCIAL OFFICER

DATE

SUPPORTED/NOT SUPPORTED
APPROVED/NOT APPROVED

MP MTHEMBU
ACTING MUNICIPAL MANAGER

DATE



Our Ref.: 9/1/17

Your Ref.

Enquiries: M Mthembu

- -

✉ 57, VRYHEID 3100

c/o, Mark & High Street

(034) 982-2133



Fax: (034) 982-1939

E-mail: finance@abaqulusi.gov.za

QUALITY CERTIFICATE

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

- The monthly budget statement
- Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- Mid-year budget and performance assessment

For the half year ending December of 2021 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

MUNICIPAL MANAGER

ABAQULUSI MUNICIPALITY

KZN263

SIGNATURE: _____

DATE: _____



QUALITY CERTIFICATE

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

- The monthly budget statement
- Quarterly report on the implementation of the budget and financial state of affairs to the municipality
- Mid-year budget and performance assessment

For the half year ending December of 2021 has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

MAYOR

ABAQULUSI MUNICIPALITY

KZN263

SIGNATURE: _____

DATE: _____



CONFIRMATION CERTIFICATE

I, _____, 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.

N PHUNGULA
ACTING CHIEF FINANCIAL OFFICER

DATE

ABAQULUSI MUNICIPALITY

KZN263