

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT 1 JULY TO 31 December 2023**

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**ENDUMENI LOCAL MUNICIPALITY  
MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT  
REPORT**

**1 JULY TO 31 DECEMBER 2023**

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**A. GLOSSARY OF TERMS**

**Annual Budget** – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

**Adjustment Budget** – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.

**Allocations (Transfers – see DORA)** – Money received from Provincial or National Government.

**Budget Related Policy (ies)** – Policies of a Municipality affecting or affected by the budget, examples include Tariff Policy, Rates Policy, Credit Control and Debt Collection Policies.

**Capital Expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet and must be included in the asset register.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings - for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

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**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting. **IDP**

– Integrated Development Plan. The main strategic planning document of the Municipality **INEP** –

Integrated National Electrification Programme

**MBRR** – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.

**MIG** – Municipal Infrastructure Grant

**MFMA** – The Municipal Finance Management Act – Act No. 56 of 2003. The principal piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years' budget allocations. Also includes details of the previous and current years' financial position.

**Operating expenditure** – The day-to-day expenses of the Municipality such as salaries and wages.

**Rates** – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the Rand.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budgeted estimates.

**Strategic Objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Vote** – One of the main segments into which a budget is divided. In Endumeni Local Municipality this means the different GFS classification the budget is divided.

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**B. LEGISLATIVE FRAMEWORK**

This report has been prepared in terms of the following enabling legislation: The Municipal Finance Management Act – Act No. 56 of 2003 Section 72: Mid-year budget and performance assessment, Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

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**C. INTRODUCTION**

In terms of Section 72(1) (a) and 52(d) of the Local Government Municipal Finance Management Act No.56 of 2003 (MFMA) the Accounting Officer must, by the 25<sup>th</sup> of January of each year, assess the performance of the municipality during the first half of the financial year taking into account:

- a) The Monthly budget statements referred to in **Section 71** for the first half of the financial year.
- b) 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 Budget and Implementation Plan.
- c) The past year's annual report, and the progress on resolving problems identified in the annual report.
- d) A report on such assessment must in terms of the Section 72 (1)(b) of the MFMA be submitted to the Mayor, Provincial Treasury and National Treasury.

Once the Mayor has considered the report it must be submitted to Council by the **31<sup>st</sup> January** in terms of **Section 54 (f) of the MFMA**. The mid-year performance report and supporting tables of the Endumeni Local Municipality have been prepared in accordance with circular 13 and the Municipal Budget and Reporting Regulations.

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**PART 1 – IN YEAR REPORT**

**Section 1 – Mayoral speech**

Honorable Speaker, Honorable Councilors, Municipal Manager and Senior Officials, Interest Groups and the Citizens of Endumeni Local Municipality, I would like to extend a warm welcome to you all and compliments of the New Year, the year 2024.

We congratulate our 2023 matriculants, particularly those who are coming from Endumeni for their achievements in matric results. It is applaudable that the improvement has also been seen in the whole province of KwaZulu Natal achieving 86.4% in 2023, an increase of 3.4% from 2022. This alone translates into the quality of society that is produced by our Province. I sincerely hope that institutions of higher learning will open doors for them and give them a chance to shape their future.

We are already halfway through the 2023/2024 financial year, therefore, like any other house that has intensions to prosper we need to do some introspections to ensure that we improve the current detrimental financial affairs of the municipality. Given that our finances are facing serious challenges, this is necessary. The purpose of the Mid Term budget is to stabilize finances and protect the projections that were made when approving the Main Annual budget.

It is our intension that this budget be funded from the realistically anticipated revenue to be collected. This is said despite the fact that we have realized very negative responses in terms of debt collections. In order to achieve and realize a Clean Audit report, it is important to strive towards ensuring that all the expenses incurred are paid from the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote.

As mentioned above, we still have, serious challenges with our revenue collection but have nonetheless succeeded in addressing most of our priority spending for the betterment of the lives of our communities. In this instance, the theft of electricity is still a major concern, and efforts to curb this practice will continue. We have adopted a revenue enhancement policy and strategy,

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which should assist our municipality to be financially viable.

The increase in bad debts contributes very negatively to our financial resources. The low revenue collection compromises funding for the planned projects and events. If this is not addressed successfully, the municipality will collapse. The municipality also depends on grants which are also too little.

As our revenue mainly derives from property rates, the sale of electricity, refuse collection charges and other grants, we will continue to encourage communities, to pay for the services consumed, whilst also strengthening our assistance to those who are indigent and the poorest of the poor. The municipality is also concerned by the various government departments and businesses who are owing the municipality huge amounts of monies in terms of electricity, and the municipality would be taking drastic steps as part of the recovery of these monies which would then assist the municipality in terms of service delivery.

Our aim is to achieve a clean audit, and the current Council strives relentlessly in its goal to ensure the Endumeni Local Municipality continuously improving to be the best municipality. In that, the Municipality should still work hard to ensure the sustainability and the functioning of the Municipality as mandated by the Constitution. This review will help the Municipality to balance all our financials as required.

Ladies and gentlemen, I present to you the 2023-2024 Mid-year Budget and Performance Assessment for Endumeni Local Municipality based on actual and budgeted figures/ information available at the time of preparing this report. Variances were calculated against the original budget.

**Revenue by source**

The total revenue budget for 2023/24-year totals **R435,205,000.00** (including operational grants). Performance for the mid-year ending 31 December 2023 totals **R207,651,000.00**. This represents a total of **47%** of the budgeted revenue, which is slightly below the expected performance of 50% for the first 6 months. 47% of the actual revenue generated for the first half of the year is from operational transfers and subsidies recognized to date amounting to **R51,846,000.00**, with own

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revenue amounting to **R155 805 000.00**, driven mainly by property rates and services – electricity and refuse.

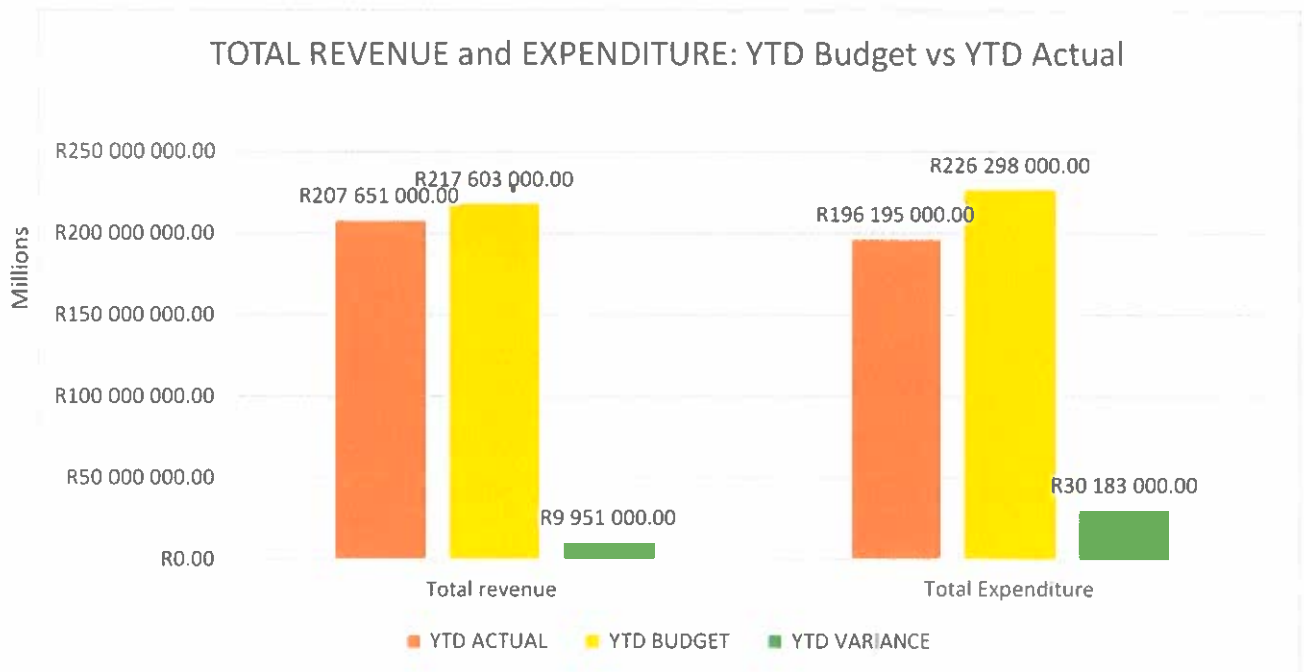
**Operating expenditure**

The total expenditure budget for 2023/24 totals **R452 596 000.00** against which the performance for the mid-year ending 31 December 2023 totals **R196 195 000.00** or 43%.

The major drivers of this expenditure include Bulk Purchases, Employee Cost, Finance charges, Contracted and general expenditure.

On a Year-To-Date (YTD) basis, actual revenue generation was below the budget by **R9 952 000.00** and actual expenditure was below the YTD budget by **R30 183 000.00**.

**Chart 1: YTD Budget vs expenditure - revenue**



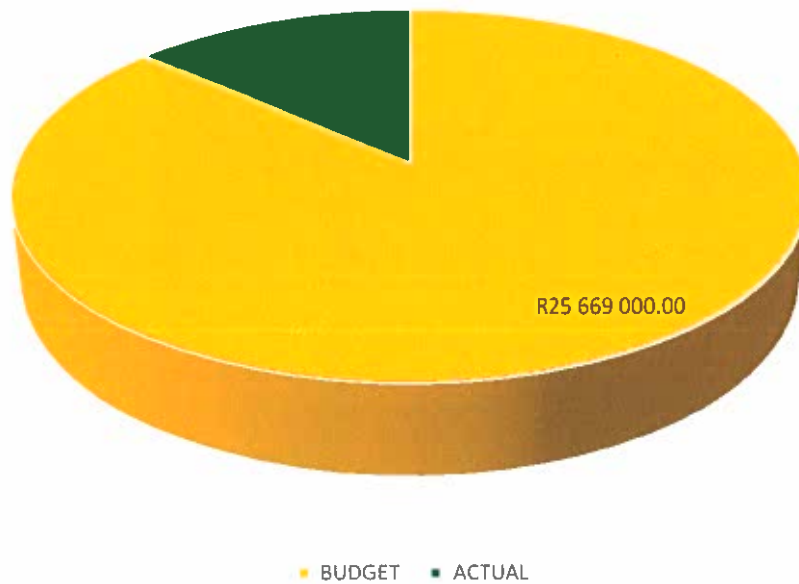
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**Capital Budget performance**

The capital budget for the financial year amounts to **R25 669 000.00**. The mid-year capital expenditure is **R4 004 000.00**, representing 16% of the annual budget.

*Chart 2: Budget vs actual – Capital expenditure*

Capital expenditure - Budget vs Actual  
Quarter 2



On a YTD basis, the capital expenditure budget was below by 49%.

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**SDBIP:**

- The municipality prepared the 2023/24 Service Delivery and Budget Implementation Plan as required in terms of Section 53 of the Municipal Finance Management Act (No 56 of 2003), which was approved by the Honorable Mayor on the 30<sup>th</sup> of June 2023.
- The SDBIP serves as a contract between the Administration, Council and Community expressing the goals and objectives set and to ensure effective service delivery.
- Municipalities are required to report on quarterly, mid – year and on an annual basis in accordance with the implementation of the Service Delivery and Budget Implementation Plan.
- A detailed mid - year performance report which indicates targets that have been achieved, targets which are in progress and the targets which couldn't be achieved, and reasons for non - achievement is attached as part of this report.

**I would therefore like to recommend to Council the following:**

It is recommended that:

- I. Council takes note of the mid-year budget and performance report in terms of Section 72 of the Municipal Finance Management Act.
- II. Based on revenue & expenditure votes performance, the Council takes note that an Adjustment Budget will be tabled in February 2024 for consideration.

I thank you.

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**Section 2 – Resolutions**

**Section 72 – Mid Year Budget And Performance Assessment Report**

These are the resolutions being presented to Council in the mid-year report on the implementation of the budget and the financial state of affairs of the municipality as required in terms of section 72 of the Municipal Finance Management Act, Act 56 of 2003.

**Recommendations**

It is recommended that:

- I. Council takes note of the mid-year Budget and Performance Report in terms of Section 72 of the Municipal Finance Management Act.
- II. Council takes note of the SDBIP Performance Report for the six months ending 31 December 2023
- III. Council takes note that the adjustment process which will facilitate a reprioritization of the financial resources thus improving expenditure, will be tabled in February 2024 for consideration.
- IV. The Mayor approves that the Accounting Officer ensures submission of the mid-year Budget and Performance Report to the National Treasury and the Provincial Treasury in both a signed document format and in electronic format, including posting the same on the website.

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**Section 3 – Executive summary**

**3.1 Executive Summary**

- 3.1.1 The Budget and Financial reports have been prepared in accordance with the Municipal Budget and Reporting Regulations and other relevant National Treasury Regulations and guidelines.
- 3.1.2 The 2022/2023 Annual Financial Statements (AFS) were prepared in accordance with the effective standards of **General Recognized Accounting Practice (GRAP)** including any interpretations and directives issued by the Accounting Standards Board. These were submitted to the Auditor General on 31 August 2023.
- 3.1.3 The municipality got a qualified audit opinion in the 2022/ 2023 financial year.

**3.2 Assessment Framework**

- 3.2.1 The format of the performance assessment report is not prescribed within the Local Government: Municipal Financial Management Act, Act 56 of 2003, it is however done to provide useful and relevant information, to look back, to plan ahead and to be able to take appropriate decisions.
- 3.2.2 In an effort to provide useful analysis and interpretation of the financial health, the Budget and Treasury Department made use of certain guidelines from the sector to formulate its observations and comments. It is acknowledged that these norms may differ across municipalities given the dynamics and environment within which each operates.

**3.3 Financial Health Assessment**

- 3.3.1 The purpose of this section is to analyze and interpret financial information of the municipality in order to assess the financial position, performance and cash flow position of the municipality as well as assess the extent to which the municipality has implemented its budget and may be requiring a budget adjustment. The Endumeni Municipality financial state has significantly deteriorated and there is a risk of non-payment of salaries and creditors by the end of January 2024. The municipality's deteriorating financial affairs is caused by many factors listed below:

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- Lack of the financial system attributable to court case.
- Huge employee related costs.
- Excessive electricity losses because of theft and deteriorated electricity infrastructure
- Poor service delivery.
- Lack of customer awareness campaigns.

It is thus recommended that the following proposed solutions be considered:

**Immediate:**

- Appointment of the Debt Collector and handover all debts above 60 days.

**Medium to Long-Term**

- ERP System integration with prepaid system once procurement process is finalised and automation of credit control processes.
- Implementation of electricity losses recommendations from the study conducted by Technical Services.

**3.4 Financial performance**

Revenue by source

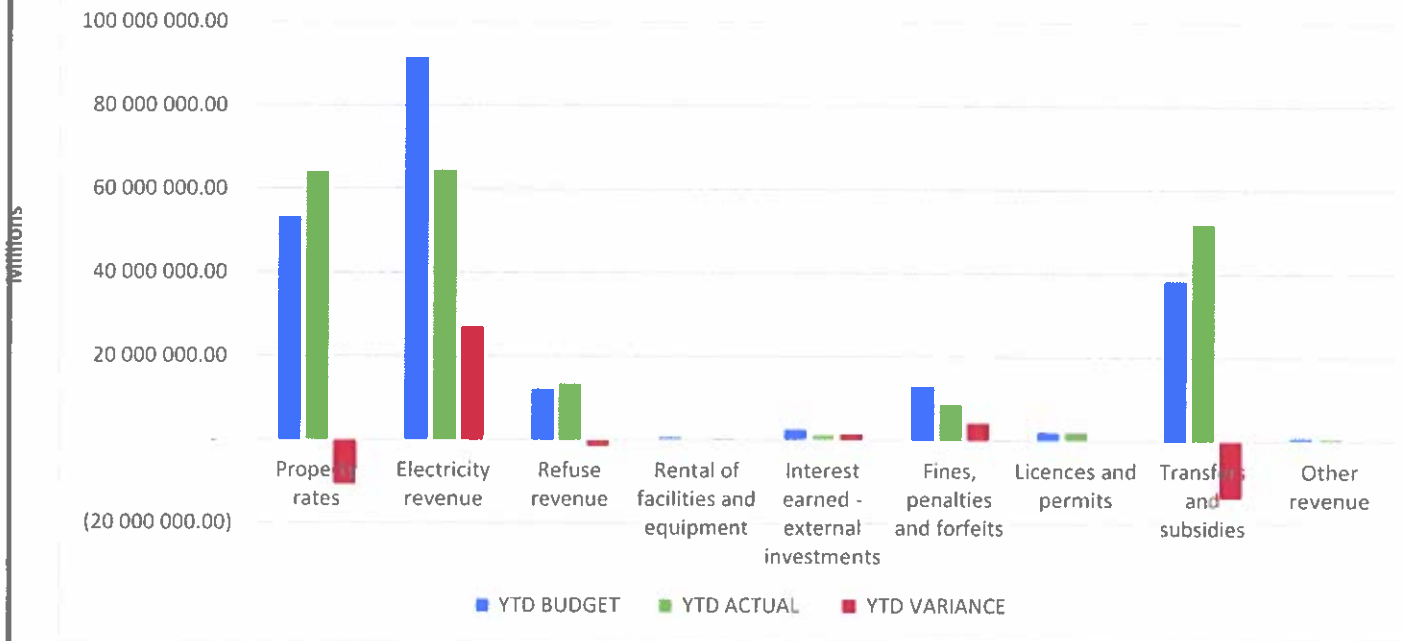
3.4.1 The total revenue received for the first 6 months ending 31 December 2023 amounts to **R207 603 000.00**, in comparison to a budgeted figure of **R435 205 000** representing **48%** of budgeted revenue, this is slightly below the expected performance of **50%** for the first 6 months.

3.4.2 Electricity, Rental of facilities & equipment, fines, penalties & forfeits and licenses and permits are the only revenue sources that did not surpass the budget on a YTD basis. This is depicted below:

*Chart 3: YTD Budget vs actual – revenue*

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**REVENUE BY SOURCE - Q2**



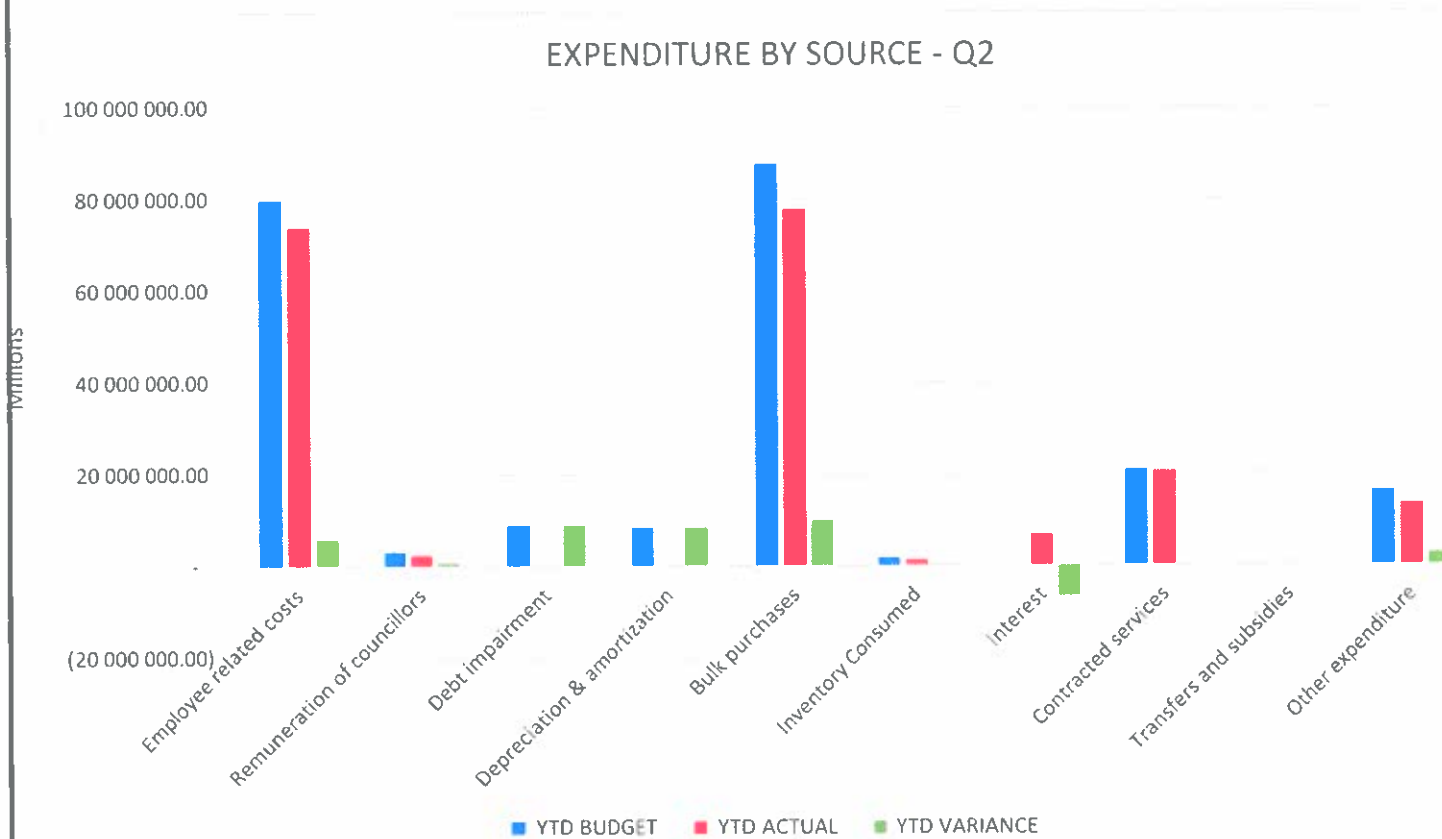
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Operating Expenditure by type

3.4.3 Operating expenditure for the first 6 months ending 31 December 2023 amounts to **R196 195 000.00**, which is reported against a budget of **R452 596 000.00** representing **43%** of budgeted expenditure, which is below the **50%** expectation.

3.4.4 On a YTD basis, transfers and subsidies was overspent.

*Chart 4: YTD Budget vs actual – operating expenditure*



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**Capital Expenditure**

3.4.5 The capital budget for the financial year amounts to **R25 669 000.00**. For the first 6 months, capital expenditure was **R4 004 000.00** representing **16%** of the budget. This is far below the expected performance of **50%** for the first 6 months.

**Material variances from SDBIP (Service Delivery and Budget Implementation Plan)**

3.4.6 Management of the SDBIP and achievement of actuals against KPI target. The detailed report is depicted after the budget performance assessment.

**Conclusion**

3.4.7 Detailed analysis of the municipal budget performance for the year to date ending 31 December 2023 will be presented under the different sections of this report.

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**Section 4 – Financial performance**

**4.1 Monthly budget statement**

**4.1.1 Table C1: Monthly Budget Statement Summary**

**KZN241 Endumeni - Table C1 Monthly Budget Statement Summary - M06 - Half Year**

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	95,288	106,712	-	64,024	64,024	53,356	10,668	20%	106,712
Service charges	143,202	206,921	-	77,942	77,942	103,461	(25,519)	-25%	206,921
Investment revenue	2,003	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	2,003	2,000	-	926	926	1,000	(74)	-7%	2,000
Other own revenue	99,272	119,572	-	64,760	64,760	59,786	4,974	8%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>341,768</b>	<b>435,205</b>	<b>-</b>	<b>207,651</b>	<b>207,651</b>	<b>217,603</b>	<b>(9,951)</b>	<b>-5%</b>	<b>435,205</b>
Employee costs	145,579	159,359	-	73,975	73,975	79,680	(5,705)	-	159,359
Remuneration of Councillors	4,644	6,413	-	2,500	2,500	3,207	(707)	-	6,413
Depreciation and amortisation	16,881	16,705	-	-	-	8,352	(8,352)	-	16,705
Interest	11,969	-	-	6,609	6,609	-	6,609	-	-
Inventory consumed and bulk purchases	139,924	178,603	-	79,066	79,066	89,302	(10,236)	-	178,603
Transfers and subsidies	1,350	310	-	226	226	155	71	46%	310
Other expenditure	137,398	91,206	-	33,820	33,820	45,603	(11,784)	-26%	91,206
<b>Total Expenditure</b>	<b>457,744</b>	<b>452,596</b>	<b>-</b>	<b>196,195</b>	<b>196,195</b>	<b>226,298</b>	<b>(30,103)</b>	<b>-13%</b>	<b>452,596</b>
<b>Surplus/(Deficit)</b>	<b>(115,976)</b>	<b>(17,391)</b>	<b>-</b>	<b>11,456</b>	<b>11,456</b>	<b>(8,696)</b>	<b>20,152</b>	<b>-232%</b>	<b>(17,391)</b>
Transfers and subsidies - capital (monetary allocations)	16,760	25,669	-	4,454	4,454	12,834	(8,380)	-65%	25,669
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(99,216)</b>	<b>8,278</b>	<b>-</b>	<b>15,910</b>	<b>15,910</b>	<b>4,139</b>	<b>11,772</b>	<b>284%</b>	<b>8,278</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(99,216)</b>	<b>8,278</b>	<b>-</b>	<b>15,910</b>	<b>15,910</b>	<b>4,139</b>	<b>11,772</b>	<b>284%</b>	<b>8,278</b>
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	145,319	25,669	-	4,004	4,004	12,834	(8,831)	-69%	25,669
Capital transfers recognized	97,409	25,669	-	4,004	4,004	12,834	(8,831)	-69%	25,669
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	47,910	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>145,319</b>	<b>25,669</b>	<b>-</b>	<b>4,004</b>	<b>4,004</b>	<b>12,834</b>	<b>(8,831)</b>	<b>-69%</b>	<b>25,669</b>

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<b>Financial position</b>									
Total current assets	70,013	201,538	-		112,768				201,538
Total non current assets	499,426	462,898	-		503,429				462,898
Total current liabilities	213,033	247,590	-		243,864				247,590
Total non current liabilities	66,051	63,996	-		66,051				63,996
Community wealth/Equity	290,355	352,851	-		306,283				352,851
<b>Cash flows</b>									
Net cash from (used) operating	(5,217)	(5,217)	-	183,902	183,902	158,508	(25,395)	-16%	(5,217)
Net cash from (used) investing	(20,669)	(20,669)	-	(4,464)	(4,464)	221,716	226,179	102%	(20,669)
Net cash from (used) financing	-	-	-	-	-	221,716	221,716	100%	-
Cash/cash equivalents at the month/year end	228	228	-	-	179,439	628,054	448,615	71%	(25,886)
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	1,299	14,647	8,780	7,260	3,765	870	8,606	135,728	180,956
<b>Creditors Age Analysis</b>									
Total Creditors	-	-	-	-	-	-	-	-	-

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**4.1.2 Table C2: Monthly Budget Statement - Financial Performance (standard classification)**

**KZN241 Endumeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 - Half Year**

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Revenue – Functional</b>										
<i>Governance and administration</i>		159,827	198,462	-	116,824	116,824	99,231	17,593	18%	198,462
Executive and council		57,637	62,425	-	41,937	41,937	31,213	10,724	34%	62,425
Finance and administration		102,190	136,037	-	74,887	74,887	68,019	6,869	10%	136,037
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		8,293	6,940	-	1,644	1,644	3,470	(1,826)	-53%	6,940
Community and social services		7,126	6,098	-	1,210	1,210	3,049	(1,839)	-60%	6,098
Sport and recreation		241	-	-	68	68	-	68	#DIV/0!	-
Public safety		341	-	-	89	89	-	89	#DIV/0!	-
Housing		584	842	-	277	277	421	(144)	-34%	842
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		23,230	30,320	-	6,977	6,977	15,160	(8,183)	-54%	30,320
Planning and development		70	-	-	0	0	-	0	#DIV/0!	-
Road transport		23,161	30,320	-	6,977	6,977	15,160	(8,183)	-54%	30,320
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		166,785	225,123	-	86,611	86,611	112,561	(25,950)	-23%	225,123
Energy sources		136,251	196,424	-	66,912	66,912	98,212	(31,300)	-32%	196,424
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		30,535	28,698	-	19,699	19,699	14,349	5,350	37%	28,698
Other	4	393	29	-	49	49	15	35	237%	29
<b>Total Revenue – Functional</b>	2	358,528	460,874	-	212,106	212,106	230,437	(18,331)	-8%	460,874
<b>Expenditure – Functional</b>										
<i>Governance and administration</i>		127,340	108,801	-	44,089	44,089	54,401	(10,312)	-19%	108,801
Executive and council		19,545	23,985	-	9,909	9,909	11,992	(2,083)	-17%	23,985
Finance and administration		107,796	84,817	-	34,180	34,180	42,408	(8,228)	-19%	84,817
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		56,643	53,156	-	20,867	20,867	26,578	(5,711)	-21%	53,156
Community and social services		25,559	30,560	-	12,080	12,080	15,280	(3,201)	-21%	30,560
Sport and recreation		14,644	14,599	-	5,714	5,714	7,300	(1,586)	-22%	14,599
Public safety		16,109	7,189	-	3,125	3,125	3,595	(469)	-13%	7,189

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Housing		330	807	-	(51)	(51)	404	(455)	-113%	807
Health		-	-	-	-	-	-	-		-
<b>Economic and environmental services</b>		<b>45,324</b>	<b>58,004</b>	-	<b>23,876</b>	<b>23,876</b>	<b>29,002</b>	<b>(5,126)</b>	<b>-18%</b>	<b>58,004</b>
Planning and development		14,955	11,955	-	6,950	6,950	5,978	973	16%	11,955
Road transport		30,369	46,049	-	16,925	16,925	23,024	(6,099)	-26%	46,049
Environmental protection		-	-	-	-	-	-	-		-
<b>Trading services</b>		<b>228,354</b>	<b>232,412</b>	-	<b>107,349</b>	<b>107,349</b>	<b>116,206</b>	<b>(8,857)</b>	<b>-8%</b>	<b>232,412</b>
Energy sources		181,643	211,671	-	98,007	98,007	105,836	(7,829)	-7%	211,671
Water management		-	-	-	-	-	-	-		-
Waste water management		2,005	1,890	-	922	922	945	(23)	-2%	1,890
Waste management		44,706	18,852	-	8,421	8,421	9,426	(1,005)	-11%	18,852
<b>Other</b>		<b>83</b>	<b>222</b>	-	<b>14</b>	<b>14</b>	<b>111</b>	<b>(97)</b>	<b>-87%</b>	<b>222</b>
<b>Total Expenditure – Functional</b>	<b>3</b>	<b>457,744</b>	<b>452,596</b>	-	<b>196,195</b>	<b>196,195</b>	<b>226,298</b>	<b>(30,103)</b>	<b>-13%</b>	<b>452,596</b>
<b>Surplus/ (Deficit) for the year</b>		<b>(99,216)</b>	<b>8,278</b>	-	<b>15,910</b>	<b>15,910</b>	<b>4,139</b>	<b>11,772</b>	<b>284%</b>	<b>8,278</b>

4.1.2.1 This table reflects the operating budget (Financial Performance) in the standard classifications that is the Government Finance Statistics Functions and Sub-function. The main functions are Governance and administration, Trading services Community and Public Safety and Economic and Environmental Services.

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Operating Revenue:

4.1.2.2 Table C2 which reflects the financial performance per Standard Classification, shows that most of the municipal funds were received under the Governance and administration classification which is mainly Equitable share.

Operating Expenditure

4.1.2.3 The municipality's expenditure was incurred mainly under the Governance and administration, Community and public safety and the Economic and environmental services functions.

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**Table C3: Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)**

**KZN241 Endumeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 - Half Year**

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE COUNCIL AND GENERAL		57,637	62,425	-	41,937	41,937	31,213	10,724	34.4%	62,425
Vote 2 - FINANCE		103,961	137,966	-	76,015	76,015	68,983	7,032	10.2%	137,966
Vote 3 - CORPORATE SERVICES		37	31	-	13	13	15	(2)	-12.7%	31
Vote 4 - TECHNICAL SERVICES		153,995	220,513	-	71,859	71,859	110,257	(38,398)	-34.8%	220,513
Vote 5 - PLANNING AND DEVELOPMENT		653	571	-	617	617	285	331	116.1%	571
Vote 6 - COMMUNITY SERVICES		42,246	39,361	-	21,664	21,664	19,681	1,984	10.1%	39,361
Vote 7 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>358,528</b>	<b>460,867</b>	<b>-</b>	<b>212,106</b>	<b>212,106</b>	<b>230,434</b>	<b>(18,328)</b>	<b>-8.0%</b>	<b>460,867</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - EXECUTIVE COUNCIL AND GENERAL		19,545	23,985	-	9,909	9,909	11,992	(2,083)	-17.4%	23,985
Vote 2 - FINANCE		34,945	36,732	-	14,195	14,195	18,366	(4,171)	-22.7%	36,732
Vote 3 - CORPORATE SERVICES		72,366	45,762	-	19,559	19,559	22,881	(3,322)	-14.5%	45,762
Vote 4 - TECHNICAL SERVICES		206,958	242,866	-	107,677	107,677	121,433	(13,756)	-11.3%	242,866
Vote 5 - PLANNING AND DEVELOPMENT		18,694	16,094	-	8,786	8,786	8,047	739	9.2%	16,094
Vote 6 - COMMUNITY SERVICES		103,541	83,260	-	34,952	34,952	41,630	(6,678)	-16.0%	83,260
Vote 7 - COMMUNITY SERVICES		1,695	3,435	-	1,013	1,013	1,717	(704)	-41.0%	3,435
<b>Total Expenditure by Vote</b>	2	<b>457,744</b>	<b>452,133</b>	<b>-</b>	<b>196,091</b>	<b>196,091</b>	<b>226,067</b>	<b>(29,976)</b>	<b>-13.3%</b>	<b>452,133</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(99,216)</b>	<b>8,734</b>	<b>-</b>	<b>16,014</b>	<b>16,014</b>	<b>4,367</b>	<b>11,648</b>	<b>266.7%</b>	<b>8,734</b>

4.1.1.1 Table C3 shows the operating performance per municipal vote. This is in accordance with the Government Financial Statistics (GFS) classification of the National Treasury.

4.1.1.2 Most of the municipal income was budgeted and realized under the Executive and Council.

4.1.1.3 Expenditure per municipal vote is distributed to ensure that the municipal expenditure reflects the functions where expenditure is allocated.

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**4.1.2 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)**

**KZN241 Endumeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - Half Year**

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		120,360	182,816	-	64,463	64,463	91,408	(26,945)	(0)	182,816
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		22,842	24,105	-	13,479	13,479	12,053	1,426	0	24,105
Sale of Goods and Rendering of Services		456	640	-	288	288	320	(32)	(0)	640
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		715	5,211	-	1,182	1,182	2,606	(1,423)	(0)	5,211
Interest from Current and Non Current Assets		2,003	2,000	-	926	926	1,000	(74)	(0)	2,000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		778	1,305	-	329	329	653	(323)	(0)	1,305
Licence and permits		279	400	-	126	126	200	(74)	(0)	400
Operational Revenue		1,268	789	-	297	297	395	(97)	(0)	789
<b>Non-Exchange Revenue</b>										
Property rates		95,288	106,712	-	64,024	64,024	53,356	10,668	0	106,712
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		3,426	25,601	-	8,700	8,700	12,800	(4,100)	(0)	25,601
Licence and permits		3,537	4,058	-	1,992	1,992	2,029	(37)	(0)	4,058
Transfers and subsidies - Operational		83,642	76,568	-	51,846	51,846	38,284	13,561	0	76,568
Interest		1,246	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		(52)	5,000	-	-	-	2,500	(2,500)	(0)	5,000
Other Gains		5,981	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-

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Total Revenue (excluding capital transfers and contributions)	341,768	435,205	-	207,651	207,651	217,603	(9,951)	-5%	435,205
<b>Expenditure By Type</b>									
Employee related costs	145,579	159,359	-	73,975	73,975	79,680	(5,705)	(0)	159,359
Remuneration of councillors	4,644	6,413	-	2,500	2,500	3,207	(707)	(0)	6,413
Bulk purchases – electricity	136,335	175,126	-	77,712	77,712	87,563	(9,851)	(0)	175,126
Inventory consumed	3,589	3,478	-	1,354	1,354	1,739	(385)	(0)	3,478
Debt impairment	54,857	17,547	-	-	-	8,773	(8,773)	(0)	17,547
Depreciation and amortization	16,881	16,705	-	-	-	8,352	(8,352)	(0)	16,705
Interest	11,969	-	-	6,609	6,609	-	6,609	#DIV/0!	-
Contracted services	53,090	41,367	-	20,437	20,437	20,683	(247)	(0)	41,367
Transfers and subsidies	1,350	310	-	226	226	155	71	0	310
Irrecoverable debts written off	-	-	-	-	-	-	-		-
Operational costs	29,428	32,293	-	13,383	13,383	16,146	(2,763)	(0)	32,293
Losses on Disposal of Assets	-	-	-	-	-	-	-		-
Other Losses	23	-	-	-	-	-	-		-
<b>Total Expenditure</b>	<b>457,744</b>	<b>452,596</b>	<b>-</b>	<b>196,195</b>	<b>196,195</b>	<b>226,298</b>	<b>(30,103)</b>	<b>-13%</b>	<b>452,596</b>
<b>Surplus/(Deficit)</b>	<b>(115,976)</b>	<b>(17,391)</b>	<b>-</b>	<b>11,456</b>	<b>11,456</b>	<b>(8,696)</b>	<b>20,152</b>	<b>(0)</b>	<b>(17,391)</b>
Transfers and subsidies - capital (monetary allocations)	16,760	25,669	-	4,454	4,454	12,834	(8,380)	(0)	25,669
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(99,216)</b>	<b>8,278</b>	<b>-</b>	<b>15,910</b>	<b>15,910</b>	<b>4,139</b>			<b>8,278</b>
Income Tax	-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after income tax</b>	<b>(99,216)</b>	<b>8,278</b>	<b>-</b>	<b>15,910</b>	<b>15,910</b>	<b>4,139</b>			<b>8,278</b>
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-		-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(99,216)</b>	<b>8,278</b>	<b>-</b>	<b>15,910</b>	<b>15,910</b>	<b>4,139</b>			<b>8,278</b>
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-		-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>(99,216)</b>	<b>8,278</b>	<b>-</b>	<b>15,910</b>	<b>15,910</b>	<b>4,139</b>			<b>8,278</b>

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**Revenue by source**

Revenue by source explains the types of income budgeted for and the performance of these items individually.

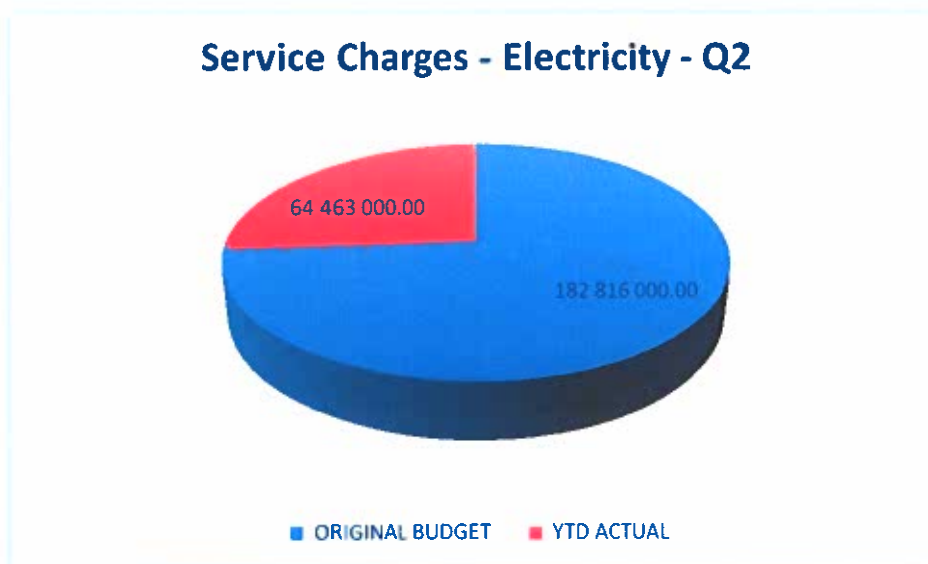
Property rates

4.1.2.1 Property rates revenue generated R64 024 000.00 in the 6 months ending 31 December 2023 which represents 60% of the budget which is R106 712 000.00. The income generated is more than the expected 50% collection rate – it is more by 10%.

Service charges - electricity revenue

4.1.2.2 Electricity sales include both prepaid and metered electricity. This revenue item generated **R64 463 000.00** which is **35%** of the budget amount accounting to **R182 816 000.00** which is 15% lower than the expected 50% mark. The under generation is attributable to electricity losses – tampered metres and cable theft and the continued loadshedding marred by the country. This may warrant downward adjustment of electricity revenue.

*Chart 5: Service charges – electricity*



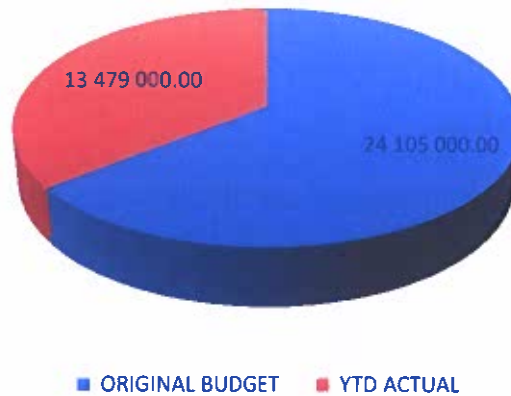
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Service charges - refuse revenue

4.1.2.3 Refuse collection charges for the first six months of the year accounted for **56%**. **R13 479 000.00** of the budget of **R24 105 000.00** was collected. This is slightly above the 50% expectation mark.

*Chart 6: Service Charges - Refuse*

**Service Charges - Refuse - Q2**



Rental of facilities and equipment

4.1.2.4 Rental of facilities raised **R329 000.00** in actual billings against a budget of **R1 305 000.00 (25%)**. The municipality bills for rental on property for staff housing, however the low inflow from this revenue source is due to low bookings for the municipality's public amenities such as halls. There's a need to revise this revenue downwards.

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Interest earned - external investments

4.1.2.5 This revenue stream raised **R1 182 000.00** which is actual cash against a budget of **R5 211 000.00** or **23%**. This may indicate slow implementation of projects and programs. This revenue stream needs to be revised downwards based on project implementation during the adjustments budget.

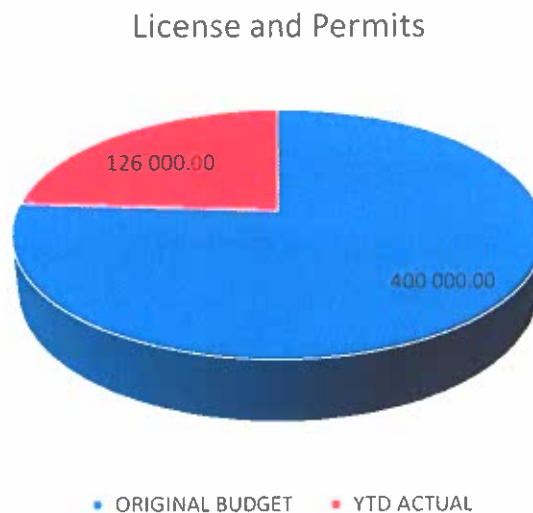
Fines, penalties and forfeits

4.1.2.6 The municipality received **34%** of the budget. Which is **R8 700 000.00** by 31 December against a budget of **R25 601 000.00** which is far below the 50% expectation.

Licenses and permits

4.1.2.7 Licenses and permits raised **R126 000.00** against a budget of **R400 000.00**, thus accounting for **32%**, which is far below the 50% expectation.

*Chart 7: Licenses and permits*

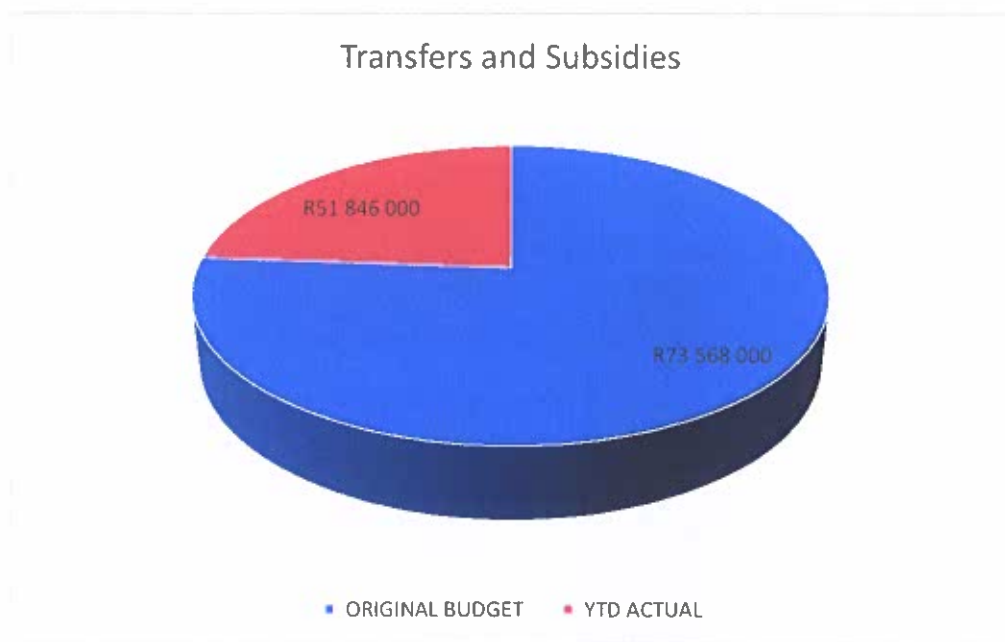


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**Transfers and subsidies**

4.1.2.8 Transfers and subsidies have a budget of **R73 568 000.00** and **R51 846 000.00** was received thus far which is 70% of actual revenue realized in the first half of the year before capital grants came from government grants and subsidies, which is mainly Equitable share.

*Chart 8: Transfers and Subsidies*



**Other revenue**

4.1.2.9 Other revenue reflects a year-to-date amount of **R585 000.00** (41%) against an original budget of **R1 429 000.00** for the six months ended 31 December 2023.

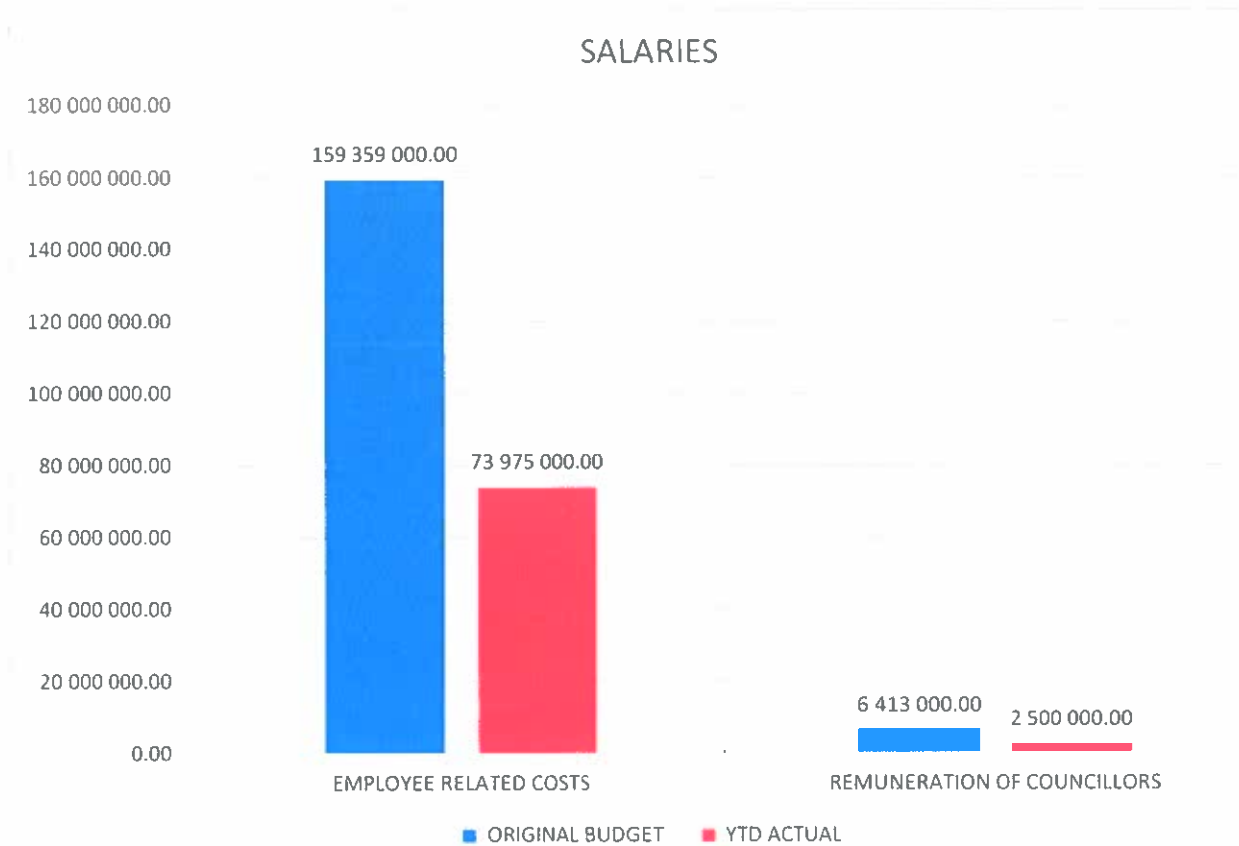
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**Expenditure by type**

Expenditure by type reflects the operational budget per main type/category of expenditure.

Employee related costs and Remuneration of Councillors

4.1.2.10 Employee related costs and remuneration of councilors (**R73 975 000.00** and **R2 500 000.00**) total **R76 475 000.00** account for a combined **46%** of a combined budget (**R159 359 000.00** and **R6 413 000.00**) of **R165 772 000.00**. One of the causes of the under-utilization of the expenditure item may be because the municipality did not have a Deputy mayor in the first 6 months and vacant position.



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Depreciation, amortization, and Debt Impairment

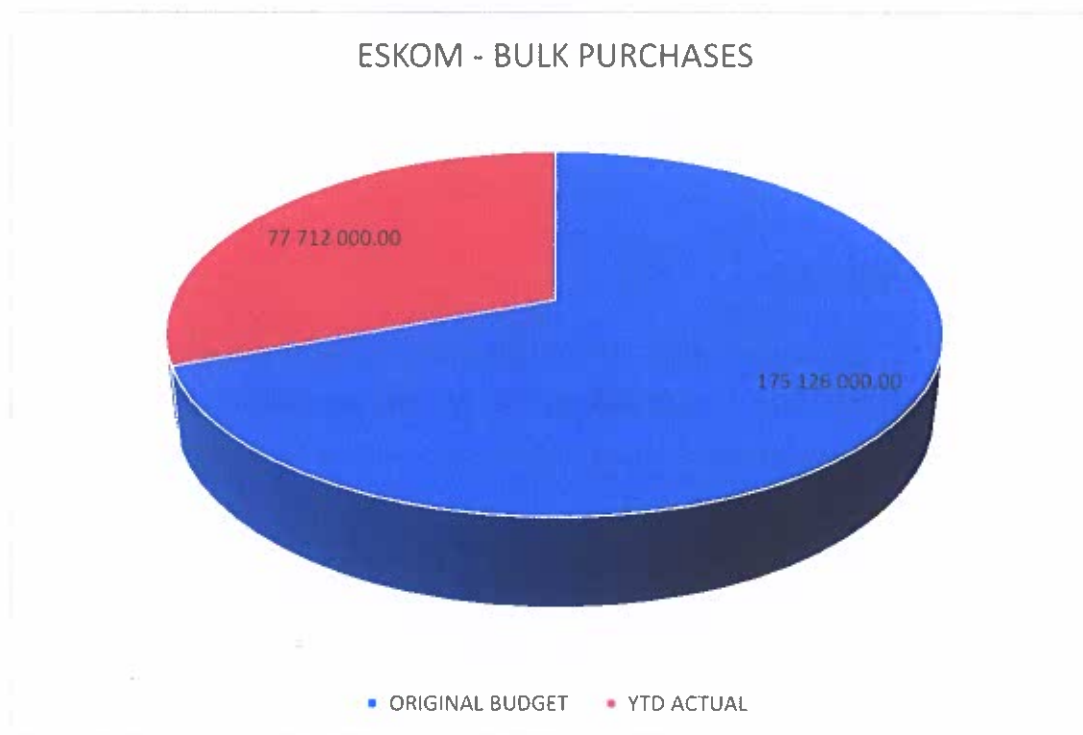
4.1.2.11 Depreciation, amortization, and debt impairment stand at **R0.00** which is **0%** of the budget.

Finance charges

4.1.2.12 The municipality has incurred interest in the second quarter on overdue Eskom Bulk accounts from July to December 2023, due to financial constraints. Interest incurred is **R6 609 000.00**

Bulk purchases – electricity

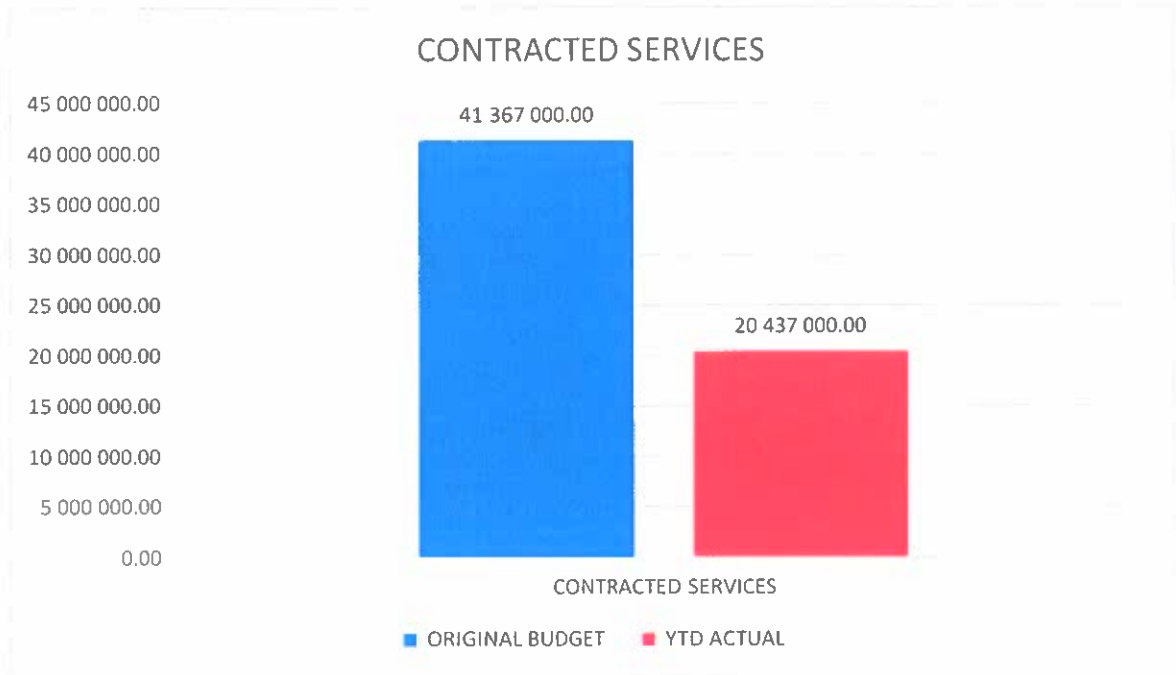
4.1.2.13 The municipality has so far spent **44%** of the budget which amounts to **R77 712 000.00** of **R175 126 000.00**. This is in line with expectations.



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**Contracted services**

4.1.2.14 **R20 437 000.00** out of **R41 367 000.00 (49%)** has been spent by 31 December 2023 which is 1% below the expected 50%.



**Operational Costs**

4.1.2.15 Operational costs reflects all other expenses not specifically mentioned and amounted to **R13 383 000.00**, against the budget of **R32 293 000.00**, which represents **41%** for the first 6 months ending 31 December 2023.

4.1.2.16 The adjustment process will facilitate a reprioritization of the financial resources thus improving expenditure. Additional to the poorly performing expenditure will be an adjustment that will include any other expenditure priorities.

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**4.1.3 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)**

**KZN241 Endumeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 - Half Year**

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - EXECUTIVE COUNCIL AND GENERAL		-	-	-	-	-	-	-		-
Vote 2 - FINANCE		107,650	-	-	81	81	-	81	#DIV/0!	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-		-
Vote 4 - TECHNICAL SERVICES		27,404	10,355	-	3,178	3,178	5,177	(1,999)	-39%	10,355
Vote 5 - PLANNING AND DEVELOPMENT		7,150	-	-	-	-	-	-		-
Vote 6 - COMMUNITY SERVICES		3,115	15,314	-	745	745	7,657	(6,912)	-90%	15,314
Vote 7 - COMMUNITY SERVICES		-	-	-	-	-	-	-		-
Vote 8 -		-	-	-	-	-	-	-		-
<b>Total Capital single-year expenditure</b>	4	145,319	25,669	-	4,004	4,004	12,834	(8,831)	-69%	25,669
<b>Total Capital Expenditure</b>		145,319	25,669	-	4,004	4,004	12,834	(8,831)	-69%	25,669
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		107,650	-	-	81	81	-	81	#DIV/0!	-
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		107,650	-	-	81	81	-	81	#DIV/0!	-
Internal audit		-	-	-	-	-	-	-		-
<b>Community and public safety</b>		3,115	15,314	-	745	745	7,657	(6,912)	-90%	15,314
Community and social services		-	11,314	-	492	492	5,657	(5,165)	(0)	11,314
Sport and recreation		-	4,000	-	253	253	2,000	(1,747)	(0)	4,000
Public safety		3,115	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<b>Economic and environmental services</b>		34,554	5,355	-	3,178	3,178	2,677	501	19%	5,355
Planning and development		7,150	-	-	-	-	-	-		-
Road transport		27,404	5,355	-	3,178	3,178	2,677	501	0	5,355
Environmental protection		-	-	-	-	-	-	-		-

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<i>Trading services</i>		-	5,000	-	-	-	2,500	(2,500)	-100%	5,000
Energy sources		-	5,000	-	-	-	2,500	(2,500)	(0)	5,000
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>145,319</b>	<b>25,669</b>	<b>-</b>	<b>4,004</b>	<b>4,004</b>	<b>12,834</b>	<b>(8,831)</b>	<b>-69%</b>	<b>25,669</b>
<b>Funded by:</b>										
National Government		0	25,669	-	4,004	4,004	12,834	(8,831)	(0)	25,669
Provincial Government		97,409	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised – capital		97,409	25,669	-	4,004	4,004	12,834	(8,831)	-69%	25,669
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		47,910	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>		<b>145,319</b>	<b>25,669</b>	<b>-</b>	<b>4,004</b>	<b>4,004</b>	<b>12,834</b>	<b>(8,831)</b>	<b>-69%</b>	<b>25,669</b>

4.1.3.1 As at the end of **31 December 2023** the actual year to date Capital expenditure totaled an amount of **R4 004 000.00**, against the overall budgeted capital expenditure of **R25 669 000.00**.

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
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**4.1.4 Table C6: Monthly Budget Statement - Financial Position**

**KZN241 Endumeni - 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	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		1,572	228	-	6,718	228
Trade and other receivables from exchange transactions		(231,106)	77,548	-	(226,727)	77,548
Receivables from non-exchange transactions		278,694	84,739	-	294,989	84,739
Current portion of non-current receivables		-	-	-	-	-
Inventory		9,351	8,767	-	8,378	8,767
VAT		16,687	30,255	-	33,008	30,255
Other current assets		(5,185)	-	-	(3,597)	-
<b>Total current assets</b>		<b>70,013</b>	<b>201,538</b>	<b>-</b>	<b>112,768</b>	<b>201,538</b>
<b>Non current assets</b>						
Investments		30,994	-	-	30,994	-
Investment property		124,461	117,281	-	124,461	117,281
Property, plant and equipment		336,922	343,854	-	340,925	343,854
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		-	-	-	-	-
Intangible assets		1,340	1,764	-	1,340	1,764
Trade and other receivables from exchange transactions		5,031	-	-	5,031	-
Non-current receivables from non-exchange transactions		679	-	-	679	-
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>499,426</b>	<b>462,898</b>	<b>-</b>	<b>503,429</b>	<b>462,898</b>
<b>TOTAL ASSETS</b>		<b>569,439</b>	<b>664,436</b>	<b>-</b>	<b>616,198</b>	<b>664,436</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Consumer deposits		5,910	5,518	-	6,030	5,518
Trade and other payables from exchange transactions		174,891	192,597	-	187,962	192,597
Trade and other payables from non-exchange transactions		8,753	6,279	-	24,249	6,279
Provision		6,525	1,947	-	6,525	1,947
VAT		16,954	37,619	-	19,098	37,619
Other current liabilities		-	3,629	-	-	3,629
<b>Total current liabilities</b>		<b>213,033</b>	<b>247,590</b>	<b>-</b>	<b>243,864</b>	<b>247,590</b>
<b>Non current liabilities</b>						
Financial liabilities		-	-	-	-	-
Provision		10,223	-	-	10,223	-
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		55,828	63,996	-	55,828	63,996
<b>Total non current liabilities</b>		<b>66,051</b>	<b>63,996</b>	<b>-</b>	<b>66,051</b>	<b>63,996</b>
<b>TOTAL LIABILITIES</b>		<b>279,084</b>	<b>311,585</b>	<b>-</b>	<b>309,914</b>	<b>311,585</b>

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<b>NET ASSETS</b>	2	290,355	352,851	-	306,283	352,851
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		285,480	347,956	-	301,379	347,956
Reserves and funds		4,875	4,894	-	4,904	4,894
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>290,355</b>	<b>352,851</b>	-	<b>306,283</b>	<b>352,851</b>

4.1.4.1 Table C6 reflects the effect of the combination of the capital and operating implementation of the budget on council's Financial Position.

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
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**4.1.5 Table C7: Monthly Budget Statement - Cash Flow**

**KZN241 Endumeni - Table C7 Monthly Budget Statement - Cash Flow - M06 - Half Year**

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		90,705	90,705	-	53,721	53,721	45,353	8,369	18%	90,705
Service charges		199,404	199,404	-	78,744	78,744	87,566	(8,822)	-10%	199,404
Other revenue		44,085	44,085	-	34,500	34,500	-	34,500	#DIV/0!	44,085
Transfers and Subsidies – Operational		76,568	76,568	-	54,604	54,604	-	54,604	#DIV/0!	76,568
Transfers and Subsidies – Capital		25,669	25,669	-	18,165	18,165	12,136	6,029	50%	25,669
Interest		2,000	2,000	-	-	-	-	-		2,000
Dividends		-	-	-	-	-	653	(653)	-100%	-
<b>Payments</b>										
Suppliers and employees		(443,339)	(443,339)	-	(55,832)	(55,832)	-	(55,832)	#DIV/0!	(443,339)
Interest		-	-	-	-	-	-	-		-
Transfers and Subsidies		(310)	(310)	-	-	-	12,800	(12,800)	-100%	(310)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(5,217)</b>	<b>(5,217)</b>	<b>-</b>	<b>183,902</b>	<b>183,902</b>	<b>158,508</b>	<b>(25,395)</b>	<b>-16%</b>	<b>(5,217)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		5,000	5,000	-	-	-	206,381	(206,381)	-100%	5,000
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	12,834	(12,834)	-100%	-
<b>Payments</b>										
Capital assets		(25,669)	(25,669)	-	(4,464)	(4,464)	2,500	(6,964)	-279%	(25,669)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(20,669)</b>	<b>(20,669)</b>	<b>-</b>	<b>(4,464)</b>	<b>(4,464)</b>	<b>221,716</b>	<b>226,179</b>	<b>102%</b>	<b>(20,669)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	221,716	(221,716)	-100%	-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>221,716</b>	<b>221,716</b>	<b>100%</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(25,886)</b>	<b>(25,886)</b>	<b>-</b>	<b>179,439</b>	<b>179,439</b>	<b>601,939</b>			<b>(25,886)</b>

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
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Cash/cash equivalents at beginning:	26,114	26,114	-	-	26,114				
Cash/cash equivalents at month/year end:	228	228	-	179,439	628,054				(25,886)

4.1.5.1 The municipal bank balance on 31 December 2023 totals **R2 228 779.85** and the total balance of Investments was **R24 550 488.57**. Total cash available at month-end is therefore **R26 779 268.42**

4.1.5.2 Cash-flow is not pulling correctly due to system problems, the challenge is being addressed and will be finalized during adjustment process.

**Cash coverage report**

<b>CASH COVERAGE RATIO</b>						
	JULY 2023	AUGUST 2023	SEPTEMBER 2023	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023
<b>CASH COVERAGE</b>	<b>0.80</b>	<b>1.07</b>	<b>0.82</b>	<b>0.32</b>	<b>0.25</b>	<b>0.21</b>
CASH - BANK	1,458,998.94	5,694,319.47	10,938,497.70	1,728,453.54	2,898,915.18	2,228,779.85
INVESTMENTS	25,932,967.65	25,996,733.33	22,120,121.74	18,146,364.40	18,146,364.40	24,550,488.57
UNSPENT GRANTS	12,202,725.59	12,428,697.43	15,438,105.02	12,650,739.13	12,860,419.86	19,998,147.03
Average OPEX	19,058,225.62	17,957,326.14	21,370,190.16	22,514,663.07	32,582,130.45	32,707,942.05

5.1 The above table indicates that cash reserves have been deteriorating. Continuous implementation of cost containment measures is crucial to improve liquidity position of the municipality.

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
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**PART 2 – SUPPORTING DOCUMENTATION**

**Section 5 – Debtors' analysis Supporting**

**Table SC3**

**KZN241 Endumeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - IM06 - Quarter 2**

R thousands	Description	NT Code	Budget Year 2023/24										Total	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181-1 Yr	Over 1Yr	Total					
	<b>Debtors Age Analysis By Income Source</b>															
	Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Trade and Other Receivables from Exchange Transactions - Electricity	1300	8 196	4 272	1 471	842	1 112	508	158	3 767	6 387	20 326	6 387	-	-	-
	Receivables from Non-exchange Transactions - Property Rates	1400	7 330	4 827	4 885	2 737	2 428	7 268	1 279	81 595	95 347	112 389	95 347	-	-	-
	Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Receivables from Exchange Transactions - Waste Management	1600	2 321	1 719	1 339	1 192	1 373	891	557	26 468	35 861	35 861	30 481	-	-	-
	Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest on Arrear Debtor Accounts	1810	331	365	340	39	30	20	-	-	1 126	89	-	-	-	-
	Recoverable unauthorised, irregular fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other	1900	0	803	7	-	11	44	841	26 602	27 498	28 309	27 498	-	-	-
	<b>Total By Income Source</b>	<b>2000</b>	<b>18 179</b>	<b>11 967</b>	<b>8 642</b>	<b>4 830</b>	<b>4 953</b>	<b>8 753</b>	<b>2 834</b>	<b>138 432</b>	<b>198 010</b>	<b>159 803</b>	<b>159 803</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>2022/23 - totals only</b>															
	<b>Debtors Age Analysis By Customer Group</b>															
	Organs of State	2200	2 002	1 642	2 185	517	807	5 442	690	7 389	20 665	14 855	14 855	-	-	-
	Commercial	2300	9 709	5 541	2 115	1 576	1 523	1 108	824	23 470	45 865	28 501	28 501	-	-	-
	Households	2400	6 467	4 804	3 793	2 737	2 623	2 203	1 321	10 7 564	13 1 480	11 6 447	11 6 447	-	-	-
	Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total By Customer Group</b>	<b>2600</b>	<b>18 179</b>	<b>11 967</b>	<b>8 642</b>	<b>4 830</b>	<b>4 953</b>	<b>8 753</b>	<b>2 834</b>	<b>138 432</b>	<b>198 010</b>	<b>159 803</b>	<b>159 803</b>	<b>-</b>	<b>-</b>	<b>-</b>

**5.1** The summary report of the debtor's age analysis indicates that the debtors balance for property rates, electricity, refuse removal and rental income as at 31 December 2023 amounts to **R198 010 000.00** compared to **R194 351 000.00** as at 30 November 2023. The debtors book increased by **R3 659 000**, or **2%**.

**5.2** Collection rate for 31 December 2023 : **96%**

REVENUE COLLECTION RATE					
July-23	August-23	September-23	October-23	November-23	December-23
55%	96%	100%	95%	99%	96%

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
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**a) Government analysis in the month for December R20 655 000.00**

<b>Department</b>	<b>Account status</b>	<b>Root causes/Challenges</b>	<b>Corrective Measures</b>	<b>Progress to date:</b>
<b>Government Department</b> Dept of Education - R3 541 475.00	<ul style="list-style-type: none"> <li>• R986 195.87 (28%) 30 up to 60days.</li> <li>• R2 555 279.13(72%) historicaldebt</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding historical accounts from Section 14 schools.</li> </ul>	<ul style="list-style-type: none"> <li>• Intervention by COGTA through GR meetings.</li> <li>• Section 154 intervention by Provincial treasury</li> <li>• Requesting an approved list of sec14 schools by the District Dept of Education.</li> </ul>	<ul style="list-style-type: none"> <li>• Waiting for the approved list of sec14 schools.</li> </ul>
<b>Dept of Public Works – R5 032 157.00</b>	<ul style="list-style-type: none"> <li>• R992 564.49 (20%) 30 up to 60days.</li> <li>• R4 039 592.51(80%) historicaldebt</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding historical accounts emanating from properties that were donated to Public Works that had outstanding arrear debts and interests.</li> </ul>	<ul style="list-style-type: none"> <li>• Council resolution to write off the interests, collection fees and penalties.</li> </ul>	<ul style="list-style-type: none"> <li>• Council has resolved to write-off interests, collection fees and penalties.</li> </ul>
<b>Other government departments</b>	<ul style="list-style-type: none"> <li>• R253 122.02 (6%) 30 up to 60days.</li> <li>• R4 712 166.80(95%) historicaldebt</li> </ul>			
<ul style="list-style-type: none"> <li>• Dept of Human Settlements – R2 220 207.37</li> <li>• Dept of Rural Development – R2 745 081.45</li> </ul>				
<b>(100% target collection on all Departments)</b>				

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT 1 JULY TO 31 December 2023**

**b) Commercial accounts: R45 865 000.00**

	<b>Accountstatus</b>	<b>Root causes/Challenges</b>	<b>Corrective measures</b>	<b>Progress to date</b>
Commercial Accounts (Business, Trusts & Farms)	<ul style="list-style-type: none"> <li>• R11 214 749.79 (32%) current – 60 days</li> <li>• R24 134 690.35 (68%) historical debt</li> </ul>	<ul style="list-style-type: none"> <li>• Inconsistency in the application of the policy.</li> <li>• Incorrect billing due to system challenges</li> </ul>	<ul style="list-style-type: none"> <li>• Application of the Credit control policy</li> <li>• Amendment of the Credit control policy – consolidated billing should be incorporated in the policy.</li> <li>• The municipality is in the process of procuring another financial system vendor.</li> <li>• Profiling and updating of customer information.</li> <li>• Daily update of customer information</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing process</li> <li>• Ongoing</li> <li>• Ongoing process</li> <li>• Financial system vendor is in the procurement stages.</li> </ul>

ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
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c) HOUSEHOLD DEBT: R131 480 000.00

	Account status	Root causes/Challenges	Corrective measures	Progress to date
Household Debt R30,035,786.24(100%) exclusive of indigents	<ul style="list-style-type: none"> <li>• R5,287,093.34 (18%) current-60 days</li> <li>• R24,748,692.90 (82%) historical debt</li> </ul>	<ul style="list-style-type: none"> <li>• Culture of non-payment, particularly in the townships.</li> <li>• Deceased customers which influence increasing debt</li> <li>• Dysfunctional meters and Tampering</li> <li>• Not enough customer information on the system</li> </ul>	<ul style="list-style-type: none"> <li>• Application of the Credit control policy</li> <li>• Amendment of the Credit control policy – consolidated billing should be incorporated in the policy.</li> <li>• Monitoring of accounts on payment arrangement.</li> <li>• Updating of deceased accounts by nominating new account holder &amp; writing-off the old debt</li> <li>• Automation blocking of customers.</li> <li>• A door-to-door distribution of statements/invoices.</li> <li>• Daily updating customer information</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing process</li> <li>• Ongoing process</li> <li>• Ongoing process, The engagements meetings, MPSC.</li> </ul>

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE REPORT  
1<sup>ST</sup> JULY TO 31<sup>ST</sup> DECEMBER 2023**

**Electricity distribution losses.**

2023/2024 financial YEAR MONTH 06											
MONTHLY	KWH PURC	RANDS ESKOM	KWH PURC 497	RANDS 497 SITE	KWH SOLD PREPAID	KWH SOLD CONSUMPTION	ADD FREE ISSUE	TOT KWH PURC	TOTAL SALES	LOSSES	% LOSSES
July-22	4417580.51	R10,246,773.66	120114.19	R 270,071.85	691618.6	2436710	42750	4537695	3171078.6	1366616	30.12
Aug-22	4631555.67	R 10,281,725.44	120511.57	R 289,399.49	712422.1	2273193	38400	4752067	3024015.1	1728052	36.36
Sep-22	3376176.31	R 4,934,941.31	113360.04	R 247,566.26	589178.3	2847881	40250	3489536	3477309.3	12227	0.35
Oct-22	3514274.76	R 4,884,200.95	77823.42	R 127,648.56	617649.1	2207475	40500	3592098	2865624.1	726474	20.22
Nov-22	3505664.97	R 4,892,430.30	85917.41	R 132,821.94	618446.4	2229688	39550	3591582	2887684.4	703898	19.60
Dec-22	3136172.21	R 4,482,594.65	80397.32	R 127,280.36	597605.8	2559976	40000	3216570	3197581.8	18988	0.59
<b>TOTAL</b>	<b>22581424.43</b>	<b>R 39,722,666.31</b>	<b>598124</b>	<b>R 1,194,788.46</b>	<b>3826920.3</b>	<b>14554923</b>	<b>241450</b>	<b>23179548</b>	<b>18623293.30</b>	<b>4556255</b>	<b>19.66</b>

- The distribution losses have been fluctuating with lower losses recorded in September and December 2023.
- This may be attributed to measures being taken to curb losses such as meter conversions.

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE REPORT  
1ST JULY TO 31ST DECEMBER 2023**

**ELEC STATS 2019/20- 2023/24**

**ELECTRICITY LOSSES 2019/2020**

	July	August	September	October	November	December	Total
Energy purchased	8 875 154.00	8 039 376.00	7 409 246.00	7 335 518.00	6 937 833.00	6 927 396.00	45 524 523.00
Energy sold	4 316 265.78	5 616 397.00	5 335 673.00	5 626 386.00	5 065 484.00	4 840 110.46	30 800 316.24
<b>Loss</b>	<b>4 558 888.22</b>	<b>2 422 979.00</b>	<b>2 073 573.00</b>	<b>1 709 132.00</b>	<b>1 872 349.00</b>	<b>2 087 285.54</b>	<b>14 724 206.76</b>

**ELECTRICITY LOSSES 2020/2021**

	July	August	September	October	November	December	Total
Energy purchased	9 647 545.80	8 901 278.20	7 920 945.80	7 830 727.56	7 281 493.12	7 065 025.12	48 647 015.60
Energy sold	6 286 876.02	5 809 446.48	4 957 021.20	5 427 755.60	4 892 299.58	4 822 294.60	32 195 693.48
<b>Loss</b>	<b>3 360 669.78</b>	<b>3 091 831.72</b>	<b>2 963 924.60</b>	<b>2 402 971.96</b>	<b>2 389 193.54</b>	<b>2 242 730.52</b>	<b>16 451 322.12</b>

**ELECTRICITY LOSSES 2021/2022**

	July	August	September	October	November	December	Total
Energy purchased	9 779 472.00	9 618 615.00	8 303 272.00	7 993 418.00	7 336 068.00	7 367 425.00	50 398 270.00
Energy sold	5 962 743.00	5 481 872.92	5 444 714.00	5 060 497.00	5 023 948.00	4 691 452.00	31 665 226.92
<b>Loss</b>	<b>3 816 729.00</b>	<b>4 136 742.08</b>	<b>2 858 558.00</b>	<b>2 932 921.00</b>	<b>2 312 120.00</b>	<b>2 675 973.00</b>	<b>18 733 043.08</b>

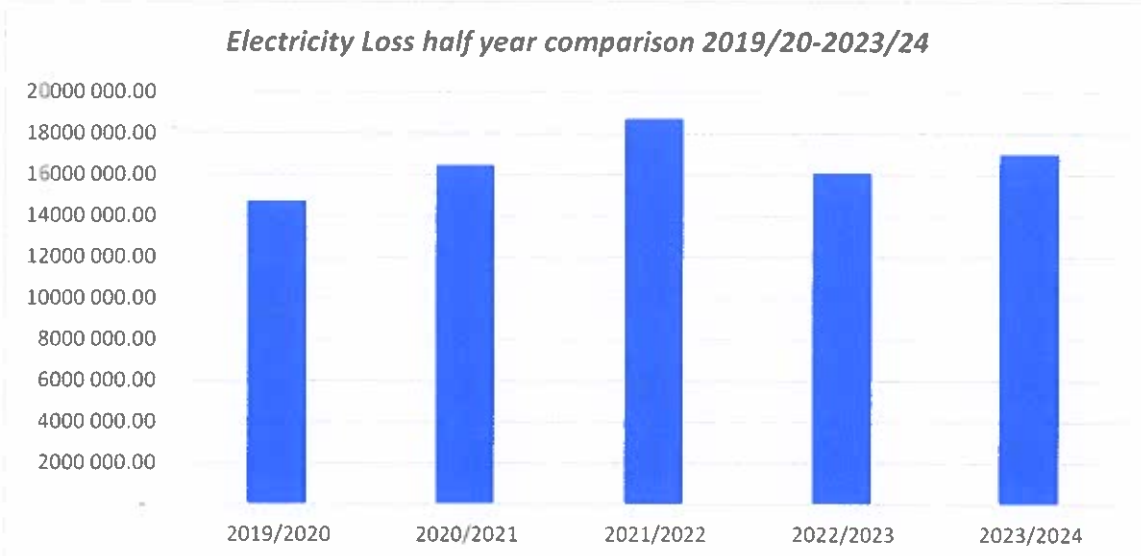
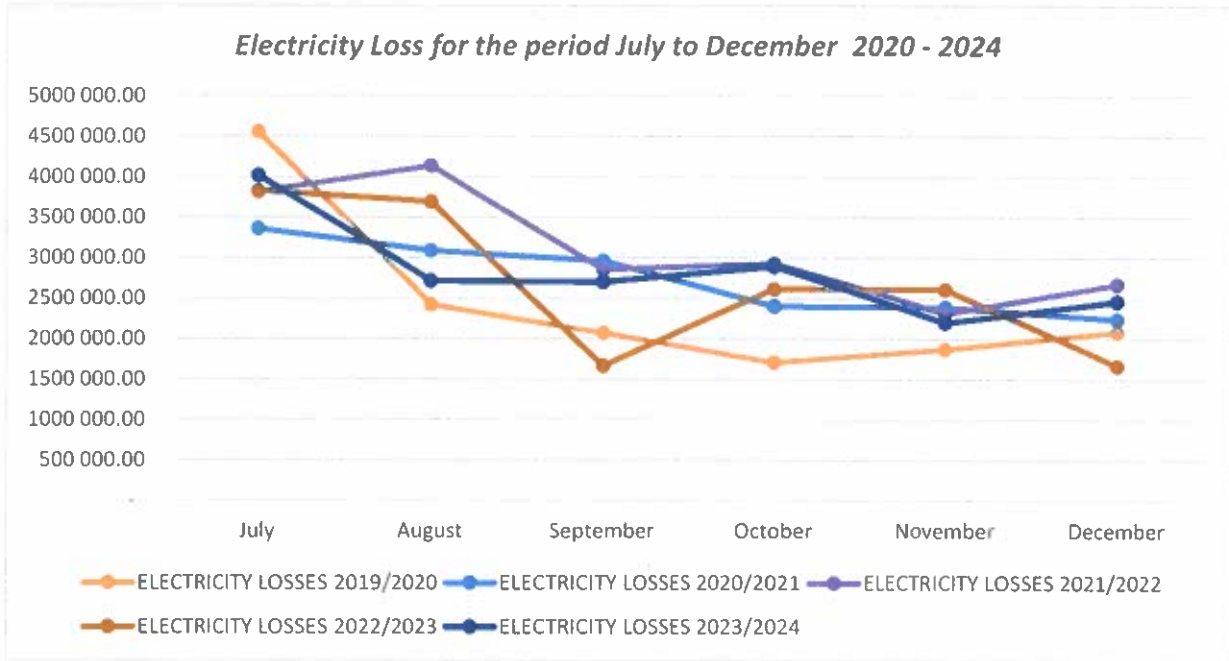
**ELECTRICITY LOSSES 2022/2023**

	July	August	September	October	November	December	Total
Energy purchased	9 043 398.71	9 219 006.53	6 563 423.64	6 533 633.19	6 545 420.89	5 914 136.78	43 819 019.74
Energy sold	5 213 483.10	5 526 417.90	4 895 759.66	3 919 434.50	3 936 315.90	4 247 443.32	27 738 854.38
<b>Loss</b>	<b>3 829 915.61</b>	<b>3 692 588.63</b>	<b>1 667 663.98</b>	<b>2 614 198.69</b>	<b>2 609 104.99</b>	<b>1 666 693.46</b>	<b>16 080 165.36</b>

**ELECTRICITY LOSSES 2023/2024**

	July	August	September	October	November	December	Total
Energy purchased	8 624 957.33	8 205 505.41	6 203 173.55	8 342 516.44	7 156 664.06	7 080 037.70	45 612 854.49
Energy sold	4 605 664.56	5 489 797.53	3 499 436.34	5 449 776.24	4 957 182.16	4 615 147.12	28 617 003.95
<b>Loss</b>	<b>4 019 292.77</b>	<b>2 715 707.88</b>	<b>2 703 737.21</b>	<b>2 892 740.20</b>	<b>2 199 481.90</b>	<b>2 464 890.58</b>	<b>16 995 850.54</b>

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE REPORT  
1ST JULY TO 31ST DECEMBER 2023**



The municipality has implemented some measures to curb electricity loss/theft but it's not 100% successful. For the past 6 months, the municipality lost more than 16mil kwh. The loss is higher than 2022/23 mid-year statistics. It has increased by 915 000 kwh when compared to December 2022/23 financial year.

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE REPORT  
1ST JULY TO 31ST DECEMBER 2023**

**Section 6 – Creditors' analysis**

**Supporting Table C4**

Year End	Month End	Mun	Item	Detail	CURRENT	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 + days	TOTAL
2024	M06 Dec	KZN241	0100	Bulk Electricity	13,386,871		3,857,808	0	126,506,227	143,750,906
			0200	Bulk Water			0	0	0	
			0300	PAYE deductions			0	0	0	
			0400	VAT (output less input)			0	0	0	
			0500	Pensions / Retirement deductions			0	0	0	
			0600	Loan repayments			0	0	0	
			0700	Trade Creditors			0	0	0	
			0800	Auditor General			0	0	0	
			0900	Other			0	0	73,837	73,837
				<b>TOTAL</b>	<b>13,386,871</b>		<b>3,857,808</b>	<b>-</b>	<b>126,580,064</b>	<b>143,824,743</b>

- 5.1 The Trade creditor that is outstanding for more than 30 days is Eskom amounting to **R143 750 906.00**. The municipality has since entered into an agreement with Eskom to pay R2M on a monthly basis, 24 months, to settle the outstanding amount of R44M plus incorporate the receipt of Equitable Share which will be apportioned to pay off the outstanding debt.
- 5.2 Other creditors amounting to **R73 837.00** emanate from the CCG invoices.

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT 1 JULY TO 31 December 2023**

**Section 7 – Investment portfolio analysis Investment monitoring information**

**INVESTMENTS: PROJECTS AND GRANTS**

**December 2023**

DESCRIPTION	BANK	ACCOUNT NUMBER	INVESTMENTS 01/12/2023	INVESTMENTS 01/12/2023	WITHDRAWALS 01/12/2023	INTEREST EARNED 01/12/2023	INTEREST TO CURRENT ACC. 01/12/2023	BANK CHARGES 01/12/2023	BALANCE 31/12/2023
PROJECTS	FIRST NATIONAL BANK	62047254941	1,321,926.10	3,760,119.68	173,855.26	19,495.43	19,495.43		4,908,190.52
SIBONGILE HOSTEL	FIRST NATIONAL BANK	62045928069	611,132.65			3,591.45			614,724.10
SITHEMBILE HOSTEL	FIRST NATIONAL BANK	62063967718	497,848.85			2,925.72			500,774.57
SIBONGILE LIBRARY INTERNET	FIRST NATIONAL BANK	62173631948	86,055.07			472.01			86,527.08
HOUSING OPERATING ACCOUNT	FIRST NATIONAL BANK	62412969084	609,626.59			3,582.60			613,209.19
INEP	FIRST NATIONAL BANK	62509652419	4,609,760.21		3,194,250.30	24,310.06			1,439,819.97
MIG	FIRST NATIONAL BANK	62509650851	1,721,508.28	8,000,000.00	175,669.38	9,676.35			9,555,515.25
			<b>R 9,457,857.75</b>	<b>11,760,119.68</b>	<b>3,543,774.94</b>	<b>64,053.62</b>	<b>R 19,495.43</b>		<b>17,718,760.68</b>

**INVESTMENTS: GENERAL**

**December 2023**

DESCRIPTION	BANK	INVESTMENT NUMBER	INVESTMENTS 01/12/2023	INVESTMENTS 01/12/2023	WITHDRAWALS 01/12/2023	INTEREST EARNED 01/12/2023	INTEREST TO CURRENT ACC. 01/12/2023	BANK CHARGES 01/12/2023	BALANCE 31/12/2023
ENDUMENI MUNICIPALITY (Money)	FIRST NATIONAL BANK	62113431390	507,332.17	20,913,559.20	18,500,000.00	16,828.48	16,828.48		2,920,891.37
ELECTRICITY SALES	FIRST NATIONAL BANK	63071551379	1,409,281.97	6,813,409.75	8,000,000.00	9,810.99			232,502.71
ENDUMENI MUNICIPALITY (Grindir)	GRINDROD BANK	11000207002	11,362.78			77.2			11,439.98
ENDUMENI - TALANA MUSEUM TRU	FIRST NATIONAL BANK	62127781236	21,907.51			117.04			22,024.55
MASSIFICATION PROJECTS	ABSA BANK	9384302143		2,792,914.21		10,565.30			2,803,479.51
PROCEEDS ON SALE OFF ASSETS	ABSA BANK	2081357436		838,126.36		3,263.41			841,389.77
			<b>R 1,949,884.43</b>	<b>R 31,358,009.52</b>	<b>R 26,500,000.00</b>	<b>R 40,662.42</b>	<b>R 16,828.48</b>	<b>R</b>	<b>R 6,831,727.89</b>
								<b>R</b>	<b>R 24,550,488.57</b>

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT 1 JULY TO 31 DECEMBER 2023**

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- 5.2 Total invested funds at the end of 31 December 2023 totals **R24 550 488.57** as reflected above.
- 5.3 The municipality invests access funds on a 30/60 days' short-term investment period in order to maximize its interest received and to have cash readily available when needed and is done in line with the Cash Management and Investment Policy of council.
- 5.4 As of 31st December 2023, the closing balance for investments amounted to **R24 550 488.57** which comprised the following:
- Investments for Projects and Grants R17 718 760.68
  - General Investments R6 831 727.89
- R24 550 488.57**

Section 8 – Allocation and grant receipts and expenditure

Supporting Table C6

Name of Grants	Name of organ of state or municipal entity	Unspent portion 2022/2023	Adjustment/ re-imbursement	Reason for adjustment	Total Receipts	Total Expenditure	Unspent portion 2023/2024
Expanded Public Works Prog.	DEPT PUBLIC WORKS				1 079 000.00	704 876.70	R 374 123.30
Int. Nat. Elec. Program Grant	Dept National Energy	R 46 208.31			-	-	R 46 208.31
Int. Nat. Elec. Program Grant	Dept National Energy	R 4 507 877.16			-	3 138 575.56	R 1 369 301.60
Energy Efficiency Management Grant	Dept National Energy				4 000 000.00	-	R 4 000 000.00
Municipal Pound	COGTA	R 132 258.90			-	-	R 132 258.90
Seta Grant	Seta	R 454 210.55			165 019.91	69 920.00	R 549 310.46
Equitable Share	National Treasury				49 896 000.00	49 896 000.00	R -
Finance Management Grant	National Treasury				2 100 000.00	1 466 754.50	R 633 245.50
Cyber Cadet Grant	Dept Arts, Culture and Tourism	R 83 459.79			3 067.29	516 261.59	R -429 734.51
MIG 2022/2023	National Treasury	R 51 325.91	R -51 325.91	Non-approval of roll-	-	-	R -
MIG 2023/2024	National Treasury				14 000 000.00	4 781 932.32	R 9 218 067.68
Greenest Municipality Competition	Dept. Economic Development	R 653.15			-	-	R 653.15
Upgrade Sibongile Hostel	KZN Housing	R 593 025.60			21 698.50	-	R 614 724.10
Ext 18 Housing Project	KZN Housing	R 206 365.06			-	-	R 206 365.06
Building Plan Man. System	COGTA	R 500.00			-	-	R 500.00
Massification Programme Grant	COGTA	R 1 300 243.63			-	-	R 1 300 243.63
Massification Programme Grant	COGTA	R 1 482 105.28			-	-	R 1 482 105.28
Upgrade Sithembile Hostel	KZN Housing	R 483 098.25			17 676.32	-	R 500 774.57
		9 341 331.59	-51 325.91		71 282 462.02	60 574 320.67	19 998 147.03

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT1 JULY TO 31 December 2023**

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- 8.1 As of **31 December 2023**, the actual year to date operating grants received amounted to **R51 802 000.00** against the year-to-date budgeted revenue of **R38 284 000.00**. The relative favorable performance of the grants is attributed to the fact that most of the operational grants such as the **Financial Management Grant and Library/Museum Grant** have been received in full.
- 8.2 The actual year to 31 December Capital transfers received amounted to **R13 590 000.00**. This amount consists of the MIG and Energy Efficiency Grant.
- 8.3 The municipality has spent **34% (R4 781 932.32)** of the total MIG allocation received – **R14 000 000.00**. The INEP of R4 507 877.16 roll over approved from 2022/23 allocation was utilized in this current year and an expenditure of **70%** was used – actual of **R3 138 575.56**. The municipality has done well in terms of INEP funded programs to ensure that implementation is expedited. Energy Efficiency Grant of R5 000 000.00 received is not yet spent, procurement processes are underway.
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**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT1 JULY TO 31 December 2023**

**Section 9 – Expenditure on councillors allowances and employee benefits**

**Supporting Table C8**

**KZN241 Endumeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 - Half Year**

Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		3,743	4,372	-	2,047	2,047	2,186	(139)	-6%	4,372
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		371	1,457	-	185	185	729	(544)	-75%	1,457
Cellphone Allowance		530	583	-	268	268	292	(24)	-8%	583
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total – Councillors</b>		<b>4,644</b>	<b>6,413</b>	<b>-</b>	<b>2,500</b>	<b>2,500</b>	<b>3,207</b>	<b>(707)</b>	<b>-22%</b>	<b>6,413</b>
<b>% increase</b>	4		<b>38.1%</b>							<b>38.1%</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		3,601	5,384	-	2,116	2,116	2,692	(576)	-21%	5,384
Pension and UIF Contributions		525	480	-	248	248	240	8	3%	480
Medical Aid Contributions		132	329	-	59	59	165	(106)	-64%	329
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		729	520	-	360	360	260	100	38%	520
Cellphone Allowance		73	98	-	45	45	49	(5)	-9%	98
Housing Allowances		102	155	-	39	39	78	(39)	-50%	155
Other benefits and allowances		62	1	-	63	63	0	63	20926%	1
Payments in lieu of leave		23	85	-	12	12	43	(31)	-73%	85
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		538	742	-	34	34	371	(337)	-91%	742

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT1 JULY TO 31 December 2023**

In kind benefits		-	-	-	-	-	-	-	-	
<b>Sub Total - Senior Managers of Municipality</b>		<b>5,785</b>	<b>7,796</b>	<b>-</b>	<b>2,975</b>	<b>2,975</b>	<b>3,898</b>	<b>(923)</b>	<b>-24%</b>	<b>7,796</b>
<b>% increase</b>	<b>4</b>		<b>34.8%</b>							<b>34.8%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		87,240	99,969	-	44,635	44,635	49,985	(5,350)	-11%	99,969
Pension and UIF Contributions		15,526	17,801	-	7,941	7,941	8,900	(959)	-11%	17,801
Medical Aid Contributions		7,479	7,339	-	3,824	3,824	3,670	154	4%	7,339
Overtime		2,700	2,760	-	1,344	1,344	1,380	(36)	-3%	2,760
Performance Bonus		7,128	8,129	-	4,615	4,615	4,065	550	14%	8,129
Motor Vehicle Allowance		5,254	5,543	-	2,544	2,544	2,771	(227)	-8%	5,543
Cellphone Allowance		260	245	-	114	114	122	(8)	-7%	245
Housing Allowances		406	378	-	197	197	189	8	4%	378
Other benefits and allowances		3,875	3,725	-	1,624	1,624	1,862	(239)	-13%	3,725
Payments in lieu of leave		2,885	2,003	-	1,592	1,592	1,002	590	59%	2,003
Long service awards		1,136	783	-	523	523	392	131	34%	783
Post-retirement benefit obligations	2	5,216	2,540	-	1,532	1,532	1,270	261	21%	2,540
Entertainment		-	-	-	-	-	-	-		-
Scarcity		231	252	-	120	120	126	(6)	-5%	252
Acting and post related allowance		459	96	-	396	396	48	348	727%	96
In kind benefits		-	-	-	-	-	-	-		-
<b>Sub Total - Other Municipal Staff</b>		<b>139,794</b>	<b>151,563</b>	<b>-</b>	<b>71,000</b>	<b>71,000</b>	<b>75,782</b>	<b>(4,782)</b>	<b>-6%</b>	<b>151,563</b>
<b>% increase</b>	<b>4</b>		<b>8.4%</b>							<b>8.4%</b>
<b>Total Parent Municipality</b>		<b>150,223</b>	<b>165,772</b>	<b>-</b>	<b>76,475</b>	<b>76,475</b>	<b>82,886</b>	<b>(6,411)</b>	<b>-8%</b>	<b>165,772</b>
			<b>10.4%</b>							<b>10.4%</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>150,223</b>	<b>165,772</b>	<b>-</b>	<b>76,475</b>	<b>76,475</b>	<b>82,886</b>	<b>(6,411)</b>	<b>-8%</b>	<b>165,772</b>

9.1 Salary and remuneration of Councilors actual expenditure totals **R76 475 000.00** of the YTD budget of **R82 886 000.00** which represents **93%..**

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT 1 JULY TO 31 DECEMBER 2023**

**PART 3 - SERVICE DELIVERY PERFORMANCE**

During the period from 01 July 2023 – 31 December 2023, the municipality had a total number of 57 Key Performance Indicators (KPI's) that were measured and reported on. A total number of 35 KPI's were achieved which represents 61% and a total number of 22 KPI's were not achieved which represents 39%. This represents a decline in terms of performance as in the 2022/2023 financial year, the mid-year performance was 65%, and in the 2023/2024 financial year is 61%. There were various challenges which were experienced by the municipality during this period, amongst others but not limited to was the poor performance by some of the contractors, rainy weather conditions which also contributed in slow progress on some of the projects, delays in the appointment of the panel of the contractors, strike by some of the municipal employees over the PPE which also delayed progress on site; implementation of the cost containment policy due to financial constraints of the municipality; the cash coverage ration which is below the norm due to low cash and cash equivalents for the municipality, the current liabilities are more than the current assets due to the Eskom debt that is increasing etc

The financial viability of the municipality remains a serious cause for concern, and the improvement of revenue and the containment of unnecessary costs as these will be an integral part of the adopted turn-around strategy and unfunded budget plan of the municipality. Most the challenges which resulted in the decline in terms of performance have been addressed, and improved performance is projected to be achieved in the third quarter.

KPA's	KPI's achieved	%	KPI's not achieved	%	Total number of KPI's	%
<b>Municipal Transformation &amp; Institutional Development</b>	6	86%	1	14%	7	100%
<b>Basic Service Delivery</b>	7	54%	6	46%	13	100%
<b>Local Economic Development</b>	0	0	0	0%	0	100%
<b>Good Governance and Public Participation</b>	11	92%	1	8%	12	100%
<b>Municipal Financial Viability and Management</b>	10	43%	13	57%	23	100%
<b>Cross Cutting</b>	1	100%	1	100%	2	100%
<b>Total</b>	35	61%	22	39%	57	100%

**PART 4 - ADJUSTMENT BUDGET**

- a) Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia the following: "An adjustment budget may be tabled in the Municipal Council at any time after the mid-year budget and performance assessment has been tabled in the Council but not later than the **28<sup>th</sup> of February of each year.**
  
- b) Furthermore, except under certain circumstances only one adjustment budget may be tabled in the Council. Following the detailed analysis and assessment of the financial information as well as the service delivery targets and priorities a budget adjustment may be necessary.
  
- c) An adjustment budget is therefore necessary to account for the additional decline in revenue sources, as well as to take into account the shift and change in expenditure priorities within the various departments in the municipality. The process of the adjustment budget will be through an identification of savings to cater for additional requests as well as reprioritization of expenditure requirements in each department.

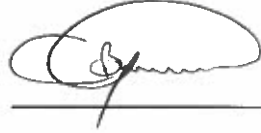
**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT 1 JULY TO 31 DECEMBER 2023**

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**PART 5 - MUNICIPAL MANAGER CERTIFICATION**

**PREPARED BY:**

MRS C.B. MKHIZE



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**CHIEF FINANCIAL OFFICER**

**DATE:** 25/01/2024

**SUBMITTED BY:**

MR S. NTOMBELA



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**MUNICIPAL MANAGER**

**DATE:** 25/01/2024

**ENDUMENI MID YEAR BUDGET AND PERFORMANCE  
REPORT 1 JULY TO 31 DECEMBER 2023**

**MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

I, S. NTOMBELA, the **MUNICIPAL MANAGER** of the Endumeni Local Municipality, hereby certify that the **MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT** on the implementation of the budget and financial state affairs of the municipality for the period ending **31 December 2023** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

PRINT NAME:

*SITHEMBISO NTOMBELA*

SIGNATURE:

*S. Ntombela*

**MUNICIPAL MANAGER OF THE ENDUMENI MUNICIPALITY**

DATE:

*25/01/2024*