

ZULULAND DISTRICT MUNICIPALITY



MONTHLY BUDGET STATEMENT AND SUPPORTING DOCUMENTATION FOR PERIOD ENDED

28 February 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	ADJUSTED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Total Revenue By Source (Excluding Capital Transfers)	688 934 986	706 983 525	475 746 694	462 803 458	12 943 235	3%
Total Operating Expenditure	626 160 559	695 389 525	511 081 976	436 210 014	74 871 962	17%
Surplus/(Deficit)	62 774 427	11 594 000	-35 335 282	26 593 445	-61 928 727	

Operating Revenue Performance

Total operating revenue generated by the Municipality as at **28 February 2023** is **R475.7 million** which is **67%** of the approved operating revenue adjusted budget. The **R475.7 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R462.8 million**, a variance of **R12.9 million** or **3 %** 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 **R38.7 million** which is **6%** of the total generated operating revenue.

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, 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 **28 February 2023** is **R511.08 million** which is **73%** of the approved operating adjusted expenditure budget. The **R511.08 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R436.2 million**, a variance of **R74.8 million** or **17%** 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	ADJUSTED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Total Capital Expenditure	332 161 738	541 792 789	166 300 938	264 436 624	-98 135 687	-37%
Total Capital Financing	332 161 738	541 792 789	166 300 938	264 436 624	-98 135 687	-37%

Total Capital Expenditure as at **28 February 2023** is **R166.3 million** which is **31%** of the approved adjusted capital budget. The **R166.3 million** year to date actual is **below** the **eight** months baseline projection or year-to-date budget of **R264.4 million**, a variance of **R98.1 million** or **37 %** of the received grants 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. **MIG** is at **47%**, **RBIG** is at **6%**, **WSIG** is at **48%** **RRAMG** is at **0%** and **Kwamajomela** is at **94%**.

Financial Position Framework

Summary of Statement of Financial position:

	APPROVED BUDGET	ADJUSTED BUDGET	YTD ACTUAL	%
current assets	338 914 049	293 376 183	88 354 947	30%
non current assets	4 188 965 091	5 388 776 041	4 709 189 383	87%
current liabilities	224 331 877	348 055 798	292 214 370	84%
non current liabilities	33 904 000	43 931 760	41 809 760	95%
COMMUNITY WEALTH/EQUITY	3 834 562 836	4 666 622 849	4 465 186 769	96%

Current assets year to date actual is **R88.3 million** which is **30%** of the approved adjusted budget. **Non - Current assets** year to date actual is **R4.7 billion** which is **87%** of the approved adjusted budget. **Current Liabilities** year to date actual is **R292.2 million** which is **84%** of the approved adjusted budget. **Non - Current Liabilities** year to date is **R41.8 million** which is **95%** of the approved adjusted budget. **Accumulated surplus** year to date actual is **R4.4 billion** which is **96%** of the approved adjusted budget.

Current assets amount to **R88.3 million** on Table C6, included on current assets is bank **overdraft** of **R24.06 million**.

Current liabilities amount to **R292.2 million** **R285.9 million** on Table C6, this includes unspent conditional grants amounting to **R152.6 million**.

The Current ratio is 0.3 : 1 [**R88.3 million/292.2 million**], the current ration norm is **2:1**

Financial Position Framework is explained in detail on section 1.7 In year Budget Tables.

1.4. OPERATING REVENUE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

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	40 947	4 610	28 496	39 923	(11 427)	-29%	40 947
Service charges - sanitation revenue		12 513	12 500	15 306	1 348	10 283	8 894	1 389	16%	15 306
Service charges - refuse revenue								–		
Rental of facilities and equipment		195	183	209	17	139	127	12	9%	209
Interest earned - external investments		3 705	6 000	3 000	816	2 422	3 400	(978)	-29%	3 000
Interest earned - outstanding debtors		288	85	200	24	140	80	61	76%	200
Dividends received								–		
Fines, penalties and forfeits		209	150	58	10	43	82	(38)	-47%	58
Licences and permits		–	–	73	6	49	15	34	236%	73
Agency services								–		
Transfers and subsidies		537 979	601 306	645 690	3 562	433 145	409 747	23 398	6%	645 690
Other revenue		1 085	711	1 501	333	1 077	632	446	71%	1 501
Gains		40	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	706 984	10 727	475 796	462 900	12 896	3%	706 984

The year-to-date actual indicates operating revenue of **R475.7 million** for **eight months**, The **R475.7 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R462.8 million**, a variance of **R12.9 million** or **3%** is observed. The total revenue to-date represents **67%** of the operating revenue adjusted 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 **R28.4 million** which is **70%** of the approved adjusted budget. the **R28.4 million** year to date actual is **below** the **eight** months baseline projection or year-to-date budget of **R39.9 million**. A variance of **R11.4 million** or **29%** is observed.

Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is **R10.28 million** which is **67%** of the approved adjusted budget. the **R10.28 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R8.8 million**. A variance of **R1.4 million** or **16%** is observed.

The billing is above the target, this variance is due to sewer excess charge on businesses that consume more than 40kl of water per month.

Rent of facilities

Rental of facilities is amounts billed for office space leased out, the year-to-date actual is **R139 thousand** which is **67%** of the approved adjusted budget. the **R139 thousand** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R127 thousand**. A variance of **R12 thousand** or **9%** is observed.

Interest on investment

Interest on investment is interest received when the Municipality makes cash investments. the year-to-date actual is **R2.4 million** which is **81%** of the approved adjusted budget. the **R2.4 million** year to date actual is **below** the **eight** months baseline projection or year-to-date budget of **R3.4 million**. A variance of **R978 thousand** or **29%** is observed.

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

Interest earned - outstanding debtors

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. the year-to-date actual is **R140 thousand** which is **70%** of the approved adjusted budget. the **R140 thousand** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R80 thousand**. A variance of **R61 thousand** or **76%** is observed.

Reasons for variances can be attributed to businesses non adherence to payment terms, the municipality must implement stringent measures to ensure businesses pay on time.

Fines, penalties and forfeits

Fines, penalties and forfeits are mainly amounts charged on illegal connections. the year-to-date actual is **R43 thousand** which is **75%** of the approved adjusted budget. the **R43 thousand** year to date actual is **below** the **eight** months baseline projection or year-to-date budget of **R82 thousand**. A variance of **R38 thousand** or **47%** 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.

Licences and permits

This amount is for Licences and permits required for certain types of businesses. the year-to-date actual is **R49 thousand** which was not budgeted for, but allocated in the adjustment budget. the **R49 thousand** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R15 thousand**. A variance of **R34 thousand** or **236%** is observed.

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 **R433.1 million** which is **67%** of the approved budget. The **R433.1 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R409.7 million**. A variance of **R23.4 million** or **6%** 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 **R1.07** which is **72%** of the approved budget. the **R1.07 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R632 thousand**. A variance of **R446 thousand** or **71%** 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) - M08 February

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	270 152	22 780	182 827	179 169	3 658	2%	270 152
Remuneration of councillors		8 616	8 771	9 021	942	6 291	5 897	394	7%	9 021
Debt impairment		20 001	14 000	14 000	—	—	9 333	(9 333)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	2 903	58 424	53 334	5 090	10%	80 000
Finance charges		399	—	88	17	105	44	61	138%	88
Bulk purchases - electricity		—	—	—	—	—	—	—		—
Inventory consumed		22 023	33 320	31 755	35	10 041	20 074	(10 032)	-50%	31 755
Contracted services		318 040	106 388	171 214	54 837	145 312	93 246	52 065	56%	171 214
Transfers and subsidies		11 295	3 070	4 335	518	3 272	2 225	1 047	47%	4 335
Other expenditure		131 178	112 460	114 825	8 826	104 811	72 888	31 922	44%	114 825
Losses		2 627	—	—	—	—	—	—		—
Total Expenditure		878 966	626 161	695 390	90 859	511 082	436 210	74 872	17%	695 390

The year-to-date actual indicates spending of **R511.08 million** for **eight months**, which is **73%** of the approved adjusted operating expenditure budget. The **R511.08 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R436.2 million**, a variance of **R74.8 million** or **17%** 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 **R182.8 million** which is **68%** of the approved adjusted budget. the **R182.8 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R179.1 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 **R6.2 million** which is **70%** of the approved adjusted budget. the **R6.2 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R5.8 million**. A variance of **R394 thousand** or **7%** is observed.

The variance can be attributed to changes in council configurations.

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 **R58.4 million** which is **73%** of the approved adjusted budget. the **R58.4 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R53.3 million**. A variance of **R5.09 million** or **10%** is observed.

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

Finance charges

Finance charges are amounts for interest paid on overdue accounts. The year-to-date actual is **R105 thousand** which is **119%** of the approved adjusted budget. the **R105 thousand** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R44 thousand**. A variance of **R61 thousand** or **119%** 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 **R10.04 million** which is **32%** of the approved adjusted budget. the **R10.04 million** year to date actual is **below** the **eight** months baseline projection or year-to-date budget of **R20.07 million**. A variance of **R10.03 million** or **50%** 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 **R145.3 million** which is **85%** of the approved adjusted budget. the **R145.3 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R93.2 million**. A variance of **R52.06 million** or **56%** 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.

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 **R3.2 million** which is **75%** of the approved adjusted budget. The **R3.2 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R2.2 million**. A variance of **R1.04 million** or **47%** 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.

Other expenditure

Other expenditure is all other expenditure not classified above. The year-to-date actual is **R104.8 million** which is **91%** of the approved adjusted budget. the **R104.8 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R72.8 million**. A variance of **R31.9 million** or **44%** 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	ADJUSTED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Finance Management grant (FMG)	1 200 000	1 200 000	246 403	800 000	-553 597	-69%
EPWP Incentive	8 517 000	8 517 000	8 517 000	5 678 000	2 839 000	50%
Art centre Subsidies (Indonsa Grant)	1 911 000	1 911 000	1 062 824	1 274 000	-211 176	-17%
Aviation Strategy	500 000	500 000	-	333 333	-333 333	-100%
Municipal Systems Improvement Grant (MSIG)	2 787 000	2 787 000	-	1 858 000	-1 858 000	-100%
Rural Roads Asset Managemnt Systems Grant		25 000	12 691	16 667	-3 976	-24%
National Skills Fund	-	43 103 900	39 390 150	28 735 933	10 654 217	37%
Local Government Sector Education and Training Authority		1 080 000	-	720 000	-720 000	-100%
Amafa Kazulu Grant		200 000	-	133 333	-133 333	-100%
Total Operating Grant Expenditure	14 915 000	14 915 000	9 826 227	39 549 267	-117 107	-2

FMG **21%**, EPWP Incentive **100%**, Art center subsidies (Indonsa Grant) **56%**,RRAMS **51%**, National Skills Fund **91%**, Amafa Kazulu Grant **0%**, Aviation Strategy **0%**, MSIG **0%** and Electricity Distribution Industry Holding **0%**.

Summary of Revenue and Operational Expenditure Performance

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

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	40 947	4 610	28 496	39 923	(11 427)	-29%	40 947
Service charges - sanitation revenue		12 513	12 500	15 306	1 348	10 283	8 894	1 389	16%	15 306
Service charges - refuse revenue								–		
Rental of facilities and equipment		195	183	209	17	139	127	12	9%	209
Interest earned - external investments		3 705	6 000	3 000	816	2 422	3 400	(978)	-29%	3 000
Interest earned - outstanding debtors		288	85	200	24	140	80	61	76%	200
Dividends received								–		
Fines, penalties and forfeits		209	150	58	10	43	82	(38)	-47%	58
Licences and permits		–	–	73	6	49	15	34	236%	73
Agency services								–		
Transfers and subsidies		537 979	601 306	645 690	3 562	433 145	409 747	23 398	6%	645 690
Other revenue		1 085	711	1 501	333	1 077	632	446	71%	1 501
Gains		40	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	706 984	10 727	475 796	462 900	12 896	3%	706 984
Expenditure By Type										
Employee related costs		263 669	268 152	270 152	22 780	182 827	179 169	3 658	2%	270 152
Remuneration of councillors		8 616	8 771	9 021	942	6 291	5 897	394	7%	9 021
Debt impairment		20 001	14 000	14 000	–	–	9 333	(9 333)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	2 903	58 424	53 334	5 090	10%	80 000
Finance charges		399	–	88	17	105	44	61	138%	88
Bulk purchases - electricity		–	–	–	–	–	–	–		–
Inventory consumed		22 023	33 320	31 755	35	10 041	20 074	(10 032)	-50%	31 755
Contracted services		318 040	106 388	171 214	54 837	145 312	93 246	52 065	56%	171 214
Transfers and subsidies		11 295	3 070	4 335	518	3 272	2 225	1 047	47%	4 335
Other expenditure		131 178	112 460	114 825	8 826	104 811	72 888	31 922	44%	114 825
Losses		2 627	–	–	–	–	–	–		–
Total Expenditure		878 966	626 161	695 390	90 859	511 082	436 210	74 872	17%	695 390
Surplus/(Deficit)		(284 466)	62 774	11 594	(80 132)	(35 286)	26 690	(61 976)	(0)	11 594
allocations) (National / Provincial and District)		611 248	372 306	611 948	16 921	184 476	296 132	(111 656)	(0)	611 948
allocations) (National / Provincial Departmental)								–		
Transfers and subsidies - capital (in-kind - all)		24 307	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & Taxation		351 089	435 080	623 542	(63 211)	149 190	322 822	–		623 542
Surplus/(Deficit) after taxation		351 089	435 080	623 542	(63 211)	149 190	322 822			623 542
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		351 089	435 080	623 542	(63 211)	149 190	322 822			623 542
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		351 089	435 080	623 542	(63 211)	149 190	322 822			623 542

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	ADJUSTED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Total Capital Expenditure	332 161 738	541 792 789	166 300 938	264 436 624	-98 135 687	-37%
Total Capital Financing	332 161 738	541 792 789	166 300 938	264 436 624	-98 135 687	-37%

The capital expenditure amounts to **R166.3 million** which is **31%** of the capital budget, after a period of **eight months**.

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February										
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	3 721	12	146	2 472	(2 325)	-94%	3 721
Executive and council		6 594	-	-	-	-	-	-		-
Finance and administration		6 664	3 652	3 721	12	146	2 472	(2 325)	-94%	3 721
Internal audit								-		
Community and public safety		485	70	1 273	(19)	1 203	682	521	76%	1 273
Community and social services		485	70	1 273	(19)	1 203	682	521	76%	1 273
Sport and recreation								-		
Public safety								-		
Housing								-		
Health								-		
Economic and environmental services		6 965	6 112	7 515	-	4 986	4 854	132	3%	7 515
Planning and development		6 965	6 112	7 515	-	4 986	4 854	132	3%	7 515
Road transport								-		
Environmental protection								-		
Trading services		464 144	322 284	529 241	13 951	159 966	256 400	(96 434)	-38%	529 241
Energy sources								-		
Water management		464 144	322 284	529 241	13 951	159 966	256 400	(96 434)	-38%	529 241
Waste water management		-	-	-	-	-	-	-		-
Waste management								-		
Other		-	43	43	-	-	29	(29)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Funded by:										
National Government		464 144	323 744	528 067	13 830	159 673	256 838	(97 164)	-38%	528 067
Provincial Government		7 451	26	4 036	-	1 348	1 318	30	2%	4 036
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	532 104	13 830	161 022	258 155	(97 134)	-38%	532 104
Borrowing	6							-		
Internally generated funds		13 258	8 391	9 689	114	5 279	6 281	(1 002)	-16%	9 689
Total Capital Funding		484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793

Governance and administration

Governance and administration year-to-date actual is **R146 thousand** which is **4%** of the adjusted budget. the **R146 thousand** year to date actual is **below** the **eight** months baseline projection or year-to-date budget of **R2.4 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 **95%** of the adjusted budget. the **R1.2 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R682 thousand**. A variance of **R521 thousand** or **76%** is observed.

Economic and environmental services

Economic and environmental services year-to-date actual is **R4.9 million** which is **19%** of the adjusted budget. the **R4.9 million** year to date actual is **above** the **eight** months baseline projection or year-to-date budget of **R4.8 million**. A variance of **R132 thousand** or **3%** is observed.

Trading services

Trading services year-to-date actual is **R159.9 million** which is **30%** of the adjusted budget. the **R159.9 million** year to date actual is **below** the **eight** months baseline projection or year-to-date budget of **R256.4 million**. A variance of **R96.4 million** or **38%** is observed.

Other

Other year-to-date actual is **R0** which is **0%** of the adjusted budget. the **R0** year to date actual is **below** the **eight** months baseline projection or year-to-date budget of **R29 thousand**. A variance of **R29 thousand** or **100%** is observed.

CAPITAL EXPENDITURE BY SOURCE EXCLUSIVE OF VAT	APPROVED BUDGET	ADJUSTED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Municipal Infrastructure Grant (MIG)	225 678 261	225 678 261	106 349 499	150 452 174	-44 102 675.08	-29%
Regional Bulk Infrastructure (RBIG)	13 258 261	217 606 087	13 635 916	145 070 725	-131 434 808.54	-91%
Water services infrastructure Grant (WSIG)	82 608 696	28 908 806	39 687 893	19 272 538	20 415 355.54	106%
Rural Roads Asset Managemnt Systems Grant	2 199 130	2 174 130	-	1 449 420	-1 449 420.00	-100%
Kwamajomela Manuafacturing Centre Grant	-	1 641 817	1 348 274	1 094 545	253 729.74	23%
Indonsa Grant	26 087	26 087	-	17 391	-17 391.33	-100%
TSUCM COGTA Boreholes	-	2 550 000	-	1 700 000	-1 700 000.00	-100%
Other Assets	8 391 303	9 689 252	5 279 355	6 459 501	-1 180 146.42	-18%
Total Operating Expenditure	332 161 738	488 274 440	166 300 938	325 516 294	-159 215 356	-309%

No expenditure on RRAMS, Indonsa and TSCUCM COGTA Boreholes 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	APPROVED BUDGET	ADJUSTED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %
Municipal Infrastructure Grant (MIG)	259 530 000	259 530 000	121 332 394	173 020 000	-51 687 606	-30%
Regional Bulk Infrastructure (RBIG)	15 247 000	250 247 000	15 246 414	166 831 333	-151 584 920	-91%
Water services infrastructure Grant (WSIG)	95 000 000	95 000 000	45 262 419	63 333 333	-18 070 914	-29%
Rural Roads Asset Managemnt Systems Grant	2 529 000	2 504 000	-	1 669 333	-1 669 333	-100%
Kwamajomela Manuafacturing Centre Grant	1 641 817	1 641 817	1 550 516	1 094 545	455 971	42%
Indonsa Grant	30 000	30 000	-	20 000	-20 000	-100%
TSUCM COGTA Boreholes	-	3 000 000	-	2 000 000	-2 000 000	-100%
Total Capital Grant Expenditure	373 977 817	611 952 817	183 391 742	407 968 545	-224 576 802	-308%

Overall capital grant expenditure is sitting at **49%** of the approved adjusted capital budget, **MIG** is sitting at **47%**, **RBIG** at **6%**, **WSIG** at **48%**, **RAMS** at **0%**, **KwaMajomela Manufacturing Centre** at **94%** and **Indonsa Art Centre** at **0%** and **COGTA Boreholes Intervention** is **0%**.

Capital budget summary

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

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 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	3 330	12	126	2 211	(2 084)	-94%	3 330
Vote 03 - Finance		2 918	478	478	–	20	319	(299)	-94%	478
Vote 04 - Community Development		7 451	26	2 657	(19)	2 551	1 446	1 105	76%	2 657
Vote 05 - Planning & Wsa		464 144	327 657	534 589	13 830	163 311	259 968	(96 657)	-37%	534 589
Vote 06 - Technical Services		–	–	–	–	–	–	–		–
Vote 07 - Water Purification		–	348	548	121	293	332	(39)	-12%	548
Vote 08 - Water Distribution		–	391	191	–	–	161	(161)	-100%	191
Vote 09 - Waste Water		–	–	–	–	–	–	–		–
Vote 15 - Other		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Total Capital Expenditure		484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Capital Expenditure - Functional Classification										
Governance and administration		13 258	3 652	3 721	12	146	2 472	(2 325)	-94%	3 721
Executive and council		6 594	–	–	–	–	–	–		–
Finance and administration		6 664	3 652	3 721	12	146	2 472	(2 325)	-94%	3 721
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		485	70	1 273	(19)	1 203	682	521	76%	1 273
Community and social services		485	70	1 273	(19)	1 203	682	521	76%	1 273
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		6 965	6 112	7 515	–	4 986	4 854	132	3%	7 515
Planning and development		6 965	6 112	7 515	–	4 986	4 854	132	3%	7 515
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		464 144	322 284	529 241	13 951	159 966	256 400	(96 434)	-38%	529 241
Energy sources		–	–	–	–	–	–	–		–
Water management		464 144	322 284	529 241	13 951	159 966	256 400	(96 434)	-38%	529 241
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	–	–	–	–	–	–		–
Other		–	43	43	–	–	29	(29)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Funded by:										
National Government		464 144	323 744	528 067	13 830	159 673	256 838	(97 164)	-38%	528 067
Provincial Government		7 451	26	4 036	–	1 348	1 318	30	2%	4 036
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	532 104	13 830	161 022	258 155	(97 134)	-38%	532 104
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		13 258	8 391	9 689	114	5 279	6 281	(1 002)	-16%	9 689
Total Capital Funding		484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793

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 - M08 February

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	56 253	5 958	38 779	48 817	(10 038)	-21%	56 253
Investment revenue	3 705	6 000	3 000	816	2 422	3 400	(978)	-29%	3 000
Transfers and subsidies	537 979	601 306	645 690	3 562	433 145	409 747	23 398	6%	645 690
Other own revenue	1 817	1 129	1 968	384	1 400	839	561	67%	1 968
Total Revenue (excluding capital transfers and contributions)	594 501	688 935	706 911	10 720	475 747	462 803	12 943	3%	706 911
Employee costs	263 669	268 152	270 152	22 780	182 827	179 169	3 658	2%	270 152
Remuneration of Councillors	8 616	8 771	9 021	942	6 291	5 897	394	7%	9 021
Depreciation & asset impairment	101 119	80 000	80 000	2 903	58 424	53 334	5 090	10%	80 000
Finance charges	399	–	88	17	105	44	61	138%	88
Inventory consumed and bulk purchases	22 023	33 320	31 755	35	10 041	20 074	(10 032)	-50%	31 755
Transfers and subsidies	11 295	3 070	4 335	518	3 272	2 225	1 047	47%	4 335
Other expenditure	471 522	232 848	300 161	63 663	250 122	175 468	74 654	43%	300 161
Total Expenditure	878 643	626 161	695 512	90 859	511 082	436 210	74 872	17%	695 512
Surplus/(Deficit)	(284 143)	62 774	11 399	(80 139)	(35 335)	26 593	(61 929)	-233%	11 399
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	611 248	372 306	611 948	16 921	184 476	296 132	### ### ..	-38%	611 948
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	351 412	435 080	623 347	(63 218)	149 141	322 726	(173 585)	-54%	623 347
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	351 412	435 080	623 347	(63 218)	149 141	322 726	(173 585)	-54%	623 347
Capital expenditure & funds sources									
Capital expenditure	484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Capital transfers recognised	471 595	323 770	532 104	13 830	161 022	258 155	(97 134)	-38%	532 104
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	13 258	8 391	9 689	114	5 279	6 281	(1 002)	-16%	9 689
Total sources of capital funds	484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Financial position									
Total current assets	137 483	338 914	293 376		88 355				293 376
Total non current assets	4 601 310	4 188 965	5 388 776		4 709 189				5 388 776
Total current liabilities	355 836	224 332	348 056		292 214				348 056
Total non current liabilities	42 112	33 904	43 932		41 810				43 932
Community wealth/Equity	4 378 271	3 834 563	4 666 623		4 465 187				4 666 623
Cash flows									
Net cash from (used) operating	466 705	549 645	776 939	707	424 531	517 960	93 429	18%	776 939
Net cash from (used) investing	(484 853)	(332 162)	(541 793)	(13 944)	(166 301)	(361 195)	(194 894)	54%	(541 793)
Net cash from (used) financing	–	–	(902)	(91)	(609)	(601)	8	-1%	(902)
Cash/cash equivalents at the month/year end	1 910	290 159	254 713	–	278 089	176 631	(101 457)	-57%	254 713
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	12 296	3 331	4 223	3 507	3 518	2 851	17 848	150 470	198 044
Creditors Age Analysis									
Total Creditors	4 027	1 775	2 621	–	–	–	–	–	8 423

DC26 Zululand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 February

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										
Governance and administration		530 987	594 535	636 370	1 224	427 249	404 724	22 525	6%	636 370
Executive and council		—	—	—	—	—	—	—		—
Finance and administration	530 987	594 535	636 370	636 370	1 224	427 249	404 724	22 525	6%	636 370
Internal audit		—	—	—	—	—	—	—		—
Community and public safety		2 011	2 011	2 299	962	1 072	1 398	(327)	-23%	2 299
Community and social services	2 011	1 911	1 911	2 243	957	1 034	1 340	(307)	-23%	2 243
Sport and recreation		—	—	—	—	—	—	—		—
Public safety		—	—	—	—	—	—	—		—
Housing		—	—	—	—	—	—	—		—
Health		—	100	56	5	38	58	(20)	-35%	56
Economic and environmental services		9 606	5 316	6 958	—	1 513	3 872	(2 359)	-61%	6 958
Planning and development	9 606	5 316	5 316	6 958	—	1 513	3 872	(2 359)	-61%	6 958
Road transport		—	—	—	—	—	—	—		—
Environmental protection		—	—	—	—	—	—	—		—
Trading services		686 941	458 879	672 805	25 462	230 438	348 704	(118 266)	-34%	672 805
Energy sources		—	—	—	—	—	—	—		—
Water management	674 336	446 379	446 379	657 441	24 108	220 116	339 798	(119 683)	-35%	657 441
Waste water management	12 605	12 500	12 500	15 364	1 353	10 322	8 906	1 416	16%	15 364
Waste management		—	—	—	—	—	—	—		—
Other	4	511	500	500	—	—	333	(333)	-100%	500
Total Revenue - Functional	2	1 230 055	1 061 241	1 318 931	27 648	660 272	759 032	(98 760)	-13%	1 318 931
Expenditure - Functional										
Governance and administration		255 470	225 404	281 453	61 299	206 737	166 758	39 980	24%	281 453
Executive and council		61 104	47 846	53 462	5 331	44 343	34 914	9 429	27%	53 462
Finance and administration	194 366	177 558	177 558	227 991	55 968	162 395	131 844	30 551	23%	227 991
Internal audit		—	—	—	—	—	—	—		—
Community and public safety		24 796	25 580	26 819	1 936	17 890	17 631	258	1%	26 819
Community and social services	13 211	13 202	13 202	14 442	1 010	9 461	9 380	82	1%	14 442
Sport and recreation		—	—	—	—	—	—	—		—
Public safety		—	—	—	—	—	—	—		—
Housing		—	—	—	—	—	—	—		—
Health	11 586	12 378	12 378	12 378	926	8 428	8 252	176	2%	12 378
Economic and environmental services		24 502	23 962	24 722	1 210	12 512	16 175	(3 663)	-23%	24 722
Planning and development	24 502	23 962	23 962	24 722	1 210	12 512	16 175	(3 663)	-23%	24 722
Road transport		—	—	—	—	—	—	—		—
Environmental protection		—	—	—	—	—	—	—		—
Trading services		566 315	337 266	349 467	25 720	268 100	226 769	41 330	18%	349 467
Energy sources		—	—	—	—	—	—	—		—
Water management	558 489	332 231	332 231	344 335	25 202	264 101	223 393	40 708	18%	344 335
Waste water management	7 826	5 035	5 035	5 133	518	3 999	3 376	623	18%	5 133
Waste management		—	—	—	—	—	—	—		—
Other		7 882	13 948	12 928	695	5 844	8 877	(3 033)	-34%	12 928
Total Expenditure - Functional	3	878 966	626 161	695 390	90 859	511 082	436 210	74 872	17%	695 390
Surplus/ (Deficit) for the year		351 089	435 080	623 542	(63 211)	149 190	322 822	(173 632)	-54%	623 542

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) - M08 February

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	45 034	332	406	9 403	(8 997)	-95.7%	45 034
Vote 03 - Finance		530 539	594 185	591 836	892	426 843	395 653	31 189	7.9%	591 836
Vote 04 - Community Development		10 481	2 011	3 941	962	2 570	1 727	843	48.8%	3 941
Vote 05 - Planning & Wsa		603 289	383 610	621 610	19 475	191 495	303 340	(111 845)	-36.9%	621 610
Vote 06 - Technical Services		9 612	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	-	-	-	-	-	-		-
Vote 08 - Water Distribution		63 082	68 085	41 147	4 633	28 636	40 002	(11 367)	-28.4%	41 147
Vote 09 - Waste Water		12 605	12 500	15 364	1 353	10 322	8 906	1 416	15.9%	15 364
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - ,		-	-	-	-	-	-	-		-
Vote 13 - ,		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Revenue by Vote	2	1 230 055	1 061 241	1 318 931	27 648	660 272	759 032	(98 760)	-13.0%	1 318 931
Expenditure by Vote	1									
Vote 01 - Council		61 104	47 846	53 462	5 331	44 343	34 914	9 429	27.0%	53 462
Vote 02 - Corporate Services		124 394	98 375	143 659	51 029	116 017	78 059	37 959	48.6%	143 659
Vote 03 - Finance		70 809	79 473	85 413	4 873	39 488	54 371	(14 883)	-27.4%	85 413
Vote 04 - Community Development		43 410	49 413	49 612	3 342	37 313	32 899	4 413	13.4%	49 612
Vote 05 - Planning & Wsa		62 982	23 285	23 276	1 443	12 975	15 530	(2 556)	-16.5%	23 276
Vote 06 - Technical Services		29 532	5 992	6 126	664	5 738	4 061	1 677	41.3%	6 126
Vote 07 - Water Purification		48 620	36 762	37 479	4 302	34 699	24 651	10 047	40.8%	37 479
Vote 08 - Water Distribution		430 289	279 979	291 232	19 357	216 511	188 349	28 162	15.0%	291 232
Vote 09 - Waste Water		7 826	5 035	5 133	518	3 999	3 376	623	18.4%	5 133
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - ,		-	-	-	-	-	-	-		-
Vote 13 - ,		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	878 966	626 161	695 390	90 859	511 082	436 210	74 872	17.2%	695 390
Surplus/ (Deficit) for the year	2	351 089	435 080	623 542	(63 211)	149 190	322 822	(173 632)	-53.8%	623 542

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) - M08 February

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	40 947	4 610	28 496	39 923	(11 427)	-29%	40 947
Service charges - sanitation revenue		12 513	12 500	15 306	1 348	10 283	8 894	1 389	16%	15 306
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	209	17	139	127	12	9%	209
Interest earned - external investments		3 705	6 000	3 000	816	2 422	3 400	(978)	-29%	3 000
Interest earned - outstanding debtors		288	85	200	24	140	80	61	76%	200
Dividends received								-		
Fines, penalties and forfeits		209	150	58	10	43	82	(38)	-47%	58
Licences and permits		-	-	73	6	49	15	34	236%	73
Agency services								-		
Transfers and subsidies		537 979	601 306	645 690	3 562	433 145	409 747	23 398	6%	645 690
Other revenue		1 085	711	1 501	333	1 077	632	446	71%	1 501
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	706 984	10 727	475 796	462 900	12 896	3%	706 984
Expenditure By Type										
Employee related costs		263 669	268 152	270 152	22 780	182 827	179 169	3 658	2%	270 152
Remuneration of councillors		8 616	8 771	9 021	942	6 291	5 897	394	7%	9 021
Debt impairment		20 001	14 000	14 000	-	-	9 333	(9 333)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	2 903	58 424	53 334	5 090	10%	80 000
Finance charges		399	-	88	17	105	44	61	138%	88
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		22 023	33 320	31 755	35	10 041	20 074	(10 032)	-50%	31 755
Contracted services		318 040	106 388	171 214	54 837	145 312	93 246	52 065	56%	171 214
Transfers and subsidies		11 295	3 070	4 335	518	3 272	2 225	1 047	47%	4 335
Other expenditure		131 178	112 460	114 825	8 826	104 811	72 888	31 922	44%	114 825
Losses		2 627	-	-	-	-	-	-		-
Total Expenditure		878 966	626 161	695 390	90 859	511 082	436 210	74 872	17%	695 390
Surplus/(Deficit)		(284 466)	62 774	11 594	(80 132)	(35 286)	26 690	(61 976)	(0)	11 594
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	611 948	16 921	184 476	296 132	(111 656)	(0)	611 948
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	623 542	(63 211)	149 190	322 822			623 542
Taxation								-		
Surplus/(Deficit) after taxation		351 089	435 080	623 542	(63 211)	149 190	322 822			623 542
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		351 089	435 080	623 542	(63 211)	149 190	322 822			623 542
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		351 089	435 080	623 542	(63 211)	149 190	322 822			623 542

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) - M08 February

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 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	3 330	12	126	2 211	(2 084)	-94%	3 330
Vote 03 - Finance		2 918	478	478	—	20	319	(299)	-94%	478
Vote 04 - Community Development		7 451	26	2 657	(19)	2 551	1 446	1 105	76%	2 657
Vote 05 - Planning & Wsa		464 144	327 657	534 589	13 830	163 311	259 968	(96 657)	-37%	534 589
Vote 06 - Technical Services		—	—	—	—	—	—	—		—
Vote 07 - Water Purification		—	348	548	121	293	332	(39)	-12%	548
Vote 08 - Water Distribution		—	391	191	—	—	161	(161)	-100%	191
Vote 09 - Waste Water		—	—	—	—	—	—	—		—
Vote 15 - Other		—	—	—	—	—	—	—		—
Total Capital single-year expenditure	4	484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Total Capital Expenditure		484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Capital Expenditure - Functional Classification										
Governance and administration		13 258	3 652	3 721	12	146	2 472	(2 325)	-94%	3 721
Executive and council		6 594	—	—	—	—	—	—		—
Finance and administration		6 664	3 652	3 721	12	146	2 472	(2 325)	-94%	3 721
Internal audit		—	—	—	—	—	—	—		—
Community and public safety		485	70	1 273	(19)	1 203	682	521	76%	1 273
Community and social services		485	70	1 273	(19)	1 203	682	521	76%	1 273
Sport and recreation		—	—	—	—	—	—	—		—
Public safety		—	—	—	—	—	—	—		—
Housing		—	—	—	—	—	—	—		—
Health		—	—	—	—	—	—	—		—
Economic and environmental services		6 965	6 112	7 515	—	4 986	4 854	132	3%	7 515
Planning and development		6 965	6 112	7 515	—	4 986	4 854	132	3%	7 515
Road transport		—	—	—	—	—	—	—		—
Environmental protection		—	—	—	—	—	—	—		—
Trading services		464 144	322 284	529 241	13 951	159 966	256 400	(96 434)	-38%	529 241
Energy sources		—	—	—	—	—	—	—		—
Water management		464 144	322 284	529 241	13 951	159 966	256 400	(96 434)	-38%	529 241
Waste water management		—	—	—	—	—	—	—		—
Waste management		—	—	—	—	—	—	—		—
Other		—	43	43	—	—	29	(29)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793
Funded by:										
National Government		464 144	323 744	528 067	13 830	159 673	256 838	(97 164)	-38%	528 067
Provincial Government		7 451	26	4 036	—	1 348	1 318	30	2%	4 036
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	532 104	13 830	161 022	258 155	(97 134)	-38%	532 104
Borrowing	6	—	—	—	—	—	—	—		—
Internally generated funds		13 258	8 391	9 689	114	5 279	6 281	(1 002)	-16%	9 689
Total Capital Funding		484 853	332 162	541 793	13 944	166 301	264 437	(98 136)	-37%	541 793

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 - M08 February

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		500 468	240 335	173 174	(25 069)	173 174
Call investment deposits		(480 000)	—	—	—	—
Consumer debtors		32 918	67 333	39 816	54 501	39 816
Other debtors		81 540	28 773	77 829	54 571	77 829
Current portion of long-term receivables		—	—	—	—	—
Inventory		2 556	2 473	2 556	4 352	2 556
Total current assets		137 483	338 914	293 376	88 355	293 376
Non current assets						
Long-term receivables		—	—	—	—	—
Investments						
Investment property						
Investments in Associate						
Property, plant and equipment		4 593 488	4 188 952	5 388 781	4 701 371	5 388 781
Biological						
Intangible		15	13	(5)	12	(5)
Other non-current assets		7 807	—	—	7 807	—
Total non current assets		4 601 310	4 188 965	5 388 776	4 709 189	5 388 776
TOTAL ASSETS		4 738 792	4 527 879	5 682 152	4 797 544	5 682 152
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		902	—	—	292	—
Consumer deposits		3 621	3 633	3 621	3 619	3 621
Trade and other payables		348 935	218 944	342 057	285 925	342 057
Provisions		2 378	1 755	2 378	2 378	2 378
Total current liabilities		355 836	224 332	348 056	292 214	348 056
Non current liabilities						
Borrowing		1 092	—	1 092	1 092	1 092
Provisions		41 020	33 904	42 840	40 718	42 840
Total non current liabilities		42 112	33 904	43 932	41 810	43 932
TOTAL LIABILITIES		397 948	258 236	391 988	334 024	391 988
NET ASSETS	2	4 340 844	4 269 643	5 290 165	4 463 520	5 290 165
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		4 378 271	3 834 563	4 666 623	4 465 187	4 666 623
Reserves		—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	2	4 378 271	3 834 563	4 666 623	4 465 187	4 666 623

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 28 February 2023 indicate bank overdraft of **R25.06 million**

Call Investments Deposits

Call investments as at 28 February 2023 is **R0**

Consumer debtors

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R54.5 million**. Debtors age analysis as per section 2.1 debtors' analysis is **R198 million**. Consumer debtors amounts to **R193.1 million** and the balance of **R4.9 million** is for shared services casted in Other Debtors.

Gross Consumer debtors	R193.1million
Less Impairment	(R138.6 million)
Net Consumer Debtors	R54.5 million

Classification of Consumer Debtors per Service type

Water Debtors	R44.8 million
Sanitation Debtors	R9.5 million
Property Rentals Debtors	R75.4 thousand
Other Consumer debtors	R26.1 thousand
Total	R54.5 million

➤ **Water Debtors**

Net Water debtors after considering provision for bad debts amount to **R44.8 million**.
Water debtors are amounts owed by consumers for water services billed.

Gross Water Debtors	R150.7 million
Less Impairment	(105.9 million)
Net Water Debtors	R44.8 million

➤ **Sanitation Debtors**

Net Sanitation debtors after considering provision for bad debts amount to **R9.5 million**.
Sanitation debtors are amounts owed by consumers for sewer services billed.

Gross Sanitation Debtors	R42.2 million
Less Impairment	(R32.7 million)
Net Sanitation Debtors	R9.5 million

➤ **Property Rentals Debtors**

These are debtors accumulated from property rentals amounts to **R75.4 thousand**

Property Rental	R75.4 thousand
Less Impairment	(R0 thousand)
Net Property rental	R75.4 thousand

➤ **Other Consumer debtors**

Other consumer debtors' amount to **R26.2 thousand**, these are sundry debtors.

Gross Other Debtors	R38.1 thousand
Less Impairment	(R11.9 thousand)
Net Other Debtors	R26.2 thousand

Classification of Consumer Debtors per Customer group

Households	R165.05 million
Commercial/Businesses	R21.5 million
Organs of State (excl shared services of R4.9 mill)	R6.5 million
Total	R193.1 million

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

Gross Households debtors	R165.05 million
Less Impairment	(R138.6 million)
Net Household debtors	R26.4 million

Other debtors

Other debtors are debtors that arise from non-exchange transactions, the balance for the reporting period is **R54.5 million**.

VAT Receivable	R27.8 million
Deposits Made	R16.7 million
Refunds & under/over banking	R7 million
Overpayments/Accrued Income/UIFW Expenditure	R2.3 million
Prepaid Expenses	R564 thousand
Insurance claims	R15.2 thousand
Salary advance	R125.7 thousand
Total	R54.5 million

➤ **VAT Receivable**

VAT Receivable amount to **R27.8 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 million**, these are shared services debtors to be collected or refunded from Local Municipalities, and small differences caused by under/over banking.

Shared services debtors	R4.95 million
Under/over banking	R2.05 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 **R4.3 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	R166.3 million
Depreciation	(R58.4 million)
Closing Balance	R4.7 billion

Intangible

Intangible assets include software licenses owned by the Municipality; the current balance of intangible assets is **R11.6 thousand**.

Opening balance	R11.6 thousand
Additions	R 0
Depreciation	(R0)
Closing Balance	R11.6 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 **R292.2 thousand**.

Opening balance	R901.7 thousand
Payment	(R609.4 thousand)
Closing Balance	R292.2 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 **R285.9 million**.

Trade Creditors	R3.6 million
Unspent Conditional Grants	R152.6 million
Rétention	R45.3 million
Sessions	R1.2 million
Department of Water & Sanitation	R21.7 million
Output VAT	R10.8 million
Leave accrued	R19.07 million
Bonus	R5.4 million
Employee related cost	R600.9 thousand
Advance Payments	R3.6 million
Salary Suspense Accounts	R311.6 thousand
Other Suspense account	R36.5 thousand
Water tankers	R16.01 million
Other trade creditors	R63.9 thousand
Zanamanzi	R5.3 million
Closing Balance	R285.9 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 - M08 February

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	42 826	2 737	18 484	28 551	(10 066)	-35%	42 826
Other revenue		1 070 817	80 905	125 227	51 773	630 245	83 484	546 761	655%	125 227
Transfers and Subsidies - Operational		536 834	601 306	645 690	46 613	477 843	430 460	47 383	11%	645 690
Transfers and Subsidies - Capital		636 186	372 306	610 306	3 000	290 017	406 871	(116 854)	-29%	610 306
Interest		3 705	6 000	5 000	99	818	3 333	(2 516)	-75%	5 000
Dividends								-		
Payments										
Suppliers and employees		(1 827 370)	(571 446)	(652 109)	(103 514)	(992 876)	(434 739)	558 137	-128%	(652 109)
Finance charges		-	-	-	-	-	-	-		-
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		466 705	549 645	776 939	707	424 531	517 960	93 429	18%	776 939
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)	(541 793)	(13 944)	(166 301)	(361 195)	(194 894)	54%	(541 793)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(484 853)	(332 162)	(541 793)	(13 944)	(166 301)	(361 195)	(194 894)	54%	(541 793)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	-	(902)	(91)	(609)	(601)	8	-1%	(902)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	(902)	(91)	(609)	(601)	8	-1%	(902)
NET INCREASE/ (DECREASE) IN CASH HELD		(18 148)	217 483	234 245	(13 328)	257 621	156 163			234 245
Cash/cash equivalents at beginning:		20 058	72 676	20 468	(50 804)	25 735	20 468			25 735
Cash/cash equivalents at month/year end:		1 910	290 159	254 713		283 355	176 631			259 980

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 **R42.8 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 **R18.4 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 in a process of developing an action plan to address these inefficiencies. Other revenue on table C4 is **R1.07 million**.

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 **R477.7 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	R8.5 million
Indonsa Grant	R955.5 thousand
Aviation Strategy	R500 thousand
Amafa research	R180 thousand
National Skills Fund	R43.1 million
Local Government Sector Education and Training Authority	R1.08 million

TOTAL

R477.7 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 **R290.01 million**. This amount includes RBIG, MIG, RRAMS, TSUCM_COGTA Boreholes 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
TSUCM_COGTA Boreholes	R 3 million
TOTAL	R290.01 million

Interest

Interest on investment is adjusted at **R3 million**, this estimate is based on the approved budget interest income, the interest includes interest on investments made and interest on bank balance. Year to date actual Interest is **R818 thousand**. Interest on investment revenue on table C4 is **R2.4 million**, the Municipality is in a process of developing an action plan to address these inefficiencies.

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 **R166.3 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. the Municipality is in a process of developing an action plan to address these inefficiencies.

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 28 February 2023

DC26 Zululand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

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	9 482	2 502	3 453	2 709	2 638	2 167	13 118	114 105	150 176	134 738	-	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	2 297	799	740	671	655	605	3 443	33 011	42 221	38 385	-	32 710		
Receivables from Exchange Transactions - Waste Management	1600									-	-				
Receivables from Exchange Transactions - Property Rental Debtors	1700									-	-				
Interest on Arrear Debtor Accounts	1810	46	21	18	16	15	12	226	254	607	523	-	-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-				
Other	1900	472	9	11	111	209	67	1 061	3 100	5 040	4 548	-	-		
Total By Income Source	2000	12 296	3 331	4 223	3 507	3 518	2 851	17 848	150 470	198 044	178 193	-	138 614		
2021/22 - totals only										-	-				
Debtors Age Analysis By Customer Group															
Organs of State	2200	3 386	634	973	442	427	457	2 213	2 926	11 460	6 466	-	-		
Commercial	2300	2 075	564	526	816	625	397	2 487	14 037	21 526	18 361	-	-		
Households	2400	6 835	2 133	2 724	2 250	2 466	1 996	13 147	133 507	165 058	153 366	-	138 614		
Other	2500									-	-				
Total By Customer Group	2600	12 296	3 331	4 223	3 507	3 518	2 851	17 848	150 470	198 044	178 193	-	138 614		

Total debtors' amount to **R198 million**, which is an increase of **R2.7 million** from the closing balance of **R195.2 million** in previous month. The debtors over 90 days amount to **R178.1 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 28 February 2023

DC26 Zululand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

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	4 027	1 775	2 621	-	-	-	-	-	8 423	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	4 027	1 775	2 621	-	-	-	-	-	8 423	-

2.3. INVESTMENT PORTFOLIO

Investments as at 28 February 2023

DC26 Zululand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February

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-Std Bank		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	-	40 000	-	60 000
Zululand District Municipality-ABSA		52	Call account	Yes	Variable	0.08075	N/A	N/A	N/A	60 000	-	10 000	-	50 000
Zululand District Municipality-ABSA		15	Call account	Yes	Variable	0.08075	N/A	N/A	N/A	50 000	-	25 000	-	25 000
Zululand District Municipality-ABSA		24	Call account	Yes	Variable	0.08075	N/A	N/A	N/A	25 000	-	25 000	-	-
Municipality sub-total										30 000	313 088	295 000	295 000	-
Entities														
														-
														-
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTERES	2									30 000	313 088	295 000	295 000	-

2.4. ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

Grants Receipts

DC26 Zululand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M08 February

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	2 606	432 190	399 263	32 926	8.2%	598 895
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–		–
Equitable Share		524 645	586 391	586 391	–	423 387	390 927	32 460	8.3%	586 391
Expanded Public Works Programme Integrated Grant		9 612	8 517	8 517	2 554	8 517	5 678	2 839	50.0%	8 517
Local Government Financial Management Grant		1 200	1 200	1 200	52	286	800	(514)	-64.3%	1 200
Municipal Disaster Relief Grant		–	–	–	–	–	–	–		–
Municipal Infrastructure Grant	3	–	–	–	–	–	–	–		–
Municipal Systems Improvement Grant		–	2 787	2 787	–	–	1 858	(1 858)	-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	2 611	956	956	1 647	(692)	-42.0%	2 611
Capacity Building and Other Grants		2 522	2 411	2 611	956	956	1 647	(692)	-42.0%	2 611
Other transfers and grants [insert description]		–	–	–	–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	44 184	–	–	8 837	(8 837)	-100.0%	44 184
Electricity Distribution Industry Holdings		–	–	1 080	–	–	216	(216)	-100.0%	1 080
KwazuluNatal Provincial Planning and Development Commission		–	–	–	–	–	–	–		–
National Skills Fund		–	–	43 104	–	–	8 621	(8 621)	-100.0%	43 104
Unspecified		–	–	–	–	–	–	–		–
Total Operating Transfers and Grants	5	537 979	601 306	645 690	3 562	433 145	409 747	23 398	5.7%	645 690
Capital Transfers and Grants										
National Government:		603 289	372 306	607 306	16 921	182 978	295 204	(112 226)	-38.0%	607 306
Municipal Disaster Relief Grant		–	–	–	–	–	–	–		–
Municipal Infrastructure Grant		269 111	259 530	259 530	8 863	122 454	173 020	(50 566)	-29.2%	259 530
Regional Bulk Infrastructure Grant		222 531	15 247	250 247	–	15 246	57 165	(41 918)	-73.3%	250 247
Rural Road Asset Management Systems Grant		1 647	2 529	2 529	–	15	1 686	(1 671)	-99.1%	2 529
Water Services Infrastructure Grant		110 000	95 000	95 000	8 058	45 262	63 333	(18 071)	-28.5%	95 000
Provincial Government:		32 266	–	4 642	–	1 498	928	570	61.4%	4 642
Infrastructure Grant		32 266	–	4 642	–	1 498	928	570	61.4%	4 642
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–
Total Capital Transfers and Grants	5	635 555	372 306	611 948	16 921	184 476	296 132	(111 656)	-37.7%	611 948
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 173 534	973 612	1 257 638	20 483	617 621	705 880	(88 258)	-12.5%	1 257 638

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 - M08 February

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	576 227	49 170	416 981	377 403	39 579	10.5%	576 227
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Equitable Share		674 775	541 665	566 458	48 014	399 914	370 905	29 008	7.8%	566 458
Expanded Public Works Programme Integrated Grant		24 299	8 517	8 541	1 144	16 809	5 683	11 126	195.8%	8 541
Local Government Financial Management Grant		1 200	1 200	1 204	13	246	801	(554)	-69.2%	1 204
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	14	(1)	-8.6%	25
Water Services Infrastructure Grant		20 929	–	–	–	–	–	–	–	–
Provincial Government:		1 866	2 381	2 581	–	1 063	1 705	(643)	-37.7%	2 581
Capacity Building and Other Grants		1 866	2 381	2 581	–	1 063	1 705	(643)	-37.7%	2 581
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	44 184	39 390	39 390	8 837	30 553	345.8%	44 184
Electricity Distribution Industry Holdings		–	–	1 080	–	–	216	(216)	-100.0%	1 080
KwazuluNatal Provincial Planning and Development Commission		–	–	–	–	–	–	–	–	–
National Skills Fund		–	–	43 104	39 390	39 390	8 621	30 769	356.9%	43 104
Total operating expenditure of Transfers and Grants:		766 903	553 763	622 992	88 561	457 434	387 945	69 489	17.9%	622 992
Capital expenditure of Transfers and Grants										
National Government:		464 144	323 744	528 067	13 830	159 673	256 838	(97 164)	-37.8%	528 067
Municipal Infrastructure Grant		194 381	225 678	225 678	6 736	106 349	150 452	(44 103)	-29.3%	225 678
Regional Bulk Infrastructure Grant		194 437	13 258	217 606	–	13 636	49 861	(36 225)	-72.7%	217 606
Rural Road Asset Management Systems Grant		–	2 199	2 174	–	–	1 452	(1 452)	-100.0%	2 174
Water Services Infrastructure Grant		75 326	82 609	82 609	7 095	39 688	55 072	(15 385)	-27.9%	82 609
Provincial Government:		7 451	26	4 036	–	1 348	1 318	30	2.3%	4 036
Infrastructure Grant		7 451	26	4 036	–	1 348	1 318	30	2.3%	4 036
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		471 595	323 770	532 104	13 830	161 022	258 155	(97 134)	-37.6%	532 104
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 238 498	877 534	1 155 096	102 391	618 456	646 101	(27 645)	-4.3%	1 155 096

EPWP has been exhausted.

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

RBIG Allocation was increased during the adjustment budget process.

Roll-overs Expenditure

The Municipality has one rolled over grant:

- KwaMajomela manufacturing grant

ROLLED OVER GRANTS FROM 2021/2022	APPROVED BUDGET	YTD ACTUAL
Kwamajomela Manuafacturing 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 - M08 February

Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		–	–	–	–	–	–	–		–
Pension and UIF Contributions		514	661	661	43	341	441	(100)	-23%	661
Medical Aid Contributions		44	–	–	3	35	–	35	#DIV/0!	–
Motor Vehicle Allowance		1 727	1 805	1 805	163	1 246	1 203	43	4%	1 805
Cellphone Allowance		649	653	653	58	456	435	20	5%	653
Housing Allowances		–	–	180	195	300	36	264	733%	180
Other benefits and allowances		5 682	5 652	5 722	480	3 914	3 782	132	3%	5 722
Sub Total - Councillors		8 616	8 771	9 021	942	6 291	5 897	394	7%	9 021
% increase	4		1.8%	4.7%						4.7%
<u>Senior Managers of the Municipality</u>										
Basic Salaries and Wages		5 121	6 555	6 555	489	3 532	4 370	(838)	-19%	6 555
Pension and UIF Contributions		11	55	55	1	8	37	(29)	-79%	55
Medical Aid Contributions		48	57	57	0	0	38	(38)	-99%	57
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	403	–	403	#DIV/0!	–
Motor Vehicle Allowance		1 210	1 592	1 592	129	904	1 062	(158)	-15%	1 592
Cellphone Allowance		191	210	210	20	139	140	(1)	-1%	210
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		203	225	225	23	202	150	52	35%	225
Payments in lieu of leave		354	–	–	–	185	–	185	#DIV/0!	–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		7 138	8 695	8 695	662	5 372	5 797	(425)	-7%	8 695
% increase	4		21.8%	21.8%						21.8%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		172 378	185 935	186 435	15 885	124 148	124 057	91	0%	186 435
Pension and UIF Contributions		22 997	25 886	25 886	2 069	16 547	17 258	(711)	-4%	25 886
Medical Aid Contributions		13 624	13 597	13 597	1 287	9 786	9 065	721	8%	13 597
Overtime		7 099	4 619	6 119	605	4 416	3 379	1 037	31%	6 119
Performance Bonus		11 678	12 786	12 786	539	8 169	8 524	(355)	-4%	12 786
Motor Vehicle Allowance		8 704	9 561	9 561	888	6 817	6 374	443	7%	9 561
Cellphone Allowance		663	670	670	64	519	446	72	16%	670
Housing Allowances		1 379	1 379	1 379	138	1 159	919	240	26%	1 379
Other benefits and allowances		8 505	524	524	428	2 683	350	2 333	667%	524
Payments in lieu of leave		3 223	–	–	86	1 634	–	1 634	#DIV/0!	–
Long service awards		2 506	–	1 500	128	1 578	300	1 278	426%	1 500
Post-retirement benefit obligations		3 775	4 500	3 000	–	–	2 700	(2 700)	-100%	3 000
Sub Total - Other Municipal Staff		256 532	259 457	261 457	22 118	177 456	173 373	4 083	2%	261 457
% increase	4		1.1%	1.9%						1.9%
Total Parent Municipality		272 286	276 923	279 173	23 723	189 118	185 066	4 052	2%	279 173

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 - M08 February

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	-29%	This is the amounts billed on customers for water used, the year-to-date actual is R28.4 million which is 70% of the approved adjusted budget. the R28.4 million year to date actual is below the eight months baseline projection or year-to-date budget of R39.9 million. A variance of R11.4 million or 29% is observed.	
	Service charges - sanitation revenue	16%	This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R10.28 million which is 67% of the approved adjusted budget. the R10.28 million year to date actual is above the eight months baseline projection or year-to-date budget of R8.8 million. A variance of R1.4 million or 16% is observed.	The billing is above the target, this variance is due to sewer excess charge on businesses that consume more than 40kl of water per month.
	Service charges - refuse revenue			
	Rental of facilities and equipment	9%	Rental of facilities is amounts billed for office space leased out, the year-to-date actual is R139 thousand which is 67% of the approved adjusted budget. the R139 thousand year to date actual is above the eight months baseline projection or year-to-date budget of R127 thousand. A variance of R12 thousand or 9% is observed.	
	Interest earned - external investments	-29%	Interest on investment is interest received when the Municipality makes cash investments. the year-to-date actual is R2.4 million which is 81% of the approved adjusted budget. the R2.4 million year to date actual is below the eight months baseline projection or year-to-date budget of R3.4 million. A variance of R978 thousand or 29% is observed.	Reasons for variances can be attributed low investment due to prioritization of liability payments.
	Interest earned - outstanding debtors	76%	Interest earned - outstanding debtors is charged on businesses for accounts in arrears. the year-to-date actual is R140 thousand which is 70% of the approved adjusted budget. the R140 thousand year to date actual is above the eight months baseline projection or year-to-date budget of R80 thousand. A variance of R61 thousand or 76% is observed.	Reasons for variances can be attributed to businesses non adherence to payment terms, the municipality must implement stringent measures to ensure businesses pay on time.
	Dividends received			
	Fines, penalties and forfeits	-47%	Fines, penalties and forfeits are mainly amounts charged on illegal connections. the year-to-date actual is R43 thousand which is 75% of the approved adjusted budget. the R43 thousand year to date actual is below the eight months baseline projection or year-to-date budget of R82 thousand. A variance of R38 thousand or 47% 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.
	Licences and permits	236%	This amount is for Licences and permits required for certain types of businesses. the year-to-date actual is R49 thousand which was not budgeted for, but allocated in the adjustment budget. the R49 thousand year to date actual is above the eight months baseline projection or year-to-date budget of R15 thousand. A variance of R34 thousand or 236% is observed.	
	Agency services			
	Transfers and subsidies	6%	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 R433.1 million which is 67% of the approved budget. The R433.1 million year to date actual is above the eight months baseline projection or year-to-date budget of R409.7 million. A variance of R23.4 million or 6% 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	71%	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 R1.07 which is 72% of the approved budget. the R1.07 million year to date actual is above the eight months baseline projection or year-to-date budget of R632 thousand. A variance of R446 thousand or 71% is observed.	Reasons for variances can be attributed to high quantity of sale of tender documents.
	Gains			

DC26 Zululand - Supporting Table SC1 Material variance explanations - M08 February

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 R182.8 million which is 68% of the approved adjusted budget the R182.8 million year to date actual is above the eight months baseline projection or year-to-date budget of R179.1 million. A variance of R3.6 million or 2% is observed.	The variance is below 5% and not major.
	Remuneration of councillors	7%	Remuneration of Councillors are amounts paid for councillors allowances, service related benefits and contributions. The year-to-date actual is R6.2 million which is 70% of the approved adjusted budget the R6.2 million year to date actual is above the eight months baseline projection or year-to-date budget of R5.8 million. A variance of R394 thousand or 7% is observed.	The variance can be attributed to changes in council configurations.
	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	10%	This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R58.4 million which is 73% of the approved adjusted budget. the R58.4 million year to date actual is above the eight months baseline projection or year-to-date budget of R53.3 million. A variance of R5.09 million or 10% is observed.	Reasons for variances can be attributed to depreciation being under budgeted.
	Finance charges	138%	Finance charges are amounts for interest paid on overdue accounts. The year-to-date actual is R105 thousand which is 119% of the approved adjusted budget. the R105 thousand year to date actual is above the eight months baseline projection or year-to-date budget of R44 thousand. A variance of R61 thousand or 119% 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	-50%	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 R10.04 million which is 32% of the approved adjusted budget. the R10.04 million year to date actual is below the eight months baseline projection or year-to-date budget of R20.07 million. A variance of R10.03 million or 50% 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	56%	Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R145.3 million which is 85% of the approved adjusted budget. the R145.3 million year to date actual is above the eight months baseline projection or year-to-date budget of R93.2 million. A variance of R52.06 million or 56% 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.
	Transfers and subsidies	47%	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 R3.2 million which is 75% of the approved adjusted budget. The R3.2 million year to date actual is above the eight months baseline projection or year-to-date budget of R2.2 million. A variance of R1.04 million or 47% 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.
	Other expenditure	44%	Other expenditure is all other expenditure not classified above. The year-to-date actual is R104.8 million which is 91% of the approved adjusted budget. the R104.8 million year to date actual is above the eight months baseline projection or year-to-date budget of R72.8 million. A variance of R31.9 million or 44% 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 - M08 February

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 R146 thousand which is 4% of the adjusted budget. the R146 thousand year to date actual is below the eight months baseline projection or year-to-date budget of R2.4 million. A variance of R2 million or 94% is observed.	
	Community and public safety	76%	Community and public safety year-to-date actual is R1.2 million which is 95% of the adjusted budget. the R1.2 million year to date actual is above the eight months baseline projection or year-to-date budget of R682 thousand. A variance of R521 thousand or 76% is observed.	
	Economic and environmental services	3%	Economic and environmental services year-to-date actual is R4.9 million which is 19% of the adjusted budget. the R4.9 million year to date actual is above the eight months baseline projection or year-to-date budget of R4.8 million. A variance of R132 thousand or 3% is observed.	
	Trading services	-38%	Trading services year-to-date actual is R159.9 million which is 30% of the adjusted budget. the R159.9 million year to date actual is below the eight months baseline projection or year-to-date budget of R256.4 million. A variance of R96.4 million or 38% is observed.	
	Other	-100%	Other year-to-date actual is R0 which is 0% of the adjusted budget. the R0 year to date actual is below the eight months baseline projection or year-to-date budget of R29 thousand. A variance of R29 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 - M08 February

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	69 339	13 944	166 301	264 437	98 136	37.1%	50%
March	40 404	27 680	69 339	–		333 776	–		
April	40 404	27 680	69 339	–		403 115	–		
May	40 404	27 680	69 339	–		472 454	–		
June	40 404	27 680	69 339	–		541 793	–		
Total Capital expenditure	484 853	332 162	541 793	166 301					

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 - M08 February

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	534 589	13 830	163 311	259 968	96 657	37.2%	534 589
Roads Infrastructure		—	6 112	6 087	—	3 637	4 061	424	10.4%	6 087
Roads		—	6 112	6 087	—	3 637	4 061	424	10.4%	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	501 989	13 749	138 669	238 375	99 705	41.8%	501 989
Dams and Weirs								—		
Boreholes		8 702	—	52 009	1 834	18 328	33 919	15 591	46.0%	52 009
Reservoirs		—	—	21 304	1 291	6 699	14 598	7 899	54.1%	21 304
Pump Stations		—	—	—	—	—	—	—		—
Water Treatment Works		74 910	—	34 783	(468)	21 653	23 188	1 536	6.6%	34 783
Bulk Mains		220 648	321 545	329 151	9 961	68 947	124 224	55 277	44.5%	329 151
Distribution		159 884	—	64 742	1 130	23 043	42 228	19 186	45.4%	64 742
Distribution Points		—	—	—	—	—	217	217	100.0%	—
PRV Stations								—		
Capital Spares								—		
Sanitation Infrastructure		—	—	26 513	82	21 004	17 533	(3 471)	-19.8%	26 513
Pump Station								—		
Reticulation		—	—	26 513	82	21 004	17 533	(3 471)	-19.8%	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 - M08 February

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										
Community Assets		6 965	—	1 428	—	1 348	793	(555)	-70.0%	1 428
Community Facilities		6 965	—	1 428	—	1 348	793	(555)	-70.0%	1 428
Halls										
Centres		6 965	—	1 428	—	1 348	793	(555)	-70.0%	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	—	—	161	161	100.0%	191
Operational Buildings		—	391	191	—	—	161	161	100.0%	191
Municipal Offices		—	391	191	—	—	161	161	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	1 739	1 713	98.5%	2 609
Computer Equipment		6 572	2 609	2 609	—	26	1 739	1 713	98.5%	2 609
Furniture and Office Equipment		92	1 043	1 312	133	393	832	440	52.8%	1 312
Furniture and Office Equipment		92	1 043	1 312	133	393	832	440	52.8%	1 312
Machinery and Equipment		485	461	1 664	(19)	1 223	943	(280)	-29.7%	1 664
Machinery and Equipment		485	461	1 664	(19)	1 223	943	(280)	-29.7%	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	541 793	13 944	166 301	264 437	98 136	37.1%	541 793

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: 2023/03/14