

ZULULAND DISTRICT MUNICIPALITY



MONTHLY BUDGET STATEMENT AND SUPPORTING DOCUMENTATION FOR PERIOD ENDED

31 JANUARY 2023

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	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Total Revenue By Source (Excluding Capital Transfers)	688 934 986	465 068 625	401 878 673	63 189 952	16%
Total Operating Expenditure	626 160 559	420 222 832	371 414 420	48 808 412	13%
Surplus/(Deficit)	62 774 427	44 845 792	30 464 253	14 381 540	

Operating Revenue Performance

Total operating revenue generated by the Municipality as at **31 January 2023** is **R465.06 million** which is **68%** of the approved operating revenue budget. The **R465.06 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R401.8 million**, a variance of **R63.1 million** or **16 %** is observed.

The Municipality is largely dependent on government grants and partly service charges for its operations. Service charges revenue recognized from trading services is only **R32.8 million** which is **7%** of the total generated operating revenue. No amount has been recognized relating to the proposed flat rate of **R50** and will be removed in the adjustment budget.

Major Variances between actuals and year to date budget on Operating Expenditure

Reasons for variances can be attributed to Service charges water revenue, interest on investments and Fines, Penalties and forfeits, transfers which are moving at a slow pace than year to date budget; Transfers and subsidies, service charges sanitation revenue and other revenue which are moving at a pace higher than year to date budget.

Operating revenue is explained by source in detail on Section 1.4 Operating Revenue Performance.

Operating Expenditure Performance

Total Operating Expenditure as at **31 January 2023** is **R420.2 million** which is **67%** of the approved operating expenditure budget. The **R420.2 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R371.4 million**, a variance of **R48.8 million** or **13%** is observed.

Major Variances between actuals and year to date budget on Operating Expenditure

Reasons for variances can be attributed to inventory consumed which is moving at a slow pace than year to date budget; debt impairment which has no movement; depreciation, contracted services and other expenditure which are moving at a pace higher than year to date budget; transfers and subsidies is seasonal. Employee related cost, contracted services and other expenditure can be classified as the three major cost drivers.

Operating expenditure is explained by source in detail on Section 1.5 Operating Expenditure Performance.

Capital Expenditure and Funding

Summary Statement of Capital Expenditure and Funding

	APPROVED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Total Capital Expenditure	332 161 738	152 356 869	195 097 562	-42 740 693	-22%
Total Capital Financing	332 161 738	152 356 869	195 097 562	-42 740 693	-22%

Total Capital Expenditure as at **31 January 2023** is **R152.3 million** which is **46%** of the approved capital budget. The **R152.3 million** year to date actual is **below** the **seven** months baseline projection or year-to-date budget of **R195.09 million**, a variance of **R42.7 million** or **22%** is observed.

Capital expenditure is explained by source in detail on section 1.6 Capital Expenditure and Funding.

Major Variances between actuals and year to date budget on Capital expenditure

Reasons for variances can be attributed to capital grants not being spent at similar pace as year to date budget.

1.4. OPERATING REVENUE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

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		38 486	68 000	68 000	3 975	23 886	39 667	(15 781)	-40%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 252	8 935	7 292	1 643	23%	12 500
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	183	17	122	107	15	14%	183
Interest earned - external investments		3 705	6 000	6 000	119	1 606	3 500	(1 894)	-54%	6 000
Interest earned - outstanding debtors		288	85	85	22	117	50	67	135%	85
Dividends received								-		
Fines, penalties and forfeits		209	150	150	3	33	87	(54)	-62%	150
Licences and permits		-	-	-	18	42	-	42	#DIV/0!	-
Agency services								-		
Transfers and subsidies		537 979	601 306	601 306	13	429 584	350 762	78 822	22%	601 306
Other revenue		1 085	711	711	132	744	414	330	80%	711
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	688 935	5 551	465 069	401 879	63 190	16%	688 935

The year-to-date actual indicates operating revenue of **R465.06 million** for **seven months**, The **R465.06 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R401.8 million**, a variance of **R63.1 million** or **16%** is observed. The total revenue to-date represents **68%** 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 **R23.8 million** which is **35%** of the approved budget. the **R23.8 million** year to date actual is **below** the **seven** months baseline projection or year-to-date budget of **R39.6 million**. A variance of **R15.7 million** or **40%** is observed.

Billing/Collection on flat rate has not yielded the desired output, the municipality has proposed revisions downwards in the adjustment budget.

Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is **R8.9 million** which is **71%** of the approved budget. the **R8.9 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R7.2 million**. A variance of **R1.6 million** or **23%** is observed.

Reasons for variances can be attributed to excess charge billing on businesses that utilize more than 40kl of water per month.

The billing is above the target, the municipality has proposed revisions upwards in the adjustment budget.

Rent of facilities

Rental of facilities is amounts billed for office space leased out, the year-to-date actual is **R122 thousand** which is **66%** of the approved budget. the **R122 thousand** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R107 thousand**. A variance of **R15 thousand** or **14%** is observed.

Reasons for variances can be attributed to annual inflation rate increase.

The billing is above the target, the municipality has proposed upwards downwards in the adjustment budget.

Interest on investment

Interest on investment is interest received when the Municipality makes cash investments. the year-to-date actual is **R1.6 million** which is **27%** of the approved budget. the **R1.6 million** year to date actual is **below** the **seven** months baseline projection or year-to-date budget of **R3.5 million**. A variance of **R1.8 million** or **54%** is observed.

Reasons for variances can be attributed low investment due to prioritization of liability payments.

The interest on investment is below target, the municipality has proposed revisions downwards in the adjustment budget.

Interest earned - outstanding debtors

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. the year-to-date actual is **R117 thousand** which is **137%** of the approved budget. the **R117 thousand** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R50 thousand**. A variance of **R67 thousand** or **135%** is observed.

Reasons for variances can be attributed to businesses non adherence to payment terms, the municipality must implement stringent measures to ensure less businesses are charged interest.

Interest earned on outstanding debtors is above target, the municipality has proposed revisions upwards in the adjustment budget.

Fines, penalties and forfeits

Fines, penalties and forfeits are mainly amounts charged on illegal connections. the year-to-date actual is **R33 thousand** which is **22%** of the approved budget. the **R33 thousand** year to date actual is **below** the **seven** months baseline projection or year-to-date budget of **R87 thousand**. A variance of **R54 thousand** or **62%** is observed.

Reasons for variances can be attributed to a positive indication that less consumers are illegally connected or a negative indication that some illegally connected consumers are not yet discovered.

Municipality must keep up the disconnection of illegal connections, the municipality has proposed revisions downward in the adjustment budget.

Licences and permits

This amount is for Licences and permits issued for certain businesses. the year-to-date actual is **R42 thousand** which was not budgeted for. the **R42 thousand** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R0 thousand**. A variance of **R42 thousand** or **100%** is observed.

Reasons for variances can be attributed to a new revenue stream and there was no budget allocated.

The municipality has proposed revisions upwards 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 **R429.5 million** which is **71%** of the approved budget. the **R429.5 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R350.7 million**. A variance of **R78.8 million** or **22%** is observed.

All grants are received as per transfer schedule with the exception of Indonsa grant and Municipal systems improvement grant.

Reasons for variances can be attributed to nature of transfers and subsidies which depend on the transfer schedule and cannot be benchmarked against the year-to-date budget. Grants are not received monthly but in trenches as per approved transfer schedule.

Other revenue

Other revenue includes amounts for tender fees, skills development levy refund and any other revenue the Municipality may be entitled to receive such as sale of consumables. The year-to-date actual is **R744 thousand** which is **105%** of the approved budget. the **R744 thousand** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R414 thousand**. A variance of **R330 thousand** or **80%** is observed.

Reasons for variances can be attributed to high quantity of sale of tender documents.

1.5. OPERATING EXPENDITURE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	2021/22	Budget Year 2022/23							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands									%	
Expenditure By Type										
Employee related costs		263 669	268 152	268 152	23 930	160 047	156 423	3 624	2%	268 152
Remuneration of councillors		8 616	8 771	8 771	819	5 348	5 116	232	5%	8 771
Debt impairment		20 001	14 000	14 000	–	–	8 167	(8 167)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	7 935	55 521	46 667	8 854	19%	80 000
Finance charges		399	–	88	–	88	33	55	167%	88
Bulk purchases - electricity		–	–	–	–	–	–	–		–
Inventory consumed		22 023	33 320	23 755	59	10 006	17 153	(7 147)	-42%	23 755
Contracted services		318 040	106 388	151 720	17 116	90 474	73 754	16 720	23%	151 720
Transfers and subsidies		11 295	3 070	4 335	250	2 754	1 697	1 057	62%	4 335
Other expenditure		131 178	112 460	106 654	11 646	95 985	62 404	33 581	54%	106 654
Losses		2 627	–	–	–	–	–	–		–
Total Expenditure		878 966	626 161	657 474	61 755	420 223	371 414	48 808	13%	657 474

The year-to-date actual indicates spending of **R420.2 million** for **seven months**, which is **67%** of the approved operating expenditure budget. The **R420.2 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R371.4 million**, a variance of **R48.8 million** or **13%** is observed.

Employee Related Costs

Employee related costs are amounts paid for salaries, allowances, service related benefits and contributions. The year-to-date actual is **R160.04 million** which is **60%** of the approved budget. the **R160.04 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R156.4 million**. A variance of **R3.6 million** or **2%** is observed.

The variance is below 5% and not major.

Remuneration of Councillors

Remuneration of Councilors are amounts paid for councilors allowances, service related benefits and contributions. The year-to-date actual is **R5.3 million** which is **61%** of the approved budget. the **R5.3 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R5.1 million**. A variance of **R232 thousand** or **5%** is observed.

The variance is not above 5% and not major.

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.

Municipality calculate debt impairment once at year end.

Depreciation

This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is **R55.5 million** which is **69%** of the approved budget. the **R55.5 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R46.6 million**. A variance of **R8.8 million** or **19%** is observed.

Reasons for variances can be attributed to depreciation being under budgeted.

Finance charges

Finance charges are amounts for interest paid. The year-to-date actual is **R88 thousand** which is **100%** of the approved budget. the **R88 thousand** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R33 thousand**. A variance of **R55 thousand** or **167%** 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, materials and suppliers and water inventory. The year-to-date actual is **R10 million** which is **69%** of the approved budget. the **R10 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R17.1 million**. A variance of **R7.1 million** or **42%** is observed.

Reasons for variances can be attributed to delays in capturing of invoices.

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

Contracted services

Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is **R90.4 million** which is **60%** of the approved budget. the **R90.4 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R73.7 million**. A variance of **R16.7 million** or **23%** is observed.

Reasons for variances can be attributed to under budgeting of contracted services and SLA commitments not reconciling with what is available on the budget.

The municipality need to review SLA and reconcile it with the budget for contracted services with the aim to reduce what the municipality will have to pay.

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 **R2.7 million** which is **64%** of the approved budget. The **R2.7 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R1.6 million**. A variance of **R1.05 million** or **62%** is observed.

Reasons for variances can be attributed to the nature of this expenditure item, this expenditure item is seasonal and cannot be benchmarked on a straight-line method.

Savings may be identified on this expenditure item and allocated to needy expenditure line items.

Other expenditure

Other expenditure is all other expenditure not classified above. The year-to-date actual is **R95.9 million** which is **90%** of the approved budget. the **R95.9 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R62.4 million**. A variance of **R33.5 million** or **54%** is observed.

It is imperative that the municipality monitor closely this expenditure item and implement strategies to reduce costs.

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	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Finance Management grant (FMG)	1 200 000	233 731	700 000	-466 269	-67%
EPWP Incentive	8 517 000	8 517 000	4 968 250	3 548 750	71%
Art centre Subsisies (Indonsa Grant)	1 911 000	1 062 824	1 114 750	-51 926	-5%
Aviation Strategy	500 000	-	291 667	-291 667	-100%
Municipal Systems Improvement Grant (MSIG)	2 787 000	-	1 625 750	-1 625 750	-100%
Total Operating Grant Expenditure	14 915 000	9 813 555	8 700 417	1 113 138	-2

FMG **19%**, EPWP Incentive **100%**, Art center subsidies (Indonsa Grant) **56%**, Aviation Strategy **0%**, MSIG **0%**.

Summary of Revenue and Operational Expenditure Performance

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

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		38 486	68 000	68 000	3 975	23 886	39 667	(15 781)	-40%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 252	8 935	7 292	1 643	23%	12 500
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	183	17	122	107	15	14%	183
Interest earned - external investments		3 705	6 000	6 000	119	1 606	3 500	(1 894)	-54%	6 000
Interest earned - outstanding debtors		288	85	85	22	117	50	67	135%	85
Dividends received								-		
Fines, penalties and forfeits		209	150	150	3	33	87	(54)	-62%	150
Licences and permits		-	-	-	18	42	-	42	#DIV/0!	-
Agency services								-		
Transfers and subsidies		537 979	601 306	601 306	13	429 584	350 762	78 822	22%	601 306
Other revenue		1 085	711	711	132	744	414	330	80%	711
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	688 935	5 551	465 069	401 879	63 190	16%	688 935
Expenditure By Type										
Employee related costs		263 669	268 152	268 152	23 930	160 047	156 423	3 624	2%	268 152
Remuneration of councillors		8 616	8 771	8 771	819	5 348	5 116	232	5%	8 771
Debt impairment		20 001	14 000	14 000	-	-	8 167	(8 167)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	7 935	55 521	46 667	8 854	19%	80 000
Finance charges		399	-	88	-	88	33	55	167%	88
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		22 023	33 320	23 755	59	10 006	17 153	(7 147)	-42%	23 755
Contracted services		318 040	106 388	151 720	17 116	90 474	73 754	16 720	23%	151 720
Transfers and subsidies		11 295	3 070	4 335	250	2 754	1 697	1 057	62%	4 335
Other expenditure		131 178	112 460	106 654	11 646	95 985	62 404	33 581	54%	106 654
Losses		2 627	-	-	-	-	-	-		-
Total Expenditure		878 966	626 161	657 474	61 755	420 223	371 414	48 808	13%	657 474
Surplus/(Deficit)		(284 466)	62 774	31 461	(56 204)	44 846	30 464	14 382	0	31 461
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	372 306	8 148	167 555	217 178	(49 624)	(0)	372 306
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)		24 307	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		351 089	435 080	403 767	(48 057)	212 401	247 643			403 767
Taxation								-		
Surplus/(Deficit) after taxation		351 089	435 080	403 767	(48 057)	212 401	247 643			403 767
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		351 089	435 080	403 767	(48 057)	212 401	247 643			403 767
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		351 089	435 080	403 767	(48 057)	212 401	247 643			403 767

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	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Total Capital Expenditure	332 161 738	152 356 869	195 097 562	-42 740 693	-22%
Total Capital Financing	332 161 738	152 356 869	195 097 562	-42 740 693	-22%

The capital expenditure amounts to **R152.3 million** which is **46%** of the capital budget, after a period of **seven months**.

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January										
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	1								%	
Capital Expenditure - Functional Classification										
Governance and administration		13 258	3 652	3 719	26	135	2 159	(2 024)	-94%	3 719
Executive and council		6 594	-	-	-	-	-	-	-	-
Finance and administration		6 664	3 652	3 719	26	135	2 159	(2 024)	-94%	3 719
Internal audit								-		
Community and public safety		485	70	1 273	-	1 222	534	687	129%	1 273
Community and social services		485	70	1 273	-	1 222	534	687	129%	1 273
Sport and recreation								-		
Public safety								-		
Housing								-		
Health								-		
Economic and environmental services		6 965	6 112	7 515	45	4 986	4 189	797	19%	7 515
Planning and development		6 965	6 112	7 515	45	4 986	4 189	797	19%	7 515
Road transport								-		
Environmental protection								-		
Trading services		464 144	322 284	322 951	7 178	146 015	188 190	(42 175)	-22%	322 951
Energy sources								-		
Water management		464 144	322 284	322 951	7 178	146 015	188 190	(42 175)	-22%	322 951
Waste water management		-	-	-	-	-	-	-		-
Waste management								-		
Other		-	43	43	-	-	25	(25)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Funded by:										
National Government		464 144	323 744	324 386	7 178	145 843	189 030	(43 187)	-23%	324 386
Provincial Government		7 451	26	1 428	45	1 348	638	710	111%	1 428
District Municipality								-		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)								-		
Transfers recognised - capital		471 595	323 770	325 814	7 223	147 191	189 668	(42 477)	-22%	325 814
Borrowing	6							-		
Internally generated funds		13 258	8 391	9 688	26	5 166	5 429	(264)	-5%	9 688
Total Capital Funding		484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502

Governance and administration

Governance and administration year-to-date actual is **R135 thousand** which is **4%** of the approved budget. the **R135 thousand** year to date actual is **below** the **seven** months baseline projection or year-to-date budget of **R2.1 million**. A variance of **R2 million** or **94%** is observed.

Community and public safety

Community and public safety year-to-date actual is **R1.2 million** which is **96%** of the approved budget. the **R1.2 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R534 thousand**. A variance of **R687 thousand** or **129%** is observed.

Economic and environmental services

Economic and environmental services year-to-date actual is **R4.9 million** which is **19%** of the approved budget. the **R4.9 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R4.1 million**. A variance of **R797 thousand** or **19%** is observed.

Trading services

Trading services year-to-date actual is **R146 million** which is **45%** of the approved budget. the **R146 million** year to date actual is **below** the **seven** months baseline projection or year-to-date budget of **R188.1 million**. A variance of **R42 million** or **22%** is observed.

Other

Other year-to-date actual is **R0** which is **0%** of the approved budget. the **R0** year to date actual is **below** the **seven** months baseline projection or year-to-date budget of **R25 thousand**. A variance of **R25 thousand** or **100%** is observed.

CAPITAL EXPENDITURE BY SOURCE EXCLUSIVE OF VAT	APPROVED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Municipal Infrastructure Grant (MIG)	225 678 261	99 613 724	131 645 652	-32 031 927.88	-24%
Regional Bulk Infrastructure (RBIG)	13 258 261	13 635 916	7 733 986	5 901 930.55	76%
Water services infrastructure Grant (WSIG)	82 608 696	32 593 385	48 188 406	-15 595 021.13	-32%
Rural Roads Asset Managemnt Systems Grant	2 199 130	12 691	1 282 826	-1 270 134.83	-99%
Kwamajomela Manuafacturing Centre Grant	1 641 817	1 348 274	957 727	390 547.83	41%
Indonsa Grant	26 087	-	15 217	-15 217.42	-100%
Other Assets	8 391 303	5 165 569	4 894 927	270 642.16	6%
Total Operating Expenditure	333 803 555	152 369 560	194 718 740	-42 349 181	-133%

No expenditure on RRAMS to date.

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	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Municipal Infrastructure Grant (MIG)	259 530 000	113 591 303	151 392 500	-37 801 197	-25%
Regional Bulk Infrastructure (RBIG)	15 247 000	15 246 414	8 894 083	6 352 330	71%
Water services infrastructure Grant (WSIG)	95 000 000	37 204 244	55 416 667	-18 212 423	-33%
Rural Roads Asset Managemnt Systems Grant	2 529 000	14 595	1 475 250	-1 460 655	-99%
Kwamajomela Manuafacturing Centre Grant	1 641 817	1 550 516	957 727	592 789	62%
Indonsa Grant	26 087	-	15 217	-15 217	-100%
Total Capital Grant Expenditure	373 973 904	167 607 071	218 151 444	-50 544 374	-124%

Overall capital grant expenditure is sitting at **45%** of the approved capital budget, **MIG** is sitting at **44%**, **RBIG** at **100%**, **WSIG** at **39%**, **RAMS** at **1%**, **KwaMajomela Manufacturing Centre** at **94%** and **Indonsa Art Centre** at **0%**.

Capital budget summary

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

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	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council		-	-	-	-	-	-	-		-
Vote 02 - Corporate Services		-	-	-	-	-	-	-		-
Vote 03 - Finance		-	-	-	-	-	-	-		-
Vote 04 - Community Development		-	-	-	-	-	-	-		-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-		-
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	-	-	-	-	-	-		-
Vote 08 - Water Distribution		-	-	-	-	-	-	-		-
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 01 - Council		6 594	-	-	-	-	-	-		-
Vote 02 - Corporate Services		3 746	3 261	3 328	26	115	1 931	(1 816)	-94%	3 328
Vote 03 - Finance		2 918	478	478	-	20	279	(259)	-93%	478
Vote 04 - Community Development		7 451	26	2 657	45	2 570	1 144	1 426	125%	2 657
Vote 05 - Planning & Wsa		464 144	327 657	328 299	7 178	149 480	191 313	(41 833)	-22%	328 299
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	348	548	-	172	278	(106)	-38%	548
Vote 08 - Water Distribution		-	391	191	-	-	153	(153)	-100%	191
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Total Capital Expenditure		484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Capital Expenditure - Functional Classification										
Governance and administration		13 258	3 652	3 719	26	135	2 159	(2 024)	-94%	3 719
Executive and council		6 594	-	-	-	-	-	-		-
Finance and administration		6 664	3 652	3 719	26	135	2 159	(2 024)	-94%	3 719
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		485	70	1 273	-	1 222	534	687	129%	1 273
Community and social services		485	70	1 273	-	1 222	534	687	129%	1 273
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		6 965	6 112	7 515	45	4 986	4 189	797	19%	7 515
Planning and development		6 965	6 112	7 515	45	4 986	4 189	797	19%	7 515
Road transport		-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		464 144	322 284	322 951	7 178	146 015	188 190	(42 175)	-22%	322 951
Energy sources		-	-	-	-	-	-	-		-
Water management		464 144	322 284	322 951	7 178	146 015	188 190	(42 175)	-22%	322 951
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
Other		-	43	43	-	-	25	(25)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Funded by:										
National Government		464 144	323 744	324 386	7 178	145 843	189 030	(43 187)	-23%	324 386
Provincial Government		7 451	26	1 428	45	1 348	638	710	111%	1 428
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-		-
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-		-
Transfers recognised - capital		471 595	323 770	325 814	7 223	147 191	189 668	(42 477)	-22%	325 814
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		13 258	8 391	9 688	26	5 166	5 429	(264)	-5%	9 688
Total Capital Funding		484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502

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 - M07 January

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
R thousands									
Financial Performance									
Property rates	–	–	–	–	–	–	–		–
Service charges	50 999	80 500	80 500	5 227	32 821	46 958	(14 137)	-30%	80 500
Investment revenue	3 705	6 000	6 000	119	1 606	3 500	(1 894)	-54%	6 000
Transfers and subsidies	537 979	601 306	601 306	13	429 584	350 762	78 822	22%	601 306
Other own revenue	1 817	1 129	1 129	192	1 058	659	400	61%	1 129
Total Revenue (excluding capital transfers and contributions)	594 501	688 935	688 935	5 551	465 069	401 879	63 190	16%	688 935
Employee costs	263 669	268 152	268 152	23 930	160 047	156 423	3 624	2%	268 152
Remuneration of Councillors	8 616	8 771	8 771	819	5 348	5 116	232	5%	8 771
Depreciation & asset impairment	101 119	80 000	80 000	7 935	55 521	46 667	8 854	19%	80 000
Finance charges	399	–	88	–	88	33	55	167%	88
Inventory consumed and bulk purchases	22 023	33 320	23 755	59	10 006	17 153	(7 147)	-42%	23 755
Transfers and subsidies	11 295	3 070	4 335	250	2 754	1 697	1 057	62%	4 335
Other expenditure	471 845	232 848	272 373	28 762	186 459	144 325	42 134	29%	272 373
Total Expenditure	878 966	626 161	657 474	61 755	420 223	371 414	48 808	13%	657 474
Surplus/(Deficit)	(284 466)	62 774	31 461	(56 204)	44 846	30 464	14 382	47%	31 461
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	611 248	372 306	372 306	8 148	167 555	217 178	### ### "	-23%	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	351 089	435 080	403 767	(48 057)	212 401	247 643	(35 242)	-14%	403 767
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	351 089	435 080	403 767	(48 057)	212 401	247 643	(35 242)	-14%	403 767
Capital expenditure & funds sources									
Capital expenditure	484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Capital transfers recognised	471 595	323 770	325 814	7 223	147 191	189 668	(42 477)	-22%	325 814
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	13 258	8 391	9 688	26	5 166	5 429	(264)	-5%	9 688
Total sources of capital funds	484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Financial position									
Total current assets	1 467 000	338 914	338 914		129 871				338 914
Total non current assets	4 601 310	4 188 965	4 192 305		4 698 149				4 192 305
Total current liabilities	355 836	224 332	224 332		259 479				224 332
Total non current liabilities	42 112	33 904	33 904		41 810				33 904
Community wealth/Equity	4 378 271	3 834 563	3 834 563		4 527 973				3 834 563
Cash flows									
Net cash from (used) operating	466 705	549 645	549 645	(5 571)	423 778	320 626	(103 152)	-32%	549 645
Net cash from (used) investing	(484 853)	(332 162)	(332 162)	(7 250)	(152 357)	(193 761)	(41 404)	21%	(332 162)
Net cash from (used) financing	–	–	–	(86)	(519)	–	519	#DIV/0!	–
Cash/cash equivalents at the month/year end	1 910	290 159	290 159	–	346 557	199 541	(147 016)	-74%	293 137
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	6 438	4 024	4 900	3 677	3 633	2 917	18 371	151 334	195 295
Creditors Age Analysis									
Total Creditors	6	–	–	–	–	–	–	–	6

DC26 Zululand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January

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									
Revenue - Functional										
<i>Governance and administration</i>		530 987	594 535	594 535	281	426 025	346 812	79 213	23%	594 535
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration	530 987	594 535	594 535	594 535	281	426 025	346 812	79 213	23%	594 535
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		2 011	2 011	2 011	18	110	1 173	(1 063)	-91%	2 011
Community and social services	2 011	1 911	1 911	1 911	–	77	1 115	(1 038)	-93%	1 911
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	100	100	18	32	58	(26)	-44%	100
<i>Economic and environmental services</i>		9 606	5 316	5 316	15	1 513	3 101	(1 588)	-51%	5 316
Planning and development	9 606	5 316	5 316	5 316	15	1 513	3 101	(1 588)	-51%	5 316
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		686 941	458 879	458 879	13 385	204 976	267 679	(62 703)	-23%	458 879
Energy sources		–	–	–	–	–	–	–	–	–
Water management	674 336	446 379	446 379	446 379	12 130	196 007	260 388	(64 380)	-25%	446 379
Waste water management	12 605	12 500	12 500	12 500	1 255	8 969	7 292	1 677	23%	12 500
Waste management		–	–	–	–	–	–	–	–	–
<i>Other</i>	4	511	500	500	–	–	292	(292)	-100%	500
Total Revenue - Functional	2	1 230 055	1 061 241	1 061 241	13 699	632 624	619 057	13 566	2%	1 061 241
Expenditure - Functional										
<i>Governance and administration</i>		255 470	225 404	257 451	15 043	145 438	138 083	7 355	5%	257 451
Executive and council		61 104	47 846	53 212	2 799	39 011	30 277	8 735	29%	53 212
Finance and administration	194 366	177 558	204 239	204 239	12 244	106 427	107 807	(1 380)	-1%	204 239
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		24 796	25 580	26 485	2 202	15 954	15 334	619	4%	26 485
Community and social services	13 211	13 202	14 107	14 107	1 115	8 451	8 114	337	4%	14 107
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health	11 586	12 378	12 378	12 378	1 087	7 502	7 220	282	4%	12 378
<i>Economic and environmental services</i>		24 502	23 962	24 720	1 377	11 302	14 038	(2 736)	-19%	24 720
Planning and development	24 502	23 962	24 720	24 720	1 377	11 302	14 038	(2 736)	-19%	24 720
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		566 315	337 266	335 795	42 480	242 380	196 095	46 286	24%	335 795
Energy sources		–	–	–	–	–	–	–	–	–
Water management	558 489	332 231	330 760	330 760	41 912	238 900	193 158	45 742	24%	330 760
Waste water management	7 826	5 035	5 035	5 035	568	3 481	2 937	544	19%	5 035
Waste management		–	–	–	–	–	–	–	–	–
<i>Other</i>		7 882	13 948	13 023	653	5 149	7 864	(2 715)	-35%	13 023
Total Expenditure - Functional	3	878 966	626 161	657 474	61 755	420 223	371 414	48 808	13%	657 474
Surplus/ (Deficit) for the year		351 089	435 080	403 767	(48 057)	212 401	247 643	(35 242)	-14%	403 767

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) - M07 January

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	-	74	496	(422)	-85.1%	850
Vote 03 - Finance		530 539	594 185	594 185	281	425 951	346 608	79 343	22.9%	594 185
Vote 04 - Community Development		10 481	2 011	2 011	18	1 608	1 173	435	37.1%	2 011
Vote 05 - Planning & Wsa		603 289	383 610	383 610	8 148	172 020	223 772	(51 753)	-23.1%	383 610
Vote 06 - Technical Services		9 612	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		63 082	68 085	68 085	3 997	24 002	39 716	(15 714)	-39.6%	68 085
Vote 09 - Waste Water		12 605	12 500	12 500	1 255	8 969	7 292	1 677	23.0%	12 500
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 230 055	1 061 241	1 061 241	13 699	632 624	619 057	13 566	2.2%	1 061 241
Expenditure by Vote	1									
Vote 01 - Council		61 104	47 846	53 212	2 799	39 011	30 277	8 735	28.8%	53 212
Vote 02 - Corporate Services		124 394	98 375	125 227	9 032	64 988	61 659	3 330	5.4%	125 227
Vote 03 - Finance		70 809	79 473	80 079	3 139	34 615	46 611	(11 995)	-25.7%	80 079
Vote 04 - Community Development		43 410	49 413	49 384	3 705	33 970	28 721	5 249	18.3%	49 384
Vote 05 - Planning & Wsa		62 982	23 285	23 276	1 686	11 532	13 594	(2 062)	-15.2%	23 276
Vote 06 - Technical Services		29 532	5 992	6 112	593	5 075	3 545	1 530	43.2%	6 112
Vote 07 - Water Purification		48 620	36 762	36 762	4 673	30 397	21 445	8 952	41.7%	36 762
Vote 08 - Water Distribution		430 289	279 979	278 387	35 560	197 154	162 628	34 526	21.2%	278 387
Vote 09 - Waste Water		7 826	5 035	5 035	568	3 481	2 937	544	18.5%	5 035
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	878 966	626 161	657 474	61 755	420 223	371 414	48 808	13.1%	657 474
Surplus/ (Deficit) for the year	2	351 089	435 080	403 767	(48 057)	212 401	247 643	(35 242)	-14.2%	403 767

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) - M07 January

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		38 486	68 000	68 000	3 975	23 886	39 667	(15 781)	-40%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 252	8 935	7 292	1 643	23%	12 500
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	183	17	122	107	15	14%	183
Interest earned - external investments		3 705	6 000	6 000	119	1 606	3 500	(1 894)	-54%	6 000
Interest earned - outstanding debtors		288	85	85	22	117	50	67	135%	85
Dividends received								-		
Fines, penalties and forfeits		209	150	150	3	33	87	(54)	-62%	150
Licences and permits		-	-	-	18	42	-	42	#DIV/0!	-
Agency services								-		
Transfers and subsidies		537 979	601 306	601 306	13	429 584	350 762	78 822	22%	601 306
Other revenue		1 085	711	711	132	744	414	330	80%	711
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	688 935	5 551	465 069	401 879	63 190	16%	688 935
Expenditure By Type										
Employee related costs		263 669	268 152	268 152	23 930	160 047	156 423	3 624	2%	268 152
Remuneration of councillors		8 616	8 771	8 771	819	5 348	5 116	232	5%	8 771
Debt impairment		20 001	14 000	14 000	-	-	8 167	(8 167)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	7 935	55 521	46 667	8 854	19%	80 000
Finance charges		399	-	88	-	88	33	55	167%	88
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		22 023	33 320	23 755	59	10 006	17 153	(7 147)	-42%	23 755
Contracted services		318 040	106 388	151 720	17 116	90 474	73 754	16 720	23%	151 720
Transfers and subsidies		11 295	3 070	4 335	250	2 754	1 697	1 057	62%	4 335
Other expenditure		131 178	112 460	106 654	11 646	95 985	62 404	33 581	54%	106 654
Losses		2 627	-	-	-	-	-	-		-
Total Expenditure		878 966	626 161	657 474	61 755	420 223	371 414	48 808	13%	657 474
Surplus/(Deficit)		(284 466)	62 774	31 461	(56 204)	44 846	30 464	14 382	0	31 461
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	372 306	8 148	167 555	217 178	(49 624)	(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		351 089	435 080	403 767	(48 057)	212 401	247 643			403 767
Taxation								-		
Surplus/(Deficit) after taxation		351 089	435 080	403 767	(48 057)	212 401	247 643			403 767
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		351 089	435 080	403 767	(48 057)	212 401	247 643			403 767
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		351 089	435 080	403 767	(48 057)	212 401	247 643			403 767

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) - M07 January

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	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council		-	-	-	-	-	-	-		-
Vote 02 - Corporate Services		-	-	-	-	-	-	-		-
Vote 03 - Finance		-	-	-	-	-	-	-		-
Vote 04 - Community Development		-	-	-	-	-	-	-		-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-		-
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	-	-	-	-	-	-		-
Vote 08 - Water Distribution		-	-	-	-	-	-	-		-
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 01 - Council		6 594	-	-	-	-	-	-		-
Vote 02 - Corporate Services		3 746	3 261	3 328	26	115	1 931	(1 816)	-94%	3 328
Vote 03 - Finance		2 918	478	478	-	20	279	(259)	-93%	478
Vote 04 - Community Development		7 451	26	2 657	45	2 570	1 144	1 426	125%	2 657
Vote 05 - Planning & Wsa		464 144	327 657	328 299	7 178	149 480	191 313	(41 833)	-22%	328 299
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	348	548	-	172	278	(106)	-38%	548
Vote 08 - Water Distribution		-	391	191	-	-	153	(153)	-100%	191
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Total Capital Expenditure		484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Capital Expenditure - Functional Classification										
Governance and administration		13 258	3 652	3 719	26	135	2 159	(2 024)	-94%	3 719
Executive and council		6 594	-	-	-	-	-	-		-
Finance and administration		6 664	3 652	3 719	26	135	2 159	(2 024)	-94%	3 719
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		485	70	1 273	-	1 222	534	687	129%	1 273
Community and social services		485	70	1 273	-	1 222	534	687	129%	1 273
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		6 965	6 112	7 515	45	4 986	4 189	797	19%	7 515
Planning and development		6 965	6 112	7 515	45	4 986	4 189	797	19%	7 515
Road transport		-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		464 144	322 284	322 951	7 178	146 015	188 190	(42 175)	-22%	322 951
Energy sources		-	-	-	-	-	-	-		-
Water management		464 144	322 284	322 951	7 178	146 015	188 190	(42 175)	-22%	322 951
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
Other		-	43	43	-	-	25	(25)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502
Funded by:										
National Government		464 144	323 744	324 386	7 178	145 843	189 030	(43 187)	-23%	324 386
Provincial Government		7 451	26	1 428	45	1 348	638	710	111%	1 428
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-		-
(National / Provincial Departmental Agencies, Households,		-	-	-	-	-	-	-		-
Non-profit Institutions, Private Enterprises, Public		-	-	-	-	-	-	-		-
Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-		-
Transfers recognised - capital		471 595	323 770	325 814	7 223	147 191	189 668	(42 477)	-22%	325 814
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		13 258	8 391	9 688	26	5 166	5 429	(264)	-5%	9 688
Total Capital Funding		484 853	332 162	335 502	7 250	152 357	195 098	(42 741)	-22%	335 502

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 - M07 January

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		1 829 986	240 335	240 335	(24 265)	240 335
Call investment deposits		(480 000)	—	—	50 000	—
Consumer debtors		32 918	67 333	67 333	51 288	67 333
Other debtors		81 540	28 773	28 773	49 884	28 773
Current portion of long-term receivables		—	—	—	—	—
Inventory		2 556	2 473	2 473	2 965	2 473
Total current assets		1 467 000	338 914	338 914	129 871	338 914
Non current assets						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property		—	—	—	—	—
Investments in Associate		—	—	—	—	—
Property, plant and equipment		4 593 488	4 188 952	4 192 292	4 690 330	4 192 292
Biological		—	—	—	—	—
Intangible		15	13	13	12	13
Other non-current assets		7 807	—	—	7 807	—
Total non current assets		4 601 310	4 188 965	4 192 305	4 698 149	4 192 305
TOTAL ASSETS		6 068 310	4 527 879	4 531 219	4 828 020	4 531 219
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		902	—	—	383	—
Consumer deposits		3 621	3 633	3 633	3 619	3 633
Trade and other payables		348 935	218 944	218 944	253 099	218 944
Provisions		2 378	1 755	1 755	2 378	1 755
Total current liabilities		355 836	224 332	224 332	259 479	224 332
Non current liabilities						
Borrowing		1 092	—	—	1 092	—
Provisions		41 020	33 904	33 904	40 718	33 904
Total non current liabilities		42 112	33 904	33 904	41 810	33 904
TOTAL LIABILITIES		397 948	258 236	258 236	301 288	258 236
NET ASSETS	2	5 670 362	4 269 643	4 272 983	4 526 731	4 272 983
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		4 378 271	3 834 563	3 834 563	4 527 973	3 834 563
Reserves		—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	2	4 378 271	3 834 563	3 834 563	4 527 973	3 834 563

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 January 2023 indicate bank overdraft of **R24.2 million**

Call Investments Deposits

Call investments as at 31 January 2023 is **R50 million**

Consumer debtors

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R51.2 million**. Debtors age analysis as per section 2.1 debtors' analysis is **R193 million**. Consumer debtors amounts to **R189.9 million** and the balance of **R5.4 million** is for shared services casted in Other Debtors.

Gross Consumer debtors	R189.9 million
Less Impairment	(R138.6 million)
Net Consumer Debtors	R51.2 million

Classification of Consumer Debtors per Service type

Water Debtors	R42.1 million
Sanitation Debtors	R9 million
Property Rentals Debtors	R74.3 thousand
Other Consumer debtors	R4.2 thousand
Total	R51.2 million

➤ **Water Debtors**

Net Water debtors after considering provision for bad debts amount to **R42.01 million**.

Water debtors are amounts owed by consumers for water services billed.

Gross Water Debtors	R148.03 million
Less Impairment	(105.9 million)
Net Water Debtors	R42.1 million

➤ **Sanitation Debtors**

Net Sanitation debtors after considering provision for bad debts amount to **R9 million**.

Sanitation debtors are amounts owed by consumers for sewer services billed.

Gross Sanitation Debtors	R41.7 million
Less Impairment	(R32.7 million)

Net Sanitation Debtors**R9 million**➤ **Property Rentals Debtors**

These are debtors accumulated from property rentals amounts to **R74 thousand**

Property Rental	R74 thousand
Less Impairment	(R0 thousand)
Net Property rental	R74 thousand

➤ **Other Consumer debtors**

Other consumer debtors' amount to **R4.2 thousand**, these are sundry debtors.

Gross Other Debtors	R4.2 thousand
Less Impairment	(R0 thousand)
Net Other Debtors	R4.2 thousand

Classification of Consumer Debtors per Customer group

Households	R161.4 million
Commercial/Businesses	R12.6 million
Organs of State (excl shared services of R5.4 mill)	R15.8 million
Total	R189.9 million

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

Gross Households debtors	R161.4 million
Less Impairment	(R138.6 million)
Net Household debtors	R22.8 million

Other debtors

Other debtors are debtors that arise from non-exchange transactions, the balance for the reporting period is **R49.8 million**.

VAT Receivable	R22.7 million
Deposits Made	R16.7 million
Refunds & under/over banking	R7.4 million
Overpayments/Accrued Income/UIFW Expenditure	R2.3 million
Prepaid Expenses	R564 thousand
Insurance claims	R15.2 thousand
Salary advance	R125.7 thousand
Total	R49.8 million

➤ **VAT Receivable**

VAT Receivable amount to **R22.7 million**, this is the amount raised when input VAT is recognized less output VAT collected as per VAT reconciliation.

➤ **Deposits Made**

Deposits made amount to **R16.7 million**, this amount include Eskom deposits, Federal Air Deposits and Stowell Deposits.

Eskom Deposits	R16.3 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 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 **R7.4 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	R5.4 million
Under/over banking	R2 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 **R2.3 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.

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), human resources (R116.8 thousand), Water purification – Ulundi (R4.7 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 of R36.9 thousand to be received from the actioner of assets disposed by the Municipality.

➤ **Prepaid Expense**

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

➤ **Insurance Claims**

Insurance Claims amounts to **R15.2 thousand**. This amount consists of an outstanding claim.

➤ **Salary advance**

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

Inventory

The current level of inventory is **R2.9 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 **R4.8 billion**.

Opening balance	R4.5 billion
Additions	R152.3 million
Depreciation	(R55.5 million)
Closing Balance	R4.6 billion

Intangible

Intangible assets include software licenses owned by the Municipality; the current balance of intangible assets is **R12.3 thousand**.

Opening balance	R12.3 thousand
Additions	R 0
Depreciation	(R0)
Closing Balance	R12.3 thousand

Other non-current assets

Other non-current assets comprise 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 **R469.6 thousand**.

Opening balance	R901.7 thousand
Payment	(R518.5 thousand)
Closing Balance	R383.2 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 **R253.09 million**.

Trade Creditors	(R284.6 thousand)
Unspent Conditional Grants	R123.5 million
Rétention	R44.6 million
Sessions	R2.2 million
Department of Water & Sanitation	R21.7 million
Output VAT	R10.1 million
Leave accrued	R19.07 million
Bonus	R5.4 million
Employee related cost	R1.9 million
Advance Payments	R3.6 million
Fleet Suspense account	(R776.2 thousand)
Salary Suspense Accounts	(R595.4 thousand)
Other Suspense account	R17.8 thousand
Water tankers	R16.9 million
Other trade creditors	R63.9 thousand
Zanamanzi	R5.3 million
Closing Balance	R253.09 million

Current Provision

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)	R 405 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**.

The municipality is in lease contract with BCX, the contract is for the laptops that the municipality will use for the agreed period and will be handed over to the Municipality at the end of the contract.

The municipality is paying monthly installments to service the lease agreement.

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 - M07 January

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									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates								-		
Service charges		46 532	60 574	60 574	3 269	15 747	35 335	(19 587)	-55%	60 574
Other revenue		1 070 817	80 905	80 905	66 604	578 472	47 195	531 277	1126%	80 905
Transfers and Subsidies - Operational		536 834	601 306	601 306	-	431 230	350 762	80 468	23%	601 306
Transfers and Subsidies - Capital		636 186	372 306	372 306	-	287 017	217 179	69 839	32%	372 306
Interest		3 705	6 000	6 000	119	719	3 500	(2 781)	-79%	6 000
Dividends								-		
Payments										
Suppliers and employees		(1 827 370)	(571 446)	(571 446)	(75 563)	(889 407)	(333 344)	556 063	-167%	(571 446)
Finance charges								-		
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		466 705	549 645	549 645	(5 571)	423 778	320 626	(103 152)	-32%	549 645
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(484 853)	(332 162)	(332 162)	(7 250)	(152 357)	(193 761)	(41 404)	21%	(332 162)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(484 853)	(332 162)	(332 162)	(7 250)	(152 357)	(193 761)	(41 404)	21%	(332 162)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	-	-	(86)	(519)	-	519	#DIV/0!	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	(86)	(519)	-	519	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD		(18 148)	217 483	217 483	(12 907)	270 903	126 865			217 483
Cash/cash equivalents at beginning:		20 058	72 676	72 676	(49 919)	75 654	72 676			75 654
Cash/cash equivalents at month/year end:		1 910	290 159	290 159		346 557	199 541			293 137

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 **R15.7 million** 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 re visited the collection of flat rate strategy and decided to implement it next year.

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 **R744 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 **R431.2 million**. This amount includes FMG, Equitable share and EPWP which were received thus far under Transfers and subsidies – Operational.

Equitable share	R423.3 million
Finance Management Grant	R1.2 million
Expanded public works program	R5.9 million
Aviation Strategy	R500 thousand
Amafa research	R180 thousand
TOTAL	R431.2 million

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 **R287.01 million**. This amount includes RBIG, MIG, RRAMS and WSIG which were received thus far under Transfers and subsidies - Capital.

Municipal Infrastructure Grant	R 220 million
Regional Bulk Infrastructure Grant	R 15.2 million
Water services Infrastructure grant	R 50 million
Rural Road asset Management grant	R 1.7 million
TOTAL	R287.01 million

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 actual Interest is **R719 thousand**. Interest on investment revenue on table C4 is **R1.6 million**, 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 **R152.3 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 January 2023

DC26 Zululand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description	NT Code	Budget Year 2022/23												Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days				
R thousands															
Debtors Age Analysis By Income Source															
Trade and Other Receivables from Exchange Transactions - Water	1200	4 868	3 012	4 087	2 847	2 729	2 210	13 366	114 381	147 500	135 533	-	105 905		
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	1 298	981	784	703	676	620	3 514	33 126	41 702	38 639	-	32 710		
Receivables from Exchange Transactions - Waste Management	1600									-	-				
Receivables from Exchange Transactions - Property Rental Debtors	1700	20	9	11	9	9	6	9	-	74	34	-	-		
Interest on Arrear Debtor Accounts	1810	22	21	18	16	15	12	227	255	586	525	-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-				
Other	1900	230	-	-	102	204	69	1 254	3 573	5 432	5 202	-	-		
Total By Income Source	2000	6 438	4 024	4 900	3 677	3 633	2 917	18 371	151 334	195 295	179 933	-	138 614		
2021/22 - totals only										-	-				
Debtors Age Analysis By Customer Group															
Organs of State	2200	2 228	1 195	1 582	938	770	628	3 915	9 913	21 169	16 164	-	-		
Commercial	2300	849	562	460	415	355	256	1 553	8 194	12 644	10 774	-	-		
Households	2400	3 361	2 266	2 858	2 324	2 508	2 033	12 903	133 227	161 481	152 995	-	138 614		
Other	2500									-	-				
Total By Customer Group	2600	6 438	4 024	4 900	3 677	3 633	2 917	18 371	151 334	195 295	179 933	-	138 614		

Total debtors' amount to **R193 million**, which is an increase of **R3.3 million** from the closing balance of **R189.9 million** in previous month. The debtors over 90 days amount to **R179.9 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 January 2023

DC26 Zululand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description R thousands	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	
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	6	-	-	-	-	-	-	-	6	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	6	-	-	-	-	-	-	-	6	-

2.3. INVESTMENT PORTFOLIO

Investments as at 31 January 2023

DC26 Zululand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	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														
Municipality														
Zululand District Municipality		30	Call Account	Yes	Variable	0.0615	N/A	N/A	N/A	25 000	126	-	-	25 000
Zululand District Municipality		91	Call Account	Yes	Variable	0.061	N/A	N/A	N/A	25 000	380	-	25 000	50 000
Zululand District Municipality		30	Short term	Yes	Variable	0.06425	N/A	N/A	N/A	50 000	132		25 000	75 000
Zululand District Municipality		62	Short term	Yes	Variable	0.06425	N/A	N/A	N/A	75 000	273		25 000	100 000
Zululand District Municipality		0	Balance b/d	Yes	Variable	Available	N/A	N/A	N/A	100 000	-	50 000	-	50 000
Zululand District Municipality-ABSA		30	Call Account	Yes	Variable	0.0505	N/A	N/A	N/A	50 000	42		10 000	60 000
Zululand District Municipality		0	Balance b/d	Yes	Variable	Available	N/A	N/A	N/A	60 000	-	-		60 000
Zululand District Municipality-Std Bank		0	Short term	Yes	Variable	Available	N/A	N/A	N/A	60 000	-	25 000		35 000
Zululand District Municipality		0	Call account	Yes	Variable	Available	N/A	N/A	N/A	35 000	-	10 000		25 000
Zululand District Municipality		0	Balance b/d	Yes	Variable	Available	N/A	N/A	N/A	25 000	-	25 000	-	-
Zululand District Municipality		30	Call account	Yes	Variable	0.0505	N/A	N/A	N/A	-	125		30 000	30 000
Zululand District Municipality		3	Call account	Yes	Variable	0.0505	N/A	N/A	N/A	30 000	-	10 000	-	20 000
Zululand District Municipality		23	Call account	Yes	Variable	0.0505	N/A	N/A	N/A	20 000	-	20 000	-	-
Zululand District Municipality-Std Bank		30	Call account	Yes	Variable	0.0765	N/A	N/A	N/A	-	660		105 000	105 000
Zululand District Municipality-Std Bank		6	Call account	Yes	Variable	0.0765	N/A	N/A	N/A	105 000	-	25 000	-	80 000
Zululand District Municipality-Std Bank		11	Call account	Yes	Variable	0.0765	N/A	N/A	N/A	80 000	-	30 000	-	50 000
Zululand District Municipality-ABSA		62	Call account	Yes	Variable	0.08075	N/A	N/A	N/A	50 000	125 163		25 000	75 000
Zululand District Municipality-Std Bank		90	Call account	Yes	Variable	0.08275	N/A	N/A	N/A	75 000	186 188		25 000	100 000
Zululand District Municipality-ABSA		45	Call account	Yes	Variable	0.08275	N/A	N/A	N/A	100 000	148 950	40 000	-	60 000
Zululand District Municipality-ABSA		52	Call account	Yes	Variable	0.08075	N/A	N/A	N/A	60 000	41 990	10 000	-	50 000
Municipality sub-total										30 000	504 028	245 000	295 000	50 000
Entities														
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTERES	2									30 000	504 028	245 000	295 000	50 000

2.4. ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

Grants Receipts

DC26 Zululand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

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										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		535 457	598 895	598 895	13	429 584	349 355	80 228	23.0%	598 895
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–		–
Equitable Share		524 645	586 391	586 391	–	423 387	342 061	81 326	23.8%	586 391
Expanded Public Works Programme Integrated Grant		9 612	8 517	8 517	–	5 963	4 968	995	20.0%	8 517
Local Government Financial Management Grant		1 200	1 200	1 200	13	234	700	(466)	-66.6%	1 200
Municipal Disaster Relief Grant		–	–	–	–	–	–	–		–
Municipal Infrastructure Grant		–	–	–	–	–	–	–		–
Municipal Systems Improvement Grant		–	2 787	2 787	–	–	1 626	(1 626)	-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	–	–	1 406	(1 406)	-100.0%	2 411
Capacity Building and Other Grants		2 522	2 411	2 411	–	–	1 406	(1 406)	-100.0%	2 411
Other transfers and grants [insert description]		–	–	–	–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
KwazuluNatal Provincial Planning and Development Commission		–	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–
Total Operating Transfers and Grants	5	537 979	601 306	601 306	13	429 584	350 762	78 822	22.5%	601 306
Capital Transfers and Grants										
National Government:		603 289	372 306	372 306	8 148	166 057	217 178	(51 122)	-23.5%	372 306
Municipal Disaster Relief Grant		–	–	–	–	–	–	–		–
Municipal Infrastructure Grant		269 111	259 530	259 530	3 882	113 591	151 393	(37 801)	-25.0%	259 530
Regional Bulk Infrastructure Grant		222 531	15 247	15 247	69	15 246	8 894	6 352	71.4%	15 247
Rural Road Asset Management Systems Grant		1 647	2 529	2 529	15	15	1 475	(1 461)	-99.0%	2 529
Water Services Infrastructure Grant		110 000	95 000	95 000	4 183	37 204	55 417	(18 212)	-32.9%	95 000
Provincial Government:		32 266	–	–	–	1 498	–	1 498		–
Infrastructure Grant		32 266	–	–	–	1 498	–	1 498		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–
Total Capital Transfers and Grants	5	635 555	372 306	372 306	8 148	167 555	217 178	(49 624)	-22.8%	372 306
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 173 534	973 612	973 612	8 161	597 139	567 940	29 198	5.1%	973 612

Grants are received as per transfer schedule and have been received as such with the exception of indonsa grant which has not been received. Grants are recognized as revenue as when the condition is met.

Grant Expenditure

DC26 Zululand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

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										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		765 037	551 382	582 696	54 420	367 811	327 696	40 115	12.2%	582 696
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Equitable Share		674 775	541 665	572 954	51 872	351 900	322 017	29 883	9.3%	572 954
Expanded Public Works Programme Integrated Grant		24 299	8 517	8 517	2 523	15 665	4 968	10 697	215.3%	8 517
Local Government Financial Management Grant		1 200	1 200	1 200	13	234	700	(466)	-66.6%	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	–	25	13	13	11	2	14.2%	25
Water Services Infrastructure Grant		20 929	–	–	–	–	–	–	–	–
Provincial Government:		1 866	2 381	2 381	–	1 063	1 487	(424)	-28.5%	2 381
Capacity Building and Other Grants		1 866	2 381	2 381	–	1 063	1 487	(424)	-28.5%	2 381
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
KwazuluNatal Provincial Planning and Development Commission		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		766 903	553 763	585 077	54 420	368 874	329 183	39 691	12.1%	585 077
Capital expenditure of Transfers and Grants										
National Government:		464 144	323 744	324 386	7 178	145 843	189 030	(43 187)	-22.8%	324 386
Municipal Infrastructure Grant		194 381	225 678	225 678	3 408	99 614	131 646	(32 032)	-24.3%	225 678
Regional Bulk Infrastructure Grant		194 437	13 258	13 925	85	13 636	7 925	5 711	72.1%	13 925
Rural Road Asset Management Systems Grant		–	2 199	2 174	–	–	1 272	(1 272)	-100.0%	2 174
Water Services Infrastructure Grant		75 326	82 609	82 609	3 685	32 593	48 188	(15 595)	-32.4%	82 609
Provincial Government:		7 451	26	1 428	45	1 348	638	710	111.3%	1 428
Infrastructure Grant		7 451	26	1 428	45	1 348	638	710	111.3%	1 428
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		471 595	323 770	325 814	7 223	147 191	189 668	(42 477)	-22.4%	325 814
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 238 498	877 534	910 891	61 643	516 065	518 851	(2 786)	-0.5%	910 891

EPWP and RBIG which have been exhausted.

MIG, WSIG and RRAMG are experiencing major variances against year to date budget.

Roll-overs Expenditure

The Municipality has two rolled over grants:

- KwaMajomela manufacturing grant

ROLLED OVER GRANTS FROM 2021/2022	APPROVED BUDGET	YTD ACTUAL
Kwamajomela Manufacturing Centre Grant	1 641 817	1 550 516
Total Operating Grant Expenditure	1 641 817	1 550 516

The municipality has only KwaMajomela Manufacturing Centre Grant approved to be rolled over so far and expenditure amount above is inclusive of VAT as per **MFMA circular no. 58**.

DC26 Zululand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M07 January

Description	Ref	Budget Year 2022/23				
		Approved Rollover 2021/22	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						
EXPENDITURE						
<u>Operating expenditure of Approved Roll-overs</u>						
National Government:		-	-	-	-	
Provincial Government:		-	-	-	-	
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total operating expenditure of Approved Roll-overs		-	-	-	-	
<u>Capital expenditure of Approved Roll-overs</u>						
National Government:		-	-	-	-	
Provincial Government:		1 642	-	1 406	(236)	-14.4%
Other Departments		1 642	-	1 406	(236)	-14.4%
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total capital expenditure of Approved Roll-overs		1 642	-	1 406	(236)	-14.4%
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		1 642	-	1 406	(236)	-14.4%

2.5. COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

DC26 Zululand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January										
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									%	
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		–	–	–	–	–	–	–		–
Pension and UIF Contributions		514	661	661	43	298	386	(88)	-23%	661
Medical Aid Contributions		44	–	–	5	31	–	31	#DIV/0!	–
Motor Vehicle Allowance		1 727	1 805	1 805	155	1 083	1 053	30	3%	1 805
Cellphone Allowance		649	653	653	58	398	381	17	4%	653
Housing Allowances		–	–	–	105	105	–	105	#DIV/0!	–
Other benefits and allowances		5 682	5 652	5 652	453	3 433	3 297	137	4%	5 652
Sub Total - Councillors		8 616	8 771	8 771	819	5 348	5 116	232	5%	8 771
% increase	4		1.8%	1.8%						1.8%
Senior Managers of the Municipality										
	3									
Basic Salaries and Wages		5 121	6 555	6 555	683	3 042	3 824	(782)	-20%	6 555
Pension and UIF Contributions		11	55	55	2	7	32	(26)	-80%	55
Medical Aid Contributions		48	57	57	0	0	33	(33)	-99%	57
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	154	403	–	403	#DIV/0!	–
Motor Vehicle Allowance		1 210	1 592	1 592	172	775	929	(154)	-17%	1 592
Cellphone Allowance		191	210	210	26	119	122	(4)	-3%	210
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		203	225	225	29	179	131	48	36%	225
Payments in lieu of leave		354	–	–	–	185	–	185	#DIV/0!	–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2							–		
Sub Total - Senior Managers of Municipality		7 138	8 695	8 695	1 065	4 709	5 072	(363)	-7%	8 695
% increase	4		21.8%	21.8%						21.8%
Other Municipal Staff										
Basic Salaries and Wages		172 378	185 935	185 935	15 311	108 263	108 462	(199)	0%	185 935
Pension and UIF Contributions		22 997	25 886	25 886	2 158	14 478	15 101	(623)	-4%	25 886
Medical Aid Contributions		13 624	13 597	13 597	1 278	8 499	7 932	567	7%	13 597
Overtime		7 099	4 619	4 619	718	3 811	2 694	1 117	41%	4 619
Performance Bonus		11 678	12 786	12 786	1 115	7 630	7 459	171	2%	12 786
Motor Vehicle Allowance		8 704	9 561	9 561	872	5 929	5 577	352	6%	9 561
Cellphone Allowance		663	670	670	59	455	391	64	16%	670
Housing Allowances		1 379	1 379	1 379	141	1 021	805	216	27%	1 379
Other benefits and allowances		8 505	524	524	399	2 255	306	1 948	637%	524
Payments in lieu of leave		3 223	–	–	474	1 548	–	1 548	#DIV/0!	–
Long service awards		2 506	–	–	341	1 450	–	1 450	#DIV/0!	–
Post-retirement benefit obligations	2	3 775	4 500	4 500	–	–	2 625	(2 625)	-100%	4 500
Sub Total - Other Municipal Staff		256 532	259 457	259 457	22 864	155 338	151 351	3 987	3%	259 457
% increase	4		1.1%	1.1%						1.1%
Total Parent Municipality		272 286	276 923	276 923	24 749	165 395	161 539	3 856	2%	276 923
			1.7%	1.7%						1.7%
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS										
		256 532	259 457	259 457	22 864	155 338	151 351	3 987	3%	259 457
% increase	4		1.1%	1.1%						1.1%
TOTAL MANAGERS AND STAFF		256 532	259 457	259 457	22 864	155 338	151 351	3 987	3%	259 457

The municipality has no active entity

2.6. MATERIAL VARIENCES TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

DC26 Zululand - Supporting Table SC1 Material variance explanations - M07 January

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	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 R23.8 million which is 35% of the approved budget. the R23.8 million year to date actual is below the seven months baseline projection or year-to-date budget of R39.6 million. A variance of R15.7 million or 40% is observed.	Billing/Collection on flat rate has not yielded the desired output, the municipality has proposed revisions downwards in the adjustment budget.
	Service charges - sanitation revenue	23%	This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R8.9 million which is 71% of the approved budget. the R8.9 million year to date actual is above the seven months baseline projection or year-to-date budget of R7.2 million. A variance of R1.6 million or 23% is observed. Reasons for variances can be attributed to excess charge billing on businesses that utilize more than 40kl of water per month.	The billing is above the target, the municipality has proposed revisions upwards in the adjustment budget.
	Service charges - refuse revenue			
	Rental of facilities and equipment	14%	Rental of facilities is amounts billed for office space leased out, the year-to-date actual is R122 thousand which is 66% of the approved budget. the R122 thousand year to date actual is above the seven months baseline projection or year-to-date budget of R107 thousand. A variance of R15 thousand or 14% is observed. Reasons for variances can be attributed to annual inflation rate increase.	The billing is above the target, the municipality has proposed upwards downwards in the adjustment budget.
	Interest earned - external investments	-54%	Interest on investment is interest received when the Municipality makes cash investments. the year-to-date actual is R1.6 million which is 27% of the approved budget. the R1.6 million year to date actual is below the seven months baseline projection or year-to-date budget of R3.5 million. A variance of R1.8 million or 54% is observed. Reasons for variances can be attributed low investment due to prioritization of liability payments.	The interest on investment is below target, the municipality has proposed revisions downwards in the adjustment budget.
	Interest earned - outstanding debtors	135%	Interest earned - outstanding debtors is charged on businesses for accounts in arrears. the year-to-date actual is R117 thousand which is 137% of the approved budget. the R117 thousand year to date actual is above the seven months baseline projection or year-to-date budget of R50 thousand. A variance of R67 thousand or 135% is observed. Reasons for variances can be attributed to businesses non adherence to payment terms, the municipality must implement stringent measures to ensure less businesses are charged interest.	Interest earned on outstanding debtors is above target, the municipality has proposed revisions upwards in the adjustment budget.
	Dividends received			
	Fines, penalties and forfeits	-62%	Fines, penalties and forfeits are mainly amounts charged on illegal connections. the year-to-date actual is R33 thousand which is 22% of the approved budget. the R33 thousand year to date actual is below the seven months baseline projection or year-to-date budget of R87 thousand. A variance of R54 thousand or 62% is observed. Reasons for variances can be attributed to a positive indication that less consumers are illegally connected or a negative indication that some illegally connected consumers are not yet discovered.	Municipality must keep up the disconnection of illegal connections, the municipality has proposed revisions downward in the adjustment budget.

DC26 Zululand - Supporting Table SC1 Material variance explanations - M07 January

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	Licences and permits		<p>This amount is for Licences and permits issued for certain businesses. the year-to-date actual is R42 thousand which was not budgeted for. the R42 thousand year to date actual is above the seven months baseline projection or year-to-date budget of R0 thousand. A variance of R42 thousand or 100% is observed.</p> <p>Reasons for variances can be attributed to a new revenue stream and there was no budget allocated.</p>	The municipality has proposed revisions upwards in the adjustment budget.
	Agency services			
	Transfers and subsidies	22%	<p>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.</p> <p>Transfers and subsidies year to date actual is R429.5 million which is 71% of the approved budget. the R429.5 million year to date actual is above the seven months baseline projection or year-to-date budget of R350.7 million. A variance of R78.8 million or 22% is observed.</p>	<p>All grants are received as per transfer schedule with the exception of Indonsa grant and Municipal systems improvement grant</p> <p>Reasons for variances can be attributed to nature of transfers and subsidies which depend on the transfer schedule and cannot be benchmarked against the year-to-date budget. Grants are not received monthly but in trenches as per approved transfer schedule.</p>
	Other revenue	80%	<p>Other revenue includes amounts for tender fees, skills development levy refund and any other revenue the Municipality may be entitled to receive such as sale of consumables. The year-to-date actual is R744 thousand which is 105% of the approved budget. the R744 thousand year to date actual is above the seven months baseline projection or year-to-date budget of R414 thousand. A variance of R330 thousand or 80% is observed.</p>	Reasons for variances can be attributed to high quantity of sale of tender documents.
	Gains			

DC26 Zululand - Supporting Table SC1 Material variance explanations - M07 January

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
2	Expenditure By Type			
	Employee related costs	2%	Employee related costs are amounts paid for salaries, allowances, service related benefits and contributions. The year-to-date actual is R160.04 million which is 60% of the approved budget. the R160.04 million year to date actual is above the seven months baseline projection or year-to-date budget of R156.4 million. A variance of R3.6 million or 2% is observed.	The variance is below 5% and not major.
	Remuneration of councillors	5%	Remuneration of Councillors are amounts paid for councillors allowances, service related benefits and contributions. The year-to-date actual is R5.3 million which is 61% of the approved budget. the R5.3 million year to date actual is above the seven months baseline projection or year-to-date budget of R5.1 million. A variance of R232 thousand or 5% is observed.	The variance is not above 5% and not major.
	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.	Municipality calculate debt impairment once at year end.
	Depreciation & asset impairment	19%	This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R55.5 million which is 69% of the approved budget. the R55.5 million year to date actual is above the seven months baseline projection or year-to-date budget of R46.6 million. A variance of R8.8 million or 19% is observed.	Reasons for variances can be attributed to depreciation being under budgeted.
	Finance charges	167%	Finance charges are amounts for interest paid. The year-to-date actual is R88 thousand which is 100% of the approved budget. the R88 thousand year to date actual is above the seven months baseline projection or year-to-date budget of R33 thousand. A variance of R55 thousand or 167% 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	-42%	Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable, materials and suppliers and water inventory. The year-to-date actual is R10 million which is 69% of the approved budget. the R10 million year to date actual is above the seven months baseline projection or year-to-date budget of R17.1 million. A variance of R7.1 million or 42% is observed.	It is recommended that the municipality record all expenditure relating to bulk water and consumable stores in time.
	Contracted services	23%	Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R90.4 million which is 60% of the approved budget. the R90.4 million year to date actual is above the seven months baseline projection or year-to-date budget of R73.7 million. A variance of R16.7 million or 23% is observed.	The municipality need to review SLA and reconcile it with the budget for contracted services with the aim to reduce what the municipality will have to pay.
	Transfers and subsidies	62%	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 R2.7 million which is 64% of the approved budget. The R2.7 million year to date actual is above the seven months baseline projection or year-to-date budget of R1.6 million. A variance of R1.05 million or 62% is observed.	Savings may be identified on this expenditure item and allocated to needy expenditure line items.
	Other expenditure	54%	Other expenditure is all other expenditure not classified above. The year-to-date actual is R95.9 million which is 90% of the approved budget. the R95.9 million year to date actual is above the seven months baseline projection or year-to-date budget of R62.4 million. A variance of R33.5 million or 54% is observed.	It is imperative that the municipality monitor closely this expenditure item and implement strategies to reduce costs.
	Losses			

DC26 Zululand - Supporting Table SC1 Material variance explanations - M07 January

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
3	Capital Expenditure			
	Governance and administration	-94%	Governance and administration year-to-date actual is R135 thousand which is 4% of the approved budget the R135 thousand year to date actual is below the seven months baseline projection or year-to-date budget of R2.1 million. A variance of R2 million or 94% is observed.	
	Community and public safety	129%	Community and public safety year-to-date actual is R1.2 million which is 96% of the approved budget the R1.2 million year to date actual is above the seven months baseline projection or year-to-date budget of R534 thousand. A variance of R687 thousand or 129% is observed.	
	Economic and environmental services	19%	Economic and environmental services year-to-date actual is R4.9 million which is 19% of the approved budget the R4.9 million year to date actual is above the seven months baseline projection or year-to-date budget of R4.1 million. A variance of R797 thousand or 19% is observed.	
	Trading services	-22%	Trading services year-to-date actual is R146 million which is 45% of the approved budget the R146 million year to date actual is below the seven months baseline projection or year-to-date budget of R188.1 million. A variance of R42 million or 22% is observed.	
	Other	-100%	Other year-to-date actual is R0 which is 0% of the approved budget the R0 year to date actual is below the seven months baseline projection or year-to-date budget of R25 thousand. A variance of R25 thousand or 100% is observed.	
4	Financial Position			
	Client elected Not to populate this sheet			
5	Cash Flow			
	Client elected Not to populate this sheet			
6	Measureable performance			
	Client elected Not to populate this sheet			
7	Municipal Entities			
	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 active entities.

2.9. CAPITAL PROGRAMME PERFORMANCE

Capital Expenditure by month

DC26 Zululand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M07 January

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									
Monthly expenditure performance trend									
July	40 404	27 680	27 680	5 503	5 503	27 680	22 178	80.1%	2%
August	40 404	27 680	27 680	14 273	19 776	55 360	35 585	64.3%	6%
September	40 404	27 680	27 683	32 995	52 771	83 044	30 273	36.5%	16%
October	40 404	27 680	27 910	27 335	80 106	110 954	30 847	27.8%	24%
November	40 404	27 680	27 984	18 645	98 752	138 938	40 186	28.9%	30%
December	40 404	27 680	28 079	46 356	145 107	167 017	21 909	13.1%	44%
January	40 404	27 680	28 081	7 250	152 357	195 098	42 741	21.9%	46%
February	40 404	27 680	28 081	–		223 178	–		
March	40 404	27 680	28 081	–		251 259	–		
April	40 404	27 680	28 081	–		279 340	–		
May	40 404	27 680	28 081	–		307 421	–		
June	40 404	27 680	28 081	–		335 502	–		
Total Capital expenditure	484 853	332 162	335 502	152 357					

The actual capital expenditure is less than year-to-date budget.

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 - M07 January

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									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		464 144	327 657	328 299	7 178	149 480	191 313	41 833	21.9%	328 299
Roads Infrastructure		—	6 112	6 087	—	3 637	3 554	(83)	-2.3%	6 087
Roads		—	6 112	6 087	—	3 637	3 554	(83)	-2.3%	6 087
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		464 144	321 545	295 699	6 529	124 921	172 471	47 551	27.6%	295 699
Dams and Weirs								—		
Boreholes		8 702	—	51 400	1 437	16 493	29 397	12 903	43.9%	51 400
Reservoirs		—	—	21 304	—	5 408	12 922	7 514	58.1%	21 304
Pump Stations		—	—	—	—	—	—	—		—
Water Treatment Works		74 910	—	34 783	—	22 121	20 290	(1 831)	-9.0%	34 783
Bulk Mains		220 648	321 545	125 470	3 770	58 986	72 992	14 006	19.2%	125 470
Distribution		159 884	—	62 742	1 322	21 912	36 600	14 687	40.1%	62 742
Distribution Points		—	—	—	—	—	271	271	100.0%	—
PRV Stations								—		
Capital Spares								—		
Sanitation Infrastructure		—	—	26 513	649	20 922	15 287	(5 635)	-36.9%	26 513
Pump Station								—		
Reticulation		—	—	26 513	649	20 922	15 287	(5 635)	-36.9%	26 513
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 - M07 January

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									
Community Assets		6 965	—	1 428	45	1 348	635	(714)	-112.5%	1 428
Community Facilities		6 965	—	1 428	45	1 348	635	(714)	-112.5%	1 428
Halls										
Centres		6 965	—	1 428	45	1 348	635	(714)	-112.5%	1 428
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
PurIs										
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										
Heritage assets		6 594	—	—	—	—	—	—		—
Monuments										
Historic Buildings										
Works of Art		6 594	—	—	—	—	—	—		—
Conservation Areas										
Other Heritage										
Investment properties		—	—	—	—	—	—	—		—
Revenue Generating		—	—	—	—	—	—	—		—
Improved Property										
Unimproved Property										
Non-revenue Generating		—	—	—	—	—	—	—		—
Improved Property										
Unimproved Property										
Other assets		—	391	191	—	—	153	153	100.0%	191
Operational Buildings		—	391	191	—	—	153	153	100.0%	191
Municipal Offices		—	391	191	—	—	153	153	100.0%	191
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		—	—	—	—	—	—	—		—
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		—	—	—	—	—	—	—		—
Biological or Cultivated Assets										
Intangible Assets		—	—	—	—	—	—	—		—
Servitudes										
Licences and Rights		—	—	—	—	—	—	—		—
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		—	—	—	—	—	—	—		—
Load Settlement Software Applications										
Unspecified										
Computer Equipment		6 572	2 609	2 609	26	26	1 522	1 495	98.3%	2 609
Computer Equipment		6 572	2 609	2 609	26	26	1 522	1 495	98.3%	2 609
Furniture and Office Equipment		92	1 043	1 311	—	260	712	452	63.5%	1 311
Furniture and Office Equipment		92	1 043	1 311	—	260	712	452	63.5%	1 311
Machinery and Equipment		485	461	1 664	—	1 242	763	(479)	-62.8%	1 664
Machinery and Equipment		485	461	1 664	—	1 242	763	(479)	-62.8%	1 664
Transport Assets		—	—	—	—	—	—	—		—
Transport Assets		—	—	—	—	—	—	—		—
Land		—	—	—	—	—	—	—		—
Land		—	—	—	—	—	—	—		—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—		—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—		—
Total Capital Expenditure on new assets	1	484 853	332 162	335 502	7 250	152 357	195 098	42 741	21.9%	335 502

2.10. OTHER SUPPORTING DOCUMENTS

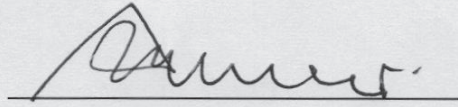
No other financial information outside of information contained in Schedule C is available

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: 2023/02/14