



## **ADJUSTMENT BUDGET 2021-2022**



**DC26 ZULULAND DISTRICT MUNICIPALITY  
UMKHANDLU WESIFUNDA SASE ZULULAND**

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## **GLOSSARY**

**Adjustment Budgets** – it is the formal means by which a municipality may revise its budget during a financial year. Prescribed in section 28 of the Municipal Finance Management Act.

**Allocations**– money received from Provincial or National Government or other municipalities.

**AFS** – Annual Financial Statements.

**Budget** – the financial plan of the municipality.

**Budget related policy** – policy of a municipality affecting or affected by the budget.

**Capital Expenditure** – spending on municipal assets such as land, buildings, distribution networks, treatment plants and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

**Cash Flow Statements** – a statement showing when actual cash will be received and spent by the municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings.

**CFO** – Chief Financial Officer

**DORA** – Division of Revenue Act. An annual legislation indicating the allocations from National Government and Provincial Government

**DWAF** – Department of Water Affairs

**EPWP** – Expanded Public Works Program

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

**FMG** – Financial Management Grant

**Fruitless and wasteful expenditure** – expenditure that was made in vain and would have been avoided had reasonable care been exercised

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared

**MSCOA** – Municipal Standard Chart of Accounts

**IDP** –Integrated Development Plan. The main strategic planning document of a municipality

**KPI** – Key Performance Indicators. Measures of service output and/or outcome

**LED** – Local Economic Development

**MFMA** – Municipal Finance Management Act (No. 53 of 2003). The principal piece of legislation relating to municipal finance management

**MIG** – Municipal Infrastructure Grant

**MSIG** – Municipal Systems Improvement Grant

**WSIG** – Water services Infrastructure Grant

**MTREF** – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level. Also includes details of the previous three years and current years' financial position.

**MWIG** – Municipal Water Infrastructure Grant

**Operating Expenditure** – spending on the day to day expenses of a municipality such as general expenses, salaries & wages, and repairs & maintenance

**R & M** – Repairs and Maintenance

**SCM** - Supply Chain Management

**SSBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget statements

**Strategic Objectives** - the main priorities of a municipality as set out in the IDP Budget spending must contribute towards achievement of these strategic objectives

**Unauthorised Expenditure** – generally spending without or in excess of an approved budget

**Virement** – transfer of budget

**ZDM** – Zululand District Municipality

## **PART 1 – ADJUSTMENT BUDGET**

### **1.1 MAYOR’S REPORT**

#### **ADJUSTMENT BUDGET SPEECH BY THE HONOURABLE MAYOR OF ZULULAND DISTRICT MUNICIPALITY, COUNCILLOR T D BUTHELEZI DELIVERED TO THE MUNICIPAL COUNCIL FOR 2020/2021 ADJUSTMENT BUDGET IN THE COUNCIL CHAMBERS, QUEEN SILOMO BUILDING**

Honourable Speaker,  
Honourable Deputy Mayor,  
AmaKhosi aseNdlunkulu  
Councillors,  
Municipal Manager,  
Directors,  
Staff,  
Members of the Media and Public at the gallery,  
Ladies and Gentlemen

It is indeed a great honour for me, as we look towards the first year in this term of office, to present to you, the 2021/2022 and 2022/2023 2023/2024 multi-term budget. The Municipal Finance Management Act, No. 56 of 2003 continues to place enormous challenges to all of us as it aims to modernise budget and financial management practices by placing local government finances on a sustainable footing in order to maximise the capacity of municipalities to deliver services to all.

Zululand District Municipality, as a medium Capacity Municipality, is among those that complied with the Budget regulations and has been submitting multi-term budgets in an MSCOA format. Chapter 7 of the MFMA places major responsibilities on the Mayor.

Honourable Speaker, the ability to comply is one thing. Delivering services as per our mandate is what brought us to this institution. We cannot afford to fail on this mandate. As this government in office we have no liberty to point at the past, but to forge ahead. We acknowledge that we are coming from a very low base on all National key performance areas. At the core of this is the sustainability of the municipality. Key pillars to reverse this are strong leadership, financial stability, smart deliverables and compliance with laws and regulations. This budget is a step to that direction.

Water and sanitation are our main core functions. Bulk of the budget is directed to this. Sanitation is one area in which we have to push on the backlog. The majority of our households are either on a full flush waterborne or septic tank system. The rest of the households need to be provided with ventilated improved pit latrines (VIPs).

Eradication of poverty is one key area. In the midst of the covid-19 pandemic social relief initiatives are in the right steps to assist our communities deal with the loss of income some have suffered.

District health has received a boost this year by ensuring that the municipal health by-laws are in place. Resources will be made available to enforce these by-laws.

Major drivers of all these services are our staff. To assist and improve efficiency, work study and finalisation of job evaluation processes will be embarked upon. The working culture and ethical behaviour is an area of concern in the institution. Intervention and strict performance monitoring will be prioritised. These include consequence management.

Honourable Speaker, we all know that besides our staff helping us, outsourced duties remain our core duties. Technical consultants form a biggest component to this. Contract management is the only tool to ensure value for money on this front.

Having said all this let me now come to the core of our business for today.

Honourable Speaker, it is my pleasure to announce that there has been higher expenditure increases in water tankers and maintenance, which resulted in the need to increase 2020/2021 Adjustment budget with very scarce funding, we have received additional equitable share funding to subsidise the increase.

Honourable Speaker, there has been no adjustment in capital grants and transfers; the expectation is the 100% expenditure and commitment for all these capital grants. Procurement plans are part and parcel of the adjustment budget process.

Mr. Speaker, the MFMA requires that Service Delivery Budget Implementation Plans (SDBIPs) for each function be approved by the Mayor not later than 28 days after approval of the budget. These SDBIP's are linked to the performance agreements of all Section 57 employees which have to be signed. This further re-enforces the need to move towards implementing the Ward-based planning in future years.

Honourable Speaker, in conclusion I would like to take this opportunity to express my sincere thanks to the Municipal Manager, Heads of Departments and staff involved, for their dedication and commitment to this adjustment budget process which was not planned in terms of the approved budget time table.

Lastly, Honourable Speaker, I wish to state that this adjustment Budget Speech represents an executive summary of our Municipality's adjustment budget 2021/2022 Financial Year.

I thank you.

## **1.2 COUNCIL RESOLUTIONS**

The council resolves that:

2020/2021 adjustment budget be approved as set-out in the following tables:

Table B1 Budget Summary.

Table B2 Budgeted Financial Performance (revenue and expenditure by standard classification).

Table B3 Budgeted Financial Performance (revenue and expenditure by municipal vote).

Table B4 Budgeted Financial Performance (revenue and expenditure).

Table B5 Budgeted Capital expenditure by vote, standard classification and funding.

That the financial position, cash flow, cash backed reserve/accumulated surplus, asset management and basic delivery targets are adopted as set out in the following tables:

Table B6 Budgeted Financial Position.

Table B7 Budgeted Cash Flows

Table B8 Cash backed reserves/accumulated surplus reconciliation

Table B9 Asset Management

Table B10 Basic service delivery measurements

The comments on mid-year budget and performance assessment by provincial treasury be noted

The Quality Certificate be approved.



### 1.3 EXECUTIVE SUMMARY

#### MAIN BUDGET SUMMARY

The Summary of the budget is prepared in terms of the prescribed budget formats, detailing revenue by source type and expenditure type. The summary report indicates the following:

	ORIGINAL BUDGET2021/2022	ADJUSTMENT	ADJUSTED BUDGET	BUDGET YEAR 2022/2023	BUDGET YEAR 2023/2024
OPERATING REVENUE	602 842 000.00	511 124.00	603 353 124.00	635 423 150.00	649 920 909.00
CAPITAL GRANTS AND TRANSFERS	574 058 000.00	9 600 320.00	583 658 320.00	522 065 000.00	625 448 000.00
<b>TOTAL BUDGET REVENUE</b>	<b>1 176 900 000.00</b>	<b>10 111 444.00</b>	<b>1 187 011 444.00</b>	<b>1 157 488 150.00</b>	<b>1 275 368 909.00</b>
OPERATING EXPENDITURE	596 623 000.00	- 1 388 876.00	595 234 124.00	634 184 900.00	648 662 446.00
CONTRIBUTION TO CAPITAL	580 277 000.00	11 500 320.00	591 777 320.00	522 065 000.00	625 448 000.00
<b>TOTAL BUDGET EXPENDITURE</b>	<b>1 176 900 000.00</b>	<b>10 111 444.00</b>	<b>1 187 011 444.00</b>	<b>1 156 249 900.00</b>	<b>1 274 110 446.00</b>
CAPITAL EXPENDITURE - GRANTS AND TRANS	574 058 000.00	9 600 320.00	583 658 320.00	522 899 000.00	626 282 000.00
CAPITAL EXPENDITURE - INTERNAL FUNDED A	6 219 000.00	1 900 000.00	8 119 000.00	404 250.00	424 463.00
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>580 277 000.00</b>	<b>11 500 320.00</b>	<b>591 777 320.00</b>	<b>523 303 250.00</b>	<b>626 706 463.00</b>
<b>TOTAL BUDGET REVENUE</b>	<b>1 176 900 000.00</b>	<b>10 111 444.00</b>	<b>1 187 011 444.00</b>	<b>1 157 488 150.00</b>	<b>1 275 368 909.00</b>
<b>TOTAL BUDGET EXPENDITURE</b>	<b>1 176 900 000.00</b>	<b>10 111 444.00</b>	<b>1 187 011 444.00</b>	<b>1 157 488 150.00</b>	<b>1 275 368 909.00</b>
<b>SURPLUS/DEFICIT</b>	-	-	-	-	-

The Municipality is largely dependent on government grants for its operations and the small portion generated from service charges. The budget was identified as unfunded which means that the municipality should cut or decrease the budget so that the budget became funded. The municipality adjustment budget is highlighted below which show the increase of capital budget and decrease on operating budget.

The total budget has increased by R10.1 million (R10 111 444) from R1.176 9 billion (R1 176 900 000) to R1.187 billion (R1 187 011 444), the increase in the total budget is highlighted below.

#### Operating revenue Framework

Operating Revenue has increased by R511 thousand (R511 124) from R602.8 million (R602 842 000) to R603.3 million (R603 353 124), this increase is because of the following:

Tourism Strategy grant amounting to R 269 thousand (R 269 353.75) rolled over from 2020/2021 financial year has been added. Spatial Development Framework grant amounting to R242 thousand (R 241 769.93) rolled over from 2020/2021 financial year has also been added. Operating revenue Framework is explained in detail in section 1.4

## **Operating Expenditure Framework**

Operating expenditure has net decrease of R1.4 million (R1 388 876), from R596.6 million (R596 623 000) to R595.2 million (R595 234 124). This decrease is because of the following: There has been transfer of funds from operating expenditure to capital expenditure to fund statue.

Tourism Strategy grant amounting to R269 thousand (R269 353.75) rolled over from 2020/2021 financial year has been added to expenses. Spatial Development Framework grant amounting to R242 thousand (R241 769.93) rolled over from 2020/2021 financial year has been added to expenses.

There are no savings identified to fund expenses that demand more funding, the municipality will use the minimum that is available to fund operations to the point where all funds are fully used. Operating Expenditure Framework is also explained in detail in section 1.5.

## **Capital Expenditure and Funding**

Capital expenditure has increased by R11.5 million (R11 500 320) from R580.2 million (R580 277 000) to R591.7 million (R591 777 320), this increase is because of the following:

Kwamajomela Manufacturing grant amounting to R1.8 million (R1 779 320) rolled over from 2020/2021 financial year has been added. The municipality also received additional funding on Kwamajomela development grant, the amount received is R7 821 000. This is added to capital budget.

The amount transferred from operating budget to capital expenditure is R1.9 million (R1 900 0000)

Capital Expenditure and funding is explained in section 1.6

Recommendations and revised allocations as per Mid-year budget and performance assessment have been considered, where not considered, explanations on the relevant sections have been provided.

## 1.4 OPERATING REVENUE FRAMEWORK

Following Table is a high-level summary of the 2021/2022 Adjusted budget, indicated is the budgeted revenue by source.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	43 000	-	-	-	-	-	(814)	(814)	42 186	48 000	53 000
Service charges - sanitation revenue	2	11 000	-	-	-	-	-	1 305	1 305	12 305	12 000	14 000
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		210	-	-	-	-	-	(27)	(27)	183	221	232
Interest earned - external investments		6 000	-	-	-	-	-	-	-	6 000	6 000	6 000
Interest earned - outstanding debtors		85	-	-	-	-	-	-	-	85	89	94
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		638	-	-	-	-	-	(590)	(590)	48	670	703
Licences and permits		10	-	-	-	-	-	-	-	10	11	11
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		541 399	-	-	-	-	-	511	511	541 910	567 908	575 330
Other revenue	2	500	-	-	-	-	-	125	125	625	525	551
Gains		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>602 842</b>						<b>511</b>	<b>511</b>	<b>603 353</b>	<b>635 423</b>	<b>649 921</b>

The sources of funding are important to ensure that the budget is funded, and cash backed. Each line item on the face of financial performance is explained below:

### Service charges – Water revenue

This is the amounts billed on customers for water used, the year-to-date actual as at end of January is **R22.1 million**, which is below year-to-date budget of **R25 million**. A variance of **R2.9 million** or **12%** is observed.

As per midyear assessment recommendation, Water revenue billing will be adjusted since the Municipality has installed meters and majority of customers are billed on actual and not average. The Municipality is in the process of correcting the average billing to actual billing as there are new meters installed. Therefore, the revised budget will be **R42.3 million**.

### Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual as at end of January is **R7.1 million** which is above year to date budget of **R6.4 million**. A variance of **R702 thousand** or **11%** is observed.

As per midyear assessment recommendation, this overbilling is due to sewer access charged on businesses when they use more than 40kl of water per month. The adjustment will be made as we are in a process of correcting average billing with actual. The revised budget will be **R12.3 million**.

### **Rent of facilities**

Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual as at end of January is **R107 thousand** which is below year-to-date budget of **R123 thousand**. A variance of **R15 thousand** or **13%** is observed. the variance is material.

The original amount budgeted under this item included VAT portion, an adjustment is recommended to remove Vat portion and only include revenue under this item. Therefore, rental income has been adjusted to **R183 486**.

### **Interest on investment**

Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual as at end of January is **R2.1 million**, which is below year-to-date budget of **R3.5 million**. A variance of **R1.3 million** or **38%** is observed.

This is due to accelerated implementation of capital programmes which reduces period when cash is available for investment. The municipality ended midyear with the investment of R100 000 and we are expecting the interest. There are still transfers expected that will also add to our investment. Therefore, there will be no adjustment.

### **Interest earned - outstanding debtors**

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual as at end of January is **R67 thousand**, which is above to year-to-date budget of **R50 thousand**. variance of **R17 thousand** or **35%** is observed.

This is since most businesses did not settle their accounts on time, The municipality will implement stringent measures to ensure businesses pay on time.

The original budget for Interest earned - outstanding debtors is **R85 thousand**, based on the year-to-date actual of **R67 thousand**, no revised allocation is recommended since the Municipality will ensure businesses pay on time. a budget of R85 thousand will remain.

### **Fines, penalties, and forfeits**

Fines, penalties, and forfeits are mainly amounts charged on illegal connections. The year-to-date actual as at end of January is **R44 thousand**, the year-to-date budget is **R372 thousand**. A variance of **R328 thousand** or **88%** is observed.

This is due to the delay in the fines implementation programme that was supposed to start at the beginning of the financial year.

Based on the mid-year budget assessment recommendation, the municipality will reduce by **R590 thousand**.

### **Licenses and permits**

This amount is for health certificates issued, the year-to-date actual is **R0**, the year-to-date budget as at end of January is **R6 thousand**. A variance of **R6 thousand** or **100%** is observed but we are still hoping permit requests will still happen, therefore, no adjustment will be made.

### **Transfers and subsidies**

Transfers and subsidies (grants) include amounts gazetted as per Division of Revenue act (DoRA), 2020, Transfers and subsidies is revenue recognized as operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Transfers and subsidies (Grants) are recognised/recorded as revenue when condition has been met, except for equitable share, which is not a conditional grant.

KwaZulu Natal Provincial Gazette allocation have been considered and the carry over grants from KZN Departments have been considered and transfers and subsidies are adjusted with **R511 thousand**

Transfers and subsidies year to date actual as at end of January is **R417.9 million**, which is above year-to-date budget of **R315.8 million**. A variance of **R102.1 million** or **32%** is observed.

### **Other revenue**

Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual as at end of January is **R370 thousand**, which is above year-to-date budget of **R292 thousand**. A variance of **R78 thousand** or **27%** is observed. The other revenue will be adjusted to **R625 thousand**. As part of other revenue, we have skills development levy refund and sale of tender document.

## 1.5 OPERATING EXPENDITURE FRAMEWORK

Following Table is a high-level summary of the 2020/2021 Adjusted budget, indicated is the budgeted expenditure by source.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2022												
Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2022/23	+2 2023/24
		3	4	5	6	7	8	9	10			
R thousands	1	A	A1	B	C	D	E	F	G	H		
<b>Expenditure By Type</b>												
Employee related costs		255 269	-	-	-	-	-	500	500	255 769	264 617	277 978
Remuneration of councillors		8 537	-	-	-	-	-	-	-	8 537	8 964	9 412
Debt impairment		9 000	-	-	-	-	-	-	-	9 000	15 650	16 333
Depreciation & asset impairment		71 620	-	-	-	-	-	-	-	71 620	75 201	78 961
Finance charges		-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		24 194	-	-	-	-	-	(2 910)	(2 910)	21 285	25 383	26 630
Contracted services		139 336	-	-	-	-	-	6 921	6 921	146 257	161 230	152 067
Transfers and subsidies		11 950	-	-	-	-	-	(554)	(554)	11 396	3 623	3 804
Other expenditure		76 716	-	-	-	-	-	(5 346)	(5 346)	71 370	79 518	83 478
Losses		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>596 623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 389)</b>	<b>(1 389)</b>	<b>595 234</b>	<b>634 185</b>	<b>648 662</b>

Expenditure Classification is important in order to know the types of expenses the municipality incurs. Each line item on the face of financial performance will be explained.

### Employee Related Costs

Employee related costs year to date actual is **R149.5 million**, the year-to-date budget as at end of January is **R149.1 million**, a variance of **R405 thousand** or less than **1%** is observed.

### Remuneration of Councillors

Remuneration of Councillors year to date actual is **R5.2 million**, the year-to-date budget as at end of January is **R4.9 million**, a variance of **R227 thousand** or **5%** is observed. The municipality has considered the upper limits on payment of councillor's allowance budget. The adjustment of R500 000 was added.

### Debt impairment

This is the provision for doubtful debts because of non-collection. No provision for doubtful debts has been recorded, Assessment and provision for bad debts is done at year end. Debt impairment is the amount for provision for bad debts as per council policy. Provision for bad debts assessment and calculation is done at year end.

## Depreciation

This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual as at end of January is **R48.9 million**. The year-to-date budget is **R41.7 million**. A variance of **R7.1 million** or **17%** is observed. The municipality has considered the depreciation for the first half of the year. The budget for depreciation will not increase due to financial budget constraints.

## Bulk purchases

### Bulk purchases - electricity

The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity.

## Inventory Consumed

Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable stores (cleaning materials, stationery, water stock and materials and supplies), the year-to-date actual as at end of January is **R6.2 million**, the year-to-date budget is **R13.6 million**, a variance of **R7.4 million** or **54%** is observed. The municipality will not adjust because there is a probability that there may be some payments to DWS during the financial year. The municipality is currently confirming the correctness of readings from DWS invoices.

## Contracted services

Contracted services include Outsourced services, consultants and professional fees, and contractors. The year-to-date actual as at end of January is **R145.6 million** and the year-to-date budget is **R84.5 million**, a variance of **R61.1 million** or **72%** is observed.

Considering the above, the municipality has taken a decision to review all cost driving contracts, where possible limit scope of work done whilst maintaining service delivery. This process will help reduce cost so that the municipality spends within the limits of the budget.

Municipality has taken decision to stop any new contract and the issue of orders until the end of the financial year. Municipality will pay only existing SLA's and have reallocated budget from identified savings to cater for SLA's. therefore, contracted services are adjusted up.

## Transfers and subsidies paid

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual as at end of January is **R11 million**, the year-to-date budget is **R6.1 million**, a variance of **R4.9 million** or **79%** is observed.

The municipality has reallocated some of the budget from Transfers and subsidies paid to priority projects and maintain existing SLA's. some of the transfers were just once-off in the first half of the year and will never be incurred in the second half of the financial year, such as economic recovery fund, therefore no adjustment.

### Other expenditure

Other expenditure year to date actual is **R72.8 million**, the year-to-date budget as at end of January is **R42.4 million**, a variance of **R30.4 million** or **72%** is observed.

Considering the above, the municipality has taken a decision to limit non-priority projects and do away with expenditure items that do not impact service delivery. This will help reduce cost so that the municipality spends within the limits of the budget

Municipality's other expenditure is not expected to increase further due to initiative taken by municipality to suspend issuing of new orders, negotiating payment plans. No adjustment.

### Operating Surplus

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2022												
Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3	4	5	6	7	8	9	10		
		A1	B	C	D	E	F	G	H			
<b>Surplus/(Deficit)</b>		6 219	-	-	-	-	-	1 900	1 900	8 119	1 238	1 258
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		574 058	-	-	-	-	-	9 600	9 600	583 658	522 065	625 448
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)		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>		580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
Taxation												
<b>Surplus/(Deficit) after taxation</b>		580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
Attributable to minorities												
<b>Surplus/(Deficit) attributable to municipality</b>		580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
Share of surplus/ (deficit) of associate												
<b>Surplus/ (Deficit) for the year</b>		580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706

Table B4 indicates a budget surplus from operating of **R11.5 million** together with capital funding of **R583.6 million** from grants will be contributed to table B5 to fund the purchase of assets.



## 1.6 CAPITAL BUDGETING

Table B5 indicates budgeted capital Expenditure by Municipal Vote and standard classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.

DC26 Zululand - Table B5 Adjustments Capital Expenditure Budget by vote and funding -												
Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			5	6	7	8	9	10	11	12		
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Capital Expenditure - Functional												
Governance and administration		3 885	–	–	–	–	–	3 200	3 200	7 085	404	424
Executive and council		3 500	–	–	–	–	–	3 200	3 200	6 700	–	–
Finance and administration		385	–	–	–	–	–	–	–	385	404	424
Internal audit										–		
Community and public safety		834	–	–	–	–	–	–	–	834	834	834
Community and social services		834	–	–	–	–	–	–	–	834	834	834
Sport and recreation										–		
Public safety										–		
Housing										–		
Health										–		
Economic and environmental services		2 416	–	–	–	–	–	9 600	9 600	12 016	2 535	2 538
Planning and development		2 416	–	–	–	–	–	9 600	9 600	12 016	2 535	2 538
Road transport										–		
Environmental protection										–		
Trading services		573 142	–	–	–	–	–	(1 300)	(1 300)	571 842	519 530	622 910
Energy sources										–		
Water management		573 142	–	–	–	–	–	(1 300)	(1 300)	571 842	519 530	622 910
Waste water management		–	–	–	–	–	–	–	–	–	–	–
Waste management										–		
Other		–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	580 277	–	–	–	–	–	11 500	11 500	591 777	523 303	626 706
Funded by:												
National Government		574 058	–	–	–	–	–	–	–	574 058	522 065	625 448
Provincial Government		834	–	–	–	–	–	9 600	9 600	10 434	834	834
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	4	574 892	–	–	–	–	–	9 600	9 600	584 492	522 899	626 282
Borrowing										–		
Internally generated funds		5 385	–	–	–	–	–	1 900	1 900	7 285	404	424
Total Capital Funding		580 277	–	–	–	–	–	11 500	11 500	591 777	523 303	626 706

Capital budget is funded 99% by grants as per DORA, 1 % is from internally generated funds. Capital budget funding is as follows: Municipal Infrastructure Grant (MIG), Water Services Infrastructure Grant (WSIG), Regional Bulk Infrastructure Grant (RBIG), Kwamajomela Infrastructure Grant and internally generated funds.

## Capital Projects Summary

CAPITAL EXPENDITURE BY SOURCE	APPROVED BUDGET 2021/2022	ADJUSTED BUDGET 2021/2122
Grants	574 058 000	583 658 320
Other Assets	6 219 000	8 119 000
<b>Total Operating Expenditure</b>	<b>580 277 000</b>	<b>591 777 320</b>

## Projects to be Implemented as per Capital budget

2021/2022 CAPITAL GRANTS INC VAT AS PER CIRCULAR NO.58	APPROVED BUDGET	ADJUSTED BUDGET
Municipal Infrastructure Grant (MIG)	239 111 000	239 111 000
Regional Bulk Infrastructure (RBIG)	222 531 000	222 531 000
Water services infrastructure Grant (WSIG)	110 000 000	110 000 000
Rural Roads Asset Managemnt Systems Grant	2 416 000	2 416 000
KwaMajomela Manufacturing		9 600 320
<b>Total Capital Funding</b>	<b>574 058 000</b>	<b>583 658 320</b>

## Internally funded assets

Some of the projects have been reprioritized for future budget in order to keep the current budget running.

As part of the assets to be purchased in the financially using the internal source of funds includes:

- Computers R 273 450
  - Furniture R 111 550
  - Statue R 6 700 000
  - Honey sucker R 200 000
- R 7 285 000**

## Indonsa Grant funded

Equipment R 834 000

**Total Other Asset R 8 119 000**

## **1.7 ADJUSTED BUDGET TABLES**

The following part of budget presentation portrayed below focuses on budget tables as required in terms of regulation 9 of the Municipal Budget and Reporting Regulations. These tables clearly outline the municipality's 2021/2022 budget and MTREF as approved by the Council. Below each table there is a provision of clarification pertaining to what is depicted from the provided tables

**Table B1 - Budget Summary**

DC26 Zululand - Table B1 Adjustments Budget Summary - 28/02/2022

Description	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>	<b>A</b>	<b>A1</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>		
<b>Financial Performance</b>											
Property rates	–	–	–	–	–	–	–	–	–	–	–
Service charges	54 000	–	–	–	–	–	491	491	54 491	60 000	67 000
Investment revenue	6 000	–	–	–	–	–	–	–	6 000	6 000	6 000
Transfers recognised - operational	541 399	–	–	–	–	–	511	511	541 910	567 908	575 330
Other own revenue	1 443	–	–	–	–	–	(491)	(491)	952	1 515	1 591
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>602 842</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>511</b>	<b>511</b>	<b>603 353</b>	<b>635 423</b>	<b>649 921</b>
Employee costs	255 269	–	–	–	–	–	500	500	255 769	264 617	277 978
Remuneration of councillors	8 537	–	–	–	–	–	–	–	8 537	8 964	9 412
Depreciation & asset impairment	71 620	–	–	–	–	–	–	–	71 620	75 201	78 961
Finance charges	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed and bulk purchases	24 194	–	–	–	–	–	(2 910)	(2 910)	21 285	25 383	26 630
Transfers and grants	11 950	–	–	–	–	–	(554)	(554)	11 396	3 623	3 804
Other expenditure	225 053	–	–	–	–	–	1 575	1 575	226 627	256 398	251 877
<b>Total Expenditure</b>	<b>596 623</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1 389)</b>	<b>(1 389)</b>	<b>595 234</b>	<b>634 185</b>	<b>648 662</b>
<b>Surplus/(Deficit)</b>	<b>6 219</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 900</b>	<b>1 900</b>	<b>8 119</b>	<b>1 238</b>	<b>1 258</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	574 058	–	–	–	–	–	9 600	9 600	583 658	522 065	625 448
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)	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>580 277</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 500</b>	<b>11 500</b>	<b>591 777</b>	<b>523 303</b>	<b>626 706</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>580 277</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 500</b>	<b>11 500</b>	<b>591 777</b>	<b>523 303</b>	<b>626 706</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>580 277</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 500</b>	<b>11 500</b>	<b>591 777</b>	<b>523 303</b>	<b>626 706</b>
Transfers recognised - capital	574 892	–	–	–	–	–	9 600	9 600	584 492	522 899	626 282
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	5 385	–	–	–	–	–	1 900	1 900	7 285	404	424
<b>Total sources of capital funds</b>	<b>580 277</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11 500</b>	<b>11 500</b>	<b>591 777</b>	<b>523 303</b>	<b>626 706</b>
<b>Financial position</b>											
Total current assets	213 923	–	–	–	–	–	(50 082)	(50 082)	163 841	280 731	344 582
Total non current assets	5 150 898	–	–	–	–	–	(283 673)	(283 673)	4 867 225	5 478 724	6 043 166
Total current liabilities	185 415	–	–	–	–	–	52 149	52 149	237 564	185 510	185 614
Total non current liabilities	47 047	–	–	–	–	–	(12 894)	(12 894)	34 153	46 969	46 884
Community wealth/Equity	5 132 359	–	–	–	–	–	(373 030)	(373 030)	4 759 329	5 526 976	6 155 249
<b>Cash flows</b>											
Net cash from (used) operating	639 282	–	–	–	–	–	19 402	19 402	658 684	615 894	722 487
Net cash from (used) investing	(580 277)	–	–	–	–	–	(11 500)	(11 500)	(591 777)	(523 303)	(626 706)
Net cash from (used) financing	13	–	–	–	–	–	(13)	(13)	(0)	13	–
<b>Cash/cash equivalents at the year end</b>	<b>134 221</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(47 251)</b>	<b>(47 251)</b>	<b>86 971</b>	<b>226 815</b>	<b>297 200</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	134 211	–	–	–	–	–	(47 253)	(47 253)	86 957	201 419	270 569
Application of cash and investments	134 072	–	–	–	–	–	17 505	17 505	151 577	(547 626)	(438 367)
<b>Balance - surplus (shortfall)</b>	<b>139</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(64 758)</b>	<b>(64 758)</b>	<b>(64 619)</b>	<b>749 045</b>	<b>708 936</b>
<b>Asset Management</b>											
Asset register summary (WDV)	4 228 870	–	–	–	–	–	(236 415)	(236 415)	3 992 455	4 596 696	5 221 138
Depreciation	71 620	–	–	–	–	–	–	–	71 620	75 201	78 961
Renewal and Upgrading of Existing Assets	–	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	69 150	–	–	–	–	–	(8 667)	(8 667)	60 483	72 655	76 335
<b>Free services</b>											
Cost of Free Basic Services provided	3 000	–	–	–	–	–	–	–	3 000	3 000	3 000
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>											
Water:	–	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–	–

DC26 Zululand - Table B2 Adjustments Budget Financial Performance (functional classification) - 28/02/2022

Standard Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjus. 10	Total Adjus. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
<b>Revenue - Functional</b>												
<i>Governance and administration</i>		536 634	-	-	-	-	-	99	99	536 733	572 793	580 255
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		536 634	-	-	-	-	-	99	99	536 733	572 793	580 255
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 511	-	-	-	-	-	(590)	(590)	1 921	2 541	2 573
Community and social services		1 911	-	-	-	-	-	-	-	1 911	1 911	1 911
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		600	-	-	-	-	-	(590)	(590)	10	630	662
<i>Economic and environmental services</i>		2 416	-	-	-	-	-	9 600	9 600	12 016	2 535	2 538
Planning and development		2 416	-	-	-	-	-	9 600	9 600	12 016	2 535	2 538
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		635 339	-	-	-	-	-	491	491	635 830	579 619	690 004
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		624 339	-	-	-	-	-	(814)	(814)	623 525	567 619	676 004
Waste water management		11 000	-	-	-	-	-	1 305	1 305	12 305	12 000	14 000
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	511	511	511	-	-
<b>Total Revenue - Functional</b>	2	1 176 900	-	-	-	-	-	10 111	10 111	1 187 011	1 157 488	1 275 369
<b>Expenditure - Functional</b>												
<i>Governance and administration</i>		180 684	-	-	-	-	-	7 572	7 572	188 257	196 150	205 763
Executive and council		43 476	-	-	-	-	-	2 900	2 900	46 376	43 025	45 176
Finance and administration		137 208	-	-	-	-	-	4 672	4 672	141 880	153 125	160 588
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		24 007	-	-	-	-	-	(284)	(284)	23 723	25 154	26 357
Community and social services		12 000	-	-	-	-	-	104	104	12 104	12 547	13 120
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		12 007	-	-	-	-	-	(388)	(388)	11 619	12 607	13 237
<i>Economic and environmental services</i>		28 693	-	-	-	-	-	(1 795)	(1 795)	26 898	22 000	23 100
Planning and development		28 693	-	-	-	-	-	(1 795)	(1 795)	26 898	22 000	23 100
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		355 280	-	-	-	-	-	(7 089)	(7 089)	348 191	382 525	384 668
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		350 523	-	-	-	-	-	(7 089)	(7 089)	343 434	377 530	379 423
Waste water management		4 757	-	-	-	-	-	-	-	4 757	4 995	5 245
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		7 958	-	-	-	-	-	207	207	8 166	8 356	8 774
<b>Total Expenditure - Functional</b>	3	596 623	-	-	-	-	-	(1 389)	(1 389)	595 234	634 185	648 662
<b>Surplus/ (Deficit) for the year</b>		580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706

## MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional and the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4.

DC26 Zululand - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28/02/2022

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
<b>Revenue by Vote</b>	1											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	315	315	315	-	-
Vote 03 - Finance		536 634	-	-	-	-	-	(216)	(216)	536 418	572 793	580 255
Vote 04 - Community Development		2 511	-	-	-	-	-	9 521	9 521	12 032	2 541	2 573
Vote 05 - Planning & Wsa		583 670	-	-	-	-	-	-	-	583 670	522 065	625 448
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		43 085	-	-	-	-	-	(814)	(814)	42 271	48 089	53 094
Vote 09 - Waste Water		11 000	-	-	-	-	-	1 305	1 305	12 305	12 000	14 000
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	1 176 900	-	-	-	-	-	10 111	10 111	1 187 011	1 157 488	1 275 369
<b>Expenditure by Vote</b>	1											
Vote 01 - Council		43 476	-	-	-	-	-	2 900	2 900	46 376	43 025	45 176
Vote 02 - Corporate Services		81 077	-	-	-	-	-	459	459	81 537	83 672	87 855
Vote 03 - Finance		59 575	-	-	-	-	-	2 144	2 144	61 718	73 489	76 970
Vote 04 - Community Development		42 485	-	-	-	-	-	560	560	43 045	37 836	39 674
Vote 05 - Planning & Wsa		23 884	-	-	-	-	-	(363)	(363)	23 521	23 251	24 413
Vote 06 - Technical Services		2 549	-	-	-	-	-	100	100	2 649	2 677	2 811
Vote 07 - Water Purification		36 662	-	-	-	-	-	2 400	2 400	39 062	38 496	40 420
Vote 08 - Water Distribution		302 157	-	-	-	-	-	(9 589)	(9 589)	292 568	326 746	326 099
Vote 09 - Waste Water		4 757	-	-	-	-	-	-	-	4 757	4 995	5 245
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	596 623	-	-	-	-	-	(1 389)	(1 389)	595 234	634 185	648 662
<b>Surplus/ (Deficit) for the year</b>	2	580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706

## MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	43 000	-	-	-	-	-	(814)	(814)	42 186	48 000	53 000
Service charges - sanitation revenue	2	11 000	-	-	-	-	-	1 305	1 305	12 305	12 000	14 000
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		210	-	-	-	-	-	(27)	(27)	183	221	232
Interest earned - external investments		6 000	-	-	-	-	-	-	-	6 000	6 000	6 000
Interest earned - outstanding debtors		85	-	-	-	-	-	-	-	85	89	94
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		638	-	-	-	-	-	(590)	(590)	48	670	703
Licences and permits		10	-	-	-	-	-	-	-	10	11	11
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		541 399	-	-	-	-	-	511	511	541 910	567 908	575 330
Other revenue	2	500	-	-	-	-	-	125	125	625	525	551
Gains		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>602 842</b>	-	-	-	-	-	<b>511</b>	<b>511</b>	<b>603 353</b>	<b>635 423</b>	<b>649 921</b>
<b>Expenditure By Type</b>												
Employee related costs		255 269	-	-	-	-	-	500	500	255 769	264 617	277 978
Remuneration of councillors		8 537	-	-	-	-	-	-	-	8 537	8 964	9 412
Debt impairment		9 000	-	-	-	-	-	-	-	9 000	15 650	16 333
Depreciation & asset impairment		71 620	-	-	-	-	-	-	-	71 620	75 201	78 961
Finance charges		-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		24 194	-	-	-	-	-	(2 910)	(2 910)	21 285	25 383	26 630
Contracted services		139 336	-	-	-	-	-	6 921	6 921	146 257	161 230	152 067
Transfers and subsidies		11 950	-	-	-	-	-	(554)	(554)	11 396	3 623	3 804
Other expenditure		76 716	-	-	-	-	-	(5 346)	(5 346)	71 370	79 518	83 478
Losses		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>596 623</b>	-	-	-	-	-	<b>(1 389)</b>	<b>(1 389)</b>	<b>595 234</b>	<b>634 185</b>	<b>648 662</b>
<b>Surplus/(Deficit)</b>		<b>6 219</b>	-	-	-	-	-	<b>1 900</b>	<b>1 900</b>	<b>8 119</b>	<b>1 238</b>	<b>1 258</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		574 058	-	-	-	-	-	9 600	9 600	583 658	522 065	625 448
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)		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>		<b>580 277</b>	-	-	-	-	-	<b>11 500</b>	<b>11 500</b>	<b>591 777</b>	<b>523 303</b>	<b>626 706</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>580 277</b>	-	-	-	-	-	<b>11 500</b>	<b>11 500</b>	<b>591 777</b>	<b>523 303</b>	<b>626 706</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>580 277</b>	-	-	-	-	-	<b>11 500</b>	<b>11 500</b>	<b>591 777</b>	<b>523 303</b>	<b>626 706</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>580 277</b>	-	-	-	-	-	<b>11 500</b>	<b>11 500</b>	<b>591 777</b>	<b>523 303</b>	<b>626 706</b>

**MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)**

Table B4 indicates the budgeted revenue and expenditure by source, and the calculated surplus which will be used to fund Capital Expenditure on table B5.



DC26 Zululand - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget A	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>												
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	3	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be adjusted</b>	2											
Vote 01 - Council		3 500	-	-	-	-	-	3 200	3 200	6 700	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Finance		385	-	-	-	-	-	-	-	385	404	424
Vote 04 - Community Development		834	-	-	-	-	-	9 600	9 600	10 434	834	834
Vote 05 - Planning & Wsa		574 058	-	-	-	-	-	-	-	574 058	522 065	625 448
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		1 500	-	-	-	-	-	(1 300)	(1 300)	200	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
<b>Total Capital Expenditure - Vote</b>		580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		3 885	-	-	-	-	-	3 200	3 200	7 085	404	424
Executive and council		3 500	-	-	-	-	-	3 200	3 200	6 700	-	-
Finance and administration		385	-	-	-	-	-	-	-	385	404	424
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		834	-	-	-	-	-	-	-	834	834	834
Community and social services		834	-	-	-	-	-	-	-	834	834	834
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		2 416	-	-	-	-	-	9 600	9 600	12 016	2 535	2 538
Planning and development		2 416	-	-	-	-	-	9 600	9 600	12 016	2 535	2 538
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		573 142	-	-	-	-	-	(1 300)	(1 300)	571 842	519 530	622 910
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		573 142	-	-	-	-	-	(1 300)	(1 300)	571 842	519 530	622 910
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
<b>Funded by:</b>												
National Government		574 058	-	-	-	-	-	-	-	574 058	522 065	625 448
Provincial Government		834	-	-	-	-	-	9 600	9 600	10 434	834	834
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	574 892	-	-	-	-	-	9 600	9 600	584 492	522 899	626 282
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		5 385	-	-	-	-	-	1 900	1 900	7 285	404	424
<b>Total Capital Funding</b>		580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706

## MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Table B5 indicates budgeted capital Expenditure by Municipal Vote and standard classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.

DC26 Zululand - Table B6 Adjustments Budget Financial Position - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjus. 8 F	Total Adjus. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>												
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		134 211	-	-	-	-	-	(47 253)	(47 253)	86 957	201 419	270 569
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	37 620	-	-	-	-	-	4 860	4 860	42 480	34 020	31 420
Other debtors		37 768	-	-	-	-	-	(7 689)	(7 689)	30 079	40 968	38 268
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Inventory		4 324	-	-	-	-	-	-	-	4 324	4 324	4 324
<b>Total current assets</b>		<b>213 923</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50 082)</b>	<b>(50 082)</b>	<b>163 841</b>	<b>280 731</b>	<b>344 582</b>
<b>Non current assets</b>												
Long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	5 147 398	-	-	-	-	-	(286 893)	(286 893)	4 860 505	5 478 724	6 043 166
Biological		-	-	-	-	-	-	-	-	-	-	-
Intangible		-	-	-	-	-	-	20	20	20	-	-
Other non-current assets		3 500	-	-	-	-	-	3 200	3 200	6 700	-	-
<b>Total non current assets</b>		<b>5 150 898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(283 673)</b>	<b>(283 673)</b>	<b>4 867 225</b>	<b>5 478 724</b>	<b>6 043 166</b>
<b>TOTAL ASSETS</b>		<b>5 364 821</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(333 755)</b>	<b>(333 755)</b>	<b>5 031 066</b>	<b>5 759 455</b>	<b>6 387 748</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits		3 620	-	-	-	-	-	13	13	3 633	3 620	3 620
Trade and other payables		180 518	-	-	-	-	-	51 409	51 409	231 927	180 485	180 448
Provisions		1 278	-	-	-	-	-	726	726	2 004	1 406	1 546
<b>Total current liabilities</b>		<b>185 415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52 149</b>	<b>52 149</b>	<b>237 564</b>	<b>185 510</b>	<b>185 614</b>
<b>Non current liabilities</b>												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	47 047	-	-	-	-	-	(12 894)	(12 894)	34 153	46 969	46 884
<b>Total non current liabilities</b>		<b>47 047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 894)</b>	<b>(12 894)</b>	<b>34 153</b>	<b>46 969</b>	<b>46 884</b>
<b>TOTAL LIABILITIES</b>		<b>232 462</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39 255</b>	<b>39 255</b>	<b>271 717</b>	<b>232 479</b>	<b>232 498</b>
<b>NET ASSETS</b>	2	<b>5 132 359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(373 010)</b>	<b>(373 010)</b>	<b>4 759 349</b>	<b>5 526 976</b>	<b>6 155 249</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		5 132 359	-	-	-	-	-	(373 030)	(373 030)	4 759 329	5 526 976	6 155 249
Reserves		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>5 132 359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(373 030)</b>	<b>(373 030)</b>	<b>4 759 329</b>	<b>5 526 976</b>	<b>6 155 249</b>

## MBRR Table B6 - Budgeted Financial Position

Table A6 is consistent with international standards of good financial management practice and improves the understanding ability of councillors and management of the impact of the budget on the statement of financial position (balance sheet).

This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth.

Table SB2 is providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits.
- Cash & Overdraft
- Consumer debtors.
- Property, plant, and equipment.
- Trade and other payables.
- Provisions
- Debt impairment

The financial position determines whether the Municipality will be able to generate enough revenue from its assets to service its liabilities and maintain its operations. Below each line item on the face of financial position will be explained.

## **Current Assets**

### **Cash**

Cash at the end of the financial year is expected to be **R 86.9 million**. This represents a decrease of **R48 million** from **R134 million** as per original budget, this is because of a decrease in cash and cash equivalents at the beginning. Cash at the beginning was based on the 2020/2021 adjusted budget of **R75 million**. Cash at the beginning decreased by an amount of **R55 million** to an amount of **R20 million** based on the 2020/2021 audited AFS. The cash surplus is due to cash outflow relief from non-cash items such as depreciation and debt impairment.

### **Consumer debtors**

Consumer debtors include debtors from water and sanitation services, the expected balance at the end of the financial year is **R 42.3 million**

#### **Consumer debtors are calculated as follows:**

Opening balance (Actual June 2021 balance	R 153 484 733
Current year billing	R 57 019 241
Collection	(R 43 434 919)
Closing balance	R 166 862 677
Provision	(R 124 589 151)
Debtors Balance	<b>R 42 479 903</b>

## Other debtors

Other debtors consist of debtor other than consumer debtors, which include Security deposits, VAT Receivable, Prepayments, Overpayments, etc. The expected balance at the end of the financial year is **R 30 million**.

### Other debtors are calculated as follows:

VAT	R 4 400 000
Deposit made	R 16 296 203
Insurance Claims	R 80 488
Accrued Debtors	R 1 277 835
Third Party Refunds	R 4 710 623
UWIF	R 1 333 903
Over under Banking	R 8 180
Employee Salary Advances	R 25 255
Overpayments	R 794 423
Prepaid Payments	R 1 152 321
	<b>R 30 079 233</b>

## Inventory

The inventory is assumed to be **R 4.3 million** by the end of the financial year. Inventories consist of water stock and consumable stores.

Opening balance	R 4 324 358
Bulk water purchases	R 20 080 000
Bulk water Billed	R (20 080 000)
Consumable stores Acquisition	R 1 204 727
Consumable stores Issues	R (1 204 727)
<b>Closing balance</b>	<b>R 4 324 358</b>

## Non-Current Assets

### Long term receivables

The Municipality does not have long term receivables.

## Property plant and equipment

Property plant and equipment includes capital acquisition from table B5, and the carrying amount of all assets owned by the municipality, total expected balance at the end of the financial year is **R 4.8 billion**.

## Intangible

The intangible will be adjusted to **R20 thousand**.

## Current Liabilities

### Consumer deposits

Consumer deposits are deposit amounts of customers that have accounts with the municipality, the expected balance at the end of the financial year is **R 3.6 million**

### Trade and other payables

Trade and other payables are amounts owed by the municipality to service providers. Trade and other payables are based on the 20/21 audited Annual financial statements (AFS), creditors amount of **R210.3 million**. This large volume of creditors has a significant impact on the funding position of the Municipality.

Below is the breakdown of trade and other payables.

### Calculation of Trade and other payables are calculated as follows

Retention	R 44 167 770
Leave Accrual	R 17 991 112
Bonus	R 4 674 806
Creditors Control	R 132 494 186
DWS	R 8 400 000
Unallocated Deposits	R 130 817
Advance payments	R 2 497 886
<b>Closing balance as at 30 June 2022</b>	<b>R 210 356 577</b>

## Provisions

Current provisions have been removed since they are already included under Trade and other payables

## Accumulated surplus

Accumulated surplus is the net worth of the Municipality, sitting at **R 4.7 billion**

DC26 Zululand - Table B7 Adjustments Budget Cash Flows - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates									-	-		
Service charges		32 800	-	-	-	-	-	10 851	10 851	43 651	36 810	41 350
Other revenue		1 358	-	-	-	-	-	(491)	(491)	867	560 482	567 722
Transfers and Subsidies - Operational	1	541 399	-	-	-	-	-	-	-	541 399	8 852	9 105
Transfers and Subsidies - Capital	1	574 058	-	-	-	-	-	7 821	7 821	581 879	522 065	625 448
Interest		6 000	-	-	-	-	-	-	-	6 000	6 000	6 000
Dividends									-	-		
Payments												
Suppliers and employees		(516 333)	-	-	-	-	-	1 221	1 221	(515 112)	(518 315)	(527 138)
Finance charges									-	-		
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		639 282	-	-	-	-	-	19 402	19 402	658 684	615 894	722 487
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE									-	-		
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments									-	-		
Payments												
Capital assets		(580 277)	-	-	-	-	-	(11 500)	(11 500)	(591 777)	(523 303)	(626 706)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(580 277)	-	-	-	-	-	(11 500)	(11 500)	(591 777)	(523 303)	(626 706)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-		
Borrowing long term/refinancing									-	-		
Increase (decrease) in consumer deposits		13	-	-	-	-	-	(13)	(13)	(13)	13	-
Payments												
Repayment of borrowing									-	-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		13	-	-	-	-	-	(13)	(13)	(13)	13	-
NET INCREASE/ (DECREASE) IN CASH HELD		59 018	-	-	-	-	-	7 889	7 889	66 893	92 604	95 781
Cash/cash equivalents at the year begin:	2	75 203	-	-	-	-	-	(55 139)	(55 139)	20 064	134 211	201 419
Cash/cash equivalents at the year end:	2	134 221	-	-	-	-	-	(47 251)	(47 251)	86 957	226 815	297 200

## MBRR Table B7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

## Cashflow from Operating Activities

### Receipts

### Service charges

The **R 43.6 million** on service charges is based on the 80% collection rate, the collection rate is based on the year-to-date collection level.

The municipality will also take the following initiatives to boost collection rate:

- The municipality is not only collecting the current billing but also the debtors from previous financial years.
- The municipality has a revised revenue enhancement strategy
- The municipality has an external debt collector to assist with the collection
- Municipality has set a target to collect all debts from Government departments
- The installation of new meters will assist a lot because there will be customer confidence.
- Municipality have adopted the indigent policy, that will assist in determination of the indigent households. The indigent register is in progress

### **Transfers and subsidies – Operational**

Transfers and subsidies - Operational are expected to be received as per DoRA,

### **Transfers and subsidies – Capital**

Transfers and subsidies - Capital are expected to be received as per DORA. An adjustment of **R 7.8 million** for kwamajomela grant.

### **Interest**

Interest on investment of **R 6 million** is based on the trend and the investments and expected transfers to come, the interest includes interest on investments made and interest on bank balance.

### **Payments**

#### **Suppliers and employees**

The municipality is expecting to spend 100% of what has been budgeted on 2021-2022 Table B4 but excluding non-cash items such as depreciation and debt impairment. **R 515 million** will be paid.

#### **Transfers and grants paid**

Transfers and grants are expected to be 100% spent, these cash payment are included on suppliers and employees.

### **Cashflow from Investing activities**

#### **Payments**

## Capital Assets

The capital budget is expected to be 100% spent by the end of the financial year, **R 591.7 million**

## Cash and cash equivalents at the end

Cash and cash equivalents are expected to be **R 86.9 million** and this is what is available to apply on working capital on table A8

DC26 Zululand - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>												
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end	1	134 221	–	–	–	–	–	(47 251)	(47 251)	86 971	226 815	297 200
Other current investments > 90 days		(11)	–	–	–	–	–	(2)	(2)	(13)	(25 396)	(26 630)
Non current assets - investments	1	–	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>134 211</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(47 253)</b>	<b>(47 253)</b>	<b>86 957</b>	<b>201 419</b>	<b>270 569</b>
<b>Applications of cash and investments</b>												
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–	–
Unspent borrowing									–	–		
Statutory requirements									–	–		
Other working capital requirements	2	134 072	–	–	–	–	–	17 505	17 505	151 577	(547 626)	(438 367)
Other provisions									–	–		
Long term investments committed		–	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>		<b>134 072</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17 505</b>	<b>17 505</b>	<b>151 577</b>	<b>(547 626)</b>	<b>(438 367)</b>
<b>Surplus(shortfall)</b>		<b>139</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(64 758)</b>	<b>(64 758)</b>	<b>(64 619)</b>	<b>749 045</b>	<b>708 936</b>

## MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist

### Two key observations can be deduced from table B8

- Table B8 shows that the 2021/2022 Adjusted budget is **unfunded**.
- There is no cash surplus, and the Municipality finds itself moving into cash shortfall from a cash surplus of **R139 thousand** to a cash shortfall of **R64.7 million**.

### The causes of the unfunded position are discussed below.

- The cause of the unfunded position is that the municipality has a large volume of creditors accumulated from previous financial years. Trade and other payables have increased by **R51 million** from **R180 million** to **R231 million**



- The following opening balances under trade and other payables have increased affecting the net movement of working capital.
  - Accrued Output VAT (VAT on billing) was not initially budgeted from **R0** to **R22 million**
  - Bonus provision increased from **R4.1 million** to **R4.6 million**
  - Leave provision increased from **R14.1 million** to **R17.9 million**
  - Trade Creditors increased from **R129 million** to **132 million**
  - Retention increased from **R22 million** to **R44 million**
- Cash at the beginning has decreased by **R55 million** which was based on the 2020/2021 adjustment budget.

**Corrective steps and remedial actions taken by the municipality.**

- The Municipality has revised a Budget funding plan showing an improving funding position starting from 2022/2023 budget year, the budget funding plan has been tabled and adopted by council. Which include
  - Utilisation of VAT refunds from capital grants

DC26 Zululand - Table B9 Asset Management - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget A	Prior Adjusted 7 A1	Accum. Funds 8 B	Multi-year capital 9 C	Unfore. Unavoid. 10 D	Nat. or Prov. Govt 11 E	Other Adjus. 12 F	Total Adjus. 13 G	Adjusted Budget 14 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>		A	A1	B	C	D	E	F	G	H		
<b>CAPITAL EXPENDITURE</b>												
<b>Total New Assets to be adjusted</b>	1	580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
Roads Infrastructure		2 416	-	-	-	-	-	-	-	2 416	2 535	2 538
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		534 655	-	-	-	-	-	-	-	534 655	519 530	622 910
Sanitation Infrastructure		36 987	-	-	-	-	-	-	-	36 987	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		574 058	-	-	-	-	-	-	-	574 058	522 065	625 448
Community Facilities		-	-	-	-	-	-	9 600	9 600	9 600	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	9 600	9 600	9 600	-	-
Heritage Assets		3 500	-	-	-	-	-	3 200	3 200	6 700	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	20	20	20	-	-
Intangible Assets		-	-	-	-	-	-	20	20	20	-	-
Computer Equipment		135	-	-	-	-	-	138	138	273	142	149
Furniture and Office Equipment		250	-	-	-	-	-	(138)	(138)	112	263	276
Machinery and Equipment		2 334	-	-	-	-	-	(1 320)	(1 320)	1 014	834	834
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets to be adjusted</b>	2	-	-	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-

DC26 Zululand - Table B9 Asset Management - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
R thousands												
Total Upgrading of Existing Assets to be adjusted	2a	-	-	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
Roads Infrastructure		2 416	-	-	-	-	-	-	-	2 416	2 535	2 538
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		534 655	-	-	-	-	-	-	-	534 655	519 530	622 910
Sanitation Infrastructure		36 987	-	-	-	-	-	-	-	36 987	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		574 058	-	-	-	-	-	-	-	574 058	522 065	625 448
Community Facilities		-	-	-	-	-	-	9 600	9 600	9 600	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	9 600	9 600	9 600	-	-
Heritage Assets		3 500	-	-	-	-	-	3 200	3 200	6 700	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	20	20	20	-	-
Intangible Assets		-	-	-	-	-	-	20	20	20	-	-
Computer Equipment		135	-	-	-	-	-	138	138	273	142	149
Furniture and Office Equipment		250	-	-	-	-	-	(138)	(138)	112	263	276
Machinery and Equipment		2 334	-	-	-	-	-	(1 320)	(1 320)	1 014	834	834
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	4	580 277	-	-	-	-	-	11 500	11 500	591 777	523 303	626 706
ASSET REGISTER SUMMARY - PPE (WDV)	5	4 228 870	-	-	-	-	-	(236 415)	(236 415)	3 992 455	4 596 696	5 221 138
Roads Infrastructure		2 416	-	-	-	-	-	-	-	2 416	2 535	2 538
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		4 130 652	-	-	-	-	-	(246 526)	(246 526)	3 884 126	4 546 469	5 177 338
Sanitation Infrastructure		36 987	-	-	-	-	-	-	-	36 987	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		4 170 055	-	-	-	-	-	(246 526)	(246 526)	3 923 529	4 549 004	5 179 876
Community Assets		36 839	-	-	-	-	-	4 498	4 498	41 337	34 654	32 360
Heritage Assets		3 500	-	-	-	-	-	3 200	3 200	6 700	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	20	20	20	-	-
Computer Equipment		268	-	-	-	-	-	978	978	1 246	(791)	(1 903)
Furniture and Office Equipment		(2 102)	-	-	-	-	-	473	473	(1 629)	(2 681)	(3 288)
Machinery and Equipment		6 205	-	-	-	-	-	(574)	(574)	5 630	4 362	4 003
Transport Assets		14 105	-	-	-	-	-	1 516	1 516	15 622	12 147	10 091
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	4 228 870	-	-	-	-	-	(236 415)	(236 415)	3 992 455	4 596 696	5 221 138

DC26 Zululand - Table B9 Asset Management - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
<b>R thousands</b>		A	A1	B	C	D	E	F	G	H		
<b>EXPENDITURE OTHER ITEMS</b>												
Depreciation & asset impairment		71 620	–	–	–	–	–	–	–	71 620	75 201	78 961
Repairs and Maintenance by asset class	3	69 150	–	–	–	–	–	(8 667)	(8 667)	60 483	72 655	76 335
Roads Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		64 950	–	–	–	–	–	(8 068)	(8 068)	56 882	68 250	71 715
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Infrastructure		64 950	–	–	–	–	–	(8 068)	(8 068)	56 882	68 250	71 715
Community Facilities		–	–	–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–	–	–
Operational Buildings		2 000	–	–	–	–	–	(103)	(103)	1 897	2 100	2 205
Housing		–	–	–	–	–	–	–	–	–	–	–
Other Assets		2 000	–	–	–	–	–	(103)	(103)	1 897	2 100	2 205
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–	–	–
Computer Equipment		100	–	–	–	–	–	(50)	(50)	50	105	110
Furniture and Office Equipment		100	–	–	–	–	–	(100)	(100)	–	100	100
Machinery and Equipment		–	–	–	–	–	–	–	–	–	–	–
Transport Assets		2 000	–	–	–	–	–	(346)	(346)	1 654	2 100	2 205
Land		–	–	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	6	–	–	–	–	–	–	–	–	–	–	–
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>		<b>140 770</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(8 667)</b>	<b>(8 667)</b>	<b>132 102</b>	<b>147 856</b>	<b>155 296</b>
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%							0.0%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	0.0%							0.0%	0.0%	0.0%
R&M as a % of PPE		1.6%	0.0%							1.5%	1.6%	1.5%
Renewal and upgrading and R&M as a % of PPE		1.6%	0.0%							1.5%	1.6%	1.5%

## MBRR Table B9 - Asset Management

Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE

The infrastructure is funded solely by grants such as MIG, RBIG and WISG, most portions is spent on water provision. The municipal budget for repairs and maintenance is not 8% of PPE, funding is very limited; at the moment there is nothing the municipality can do to fund the budget.

DC26 Zululand - Table B10 Basic service delivery measurement - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
<b>Household service targets</b>	1											
<b>Water:</b>												
Piped water inside dwelling		0	0	0	0	0	0	0	-	-	0	0
Piped water inside yard (but not in dwelling)		0	0	0	0	0	0	0	-	-	0	0
Using public tap (at least min.service level)	2											
Other water supply (at least min.service level)		7267	0	0	0	0	0	0	-	7	8	8
Minimum Service Level and Above sub-total		7	-	-	-	-	-	-	-	7	8	8
Using public tap (< min.service level)	3											
Other water supply (< min.service level)	3,4	0	0	0	0	0	0	0	-	-	0	0
No water supply												
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	7	-	-	-	-	-	-	-	7	8	8
<b>Sanitation/sewerage:</b>												
Flush toilet (connected to sewerage)									-	-		
Flush toilet (with septic tank)									-	-		
Chemical toilet									-	-		
Pit toilet (ventilated)									-	-		
Other toilet provisions (> min.service level)		0	0	0	0	0	0	0	-	-	0	0
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet									-	-		
Other toilet provisions (< min.service level)									-	-		
No toilet provisions									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-	-	-
<b>Energy:</b>												
Electricity (at least min. service level)									-	-		
Electricity - prepaid (> min.service level)									-	-		
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>												
Removed at least once a week (min.service)									-	-		
Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week									-	-		
Using communal refuse dump									-	-		
Using own refuse dump									-	-		
Other rubbish disposal									-	-		
No rubbish disposal									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	15											
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided (R'000)</b>	16											
Water (6 kilolitres per indigent household per month)		3 000	-	-	-	-	-	-	-	3 000	3 000	3 000
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		3 000	-	-	-	-	-	-	-	3 000	3 000	3 000
<b>Highest level of free service provided</b>												
Property rates (R'000 value threshold)									-	-		
Water (kilolitres per household per month)									-	-		
Sanitation (kilolitres per household per month)									-	-		
Sanitation (Rand per household per month)									-	-		
Electricity (kw per household per month)									-	-		
Refuse (average litres per week)									-	-		
<b>Revenue cost of free services provided (R'000)</b>	17											
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)									-	-		
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		-	-	-	-	-	-	-	-	-	-	-

## **B10 Basic service delivery measurement**

More details are provided in Table B10 Basic service delivery measurement.

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The information in the B10 is provided or taken from the municipality WSDP for 2020/2021. The Zululand district municipality is operating in the area that is dominated by rural areas, most households seem to be indigent as we are in the process of updating the register, the households that are getting billed are people from small urban areas, so the number of households with access to water will increase but not correlating with the increase in service charges. The municipality still stand with the target that was outlined in approved budget.

## PART 2 – SUPPORTING DOCUMENTS

### 2.1 ADJUSTMENTS TO BUDGET ASSUMPTIONS

The adjustment to the budget assumptions is driven by performance against approved budget. There are movements and adjustments made to operating budget and capital budget. The municipality decided to approach the budget in the way that is cost saving and avoid unnecessary expenditure and prioritise service delivery programs.

### 2.2 ADJUSTMENTS TO BUDGET FUNDING

The funding of the adjustment budget is structured as following

<b>2021/2022 OPERATING REVENUE</b>	<b>APPROVED BUDGET</b>	<b>ADJUSTMENT</b>	<b>ADJUSTED BUDGET</b>
Transfers and subsidies	541 399 000	511 124	541 910 124
Other Revenue	500 000	125 489	625 489
Service charges - water & sanitation revenue	54 000 000	491 025	54 491 025
Rental of facilities and equipment	210 000	- 26 514	183 486
Interest earned - external & investments	6 000 000	-	6 000 000
Fines and Penalties, forfeits: Collection	638 000	- 590 000	48 000
Licences and permits	10 000	-	10 000
Interest on Outstanding Debtors	85 000	-	85 000
<b>Total Operating Revenue excl. Capital Transfers</b>	<b>602 842 000</b>	<b>511 124</b>	<b>603 353 124</b>

<b>2021/2022 CAPITAL FUNDING</b>	<b>APPROVED BUDGET</b>	<b>ADJUSTMENT</b>	<b>ADJUSTED BUDGET</b>
Municipal Infrastructure Grant (MIG)	239 111 000	-	239 111 000
Regional Bulk Infrastructure (RBIG)	222 531 000	-	222 531 000
Water services infrastructure Grant (WSIG)	110 000 000	-	110 000 000
Rural Roads Asset Managemnt Systems Grant	2 416 000	-	2 416 000
KwaMajomela Manufacturing		9 600 320	9 600 320
Indonsa Grant	834 000	-	834 000
Internally generated funding	5 385 000	1 900 000	7 285 000
<b>Total Capital Funding</b>	<b>580 277 000</b>	<b>11 500 320</b>	<b>591 777 320</b>

The way that the budget is funded will ensure that the municipality will be sustainable on the short term.

## **Planned savings and efficiencies**

The following areas were identified for possible savings after the efficiency of the usage of the assets/services has been evaluated:

Telephone costs

Overtime

Non-priority projects

## **Investments**

Short-term investments are anticipated to take place during the financial year, but no investment is projected at year-end of the budget financial year.

### **2.3 ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES**

There have been amendments to grants allocation as per provincial gazette allocation. The expectation is that the remaining balance on all grant's allocation will be exhausted at the end of the year.

Budgeted allocations and grants

Please refer to Supporting Table SB8: Expenditure on transfers and grant programme.



DC26 Zululand - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28/02/2022

Description	Ref	Budget Year 2021/22							Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F		
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		514 926	–	–	–	(1 937)	(1 937)	512 990	542 257	552 292
Local Government Equitable Share										
Equitable Share		500 083	–	–	–	(1 937)	(1 937)	498 147	535 316	545 098
Expanded Public Works Programme Integrated Grant		9 612	–	–	–	–	–	9 612	–	–
Local Government Financial Management Grant		1 200	–	–	–	–	–	1 200	1 200	1 200
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant		4 031	–	–	–	–	–	4 031	5 741	5 994
Rural Road Asset Management Systems Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		–	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>		1 077	–	–	–	548	548	1 625	1 077	1 077
Art Centres Subsidies		–	–	–	–	–	–	–	–	–
Capacity Building and Other Grants		1 077	–	–	–	548	548	1 625	1 077	1 077
Development Planning and Shared Services		–	–	–	–	–	–	–	–	–
Environmental Grant		–	–	–	–	–	–	–	–	–
Tourism Events		–	–	–	–	–	–	–	–	–
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
<i>KwazuluNatal Provincial Planning and Development Commission</i>		–	–	–	–	–	–	–	–	–
<b>Total operating expenditure of Transfers and Grants:</b>		516 003	–	–	–	(1 389)	(1 389)	514 614	543 334	553 369
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		574 058	–	–	–	–	–	574 058	522 065	625 448
Local Government Financial Management Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		239 111	–	–	–	–	–	239 111	259 530	271 718
Regional Bulk Infrastructure Grant		222 531	–	–	–	–	–	222 531	140 000	215 312
Rural Road Asset Management Systems Grant		2 416	–	–	–	–	–	2 416	2 535	2 538
Water Services Infrastructure Grant		110 000	–	–	–	–	–	110 000	120 000	135 880
<b>Provincial Government:</b>		834	–	–	–	9 600	9 600	10 434	834	834
Infrastructure Grant		834	–	–	–	9 600	9 600	10 434	834	834
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
<b>Total capital expenditure of Transfers and Grants</b>		574 892	–	–	–	9 600	9 600	584 492	522 899	626 282
<b>Total capital expenditure of Transfers and Grants</b>		1 090 895	–	–	–	8 211	8 211	1 099 107	1 066 233	1 179 651

## 2.4 ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

Please refer to Supporting Table SB10 Transfers and grants made by the municipality.

The Municipality subsidises households and business through its relief programme

DC26 Zululand - Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality - 28/02/2022

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total Adjusts.	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.		Budget	Budget	Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Cash transfers to other municipalities												
Dm Kzn: Zululand - Planning &Dev	1	-	-	-	-	-	-	-	-	-	-	-
Dm Kzn: Zululand - Planning &Dev		-	-	-	-	-	-	-	-	-	-	-
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to Entities/Other External Mechanisms												
	2								-	-		
									-	-		
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to other Organs of State												
	3								-	-		
									-	-		
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to other Organisations												
	4								-	-		
									-	-		
TOTAL CASH TRANSFERS TO OTHER ORGANISATIONS:		-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS	5	-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other municipalities												
	1								-	-		
									-	-		
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to Entities/Other External Mechanisms												
	2								-	-		
									-	-		
TOTAL ALLOCATIONS TO ENTITIES/EMs'		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other Organs of State												
	3								-	-		
									-	-		
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other Organisations												
Ts_O_Ik_Np Ins_Unspecified	4	-	-	-	-	-	-	-	-	-	-	-
Non Prof: Unspecified		-	-	-	-	-	-	-	-	-	-	-
Ts_O_Ik_Np Ins_Unspecified		9 450	-	-	-	-	-	(367)	(367)	9 083	3 623	3 804
TOTAL NON-CASH TRANSFERS TO OTHER ORGANISATIONS:		9 450	-	-	-	-	-	(367)	(367)	9 083	3 623	3 804
TOTAL NON-CASH TRANSFERS	5	9 450	-	-	-	-	-	(367)	(367)	9 083	3 623	3 804
TOTAL TRANSFERS		9 450	-	-	-	-	-	(367)	(367)	9 083	3 623	3 804

## 2.5 ADJUSTMENTS TO COUNCILLORS ALLOWANCE AND EMPLOYEE BENEFITS

No adjustment budgets on the salaries and allowances of municipal staff and councillors.

Please refer to Supporting Table SB 11 Councillors Allowances, Senior Managers, and all employees.

DC26 Zululand - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28/02/2022

Summary of remuneration	Ref	Budget Year 2021/22									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
<b>Councillors (Political Office Bearers plus Other)</b>											
Basic Salaries and Wages		-	-			-		-	-	-	
Pension and UIF Contributions		416	-			-		-	-	416	0.0%
Medical Aid Contributions		206	-			-		-	-	206	0.0%
Motor Vehicle Allowance		1 867	-			-		-	-	1 867	0.0%
Cellphone Allowance		694	-			-		-	-	694	
Housing Allowances		-	-			-		-	-	-	
Other benefits and allowances		5 355	-			-		-	-	5 355	
<b>Sub Total - Councillors</b>		<b>8 537</b>	-			-		-	-	<b>8 537</b>	<b>0.0%</b>
<b>% increase</b>			(0)							-	
<b>Senior Managers of the Municipality</b>											
Basic Salaries and Wages		6 570	-	-		-		-	-	6 570	0.0%
Pension and UIF Contributions		66	-	-		-		-	-	66	0.0%
Medical Aid Contributions		57	-	-		-		-	-	57	0.0%
Overtime		-	-	-		-		-	-	-	
Performance Bonus		-	-	-		-		-	-	-	
Motor Vehicle Allowance		1 592	-	-		-		-	-	1 592	0.0%
Cellphone Allowance		71	-	-		-		-	-	71	0.0%
Housing Allowances		-	-	-		-		-	-	-	
Other benefits and allowances		215	-	-		-		-	-	215	
Payments in lieu of leave		-	-	-		-		-	-	-	
Long service awards		-	-	-		-		-	-	-	
Post-retirement benefit obligations		-	-	-		-		-	-	-	
<b>Sub Total - Senior Managers of Municipality</b>	5	<b>8 571</b>	-	-		-		-	-	<b>8 571</b>	<b>0.0%</b>
<b>% increase</b>			(0)							-	
<b>Other Municipal Staff</b>											
Basic Salaries and Wages		175 275	-	-	-	-	-	500	500	175 775	0.3%
Pension and UIF Contributions		22 634	-	-	-	-	-	-	-	22 634	0.0%
Medical Aid Contributions		13 569	-	-	-	-	-	-	-	13 569	0.0%
Overtime		1 130	-	-	-	-	-	-	-	1 130	0.0%
Performance Bonus		11 670	-	-	-	-	-	-	-	11 670	
Motor Vehicle Allowance		7 578	-	-	-	-	-	-	-	7 578	0.0%
Cellphone Allowance		706	-	-	-	-	-	-	-	706	0.0%
Housing Allowances		1 256	-	-	-	-	-	-	-	1 256	
Other benefits and allowances		11 781	-	-	-	-	-	-	-	11 781	
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	
Long service awards		-	-	-	-	-	-	-	-	-	
Post-retirement benefit obligations	5	1 100	-	-	-	-	-	-	-	1 100	0.0%
<b>Sub Total - Other Municipal Staff</b>		<b>246 698</b>	-	-	-	-	-	<b>500</b>	<b>500</b>	<b>247 198</b>	<b>0.2%</b>
<b>% increase</b>											
<b>Total Parent Municipality</b>		<b>263 807</b>	-	-	-	-	-	<b>500</b>	<b>500</b>	<b>264 307</b>	<b>0.2%</b>

DC26 Zululand - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28/02/2022

Summary of remuneration	Ref	Budget Year 2021/22									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5	6	7	8	9	10	11	12	
		A1	B	C	D	E	F	G	H		
<b>Board Members of Entities</b>											
Basic Salaries and Wages									-	-	
Pension and UIF Contributions									-	-	
Medical Aid Contributions									-	-	
Overtime									-	-	
Performance Bonus									-	-	
Motor Vehicle Allowance									-	-	
Cellphone Allowance									-	-	
Housing Allowances									-	-	
Other benefits and allowances									-	-	
Board Fees									-	-	
Payments in lieu of leave									-	-	
Long service awards									-	-	
Post-retirement benefit obligations	5								-	-	
<b>Sub Total - Board Members of Entities</b>		-	-	-	-	-	-	-	-	-	
<b>% increase</b>											
<b>Senior Managers of Entities</b>											
Basic Salaries and Wages									-	-	
Pension and UIF Contributions									-	-	
Medical Aid Contributions									-	-	
Overtime									-	-	
Performance Bonus									-	-	
Motor Vehicle Allowance									-	-	
Cellphone Allowance									-	-	
Housing Allowances									-	-	
Other benefits and allowances									-	-	
Payments in lieu of leave									-	-	
Long service awards									-	-	
Post-retirement benefit obligations	5								-	-	
<b>Sub Total - Senior Managers of Entities</b>		-	-	-	-	-	-	-	-	-	
<b>% increase</b>											
<b>Other Staff of Entities</b>											
Basic Salaries and Wages									-	-	
Pension and UIF Contributions									-	-	
Medical Aid Contributions									-	-	
Overtime									-	-	
Performance Bonus									-	-	
Motor Vehicle Allowance									-	-	
Cellphone Allowance									-	-	
Housing Allowances									-	-	
Other benefits and allowances									-	-	
Payments in lieu of leave									-	-	
Long service awards									-	-	
Post-retirement benefit obligations	5								-	-	
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-	
<b>% increase</b>											
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-	
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		263 807	-	-	-	-	-	500	500	264 307	0.2%
<b>% increase</b>											
<b>TOTAL MANAGERS AND STAFF</b>		255 269	-	-	-	-	-	500	500	255 769	0.2%

## 2.6 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

There are adjustments towards service delivery and budget implementation, since the budget has increased with **R10.1 million**, the targets are revised, and key performances indicators have been amended accordingly.

## 2.7 ADJUSTMENTS TO CAPITAL EXPENDITURE

There has been a measure decrease in the capital budget, resulting from receipts of revised allocation by provincial gazette and revised DORA. The adjustments are as following:

2021/2022 CAPITAL EXPENDITURE	APPROVED BUDGET	ADJUSTMENT	SECOND ADJUSTED BUDGET
Municipal Infrastructure Grant (MIG)	239 111 000	-	239 111 000
Regional Bulk Infrastructure (RBIG)	222 531 000	-	222 531 000
Water services infrastructure Grant (WSIG)	110 000 000	-	110 000 000
Rural Roads Asset Managemnt Systems Grant	2 416 000	-	2 416 000
KwaMajomela Manufacturing		9 600 320	9 600 320
Indonsa Grant	834 000	-	834 000
Internally generated funding	5 385 000	1 900 000	7 285 000
<b>Total Capital Funding</b>	<b>580 277 000</b>	<b>11 500 320</b>	<b>591 777 320</b>

Please refer to Supporting Table SB 18 capital expenditure on new assets by asset class

## 2.8 OTHER SUPPORTING DOCUMENTS

MSCOA BUDGETING AND REPORTING REQUIREMENTS AND CHALLENGES; MSCOA MODULES, IMPLEMENTED AND IN USE BY THE MUNICIPALITY

The municipal budget has been prepared as per mSCOA regulations, the municipality is transacting in an mSCOA environment, the Municipality transacts in all seven mSCOA segments, except for costing segment which is currently default as per National treasury current recommendation since it has not been fully flagged or rolled out.

The Municipal budget is prepared directly from the financial system through the mSCOA budget module. All schedules are generated directly from the financial system.

The municipality can generate data strings directly from the financial system. Data strings are submitted/uploaded on the portal monthly within 10 working days in compliance with MFMA S71.

The municipality is keeping up to date with all mSCOA updates through circulars issued by treasury.

On-going challenges experienced by the municipality amongst others include certain line items not being available in the mSCOA chart to accommodate all possible transaction the municipality might incur. With new mSCOA chart versions issued annually the municipality hopes this challenge will be resolved.

Using of movement accounts for cashflow population has not fully been sorted.

Alignment of cash flow on table C7 is still a challenge to the Municipality, populating Schedule A and B does not have an alignment problem, but schedule C has an alignment problem. The Municipality is of the view that since monthly data strings and schedule C are both generated from one financial system there should be perfect alignment. In the process to resolve this challenge, we identified that the challenge is not the mapping on table C7 but the transacting on the financial system, some transactions are not aligned with the treasury recommended movement accounting. Consultations with the system provider are underway to resolve this challenge.

The mSCOA circular, circular no.11 issued on 04 December 2020 addresses some of the challenges identified, such as on table C7 the duplication of capital asset payments, capital asset payments not including VAT.

#### CASHFLOW BUDGETING AND TRANSACTING REQUIREMENTS

Guidelines issued by treasury were taken to consideration and system vendor provided a guideline based on treasury guidelines on how to budget/transact on the financial system for mSCOA compliance purposes.

The municipality complied with movement accounting for cashflow purposes in the Original and adjusted budget.

At the beginning of the financial year the municipality experienced challenges when it came to movement accounting actual transacting. The municipality identified shortcomings and they are being resolved.

## MSCOA ROADMAP IN TERMS OF CIRCULAR NO.98

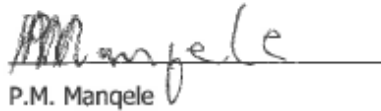
MFMA circular no.98 indicate the following: all municipalities should:

- Have acquired, upgraded, and maintain the hardware, software and licences required to be and remain mSCOA compliant.
- Budget, transact and report on all seven (7) legislated mSCOA segments and directly on the core financial system and submit the required data strings directly from this system to the Local Government Portal.
- Lock down the budget adopted by Council on the core municipal financial system before submitting the budget (ORGB) data string to the local government portal.
- Closed the core financial system at month-end as required in terms of the MFMA before submitting the monthly data string to the local government portal.
- Generate regulated Schedules (A, B, C) directly from the core municipal financial systems.

The municipality has/is complying with all the above requirements

## 2.9 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, **P.M. Manqele**, Municipal Manager of Zululand District Municipality, hereby certify that the Adjustment Budget has been prepared in accordance with the Municipal Finance Management Act, and the regulations made under the Act.



P.M. Manqele

Municipal Manager

Zululand District Municipality (DC26)

Date: 25/02/2022