

# **ZULULAND DISTRICT MUNICIPALITY**



## **MONTHLY BUDGET STATEMENT AND SUPPORTING DOCUMENTATION FOR PERIOD ENDED**

**31 AUGUST 2022**

**MFMA S71 REPORT**

**2022/2023 FINANCIAL YEAR**

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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 – IN-YEAR REPORT

### 1.1. MAYORS REPORT

To be attached

### 1.2. COUNCIL RESOLUTION

The Monthly budget statement review be noted.

### 1.3. EXECUTIVE SUMMARY

#### BUDGET PERFORMANCE ANALYSIS

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

##### Summary Statement of Financial Performance

	APPROVED BUDGET	YTD ACTUAL
Total Revenue By Source (Excluding Capital Transfers)	688 934 986	242 117 830
Total Operating Expenditure	626 160 559	94 476 238
<b>Surplus/(Deficit)</b>	<b>62 774 427</b>	<b>147 641 592</b>

#### Operating Revenue Performance

Total operating revenue generated by the Municipality as at **31 August 2022** is **R242.1 million** which is **35%** of the total operating revenue budget, the year-to-date budget is **R114.8 million** which is below year-to date actual, a variance of **R127.2 million** or **111%** is observed, this variance is a result of the first transfer of equitable share. Operating revenue comprises of equitable share and other operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Operating revenue is explained by source in Section 1.4 Operating Revenue Performance.

The Municipality is largely dependent on government grants for its operations, service charges revenue recognized is only **R9.4 million** which is **4%** of the total generated operating revenue. No amount has been recognized relating to the proposed flat rate of **R50**.

## Operating Expenditure Performance

Total Operating Expenditure as at **31 August 2022** is **R94.5 million** which is **15%** of the operating expenditure budget, the year-to-date budget is **R104.7 million** which is above year-to date actual, a variance of **R10.2 million** or **10%** is observed, there are line items that have no movements in July and August because we have not yet received invoices. Operating expenditure is explained by source in Section 1.5 Operating Expenditure Performance.

## Capital Expenditure and Funding

### Summary Statement of Capital Expenditure and Funding

	APPROVED BUDGET	YTD ACTUAL
Total Capital Expenditure	380 723 390	19 775 591
Total Capital Financing	380 723 390	19 775 591

Total Capital Expenditure as at **31 August 2022** is **R19.7 million** which is **5%** of the capital budget, the year-to-date budget is **R55.3 million** which is above year-to date actual, a variance of **R35.5 million** or **64%** is observed. This may indicate that capital grants are not spent in a required pace. Capital expenditure is explained by source in Section 1.6 Capital Expenditure and Funding.

### Major Variances between actuals and year to date budget`

Variances between year to date actual and year to date budget are highlighted in Section 1.4 Operating Revenue Performance and 1.5 Operating Expenditure Performance.

On Revenue there seem to be major variances between year-to-date budget and year to date actual, these variances are on interest on investments, Service charges, Fines, Penalties and forfeits, transfers and subsidies and other revenue, this is due to that some revenue streams will tap in the upcoming months in the financial year.

Major variances on expenditure are on inventory consumed, contracted services, transfers and subsidies, debt impairment and other expenditure.

## 1.4. OPERATING REVENUE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates								-		
Service charges - electricity revenue								-		
Service charges - water revenue		38 391	68 000	68 000	3 621	6 829	11 333	(4 505)	-40%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 388	2 652	2 083	568	27%	12 500
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	183	17	34	31	3	10%	183
Interest earned - external investments		3 705	6 000	6 000	530	530	1 000	(470)	-47%	6 000
Interest earned - outstanding debtors		288	85	85	13	24	14	10	69%	85
Dividends received								-		
Fines, penalties and forfeits		209	150	150	5	15	25	(10)	-42%	150
Licences and permits		-	-	-	6	6	-	6	#DIV/0!	-
Agency services								-		
Transfers and subsidies		537 979	601 306	601 306	3 330	232 022	100 218	131 804	132%	601 306
Other revenue		1 085	711	711	(273)	7	118	(112)	-94%	711
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 405	688 935	688 935	8 636	242 118	114 822	127 295	111%	688 935

The year-to-date actual indicates operating revenue of **R242.1 million** for **two months**, the year-to-date budget is **R114.8 million**. A variance of **R127.2 million** or **111%** is observed. The total revenue to-date represents **35%** of the operating revenue budget. Included in operating revenue is an amount of revenue recognized on operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR).

The sources of funding are important to ensure that the expenditure 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 is **R6.8 million**, which is below year-to-date budget of **R11.3 million**. A variance of **R4.5 million** or **40%** is observed. No amount has been recognized relating to the proposed flat rate of **R50**, this is causing under billing of the variance mentioned above.

The municipality may have to adjust downward revenue projection in the adjustment budget. The municipality must fast track the billing of **R50** flat rate to ensure that the budget target is met.

### **Service charges – Sanitation revenue**

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is **R2.6 million** which is above year to date budget of **R2.08 million**. A variance of **R568 thousand** or **27%** is observed.

The billing is above the target, the municipality may have to adjust upwards in the adjustment budget.

### **Rent of facilities**

Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual is **R34 thousand** which is above year-to-date budget of **R31 thousand**. A variance of **R3 thousand** or **10%** is observed.

### **Interest on investment**

Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is **R530 thousand**, which is below year-to-date budget of **R1 million**. A variance of **R470 thousand** or **47%** is observed.

The interest on investment is below target, the municipality may have to revise its investment strategy to ensure budget target is met.

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

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is **R24 thousand**, which is above to year-to-date budget of **R14 thousand**. variance of **R10 thousand** or **69%** is observed.

Interest earned on outstanding debtors is above target, the municipality must improve collection to ensure less consumers are charged interest.

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

Fines, penalties and forfeits are mainly amounts charged on illegal connections, the year-to-date actual is **R15 thousand**, which is below the year-to-date budget of **R25 thousand**. A variance of **R10 thousand** or **42%** is observed.



This is a positive indication that less consumers are illegally connected.

### **Licences and permits**

This amount is for health certificates issued, the year-to-date actual is **R6 thousand**, the year-to-date budget is **R0**. A variance of **R6 thousand** or is observed.

There was no allocated budget in this revenue stream, the budget will be allocated in the adjustment budget.

### **Transfers and subsidies**

Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2022; and provincial gazette, 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.

Transfers and subsidies year to date actual is **R232.02 million**, which is above year-to-date budget of **R100.2 million**. A variance of **R131.8 million** or **132%** is observed.

The above variance is a result of the first transfer of equitable share of **R228.6 million**.

### **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 is **R7 thousand**, which is below year-to-date budget of **R118 thousand**. A variance of **R112 thousand** or **94%** is observed.

The other revenue depends on the sale of tender documents and skills development levy refund which are seasonal and cannot be benchmarked against the year to date budget.

## 1.5. OPERATING EXPENDITURE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
<b>Expenditure By Type</b>										
Employee related costs		263 669	268 152	268 152	35 061	44 972	44 692	280	1%	268 152
Remuneration of councillors		8 616	8 771	8 771	941	1 631	1 462	169	12%	8 771
Debt impairment		20 001	14 000	14 000	–	–	2 333	(2 333)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	13 333	13 333	13 333	(0)	0%	80 000
Finance charges		399	–	–	–	–	–	–		–
Bulk purchases - electricity		–	–	–	–	–	–	–		–
Inventory consumed		29 002	33 320	33 500	24	47	5 583	(5 536)	-99%	33 500
Contracted services		303 901	106 388	107 884	7 004	10 360	17 680	(7 320)	-41%	107 884
Transfers and subsidies		11 295	3 070	2 250	180	180	361	(181)	-50%	2 250
Other expenditure		131 178	112 460	113 806	15 029	23 953	19 279	4 674	24%	113 806
Losses		2 627	–	–	–	–	–	–		–
<b>Total Expenditure</b>		<b>871 808</b>	<b>626 161</b>	<b>628 363</b>	<b>71 573</b>	<b>94 476</b>	<b>104 724</b>	<b>(10 248)</b>	<b>-10%</b>	<b>628 363</b>

The year-to-date actual indicates spending of **R94.4 million** for **two month**. The total expenditure to-date represents **15%** of the approved operational budget. The year-to-date budget is **R104.7 million** which is above year-to date actual, a variance of **R10.2 million** or **10%** is observed, there are line items that have no movements in July and August because we have not yet received invoices.

### Employee Related Costs

Employee related costs year to date actual is **R44.9 million**, which is above the year-to-date budget of **R44.6 million**, a variance of **R280 thousand** or **1%** is observed. Employee related cost is a little bit above year-to-date budget, this variance is caused by overtime, standby allowance, acting allowance and long service bonus.

The municipality need to allocate an additional budget to the above-mentioned line items.

### Remuneration of Councillors

Remuneration of Councilors year to date actual is **R1.6 million**, which is above the year-to-date budget is **R1.4 million**, a variance of **R169 thousand** or **12%** is observed. The upper limits have been effected therefore the municipality back paid councilors in August.

The revised budget allocation is recommended in the next adjustment budget.

## Debt impairment

Debt impairment is the amount for provision for non-collection as per council policy. provision for non-collection assessment and calculation is done at year end. National treasury recommend that the assessment and calculations be done monthly.

## Depreciation

This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is **R13.3 million**, which is equal to year-to-date budget of **R13.3 million**. A variance of **R0 million** or **0%** is observed.

## Bulk purchases - electricity

The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity. The purchase of electricity is under section **other expenditure** below.

## 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 is **R47 thousand**, which is below the year-to-date budget of **R5.58 million**, a variance of **R5.53 million** or **99%** is observed. The variance is caused by non-payments of bulk water.

It is recommended that the municipality record all expenditure relating to bulk water in time.

## Contracted services

Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is **R10.3 million** and the year-to-date budget is **R17.6 million**, a variance of **R7.3 million** or **41%** is observed.

## 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 is **R180 thousand**, the year-to-date budget is **R361 thousand**, a variance of **R181 thousand** or **50%** is observed. This expenditure item is seasonal, expenditure will pick up as the financial year progresses.

## Other expenditure

Other expenditure year to date actual is **R23.9 million**, the year-to-date budget is **R19.2 million**, a variance of **R4.6 million** or **24%** is observed. The cost of electricity and some seasonal/once off expenditure items are the main reason for the variance.

It is recommended that the municipality monitor closely this expenditure item.

## Operating Grants Expenditure Performance

Operating grants are allocated and spent as per Division of Revenue Act requirements

CONDITIONAL OPERATING GRANTS EXPENDITURE	APPROVED BUDGET	YTD ACTUAL
Finance Management grant	1 200 000	119 685
EPWP Incentive	8 517 000	4 194 616
Art centre Subsidies (Indonsa Grant)	1 911 000	42 744
Aviation Strategy	500 000	-
Municipal Systems Improvement Grant	2 787 000	-
<b>Total Operating Grant Expenditure</b>	<b>14 915 000</b>	<b>4 357 045</b>

## Summary of Revenue and Operational Expenditure Performance

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates								-		
Service charges - electricity revenue								-		
Service charges - water revenue		38 391	68 000	68 000	3 621	6 829	11 333	(4 505)	-40%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 388	2 652	2 083	568	27%	12 500
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	183	17	34	31	3	10%	183
Interest earned - external investments		3 705	6 000	6 000	530	530	1 000	(470)	-47%	6 000
Interest earned - outstanding debtors		288	85	85	13	24	14	10	69%	85
Dividends received								-		
Fines, penalties and forfeits		209	150	150	5	15	25	(10)	-42%	150
Licences and permits		-	-	-	6	6	-	6	#DIV/0!	-
Agency services								-		
Transfers and subsidies		537 979	601 306	601 306	3 330	232 022	100 218	131 804	132%	601 306
Other revenue		1 085	711	711	(273)	7	118	(112)	-94%	711
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 405	688 935	688 935	8 636	242 118	114 822	127 295	111%	688 935
Expenditure By Type										
Employee related costs		263 669	268 152	268 152	35 061	44 972	44 692	280	1%	268 152
Remuneration of councillors		8 616	8 771	8 771	941	1 631	1 462	169	12%	8 771
Debt impairment		20 001	14 000	14 000	-	-	2 333	(2 333)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	13 333	13 333	13 333	(0)	0%	80 000
Finance charges		399	-	-	-	-	-	-		-
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		29 002	33 320	33 500	24	47	5 583	(5 536)	-99%	33 500
Contracted services		303 901	106 388	107 884	7 004	10 360	17 680	(7 320)	-41%	107 884
Transfers and subsidies		11 295	3 070	2 250	180	180	361	(181)	-50%	2 250
Other expenditure		131 178	112 460	113 806	15 029	23 953	19 279	4 674	24%	113 806
Losses		2 627	-	-	-	-	-	-		-
Total Expenditure		871 808	626 161	628 363	71 573	94 476	104 724	(10 248)	-10%	628 363
Surplus/(Deficit)		(277 402)	62 774	60 572	(62 936)	147 642	10 099	137 543	0	60 572
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	372 306	56 659	56 659	62 051	(5 392)	(0)	372 306
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)		24 307	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		358 153	435 080	432 878	(6 277)	204 301	72 150			432 878
Taxation								-		
Surplus/(Deficit) after taxation		358 153	435 080	432 878	(6 277)	204 301	72 150			432 878
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		358 153	435 080	432 878	(6 277)	204 301	72 150			432 878
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		358 153	435 080	432 878	(6 277)	204 301	72 150			432 878

## 1.6. CAPITAL EXPENDITURE AND FUNDING

The Capital Expenditure Report reflected has been prepared based on the format required by National Treasury and is categorized by municipal vote. The capital expenditure is funded from Government Grants and internally Generated Funds

The summary report indicates the following: -

	APPROVED BUDGET	YTD ACTUAL
Total Capital Expenditure	380 723 390	19 775 591
Total Capital Financing	380 723 390	19 775 591

The capital expenditure amounts to **R19.7 million** which is **5%** of the capital budget, after a period of **two month**.

CAPITAL EXPENDITURE BY SOURCE	APPROVED BUDGET	YTD ACTUAL
Municipal Infrastructure Grant (MIG)	259 530 000	4 577 739
Regional Bulk Infrastructure (RBIG)	15 247 000	3 345 441
Water services infrastructure Grant (WSIG)	95 000 000	8 974 810
Rural Roads Asset Managemnt Systems Grant	2 529 000	-
Indonsa Grant	26 087	-
Other Assets	8 391 303	2 877 601
<b>Total Operating Expenditure</b>	<b>380 723 390</b>	<b>19 775 591</b>

### Capital Grant Expenditure as per MFMA circular no. 58

In terms of Circular No.58 conditional/capital grants must be reported VAT inclusive, below Grants expenditure is VAT inclusive.

CAPITAL GRANTS EXPENDITURE (INCLUDING VAT AS PER MFMA CIRCULAR NO. 58)	APPROVED BUDGET	YTD ACTUAL
Municipal Infrastructure Grant (MIG)	259 530 000	5 160 832
Regional Bulk Infrastructure (RBIG)	15 247 000	3 788 213
Water services infrastructure Grant (WSIG)	95 000 000	10 254 389
Rural Roads Asset Managemnt Systems Grant	2 529 000	-
Indonsa Grant	26 087	-
<b>Total Capital Grant Expenditure</b>	<b>372 332 087</b>	<b>19 203 434</b>

Overall capital grant expenditure is sitting at **5%** of the approved capital budget, **MIG** is sitting at **2%**, **RBIG** at **25%**, **WSIG** at **11%**, **RAMS** at **0%** and **Indonsa Art Centre** at **0%**.

## Capital budget summary

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August										
Vote Description	Ref	2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2022/23				
						YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</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 15 - Other		-	-	-	-	-	-	-		-
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-		-
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Council		6 594	-	-	-	-	-	-		-
Vote 02 - Corporate Services		3 746	3 261	3 261	-	-	543	(543)	-100%	3 261
Vote 03 - Finance		2 918	478	478	-	-	80	(80)	-100%	478
Vote 04 - Community Development		7 451	26	26	-	-	4	(4)	-100%	26
Vote 05 - Planning & Wsa		485 073	327 657	327 657	14 273	19 776	54 610	(34 834)	-64%	327 657
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	348	348	-	-	58	(58)	-100%	348
Vote 08 - Water Distribution		-	391	391	-	-	65	(65)	-100%	391
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
<b>Total Capital single-year expenditure</b>	4	505 782	332 162	332 162	14 273	19 776	55 360	(35 585)	-64%	332 162
<b>Total Capital Expenditure</b>		<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>14 273</b>	<b>19 776</b>	<b>55 360</b>	<b>(35 585)</b>	<b>-64%</b>	<b>332 162</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>13 258</b>	<b>3 652</b>	<b>3 652</b>	<b>-</b>	<b>-</b>	<b>609</b>	<b>(609)</b>	<b>-100%</b>	<b>3 652</b>
Executive and council		6 594	-	-	-	-	-	-		-
Finance and administration		6 664	3 652	3 652	-	-	609	(609)	-100%	3 652
Internal audit		-	-	-	-	-	-	-		-
<b>Community and public safety</b>		<b>485</b>	<b>70</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>(12)</b>	<b>-100%</b>	<b>70</b>
Community and social services		485	70	70	-	-	12	(12)	-100%	70
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<b>Economic and environmental services</b>		<b>6 965</b>	<b>6 112</b>	<b>6 112</b>	<b>1 432</b>	<b>2 878</b>	<b>1 019</b>	<b>1 859</b>	<b>182%</b>	<b>6 112</b>
Planning and development		6 965	6 112	6 112	1 432	2 878	1 019	1 859	182%	6 112
Road transport		-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
<b>Trading services</b>		<b>485 073</b>	<b>322 284</b>	<b>322 284</b>	<b>12 841</b>	<b>16 898</b>	<b>53 714</b>	<b>(36 816)</b>	<b>-69%</b>	<b>322 284</b>
Energy sources		-	-	-	-	-	-	-		-
Water management		485 073	322 284	322 284	12 841	16 898	53 714	(36 816)	-69%	322 284
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
<b>Other</b>		<b>-</b>	<b>43</b>	<b>43</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>(7)</b>	<b>-100%</b>	<b>43</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>14 273</b>	<b>19 776</b>	<b>55 360</b>	<b>(35 585)</b>	<b>-64%</b>	<b>332 162</b>
<b>Funded by:</b>										
National Government		485 073	323 744	323 744	12 841	16 898	53 957	(37 059)	-69%	323 744
Provincial Government		7 451	26	26	-	-	4	(4)	-100%	26
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (money allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-		-
<b>Transfers recognised - capital</b>		<b>492 524</b>	<b>323 770</b>	<b>323 770</b>	<b>12 841</b>	<b>16 898</b>	<b>53 962</b>	<b>(37 064)</b>	<b>-69%</b>	<b>323 770</b>
<b>Borrowing</b>	6	-	-	-	-	-	-	-		-
<b>Internally generated funds</b>		<b>13 258</b>	<b>8 391</b>	<b>8 391</b>	<b>1 432</b>	<b>2 878</b>	<b>1 399</b>	<b>1 479</b>	<b>106%</b>	<b>8 391</b>
<b>Total Capital Funding</b>		<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>14 273</b>	<b>19 776</b>	<b>55 360</b>	<b>(35 585)</b>	<b>-64%</b>	<b>332 162</b>

## 1.7. IN-YEAR BUDGET TABLES

The following part of in-year reporting presented below focuses on monthly budget statement tables as required in terms of regulation 28 of the Municipal Budget and Reporting Regulations. These tables clearly outline the municipality's 2022/2023 budget, actual financial performance, actual capital expenditure, actual financial position, and actual cashflow as implemented by the accounting officer in terms of S62 of the MFMA.

Below are tables as per Schedule C for **the period being reported**.

MBRR Table C1 – Monthly Budget Statement Summary



DC26 Zululand - Table C1 Monthly Budget Statement Summary - M02 August

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	–	–	–	–	–	–	–	–	–
Service charges	50 904	80 500	80 500	5 009	9 480	13 417	(3 936)	-29%	80 500
Investment revenue	3 705	6 000	6 000	530	530	1 000	(470)	-47%	6 000
Transfers and subsidies	537 979	601 306	601 306	3 330	232 022	100 218	131 804	132%	601 306
Other own revenue	1 817	1 129	1 129	(233)	85	188	(103)	-55%	1 129
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>594 405</b>	<b>688 935</b>	<b>688 935</b>	<b>8 636</b>	<b>242 118</b>	<b>114 822</b>	<b>127 295</b>	<b>111%</b>	<b>688 935</b>
Employee costs	263 669	268 152	268 152	35 061	44 972	44 692	280	1%	268 152
Remuneration of Councillors	8 616	8 771	8 771	941	1 631	1 462	169	12%	8 771
Depreciation & asset impairment	101 119	80 000	80 000	13 333	13 333	13 333	(0)	-0%	80 000
Finance charges	399	–	–	–	–	–	–	–	–
Inventory consumed and bulk purchases	29 002	33 320	33 500	24	47	5 583	(5 536)	-99%	33 500
Transfers and subsidies	11 295	3 070	2 250	180	180	361	(181)	-50%	2 250
Other expenditure	457 707	232 848	235 690	22 033	34 313	39 292	(4 979)	-13%	235 690
<b>Total Expenditure</b>	<b>871 808</b>	<b>626 161</b>	<b>628 363</b>	<b>71 573</b>	<b>94 476</b>	<b>104 724</b>	<b>(10 248)</b>	<b>-10%</b>	<b>628 363</b>
<b>Surplus/(Deficit)</b>	<b>(277 402)</b>	<b>62 774</b>	<b>60 572</b>	<b>(62 936)</b>	<b>147 642</b>	<b>10 099</b>	<b>137 543</b>	<b>1362%</b>	<b>60 572</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	611 248	372 306	372 306	56 659	56 659	62 051	(5 392)	-9%	372 306
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)	24 307	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>358 153</b>	<b>435 080</b>	<b>432 878</b>	<b>(6 277)</b>	<b>204 301</b>	<b>72 150</b>	<b>132 151</b>	<b>183%</b>	<b>432 878</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>358 153</b>	<b>435 080</b>	<b>432 878</b>	<b>(6 277)</b>	<b>204 301</b>	<b>72 150</b>	<b>132 151</b>	<b>183%</b>	<b>432 878</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>14 273</b>	<b>19 776</b>	<b>55 360</b>	<b>(35 585)</b>	<b>-64%</b>	<b>332 162</b>
Capital transfers recognised	492 524	323 770	323 770	12 841	16 898	53 962	(37 064)	-69%	323 770
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	13 258	8 391	8 391	1 432	2 878	1 399	1 479	106%	8 391
<b>Total sources of capital funds</b>	<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>14 273</b>	<b>19 776</b>	<b>55 360</b>	<b>(35 585)</b>	<b>-64%</b>	<b>332 162</b>
<b>Financial position</b>									
Total current assets	1 441 363	338 914	338 914		178 079				338 914
Total non current assets	4 622 238	4 188 965	4 188 965		4 628 681				4 188 965
Total current liabilities	355 807	224 332	224 332		199 075				224 332
Total non current liabilities	42 112	33 904	33 904		41 810				33 904
Community wealth/Equity	4 391 937	3 834 563	3 834 563		4 566 040				3 834 563
<b>Cash flows</b>									
Net cash from (used) operating	462 224	549 645	549 645	34 191	112 987	91 607	(21 379)	-23%	549 645
Net cash from (used) investing	(505 782)	(332 162)	(332 162)	(14 273)	(19 776)	(55 360)	(35 585)	64%	(332 162)
Net cash from (used) financing	–	–	–	(173)	(173)	–	173	#DIV/0!	–
<b>Cash/cash equivalents at the month/year end</b>	<b>(23 499)</b>	<b>290 159</b>	<b>290 159</b>	<b>–</b>	<b>198 683</b>	<b>108 924</b>	<b>(89 759)</b>	<b>-82%</b>	<b>323 127</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	5 558	4 556	4 150	3 524	3 468	3 449	21 579	134 893	181 178
<b>Creditors Age Analysis</b>									
Total Creditors	165 862	17 019	31 309	–	–	–	–	–	214 191

**DC26 Zululand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August**

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>530 987</b>	<b>594 535</b>	<b>594 535</b>	<b>1 475</b>	<b>230 465</b>	<b>99 089</b>	131 376	133%	<b>594 535</b>
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration	530 987	594 535	594 535	594 535	1 475	230 465	99 089	131 376	133%	594 535
Internal audit	–	–	–	–	–	–	–	–	–	–
<i><b>Community and public safety</b></i>		<b>2 011</b>	<b>2 011</b>	<b>2 011</b>	<b>8</b>	<b>8</b>	<b>335</b>	(327)	-98%	<b>2 011</b>
Community and social services	2 011	1 911	1 911	1 911	5	5	319	(313)	-98%	1 911
Sport and recreation	–	–	–	–	–	–	–	–	–	–
Public safety	–	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–	–
Health	–	100	100	100	2	3	17	(14)	-82%	100
<i><b>Economic and environmental services</b></i>		<b>9 606</b>	<b>5 316</b>	<b>5 316</b>	<b>–</b>	<b>–</b>	<b>886</b>	(886)	-100%	<b>5 316</b>
Planning and development	9 606	5 316	5 316	5 316	–	–	886	(886)	-100%	5 316
Road transport	–	–	–	–	–	–	–	–	–	–
Environmental protection	–	–	–	–	–	–	–	–	–	–
<i><b>Trading services</b></i>		<b>686 846</b>	<b>458 879</b>	<b>458 879</b>	<b>63 813</b>	<b>68 303</b>	<b>76 480</b>	(8 177)	-11%	<b>458 879</b>
Energy sources	–	–	–	–	–	–	–	–	–	–
Water management	674 240	446 379	446 379	446 379	62 423	65 642	74 396	(8 755)	-12%	446 379
Waste water management	12 605	12 500	12 500	12 500	1 390	2 662	2 083	578	28%	12 500
Waste management	–	–	–	–	–	–	–	–	–	–
<i><b>Other</b></i>	<b>4</b>	<b>511</b>	<b>500</b>	<b>500</b>	<b>–</b>	<b>–</b>	<b>83</b>	(83)	-100%	<b>500</b>
<b>Total Revenue - Functional</b>	<b>2</b>	<b>1 229 960</b>	<b>1 061 241</b>	<b>1 061 241</b>	<b>65 295</b>	<b>298 777</b>	<b>176 873</b>	<b>121 903</b>	<b>69%</b>	<b>1 061 241</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>255 470</b>	<b>225 404</b>	<b>227 557</b>	<b>28 465</b>	<b>41 935</b>	<b>37 926</b>	4 009	11%	<b>227 557</b>
Executive and council	61 104	47 846	50 035	50 035	6 882	14 472	8 336	6 136	74%	50 035
Finance and administration	194 366	177 558	177 522	177 522	21 584	27 463	29 590	(2 127)	-7%	177 522
Internal audit	–	–	–	–	–	–	–	–	–	–
<i><b>Community and public safety</b></i>		<b>24 796</b>	<b>25 580</b>	<b>25 580</b>	<b>2 566</b>	<b>3 566</b>	<b>4 263</b>	(698)	-16%	<b>25 580</b>
Community and social services	13 211	13 202	13 202	13 202	1 412	1 641	2 200	(560)	-25%	13 202
Sport and recreation	–	–	–	–	–	–	–	–	–	–
Public safety	–	–	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–	–	–
Health	11 586	12 378	12 378	12 378	1 154	1 925	2 063	(138)	-7%	12 378
<i><b>Economic and environmental services</b></i>		<b>24 502</b>	<b>23 962</b>	<b>24 012</b>	<b>2 051</b>	<b>2 660</b>	<b>3 998</b>	(1 339)	-33%	<b>24 012</b>
Planning and development	24 502	23 962	24 012	24 012	2 051	2 660	3 998	(1 339)	-33%	24 012
Road transport	–	–	–	–	–	–	–	–	–	–
Environmental protection	–	–	–	–	–	–	–	–	–	–
<i><b>Trading services</b></i>		<b>559 156</b>	<b>337 266</b>	<b>337 266</b>	<b>37 516</b>	<b>45 034</b>	<b>56 211</b>	(11 177)	-20%	<b>337 266</b>
Energy sources	–	–	–	–	–	–	–	–	–	–
Water management	551 330	332 231	332 231	332 231	36 960	44 231	55 372	(11 141)	-20%	332 231
Waste water management	7 826	5 035	5 035	5 035	556	803	839	(36)	-4%	5 035
Waste management	–	–	–	–	–	–	–	–	–	–
<i><b>Other</b></i>		<b>7 882</b>	<b>13 948</b>	<b>13 948</b>	<b>973</b>	<b>1 281</b>	<b>2 325</b>	(1 043)	-45%	<b>13 948</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>871 808</b>	<b>626 161</b>	<b>628 363</b>	<b>71 573</b>	<b>94 476</b>	<b>104 724</b>	<b>(10 248)</b>	<b>-10%</b>	<b>628 363</b>
<b>Surplus/ (Deficit) for the year</b>		<b>358 153</b>	<b>435 080</b>	<b>432 878</b>	<b>(6 277)</b>	<b>204 301</b>	<b>72 150</b>	<b>132 151</b>	<b>183%</b>	<b>432 878</b>

## MBRR Table C2 – Monthly Budget Statement Financial Performance (revenue and expenditure by functional classification)

Table C2 is a view of the actual 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 C4.

**DC26 Zululand - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August**

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Council		-	-	-	-	-	-	-		-
Vote 02 - Corporate Services		448	850	850	-	-	142	(142)	-100.0%	850
Vote 03 - Finance		530 539	594 185	594 185	1 475	230 465	99 031	131 434	132.7%	594 185
Vote 04 - Community Development		10 481	2 011	2 011	8	8	335	(327)	-97.5%	2 011
Vote 05 - Planning & Wsa		603 289	383 610	383 610	58 789	58 789	63 935	(5 146)	-8.0%	383 610
Vote 06 - Technical Services		9 612	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	-	-	-	-	-	-		-
Vote 08 - Water Distribution		62 986	68 085	68 085	3 634	6 853	11 347	(4 495)	-39.6%	68 085
Vote 09 - Waste Water		12 605	12 500	12 500	1 390	2 662	2 083	578	27.8%	12 500
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - ,		-	-	-	-	-	-	-		-
Vote 13 - ,		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Revenue by Vote	2	1 229 960	1 061 241	1 061 241	65 295	298 777	176 873	121 903	68.9%	1 061 241
Expenditure by Vote	1									
Vote 01 - Council		61 104	47 846	50 035	6 882	14 472	8 336	6 136	73.6%	50 035
Vote 02 - Corporate Services		124 394	98 375	98 375	12 644	17 512	16 396	1 116	6.8%	98 375
Vote 03 - Finance		70 809	79 473	79 437	5 056	6 062	13 242	(7 180)	-54.2%	79 437
Vote 04 - Community Development		43 410	49 413	49 413	8 411	9 995	8 236	1 759	21.4%	49 413
Vote 05 - Planning & Wsa		62 982	23 285	23 335	2 341	3 112	3 885	(773)	-19.9%	23 335
Vote 06 - Technical Services		8 604	5 992	6 012	1 561	1 758	1 002	756	75.4%	6 012
Vote 07 - Water Purification		48 620	36 762	36 762	6 466	8 406	6 127	2 279	37.2%	36 762
Vote 08 - Water Distribution		444 059	279 979	279 959	27 655	32 355	46 660	(14 305)	-30.7%	279 959
Vote 09 - Waste Water		7 826	5 035	5 035	556	803	839	(36)	-4.3%	5 035
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - ,		-	-	-	-	-	-	-		-
Vote 13 - ,		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	871 808	626 161	628 363	71 573	94 476	104 724	(10 248)	-9.8%	628 363
Surplus/ (Deficit) for the year	2	358 153	435 080	432 878	(6 277)	204 301	72 150	132 151	183.2%	432 878

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

Table C3 is a view of the actual 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 C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August**

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates								-		
Service charges - electricity revenue								-		
Service charges - water revenue		38 391	68 000	68 000	3 621	6 829	11 333	(4 505)	-40%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 388	2 652	2 083	568	27%	12 500
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	183	17	34	31	3	10%	183
Interest earned - external investments		3 705	6 000	6 000	530	530	1 000	(470)	-47%	6 000
Interest earned - outstanding debtors		288	85	85	13	24	14	10	69%	85
Dividends received								-		
Fines, penalties and forfeits		209	150	150	5	15	25	(10)	-42%	150
Licences and permits		-	-	-	6	6	-	6	#DIV/0!	-
Agency services								-		
Transfers and subsidies		537 979	601 306	601 306	3 330	232 022	100 218	131 804	132%	601 306
Other revenue		1 085	711	711	(273)	7	118	(112)	-94%	711
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 405	688 935	688 935	8 636	242 118	114 822	127 295	111%	688 935
Expenditure By Type										
Employee related costs		263 669	268 152	268 152	35 061	44 972	44 692	280	1%	268 152
Remuneration of councillors		8 616	8 771	8 771	941	1 631	1 462	169	12%	8 771
Debt impairment		20 001	14 000	14 000	-	-	2 333	(2 333)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	13 333	13 333	13 333	(0)	0%	80 000
Finance charges		399	-	-	-	-	-	-		-
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		29 002	33 320	33 500	24	47	5 583	(5 536)	-99%	33 500
Contracted services		303 901	106 388	107 884	7 004	10 360	17 680	(7 320)	-41%	107 884
Transfers and subsidies		11 295	3 070	2 250	180	180	361	(181)	-50%	2 250
Other expenditure		131 178	112 460	113 806	15 029	23 953	19 279	4 674	24%	113 806
Losses		2 627	-	-	-	-	-	-		-
Total Expenditure		871 808	626 161	628 363	71 573	94 476	104 724	(10 248)	-10%	628 363
Surplus/(Deficit)		(277 402)	62 774	60 572	(62 936)	147 642	10 099	137 543	0	60 572
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	372 306	56 659	56 659	62 051	(5 392)	(0)	372 306
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)		24 307	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		358 153	435 080	432 878	(6 277)	204 301	72 150			432 878
Taxation								-		
Surplus/(Deficit) after taxation		358 153	435 080	432 878	(6 277)	204 301	72 150			432 878
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		358 153	435 080	432 878	(6 277)	204 301	72 150			432 878
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		358 153	435 080	432 878	(6 277)	204 301	72 150			432 878

## MBRR Table C4 - Monthly Budget Statement Financial Performance (revenue and expenditure by source)

Table C4 indicates the actual revenue and expenditure by source, and the calculated surplus which will be used to fund Capital Expenditure on table C5.

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
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>Total Capital Multi-year expenditure</b>	<b>4,7</b>	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 01 - Council		6 594	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		3 746	3 261	3 261	-	-	543	(543)	-100%	3 261
Vote 03 - Finance		2 918	478	478	-	-	80	(80)	-100%	478
Vote 04 - Community Development		7 451	26	26	-	-	4	(4)	-100%	26
Vote 05 - Planning & Wsa		485 073	327 657	327 657	14 273	19 776	54 610	(34 834)	-64%	327 657
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	348	348	-	-	58	(58)	-100%	348
Vote 08 - Water Distribution		-	391	391	-	-	65	(65)	-100%	391
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	<b>4</b>	505 782	332 162	332 162	14 273	19 776	55 360	(35 585)	-64%	332 162
<b>Total Capital Expenditure</b>		<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>14 273</b>	<b>19 776</b>	<b>55 360</b>	<b>(35 585)</b>	<b>-64%</b>	<b>332 162</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		13 258	3 652	3 652	-	-	609	(609)	-100%	3 652
Executive and council		6 594	-	-	-	-	-	-	-	-
Finance and administration		6 664	3 652	3 652	-	-	609	(609)	-100%	3 652
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		485	70	70	-	-	12	(12)	-100%	70
Community and social services		485	70	70	-	-	12	(12)	-100%	70
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		6 965	6 112	6 112	1 432	2 878	1 019	1 859	182%	6 112
Planning and development		6 965	6 112	6 112	1 432	2 878	1 019	1 859	182%	6 112
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		485 073	322 284	322 284	12 841	16 898	53 714	(36 816)	-69%	322 284
Energy services		-	-	-	-	-	-	-	-	-
Water management		485 073	322 284	322 284	12 841	16 898	53 714	(36 816)	-69%	322 284
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	43	43	-	-	7	(7)	-100%	43
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>14 273</b>	<b>19 776</b>	<b>55 360</b>	<b>(35 585)</b>	<b>-64%</b>	<b>332 162</b>
<b>Funded by:</b>										
National Government		485 073	323 744	323 744	12 841	16 898	53 957	(37 059)	-69%	323 744
Provincial Government		7 451	26	26	-	-	4	(4)	-100%	26
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>		492 524	323 770	323 770	12 841	16 898	53 962	(37 064)	-69%	323 770
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		13 258	8 391	8 391	1 432	2 878	1 399	1 479	106%	8 391
<b>Total Capital Funding</b>		<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>14 273</b>	<b>19 776</b>	<b>55 360</b>	<b>(35 585)</b>	<b>-64%</b>	<b>332 162</b>

## MBRR Table C5 - Monthly Budget Statement Capital Expenditure by vote, functional classification and funding source

Table C5 indicates Actual capital Expenditure by Municipal Vote and functional classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.

DC26 Zululand - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		1 804 576	240 335	240 335	22 482	240 335
Call investment deposits		(480 000)	–	–	110 000	–
Consumer debtors		32 690	67 333	67 333	37 713	67 333
Other debtors		81 540	28 773	28 773	55 193	28 773
Current portion of long-term receivables		–	–	–	–	–
Inventory		2 556	2 473	2 473	2 692	2 473
<b>Total current assets</b>		<b>1 441 363</b>	<b>338 914</b>	<b>338 914</b>	<b>228 079</b>	<b>338 914</b>
<b>Non current assets</b>						
Long-term receivables		–	–	–	–	–
Investments						
Investment property						
Investments in Associate						
Property, plant and equipment		4 614 417	4 188 952	4 188 952	4 620 859	4 188 952
Biological						
Intangible		15	13	13	15	13
Other non-current assets		7 807	–	–	7 807	–
<b>Total non current assets</b>		<b>4 622 238</b>	<b>4 188 965</b>	<b>4 188 965</b>	<b>4 628 681</b>	<b>4 188 965</b>
<b>TOTAL ASSETS</b>		<b>6 063 601</b>	<b>4 527 879</b>	<b>4 527 879</b>	<b>4 856 760</b>	<b>4 527 879</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		902	–	–	902	–
Consumer deposits		3 621	3 633	3 633	3 622	3 633
Trade and other payables		348 906	218 944	218 944	199 330	218 944
Provisions		2 378	1 755	1 755	2 378	1 755
<b>Total current liabilities</b>		<b>355 807</b>	<b>224 332</b>	<b>224 332</b>	<b>206 232</b>	<b>224 332</b>
<b>Non current liabilities</b>						
Borrowing		1 092	–	–	1 092	–
Provisions		41 020	33 904	33 904	40 718	33 904
<b>Total non current liabilities</b>		<b>42 112</b>	<b>33 904</b>	<b>33 904</b>	<b>41 810</b>	<b>33 904</b>
<b>TOTAL LIABILITIES</b>		<b>397 919</b>	<b>258 236</b>	<b>258 236</b>	<b>248 042</b>	<b>258 236</b>
<b>NET ASSETS</b>	<b>2</b>	<b>5 665 682</b>	<b>4 269 643</b>	<b>4 269 643</b>	<b>4 608 718</b>	<b>4 269 643</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		4 391 937	3 834 563	3 834 563	4 566 040	3 834 563
Reserves		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>4 391 937</b>	<b>3 834 563</b>	<b>3 834 563</b>	<b>4 566 040</b>	<b>3 834 563</b>

## **MBRR Table C6 - Monthly Budget Statement Financial Position**

Table A6 is consistent with international standards of good financial management practice and improves the understanding ability of Councilors 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.

### **CURRENT ASSETS**

#### **Cash**

Cashbook balance as at 31 August 2022 is **R22.4 million**.

#### **Call Investments Deposits**

Call investments as at 31 August 2022 is **R60 million**

#### **Consumer debtors**

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R37.7 million**. Debtors age analysis as per section 2.1 debtors' analysis is **R181.1 million**. Consumer debtors amounts to **R176.3 million** and the balance of **R4.8 million** is for Other Debtors.

Gross Consumer debtors	R176.3 million
Less Impairment	(R138.6 million)
<b>Net Consumer Debtors</b>	<b>R37.7 million</b>

#### **Classification of Consumer Debtors per Service type**

Water Debtors	R30.8 million
Sanitation Debtors	R6.7 million
Property Rentals Debtors	R46 thousand
Other Consumer debtors	R34 thousand
<b>Total</b>	<b>R37.7 million</b>

➤ **Water Debtors**

Net Water debtors after considering provision for bad debts amount to **R30.8 million**.  
Water debtors are amounts owed by consumers for water services billed.

Gross Water Debtors	R136.3 million
Less Impairment	(105.8 million)
<b>Net Water Debtors</b>	<b>R30.8 million</b>

➤ **Sanitation Debtors**

Net Sanitation debtors after considering provision for bad debts amount to **R6.7 million**.  
Sanitation debtors are amounts owed by consumers for sewer services billed.

Gross Sanitation Debtors	R39.4 million
Less Impairment	(R32.7 million)
<b>Net Sanitation Debtors</b>	<b>R6.7 million</b>

➤ **Property Rentals Debtors**

These are debtors accumulated from property rentals amounts to **R46 thousand**

➤ **Other Consumer debtors**

Other consumer debtors' amount to **R34 thousand**, these are sundry debtors.

Gross Other Debtors	R46 thousand
Less Impairment	(R11.99 thousand)
<b>Net Other Debtors</b>	<b>R34 thousand</b>

**Classification of Consumer Debtors per Customer group**

Households	R151.8 million
Commercial/Businesses	R11.5 million
Organs of State (excl shared services of R4.8 mill)	R12.9 million
<b>Total</b>	<b>R176.3 million</b>



Only household consumer debtors are impaired as per council policy. The breakdown is as per bellow:

Gross Households debtors	R151.1 million
Less Impairment	(R105. million)
<b>Net Household debtors</b>	<b>R37.7 million</b>

### Other debtors

Other debtors are debtors that arise from non-exchange transactions, the balance for the reporting period is **R55.1 million**.

VAT Receivable	R25.2 million
Deposits Made	R16.6 million
Refunds & under/over banking	R9.2 million
Overpayments/Accrued Income/UIFW Expenditure	R3.2 million
Prepaid Expenses	R564 thousand
Insurance claims	R151.9 thousand
Salary advance	R125.7 thousand
<b>Total</b>	<b>R55.1 million</b>

#### ➤ VAT Receivable

VAT Receivable amount to **R25.2 million**, this is the amount raised when input VAT is recognized less output VAT collected.

#### ➤ Deposits Made

Deposits made amount to **R16.6 million**, this amount include Eskom deposits, Federal Air Deposits and Stowell Deposits.

Eskom Deposits	R16.2 million
Stowell Deposit	R200 thousand
Vryheid office	R2 thousand
Andrew Miller & Associates	R200 thousand

Eskom deposits are amounts held by Eskom as security for all accounts the Municipality has with Eskom. Security deposits are paid when the Municipality opens a new electricity account with Eskom.

Stowell Deposit is the amount paid as a security deposit when Stowell was first contracted, and the deposit for office space rented in Vryheid.

Andrew Miller & Associates is the amount paid as a security deposit when they were first contracted.

➤ **Refunds & under/over banking**

Refunds & under/over banking amount to **R9.2 million**, these are shared services debtors to be collected or refunded from Local Municipalities, and small differences caused by under/over banking.

Shared services debtors	R4.8 million
under/over banking	R4.3 million

Shared services debtors are debtors for the five local municipalities under the district, The District Municipality pays for the shared service on behalf of the Local municipalities, then recover these monies from the respective municipalities. Under/over banking is the unidentified debit orders pending their finalization.

➤ **Overpayments/Accrued Income/UIFW Expenditure**

Overpayments/Accrued Income/UIFW Expenditure amount to **R3.2 million**, these are payments made by the Municipality to be recovered and income expected to be received by the Municipality.

Overpayments	R906.9 thousand
Fruitless Expenditure to be recovered	R1.33 million
Accrued Income – Asset Disposal	R36.9 thousand
Accrued Income – Indonsa grant	R955 thousand

Overpayments include an amount of R4.7 million which has been provided for impairment because they are likely to be irrecoverable, those amounts are for Department of Water and sanitation amounting to R2.7 million, Amanzi Ichweba amounting to R1.4 million, BP Drakensburg amounting to R136.8 thousand, Tracker amounting to R134.2 thousand, World Focus amounting to R284.2 thousand. The balance for overpayments of R785.3 thousand is for Enduneni Constructors (R783 thousand) and Lindani Catering (R1.9 thousand).

Fruitless expenditure to be recovered amounting to R1.33 million resulted from a claim of standing time due to consultant negligence.

Accrued Income – Asset Disposal is the amount to be received from the actioner of assets disposed by the Municipality.

Accrued Income – Indonsa grant is the amount to be received from Provincial Department of Art and Culture for prior year partly allocation not received.

➤ **Prepaid Expense**

Prepaid Expense amounts to **R564 thousand**. Prepaid expense is made up of prepaid electricity

➤ **Insurance Claims**

Insurance Claims amounts to **R151.9 thousand**. This amount consists of an outstanding claim.

➤ **Salary advance**

Salary advance amounts to **R125.7 thousand**. This amount consists of advanced employee costs

## **Inventory**

The current level of inventory is **R2.6 million**. Inventories include water stock and consumable stores.

## **NON-CURRENT ASSETS**

### **Long term receivables**

The Municipality does not have long term receivables as per MSCOA classification.

### **Property plant and equipment**

Property plant and equipment is the infrastructure and immovable assets owned by the municipality which the municipality uses to provide services to communities. The balance of Property plant and equipment include current year capital acquisition from table C5 and depreciation from table C4, the carrying value of all assets owned by the municipality is **R4.6 billion**.

Opening balance	R4.6 billion
Additions	R19.77 million
Depreciation	(R13.3 million)
<b>Closing Balance</b>	<b>R4.6 billion</b>

### **Intangible**

Intangible assets include software licenses owned by the Municipality; the current balance of intangible assets is **R15 thousand**.

### **Other non-current assets**

Other non-current assets comprises of heritage assets of **R7.8 million**

## **CURRENT LIABILITIES**

### **Borrowings**

This is the current portion of the finance lease agreement the Municipality entered into to procure laptops amounting to **R729 thousand**.

### **Consumer deposits**

Consumer deposits are deposit amounts of customers that have accounts with the municipality, the current balance is **R 3.6 million**

### **Trade and other payables**

Trade and other payables are amounts owed by the municipality to service providers. This amount includes unspent conditional grants. Trade and other payables are **R192.3 million**.

Trade Creditors	(R291 thousand)
Unspent Conditional Grants	R57.5 million
Retention	R42.9 million
Sessions	R1.07 million
Department of Water & Sanitation	R21.7million
Output VAT	R6.5 million
Leave accrued	R19.07 million
Bonus accrued	R5.4 million
Employee related costs	R1.8 million
Advance Payments	R2.8 million
Fleet Suspense account	(R838.3 thousand)
Salary Suspense Accounts	R8.8 million
Unpaid cheques	R398.9 thousand
Other Suspense account	R8.7 thousand
Other payables	R63.9 thousand
Unallocated deposits	(R475 thousand)
Zanamanzi	R25.1 million

**Closing Balance** **R192.3 million**

## Current Provisions

Current provisions amount to **R2.3 million**, this provision is for post-retirement benefit (Medical aid) and long service awards that is paid in the current financial year.

Post Retirement benefit (Medical aid)	R405 thousand
Long service awards	R1.9 million

## **NON-CURRENT LIABILITIES**

### Borrowings

This is the long-term portion of the finance lease agreement the Municipality entered into to procure laptops amounting to **R1 million**.

### Non-current Provisions

Non-current Provisions amounts to **R40.7 million**, this provision is for post-retirement benefit (Medical aid) and Long Service award.

Post Retirement benefit (Medical aid)	R27.1 million
Long Service award	R13.5 million

### Accumulated surplus

Accumulated surplus is the net worth of the Municipality, sitting at **R4.5 billion**

**DC26 Zululand - Table C7 Monthly Budget Statement - Cash Flow - M02 August**

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates								-		
Service charges		46 532	60 574	60 574	2 668	4 620	10 096	(5 475)	-54%	60 574
Other revenue		1 070 817	80 905	80 905	123 897	183 733	13 484	170 249	1263%	80 905
Transfers and Subsidies - Operational		532 353	601 306	601 306	-	228 692	100 218	128 474	128%	601 306
Transfers and Subsidies - Capital		636 186	372 306	372 306	-	76 770	62 051	14 719	24%	372 306
Interest		3 705	6 000	6 000	272	272	1 000	(728)	-73%	6 000
Dividends								-		
<b>Payments</b>										
Suppliers and employees		(1 827 370)	(571 446)	(571 446)	(92 645)	(381 100)	(95 241)	285 859	-300%	(571 446)
Finance charges								-		
Transfers and Grants		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>462 224</b>	<b>549 645</b>	<b>549 645</b>	<b>34 191</b>	<b>112 987</b>	<b>91 607</b>	<b>(21 379)</b>	<b>-23%</b>	<b>549 645</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments								-		
<b>Payments</b>										
Capital assets		(505 782)	(332 162)	(332 162)	(14 273)	(19 776)	(55 360)	(35 585)	64%	(332 162)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(505 782)</b>	<b>(332 162)</b>	<b>(332 162)</b>	<b>(14 273)</b>	<b>(19 776)</b>	<b>(55 360)</b>	<b>(35 585)</b>	<b>64%</b>	<b>(332 162)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing		-	-	-	(173)	(173)	-	173	#DIV/0!	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(173)</b>	<b>(173)</b>	<b>-</b>	<b>173</b>	<b>#DIV/0!</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(43 558)</b>	<b>217 483</b>	<b>217 483</b>	<b>19 745</b>	<b>93 038</b>	<b>36 247</b>			<b>217 483</b>
Cash/cash equivalents at beginning:		20 058	72 676	72 676	(23 162)	105 644	72 676			105 644
Cash/cash equivalents at month/year end:		(23 499)	290 159	290 159		198 683	108 924			323 127

**MBRR Table C7 - Monthly Budget Statement Cash Flow Statement**

The budgeted cash flow statement is the first measurement in determining if the budget is funded and whether commitments and obligations are met.

## CASHFLOW FROM OPERATING ACTIVITIES

### Service charges

The Municipality has budgeted to collect **R60.5 million** on service charges, the estimated collection amount is based on the 65% collection rate. The collection rate is also based on previous years actual collection and initiatives the Municipality has taken to improve collection. The Municipality has collected **R4.6 million** to date, which is **8%** of the budgeted collection. From the year-to-date billing, **49%** was collected as to date.

The municipality has also taken 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
- The Municipality has replaced and installed new meters to ensure billing is accurate and not estimated.
- Municipality has adopted an indigent policy and is in a process to write off indigent households.
- The municipality has adopted a flat rate of R50 to unmetered households

### Other Revenue

Other revenue includes receipts from tender fees, hall hiring, fines and forfeits, and office space rental receipts. The population of other revenue is higher than expected and not credible, the Municipality is a continuous engagement with the system vendor to resolve population of this line item. Other revenue on table C4 is **R7 thousand**.

### Transfers and subsidies – Operational

Transfers and subsidies - Operational are expected to be received as per DoRA, and as per transfer schedule issued by National Treasury. Operating grants have been received as scheduled. Transfers and subsidies operational are to date are **R228.6 million**. This amount excludes FMG and EPWP which were incorrectly allocated thus not populating under Transfers and subsidies – Operational.

Equitable share	R228.6 million
Finance Management Grant	R1.2 million
Expanded public works program	R2.1 million
<b>TOTAL</b>	<b>R232.02 million</b>



## Transfers and subsidies – Capital

Transfers and subsidies - Capital are expected to be received as per DoRA, and as per transfer schedule issued by National Treasury. Capital grants have been received to date, Transfers and subsidies Capital are **R76.7 million**. This amount excludes RBIG and WSIG which were incorrectly allocated thus not populating under Transfers and subsidies - Capital

Municipal Infrastructure Grant	R75 million
Regional Bulk Infrastructure Grant	R10 million
Water services Infrastructure grant	R25 million
Rural Road asset Management grant	R1.7 million
<b>TOTAL</b>	<b>R111.7 million</b>

## Interest

Interest on investment is budgeted at **R6 million**, this estimate is based on previous year interest income, the interest includes interest on investments made and interest on bank balance. Year to date Interest is **R272 thousand**. Interest on investment revenue on table C4 is **R530 thousand**, the difference does not populate because of the system technicality and will be corrected.

The interest on investment is below target, the municipality may have to revise its investment strategy to ensure budget target is met.

## Payments - Suppliers and employees

The municipality is expecting to spend 100% of what has been budgeted on Table C4 and year-end creditors but excluding non-cash items such as depreciation and debt impairment.

## CASHFLOW FROM INVESTING ACTIVITIES

### Payments - Capital Assets

Capital expenditure to date is **R19.7 million**, the capital expenditure is excluding VAT portion, MFMA MSCOA circular number 11 issued 04 December 2020 highlighted the VAT issue and corrections are being developed.

## Cash and cash equivalents at the end

Cash and cash equivalents are the cash available at the end of the reporting period after all expenses have been paid.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1. DEBTORS ANALYSIS

#### Debtors age analysis as at 31 August 2022

DC26 Zululand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2022/23											
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	4 132	3 427	3 251	2 285	2 767	2 686	13 912	103 843	136 303	125 493	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300									–	–		
Receivables from Non-exchange Transactions - Property Rates	1400									–	–		
Receivables from Exchange Transactions - Waste Water Management	1500	1 325	1 108	784	650	673	660	3 405	30 820	39 424	36 207	–	–
Receivables from Exchange Transactions - Waste Management	1600									–	–		
Receivables from Exchange Transactions - Property Rental Debtors	1700	20	9	8	0	5	4	–	–	46	10	–	–
Interest on Arrear Debtor Accounts	1810	12	11	25	171	11	11	49	218	509	460	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–		
Other	1900	69	–	83	419	13	88	4 213	12	4 896	4 745	–	–
Total By Income Source	2000	5 558	4 556	4 150	3 524	3 468	3 449	21 579	134 893	181 178	166 914	–	–
2021/22 - totals only													
										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	2 001	1 695	879	971	408	625	6 317	4 879	17 775	13 201	–	–
Commercial	2300	801	409	738	324	350	334	1 269	7 300	11 525	9 577	–	–
Households	2400	2 756	2 452	2 534	2 229	2 710	2 490	13 994	122 714	151 878	144 136	–	–
Other	2500									–	–		
Total By Customer Group	2600	5 558	4 556	4 150	3 524	3 468	3 449	21 579	134 893	181 178	166 914	–	–

Total debtors' amount to **R181.1million**, which is an increase **of R2.2 million** from the closing balance of **R178.9 million** in July 2022. The debtors over 90 days amount to **R166.9 million**. This is concerning and needs intervention since debtors above 60 days should be restricted in terms of the Municipality's credit control policy.

## 2.2. CREDITORS ANALYSIS

### Creditors age analysis as at 31 August 2022

DC26 Zululand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	NT Code	Budget Year 2022/23									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100									-	
Bulk Water	0200									-	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700	165 862	17 019	31 309	-	-	-	-	-	214 191	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	165 862	17 019	31 309	-	-	-	-	-	214 191	-

## 2.3. INVESTMENT PORTFOLIO

### Investments as at 31 August 2022

DC26 Zululand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M02 August

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
<b>Municipality</b>														
Zululand District Municipality		0	Balance b/d	Yes	Variable	Available	N/A	N/A	N/A	100 000	259	50 259		50 000
Zululand District Municipality-ABSA		0	Call Account	Yes	Variable	0.0505	N/A	N/A	N/A	10 000				10 000
														-
<b>Municipality sub-total</b>										<b>100 000</b>		<b>50 259</b>	<b>-</b>	<b>60 000</b>
<b>Entities</b>														
														-
														-
<b>Entities sub-total</b>										<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>2</b>									<b>100 000</b>		<b>50 259</b>	<b>-</b>	<b>60 000</b>

## 2.4. ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

### Grants Receipts

DC26 Zululand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
National Government:		535 457	598 895	598 895	3 330	232 022	99 816	132 206	132.5%	598 895
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		524 645	586 391	586 391	-	228 692	97 732	130 960	134.0%	586 391
Expanded Public Works Programme Integrated Grant		9 612	8 517	8 517	2 130	2 130	1 420	711	50.1%	8 517
Local Government Financial Management Grant		1 200	1 200	1 200	1 200	1 200	200	1 000	500.0%	1 200
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	2 787	2 787	-	-	465	(465)	-100.0%	2 787
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		2 522	2 411	2 411	-	-	402	(402)	-100.0%	2 411
Capacity Building and Other Grants		2 522	2 411	2 411	-	-	402	(402)	-100.0%	2 411
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
KwazuluNatal Provincial Planning and Development Commission		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	537 979	601 306	601 306	3 330	232 022	100 218	131 804	131.5%	601 306
<b>Capital Transfers and Grants</b>										
National Government:		603 289	372 306	372 306	56 659	56 659	62 051	(5 392)	-8.7%	372 306
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		269 111	259 530	259 530	7 616	7 616	43 255	(35 639)	-82.4%	259 530
Regional Bulk Infrastructure Grant		222 531	15 247	15 247	13 788	13 788	2 541	11 247	442.6%	15 247
Rural Road Asset Management Systems Grant		1 647	2 529	2 529	-	-	422	(422)	-100.0%	2 529
Water Services Infrastructure Grant		110 000	95 000	95 000	35 254	35 254	15 833	19 421	122.7%	95 000
Provincial Government:		32 266	-	-	-	-	-	-	-	-
Infrastructure Grant		32 266	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	635 555	372 306	372 306	56 659	56 659	62 051	(5 392)	-8.7%	372 306
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	1 173 534	973 612	973 612	59 989	288 681	162 269	126 412	77.9%	973 612

Grants are received as per transfer schedule and have been received as such, Grants are recognized as revenue as when the condition is been met.

## Grant Expenditure

DC26 Zululand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August

Description	Ref	2021/22	Budget Year 2022/23					YTD variance	YTD variance %	Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget			
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		757 879	551 382	553 585	59 465	82 367	92 261	(9 893)	-10.7%	553 585
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Equitable Share		688 545	541 665	543 868	56 098	78 053	90 641	(12 588)	-13.9%	543 868
Expanded Public Works Programme Integrated Grant		24 299	8 517	8 517	3 253	4 195	1 420	2 775	195.5%	8 517
Local Government Financial Management Grant		1 200	1 200	1 200	115	120	200	(80)	-40.2%	1 200
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		41 379	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant		1 022	–	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		1 433	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		1 866	2 381	2 381	41	43	397	(354)	-89.2%	2 381
Capacity Building and Other Grants		1 866	2 381	2 381	41	43	397	(354)	-89.2%	2 381
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
KwazuluNatal Provincial Planning and Development Commission		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		759 744	553 763	555 966	59 506	82 410	92 658	(10 248)	-11.1%	555 966
Capital expenditure of Transfers and Grants										
National Government:		485 073	323 744	323 744	12 841	16 898	53 957	(37 059)	-68.7%	323 744
Municipal Infrastructure Grant		194 381	225 678	225 678	4 578	4 578	37 613	(33 035)	-87.8%	225 678
Regional Bulk Infrastructure Grant		194 437	13 258	13 258	2 209	3 345	2 210	1 136	51.4%	13 258
Rural Road Asset Management Systems Grant		–	2 199	2 199	–	–	367	(367)	-100.0%	2 199
Water Services Infrastructure Grant		96 255	82 609	82 609	6 053	8 975	13 768	(4 793)	-34.8%	82 609
Provincial Government:		7 451	26	26	–	–	4	(4)	-100.0%	26
Infrastructure Grant		7 451	26	26	–	–	4	(4)	-100.0%	26
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		492 524	323 770	323 770	12 841	16 898	53 962	(37 064)	-68.7%	323 770
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 252 268	877 534	879 736	72 347	99 308	146 619	(47 311)	-32.3%	879 736

All conditional grants actual year-to-date expenditure are below year-to-date budget on average this is since the financial year has just begun, though EPWP and RBIG year-to-date actual expenditure is above year to year-to-date budget.

## Roll-overs Expenditure

The Municipality has two rolled over grants:

- Rural Road Asset Management Subsidy
- KwaMajomela manufacturing grant

ROLLED OVER GRANTS FROM 2021/2022	APPROVED BUDGET	YTD ACTUAL
Rural Road Asset Management Subsidy	768 977	-
Kwamajomela Manufacturing Centre Grant	1 641 817	-
<b>Total Operating Grant Expenditure</b>	<b>2 410 795</b>	<b>-</b>

DC26 Zululand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M02 August

Description	Ref	Budget Year 2022/23				
		Approved Rollover 2021/22	Monthly actual	YearTD actual	YTD variance	YTD variance
R thousands						%
<b>EXPENDITURE</b>						
<b>Operating expenditure of Approved Roll-overs</b>						
National Government:		-	-	-	-	
					-	
Provincial Government:		-	-	-	-	
					-	
District Municipality:		-	-	-	-	
					-	
Other grant providers:		-	-	-	-	
					-	
Total operating expenditure of Approved Roll-overs		-	-	-	-	
<b>Capital expenditure of Approved Roll-overs</b>						
National Government:		(769)	-	-	(769)	100.0%
Rural Road Asset Management Subsidy Grant		(769)			(769)	100.0%
Provincial Government:		(1 642)	-	-	(1 642)	100.0%
KwaMajomela Manufacturing centre Grant		(1 642)			(1 642)	100.0%
District Municipality:		-	-	-	-	
					-	
Other grant providers:		-	-	-	-	
					-	
Total capital expenditure of Approved Roll-overs		(2 411)	-	-	(2 411)	100.0%
<b>TOTAL EXPENDITURE OF APPROVED ROLL-OVERS</b>		<b>(2 411)</b>	<b>-</b>	<b>-</b>	<b>(2 411)</b>	<b>100.0%</b>

## 2.5. COUNCILLOR AND BOARD MEMBER ALLOWENCES AND EMPLOYEE BENEFITS

DC26 Zululand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August

Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		–	–	–	237	237	–	237	#DIV/0!	–
Pension and UIF Contributions		514	661	661	44	86	110	(24)	-22%	661
Medical Aid Contributions		44	–	–	5	7	–	7	#DIV/0!	–
Motor Vehicle Allowance		1 727	1 805	1 805	115	256	301	(45)	-15%	1 805
Cellphone Allowance		649	653	653	58	116	109	7	6%	653
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		5 682	5 652	5 652	483	929	942	(13)	-1%	5 652
<b>Sub Total - Councillors</b>		<b>8 616</b>	<b>8 771</b>	<b>8 771</b>	<b>941</b>	<b>1 631</b>	<b>1 462</b>	<b>169</b>	<b>12%</b>	<b>8 771</b>
<b>% increase</b>	4		<b>1.8%</b>	<b>1.8%</b>						<b>1.8%</b>
<b>Senior Managers of the Municipality</b>	3									
Basic Salaries and Wages		5 121	6 555	6 555	704	704	1 092	(389)	-36%	6 555
Pension and UIF Contributions		11	55	55	1	1	9	(8)	-86%	55
Medical Aid Contributions		48	57	57	–	–	10	(10)	-100%	57
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		1 210	1 592	1 592	92	169	265	(97)	-36%	1 592
Cellphone Allowance		191	210	210	17	26	35	(9)	-25%	210
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		203	225	225	16	29	38	(9)	-24%	225
Payments in lieu of leave		354	–	–	185	185	–	185	#DIV/0!	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>		<b>7 138</b>	<b>8 695</b>	<b>8 695</b>	<b>1 014</b>	<b>1 113</b>	<b>1 449</b>	<b>(336)</b>	<b>-23%</b>	<b>8 695</b>
<b>% increase</b>	4		<b>21.8%</b>	<b>21.8%</b>						<b>21.8%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		172 378	185 935	185 935	27 276	30 695	30 989	(294)	-1%	185 935
Pension and UIF Contributions		22 997	25 886	25 886	2 066	4 073	4 314	(242)	-6%	25 886
Medical Aid Contributions		13 624	13 597	13 597	1 197	2 357	2 266	91	4%	13 597
Overtime		7 099	4 619	4 619	472	1 001	770	231	30%	4 619
Performance Bonus		11 678	12 786	12 786	1 304	2 252	2 131	121	6%	12 786
Motor Vehicle Allowance		8 704	9 561	9 561	853	1 688	1 593	94	6%	9 561
Cellphone Allowance		663	670	670	62	129	112	17	16%	670
Housing Allowances		1 379	1 379	1 379	154	289	230	59	26%	1 379
Other benefits and allowances		8 505	524	524	380	556	87	468	536%	524
Payments in lieu of leave		3 223	–	–	–	360	–	360	#DIV/0!	–
Long service awards		2 506	–	–	283	459	–	459	#DIV/0!	–
Post-retirement benefit obligations		3 775	4 500	4 500	–	–	750	(750)	-100%	4 500
<b>Sub Total - Other Municipal Staff</b>		<b>256 532</b>	<b>259 457</b>	<b>259 457</b>	<b>34 048</b>	<b>43 858</b>	<b>43 243</b>	<b>615</b>	<b>1%</b>	<b>259 457</b>
<b>% increase</b>	4		<b>1.1%</b>	<b>1.1%</b>						<b>1.1%</b>
<b>Total Parent Municipality</b>		<b>272 286</b>	<b>276 923</b>	<b>276 923</b>	<b>36 003</b>	<b>46 603</b>	<b>46 154</b>	<b>449</b>	<b>1%</b>	<b>276 923</b>

No board member fees have been budgeted and incurred

**DC26 Zululand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August**

Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
	1	A	B	C						D
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<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								-		
<b>Sub Total - Board Members of Entities</b>	2	-	-	-	-	-	-	-		-
<b>% increase</b>	4									
<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	2							-		
<b>Sub Total - Senior Managers of Entities</b>		-	-	-	-	-	-	-		-
<b>% increase</b>	4									
<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								-		
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-		-
<b>% increase</b>	4									
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-		-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>										
		272 286	276 923	276 923	36 003	46 603	46 154	449	1%	276 923
<b>% increase</b>	4		1.7%	1.7%						1.7%
<b>TOTAL MANAGERS AND STAFF</b>		263 669	268 152	268 152	35 061	44 972	44 692	280	1%	268 152



## 2.6. MATERIAL VARIANCES TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

DC26 Zululand - Supporting Table SC1 Material variance explanations - M02 August

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	<b>R thousands</b>			
1	<b>Revenue By Source</b>			
	Property rates			
	Service charges - electricity revenue			
	Service charges - water revenue	-40%	This is the amounts billed on customers for water used, the year-to-date actual is R6.8 million, which is below year-to-date budget of R11.3 million. A variance of R4.5 million or 40% is observed. No amount has been recognized relating to the proposed flat rate of R50, this is causing under billing of the variance mentioned above.	The municipality may have to adjust downward revenue projection in the adjustment budget. The municipality must fast track the billing of R50 flat rate to ensure that the budget target is met
	Service charges - sanitation revenue	27%	This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R2.6 million which is above year to date budget of R2.08 million. A variance of R568 thousand or 27% is observed.	The billing is above the target, the municipality may have to adjust upwards in the adjustment budget.
	Service charges - refuse revenue			
	Rental of facilities and equipment	10%	Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual is R34 thousand which is above year-to-date budget of R31 thousand. A variance of R3 thousand or 10% is observed.	
	Interest earned - external investments	-47%	Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is R530 thousand, which is below year-to-date budget of R1 million. A variance of R470 thousand or 47% is observed.	The interest on investment is below target, the municipality may have to revise its investment strategy to ensure budget target is met.
	Interest earned - outstanding debtors	69%	Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is R24 thousand, which is above to year-to-date budget of R14 thousand. variance of R10 thousand or 69% is observed.	Interest earned on outstanding debtors is above target, the municipality must improve collection to ensure less consumers are charged interest.
	Dividends received			
	Fines, penalties and forfeits	-42%	Fines, penalties and forfeits are mainly amounts charged on illegal connections, the year-to-date actual is R15 thousand, which is below the year-to-date budget of R25 thousand. A variance of R10 thousand or 42% is observed.	This is a positive indication that less consumers are illegally connected.
	Licences and permits	0%	This amount is for health certificates issued, the year-to-date actual is R6 thousand, the year-to-date budget is R0. A variance of R6 thousand or is observed.	There was no allocated budget in this revenue stream, the budget will be allocated in the adjustment budget.
	Agency services			
	Transfers and subsidies	132%	Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2022; and provincial gazette, 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.	The above variance is a result of the first transfer of equitable share of R228.6 million.
	Other revenue	-94%	Transfers and subsidies year to date actual is R232.02 million, which is above year-to-date budget of R100.2 million. A variance of R131.8 million or 132% is observed. Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual is R7 thousand, which is below year-to-date budget of R118 thousand. A variance of R112 thousand or 94% is observed.	The other revenue depends on the sale of tender documents and skills development levy refund which are seasonal and cannot be benchmarked against the year to date budget.
	Gains			

**DC26 Zululand - Supporting Table SC1 Material variance explanations - M02 August**

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	<b>R thousands</b>			
2	<b>Expenditure By Type</b>			
	Employee related costs	1%	Employee related costs year to date actual is R44.9 million, which is above the year-to-date budget of R44.6 million, a variance of R280 thousand or 1% is observed. Employee related cost is a little bit above year-to-date budget, this variance is caused by overtime, standby allowance, acting allowance and long service bonus.	The municipality need to allocate an additional budget to the above-mentioned line items.
	Remuneration of councillors	12%	Remuneration of Councillors year to date actual is R1.6 million, which is above the year-to-date budget is R1.4 million, a variance of R169 thousand or 12% is observed. The upper limits have been effected therefore the municipality back paid councillors in August.	The revised budget allocation is recommended in the next adjustment budget.
	Debt impairment	-100%	Debt impairment is the amount for provision for non-collection as per council policy. provision for non-collection assessment and calculation is done at year end. National treasury recommend that the assessment and calculations be done monthly.	
	Depreciation & asset impairment	0%	This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R13.3 million, which is equal to year-to-date budget of R13.3 million. A variance of R0 million or 0% is observed.	
	Finance charges			
	Bulk purchases - electricity		The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity. The purchase of electricity is under section other expenditure below	
	Inventory consumed	-99%	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 is R47 thousand, which is below the year-to-date budget of R5.58 million, a variance of R5.53 million or 99% is observed. The variance is caused by non-payments of bulk water.	It is recommended that the municipality record all expenditure relating to bulk water in time.
	Contracted services	-41%	Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R10.3 million and the year-to-date budget is R17.6 million, a variance of R7.3 million or 41% is observed.	
	Transfers and subsidies	-50%	Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual is R180 thousand, the year-to-date budget is R361 thousand, a variance of R181 thousand or 50% is observed. This expenditure item is seasonal, expenditure will pick up as the financial year progresses.	
	Other expenditure	24%	Other expenditure year to date actual is R23.9 million, the year-to-date budget is R19.2 million, a variance of R4.6 million or 24% is observed. The cost of electricity and some seasonal/once off expenditure items are the main reason for the variance.	It is recommended that the municipality monitor closely this expenditure item.
	Losses			
3	<b>Capital Expenditure</b>			
	Client elected Not to populate this sheet			
4	<b>Financial Position</b>			
	Client elected Not to populate this sheet			
5	<b>Cash Flow</b>			
	Client elected Not to populate this sheet			
6	<b>Measureable performance</b>			
	Client elected Not to populate this sheet			
7	<b>Municipal Entities</b>			
	Client elected Not to populate this sheet			

## 2.7. PARENT MUNICIPALITY FINANCIAL PERFORMANCE

The Municipality does not have any entities.

## 2.8. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The Municipality does not have any entities.

## 2.9. CAPITAL PROGRAMME PERFORMANCE

### Capital Expenditure by month

DC26 Zululand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M02 August

Month	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
<u>Monthly expenditure performance trend</u>									
July	42 148	27 680	27 680	5 503	5 503	27 680	22 178	80.1%	2%
August	42 148	27 680	27 680	14 273	19 776	55 360	35 585	64.3%	6%
September	42 148	27 680	27 680	–		83 040	–		
October	42 148	27 680	27 680	–		110 721	–		
November	42 148	27 680	27 680	–		138 401	–		
December	42 148	27 680	27 680	–		166 081	–		
January	42 148	27 680	27 680	–		193 761	–		
February	42 148	27 680	27 680	–		221 441	–		
March	42 148	27 680	27 680	–		249 121	–		
April	42 148	27 680	27 680	–		276 801	–		
May	42 148	27 680	27 680	–		304 482	–		
June	42 148	27 680	27 680	–		332 162	–		
<b>Total Capital expenditure</b>	<b>505 782</b>	<b>332 162</b>	<b>332 162</b>	<b>19 776</b>					

The actual capital expenditure is greater than year-to-date spending.

### Summary of Capital Expenditure by asset class and sub-class

DC26 Zululand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M02 August

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>485 073</b>	<b>327 657</b>	<b>327 657</b>	<b>14 273</b>	<b>19 776</b>	<b>54 610</b>	<b>34 834</b>	<b>63.8%</b>	<b>327 657</b>
Roads Infrastructure		–	6 112	6 112	1 432	2 878	1 019	(1 859)	-182.5%	6 112
Roads		–	6 112	6 112	1 432	2 878	1 019	(1 859)	-182.5%	6 112
Road Structures								–		
Road Furniture								–		
Capital Spares								–		
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection								–		
Storm water Conveyance								–		
Attenuation								–		
Electrical Infrastructure		–	–	–	–	–	–	–		–
Power Plants								–		
HV Substations								–		
HV Switching Station								–		
HV Transmission Conductors								–		
MV Substations								–		
MV Switching Stations								–		
MV Networks								–		
LV Networks								–		
Capital Spares								–		
Water Supply Infrastructure		485 073	321 545	295 632	9 810	13 867	49 272	35 405	71.9%	295 632
Dams and Weirs								–		
Boreholes		8 702	–	52 000	–	–	7 136	7 136	100.0%	52 000
Reservoirs		–	–	21 304	1 260	1 260	4 539	3 279	72.2%	21 304
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		74 910	–	34 783	–	–	5 797	5 797	100.0%	34 783
Bulk Mains		241 577	321 545	124 803	8 550	12 607	20 801	8 193	39.4%	124 803
Distribution		159 884	–	62 742	–	–	10 457	10 457	100.0%	62 742
Distribution Points		–	–	–	–	–	542	542	100.0%	–
PRV Stations								–		
Capital Spares								–		
Sanitation Infrastructure		–	–	25 913	3 031	3 031	4 319	1 288	29.8%	25 913
Pump Station								–		
Reticulation		–	–	25 913	3 031	3 031	4 319	1 288	29.8%	25 913
Waste Water Treatment Works								–		
Outfall Sewers								–		
Toilet Facilities								–		
Capital Spares								–		
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites								–		
Waste Transfer Stations								–		
Waste Processing Facilities								–		
Waste Drop-off Points								–		
Waste Separation Facilities								–		
Electricity Generation Facilities								–		
Capital Spares								–		
Rail Infrastructure		–	–	–	–	–	–	–		–
Rail Lines								–		
Rail Structures								–		
Rail Furniture								–		
Drainage Collection								–		
Storm water Conveyance								–		
Attenuation								–		
MV Substations								–		
LV Networks								–		
Capital Spares								–		
Coastal Infrastructure		–	–	–	–	–	–	–		–
Sand Pumps								–		
Piers								–		
Revetments								–		
Promenades								–		
Capital Spares								–		
Information and Communication Infrastructure		–	–	–	–	–	–	–		–
Data Centres								–		
Core Layers								–		
Distribution Layers								–		
Capital Spares								–		

DC26 Zululand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M02

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Community Assets</b>		6 965	-	-	-	-	-	-		-
Community Facilities		6 965	-	-	-	-	-	-		-
Halls								-		
Centres		6 965	-	-	-	-	-	-		-
Crèches								-		
Clinics/Care Centres								-		
Fire/Ambulance Stations								-		
Testing Stations								-		
Museums								-		
Galleries								-		
Theatres								-		
Libraries								-		
Cemeteries/Crematoria								-		
Police								-		
Parks								-		
Public Open Space								-		
Nature Reserves								-		
Public Ablution Facilities								-		
Markets								-		
Stalls								-		
Abattoirs								-		
Airports								-		
Taxi Ranks/Bus Terminals								-		
Capital Spares								-		
Sport and Recreation Facilities		-	-	-	-	-	-	-		-
Indoor Facilities								-		
Outdoor Facilities		-	-	-	-	-	-	-		-
Capital Spares								-		
<b>Heritage assets</b>		6 594	-	-	-	-	-	-		-
Monuments								-		
Historic Buildings								-		
Works of Art		6 594	-	-	-	-	-	-		-
Conservation Areas								-		
Other Heritage								-		
<b>Investment properties</b>		-	-	-	-	-	-	-		-
Revenue Generating		-	-	-	-	-	-	-		-
Improved Property								-		
Unimproved Property								-		
Non-revenue Generating		-	-	-	-	-	-	-		-
Improved Property								-		
Unimproved Property								-		
<b>Other assets</b>		-	391	391	-	-	65	65	100.0%	391
Operational Buildings		-	391	391	-	-	65	65	100.0%	391
Municipal Offices		-	391	391	-	-	65	65	100.0%	391
Pay/Enquiry Points								-		
Building Plan Offices								-		
Workshops								-		
Yards								-		
Stores								-		
Laboratories								-		
Training Centres								-		
Manufacturing Plant								-		
Depots								-		
Capital Spares								-		
Housing		-	-	-	-	-	-	-		-
Staff Housing								-		
Social Housing								-		
Capital Spares								-		

**DC26 Zululand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M02**

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b><u>Biological or Cultivated Assets</u></b>		-	-	-	-	-	-	-		-
Biological or Cultivated Assets								-		
<b><u>Intangible Assets</u></b>		-	-	-	-	-	-	-		-
Servitudes								-		
Licences and Rights		-	-	-	-	-	-	-		-
Water Rights								-		
Effluent Licenses								-		
Solid Waste Licenses								-		
Computer Software and Applications		-	-	-	-	-	-	-		-
Load Settlement Software Applications								-		
Unspecified								-		
<b><u>Computer Equipment</u></b>		6 572	2 609	2 609	-	-	435	435	100.0%	2 609
Computer Equipment		6 572	2 609	2 609	-	-	435	435	100.0%	2 609
<b><u>Furniture and Office Equipment</u></b>		92	1 043	1 043	-	-	174	174	100.0%	1 043
Furniture and Office Equipment		92	1 043	1 043	-	-	174	174	100.0%	1 043
<b><u>Machinery and Equipment</u></b>		485	461	461	-	-	77	77	100.0%	461
Machinery and Equipment		485	461	461	-	-	77	77	100.0%	461
<b><u>Transport Assets</u></b>		-	-	-	-	-	-	-		-
Transport Assets		-	-	-	-	-	-	-		-
<b><u>Land</u></b>		-	-	-	-	-	-	-		-
Land								-		
<b><u>Zoo's, Marine and Non-biological Animals</u></b>		-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals								-		
<b>Total Capital Expenditure on new assets</b>	1	505 782	332 162	332 162	14 273	19 776	55 360	35 585	64.3%	332 162

## 2.10. OTHER SUPPORTING DOCUMENTS

No other financial information outside of information contained in Schedule C is available

## 2.11. IN-YEAR REPORT OF MUNICIPAL ENTITIES

The Municipality does not have any entities.

## 2.12. MUNICIPAL MANAGERS QUALITY CERTIFICATION

I, **R.N. Hlongwa**, Municipal Manager of Zululand District Municipality, hereby certify that the Monthly Budget Statement has been prepared in accordance with the Municipal Finance Management Act, and the regulations made under the Act.



R.N. Hlongwa  
Municipal Manager  
Zululand District Municipality (DC26)

Date: 2022/09/13