

ZULULAND DISTRICT MUNICIPALITY



MONTHLY BUDGET STATEMENT AND SUPPORTING DOCUMENTATION FOR PERIOD ENDED

31 MARCH 2023

MFMA S71 REPORT

2022/2023 FINANCIAL YEAR

Table of Contents

GLOSSARY.....	1
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PART 1 – IN-YEAR REPORT	3
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1.1. MAYORS REPORT	3
1.2. COUNCIL RESOLUTION	3
1.3. EXECUTIVE SUMMARY	3
1.4. OPERATING REVENUE PERFORMANCE.....	6
1.5. OPERATING EXPENDITURE PERFORMANCE.....	9
1.6. CAPITAL EXPENDITURE AND FUNDING.....	13
1.7. IN-YEAR BUDGET TABLES.....	17
MBRR Table C2 – Monthly Budget Statement Financial Performance (revenue and expenditure by functional classification)	19
MBRR Table C4 - Monthly Budget Statement Financial Performance (revenue and expenditure by source).....	21
MBRR Table C5 - Monthly Budget Statement Capital Expenditure by vote, functional classification and funding source	22
MBRR Table C6 - Monthly Budget Statement Financial Position	23
MBRR Table C7 - Monthly Budget Statement Cash Flow Statement	31

PART 2 – SUPPORTING DOCUMENTATION	34
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2.1. DEBTORS ANALYSIS	34
2.2 CREDITORS ANALYSIS.....	35
2.3 INVESTMENT PORTFOLIO.....	36
2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE	37
2.5 COUNCILLOR AND BOARD MEMBER ALLOWENCES AND EMPLOYEE BENEFITS.....	40
2.6 MATERIAL VARIENCES TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN	41
2.7 PARENT MUNICIPALITY FINANCIAL PERFORMANCE	45
2.8 MUNICIPAL ENTITY FINANCIAL PERFORMANCE	45
2.9 CAPITAL PROGRAMME PERFORMANCE	45
2.10 OTHER SUPPORTING DOCUMENTS	47
2.11 IN-YEAR REPORT OF MUNICIPAL ENTITIES.....	47
2.12 MUNICIPAL MANAGERS QUALITY CERTIFICATION.....	48

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	706 910 843	682 046 924	523 891 494	158 155 430	30%
Total Operating Expenditure	626 160 559	695 162 525	580 676 440	500 948 857	79 727 583	16%
Surplus/(Deficit)	62 774 427	11 748 318	101 370 484	22 942 637	78 427 847	

Operating Revenue Performance

Total operating revenue generated by the Municipality as at **31 March 2023** is **R682.04 million** which is **96%** of the approved operating revenue adjusted budget. The **R682.04 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R523.8 million**, a variance of **R158.1 million** or **30 %** 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 **R42.9 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 **31 March 2023** is **R580.6 million** which is **84%** of the approved operating adjusted expenditure budget. The **R580.6 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R500.9 million**, a variance of **R79.7 million** or **16%** 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	194 028 792	333 865 687	-139 836 895	-42%
Total Capital Financing	332 161 738	541 792 789	194 028 792	333 865 687	-139 836 895	-42%

Total Capital Expenditure as at **31 March 2023** is **R194.02 million** which is **36%** of the approved adjusted capital budget. The **R194.02 million** year to date actual is **below** the **nine** months baseline projection or year-to-date budget of **R333.8 million**, a variance of **R139.8 million** or **42 %** 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:

FINANCIAL POSITION	APPROVED BUDGET	ADJUSTED BUDGET	YTD ACTUAL	%
Total current assets	338 914 049	293 376 183	489 693 763	167%
Total non current assets	4 188 965 091	5 389 136 041	4 723 347 168	88%
Total current liabilities	224 331 877	348 055 798	540 259 402	155%
Total non current liabilities	33 904 000	43 931 760	41 809 760	95%
TOTAL COMMUNITY WEALTH/EQUITY	3 834 562 836	4 666 622 849	4 632 610 307	99%

Current assets year to date actual is **R489.6 million** which is **167%** of the approved adjusted budget. **Non - Current assets** year to date actual is **R4.7 billion** which is **88%** of the approved adjusted budget. **Current Liabilities** year to date actual is **R540.2 million** which is **155%** 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 **R4.6 billion** which is **99%** of the approved adjusted budget.

Current assets amount to **R489.6 million**, included on current assets is Cash of **R38.2 million** and **R334.5 million** in investments.

Current liabilities amount to **R540.2 million**, this includes unspent conditional grants amounting to **R402.8 million**.

The Current ratio is 0.9:1 [**R489.6 million/540.2 million**], the current ratio 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) - M09 March

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	2 939	31 434	40 179	(8 744)	-22%	40 947
Service charges - sanitation revenue		12 513	12 500	15 306	1 192	11 476	10 497	978	9%	15 306
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	209	17	157	148	9	6%	209
Interest earned - external investments		3 705	6 000	3 000	57	2 479	3 300	(821)	-25%	3 000
Interest earned - outstanding debtors		288	85	200	26	166	110	57	52%	200
Dividends received								-		
Fines, penalties and forfeits		209	150	58	23	67	76	(9)	-12%	58
Licences and permits								-		
Agency services								-		
Transfers and subsidies		537 979	601 306	645 690	201 893	635 038	468 733	166 305	35%	645 690
Other revenue		1 085	711	1 501	153	1 230	849	381	45%	1 501
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	706 911	206 300	682 047	523 891	158 155	30%	706 911

The year-to-date actual indicates operating revenue of **R682.04 million** for **nine months**, The **R682.04 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R523.8 million**, a variance of **R158.1 million** or **30%** is observed. The total revenue to-date represents **96%** 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 **R31.4 million** which is **77%** of the approved adjusted budget. the **R31.4 million** year to date actual is **below** the **nine** months baseline projection or year-to-date budget of **R40.1 million**. A variance of **R8.7 million** or **22%** 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 **R11.4 million** which is **75%** of the approved adjusted budget. the **R11.4 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R10.4 million**. A variance of **R978 thousand** or **9%** 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 **R157 thousand** which is **75%** of the approved adjusted budget. the **R157 thousand** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R148 thousand**. A variance of **R9 thousand** or **6%** 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 **83%** of the approved adjusted budget. the **R2.4 million** year to date actual is **below** the **nine** months baseline projection or year-to-date budget of **R3.3 million**. A variance of **R821 thousand** or **25%** 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 **R166 thousand** which is **83%** of the approved adjusted budget. the **R166 thousand** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R110 thousand**. A variance of **R57 thousand** or **52%** 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 **R67 thousand** which is **114%** of the approved adjusted budget. the **R67 thousand** year to date actual is **below** the **nine** months baseline projection or year-to-date budget of **R76 thousand**. A variance of **R9 thousand** or **12%** 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.

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 **R635.03 million** which is **98%** of the approved budget. The **R635.03 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R468.7 million**. A variance of **R166.3 million** or **35%** 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 **R1.2** which is **82%** of the approved adjusted budget. The **R1.2 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R849 thousand**. A variance of **R381 thousand** or **45%** 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) - M09 March

Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Expenditure By Type										
Employee related costs		263 669	268 152	270 152	22 436	205 263	201 915	3 348	2%	270 152
Remuneration of councillors		8 616	8 771	9 021	734	7 025	6 678	347	5%	9 021
Debt impairment		19 677	14 000	14 000	–	–	10 500	(10 500)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	13 570	71 994	60 000	11 994	20%	80 000
Finance charges		399	–	88	17	121	55	66	121%	88
Bulk purchases - electricity		–	–	–	–	–	–	–		–
Inventory consumed		22 023	33 320	31 755	(6 941)	3 101	22 994	(19 893)	-87%	31 755
Contracted services		318 040	106 388	170 174	29 209	174 520	112 478	62 042	55%	170 174
Transfers and subsidies		11 295	3 070	4 827	283	3 555	2 875	679	24%	4 827
Other expenditure		131 178	112 460	115 146	10 287	115 098	83 453	31 645	38%	115 146
Losses		2 627	–	–	–	–	–	–		–
Total Expenditure		878 643	626 161	695 163	69 594	580 676	500 949	79 728	16%	695 163

The year-to-date actual indicates spending of **R580.6 million** for **nine months**, which is **84%** of the approved adjusted operating expenditure budget. The **R580.6 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R500.9 million**, a variance of **R79.7 million** or **16%** 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 **R205.2 million** which is **76%** of the approved adjusted budget. the **R205.2 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R201.9 million**. A variance of **R3.3 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 **R7.02 million** which is **78%** of the approved adjusted budget. the **R7.02 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R6.6 million**. A variance of **R347 thousand** or **5%** 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 **R71.9 million** which is **90%** of the approved adjusted budget. the **R71.9 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R60 million**. A variance of **R11.9 million** or **20%** 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 **R121 thousand** which is **138%** of the approved adjusted budget. the **R121 thousand** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R55 thousand**. A variance of **R66 thousand** or **121%** 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 **R3.1 million** which is **10%** of the approved adjusted budget. the **R3.1 million** year to date actual is **below** the **nine** months baseline projection or year-to-date budget of **R22.9 million**. A variance of **R19.8 million** or **87%** is observed.

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

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 **R174.5 million** which is **103%** of the approved adjusted budget. the **R174.5 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R112.4 million**. A variance of **R62.04 million** or **55%** 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 SMMES, and co-operatives. The year-to-date actual is **R3.5 million** which is **74%** of the approved adjusted budget. The **R3.5 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R2.8 million**. A variance of **R679 thousand** or **24%** 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 **R115.09 million** which is **100%** of the approved adjusted budget. the **R115.09 million** year to date actual is **above** the **nine** months baseline projection or year-to-date budget of **R83.4 million**. A variance of **R31.6 million** or **38%** 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	884 396	900 000	-15 604	-2%
EPWP Incentive	8 517 000	8 517 000	8 517 000	6 387 750	2 129 250	33%
Art centre Subsidies (Indonsa Grant)	1 911 000	1 911 000	1 062 824	1 433 250	-370 426	-26%
Aviation Strategy	500 000	500 000	-	375 000	-375 000	-100%
Municipal Systems Improvement Grant (MSIG)	2 787 000	2 787 000	-	2 090 250	-2 090 250	-100%
National Skills Fund	-	43 103 900	39 390 150	32 327 925	7 062 225	22%
LGSETA Grant		1 080 000	-	810 000	-810 000	-100%
Amafa Kazulu Grant		200 000	-	150 000	-150 000	-100%
Total Operating Grant Expenditure	14 915 000	14 915 000	10 464 220	44 474 175	-722 030	-2

FMG **74%**, 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 LGSETA Grant **0%**.

Summary of Revenue and Operational Expenditure Performance

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

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	2 939	31 434	40 179	(8 744)	-22%	40 947
Service charges - sanitation revenue		12 513	12 500	15 306	1 192	11 476	10 497	978	9%	15 306
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	209	17	157	148	9	6%	209
Interest earned - external investments		3 705	6 000	3 000	57	2 479	3 300	(821)	-25%	3 000
Interest earned - outstanding debtors		288	85	200	26	166	110	57	52%	200
Dividends received								-		
Fines, penalties and forfeits		209	150	58	23	67	76	(9)	-12%	58
Licences and permits								-		
Agency services								-		
Transfers and subsidies		537 979	601 306	645 690	201 893	635 038	468 733	166 305	35%	645 690
Other revenue		1 085	711	1 501	153	1 230	849	381	45%	1 501
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	706 911	206 300	682 047	523 891	158 155	30%	706 911
Expenditure By Type										
Employee related costs		263 669	268 152	270 152	22 436	205 263	201 915	3 348	2%	270 152
Remuneration of councillors		8 616	8 771	9 021	734	7 025	6 678	347	5%	9 021
Debt impairment		19 677	14 000	14 000	-	-	10 500	(10 500)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	13 570	71 994	60 000	11 994	20%	80 000
Finance charges		399	-	88	17	121	55	66	121%	88
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		22 023	33 320	31 755	(6 941)	3 101	22 994	(19 893)	-87%	31 755
Contracted services		318 040	106 388	170 174	29 209	174 520	112 478	62 042	55%	170 174
Transfers and subsidies		11 295	3 070	4 827	283	3 555	2 875	679	24%	4 827
Other expenditure		131 178	112 460	115 146	10 287	115 098	83 453	31 645	38%	115 146
Losses		2 627	-	-	-	-	-	-		-
Total Expenditure		878 643	626 161	695 163	69 594	580 676	500 949	79 728	16%	695 163
Surplus/(Deficit)		(284 143)	62 774	11 748	136 706	101 370	22 943	78 428	0	11 748
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	611 948	30 744	215 220	375 086	(159 866)	(0)	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	623 696	167 450	316 590	398 029			623 696
Taxation								-		
Surplus/(Deficit) after taxation		351 412	435 080	623 696	167 450	316 590	398 029			623 696
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		351 412	435 080	623 696	167 450	316 590	398 029			623 696
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		351 412	435 080	623 696	167 450	316 590	398 029			623 696

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	194 028 792	333 865 687	-139 836 895	-42%
Total Capital Financing	332 161 738	541 792 789	194 028 792	333 865 687	-139 836 895	-42%

The capital expenditure amounts to **R194.02 million** which is **36%** of the capital adjusted budget, after a period of **nine months**.

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M09 March										
Vote Description	Ref	2018/19	Budget Year 2019/20							
		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	3 736	-	146	2 788	(2 641)	-95%	3 736
Executive and council		6 594	-	-	-	-	-	-		-
Finance and administration		6 664	3 652	3 736	-	146	2 788	(2 641)	-95%	3 736
Internal audit								-		
Community and public safety		485	70	1 273	-	1 203	830	373	45%	1 273
Community and social services		485	70	1 273	-	1 203	830	373	45%	1 273
Sport and recreation								-		
Public safety								-		
Housing								-		
Health								-		
Economic and environmental services		6 965	6 112	7 860	-	4 986	5 605	(620)	-11%	7 860
Planning and development		6 965	6 112	7 860	-	4 986	5 605	(620)	-11%	7 860
Road transport								-		
Environmental protection								-		
Trading services		464 144	322 284	529 241	27 728	187 694	324 610	(136 916)	-42%	529 241
Energy sources								-		
Water management		464 144	322 284	529 241	27 728	187 694	324 610	(136 916)	-42%	529 241
Waste water management		-	-	-	-	-	-	-		-
Waste management								-		
Other		-	43	43	-	-	33	(33)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Funded by:										
National Government		464 144	323 744	528 067	27 728	187 401	324 645	(137 244)	-42%	528 067
Provincial Government		7 451	26	4 036	-	1 348	1 997	(649)	-32%	4 036
District Municipality								-		
Transfers and subsidies - capital (monetary allocations)								-		
Transfers recognised - capital		471 595	323 770	532 104	27 728	188 749	326 643	(137 893)	-42%	532 104
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		13 258	8 391	10 049	-	5 279	7 223	(1 944)	-27%	10 049
Total Capital Funding		484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153

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 **nine** months baseline projection or year-to-date budget of **R2.7 million**. A variance of **R2.6 million** or **95%** 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 **nine** months baseline projection or year-to-date budget of **R830 thousand**. A variance of **R373 thousand** or **45%** is observed.

Economic and environmental services

Economic and environmental services year-to-date actual is **R4.9 million** which is **63%** of the adjusted budget. the **R4.9 million** year to date actual is **below** the **nine** months baseline projection or year-to-date budget of **R5.6 million**. A variance of **R620 thousand** or **11%** is observed.

Trading services

Trading services year-to-date actual is **R187.6 million** which is **35%** of the adjusted budget. the **R187.6 million** year to date actual is **below** the **nine** months baseline projection or year-to-date budget of **R324.6 million**. A variance of **R136.9 million** or **42%** 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 **nine** months baseline projection or year-to-date budget of **R33 thousand**. A variance of **R33 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	132 213 389	150 452 174	-18 238 784.84	-12%
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	82 608 696	41 551 857	55 072 464	-13 520 607.06	-25%
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	541 974 330	194 028 792	361 316 220	-167 287 428	-422%

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	150 834 191	173 020 000	-22 185 809	-13%
Regional Bulk Infrastructure (RBIG)	15 247 000	250 247 000	15 464 097	166 831 333	-151 367 236	-91%
Water services infrastructure Grant (WSIG)	95 000 000	95 000 000	47 405 978	63 333 333	-15 927 356	-25%
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	215 254 781	407 968 545	-192 713 764	-287%

Overall capital grant expenditure is sitting at **35%** of the approved adjusted capital budget, **MIG** is sitting at **58%**, **RBIG** at **6%**, **WSIG** at **50%**, **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) - M09 March

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council		-	-	-	-	-	-	-		-
Vote 02 - Corporate Services		-	-	-	-	-	-	-		-
Vote 03 - Finance		-	-	-	-	-	-	-		-
Vote 04 - Community Development		-	-	-	-	-	-	-		-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-		-
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	-	-	-	-	-	-		-
Vote 08 - Water Distribution		-	-	-	-	-	-	-		-
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 01 - Council		6 594	-	-	-	-	-	-		-
Vote 02 - Corporate Services		3 746	3 261	3 345	-	126	2 494	(2 368)	-95%	3 345
Vote 03 - Finance		2 918	478	478	-	20	359	(339)	-94%	478
Vote 04 - Community Development		7 451	26	3 002	-	2 551	1 835	716	39%	3 002
Vote 05 - Planning & Wsa		464 144	327 657	534 589	27 728	191 039	328 623	(137 585)	-42%	534 589
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	348	548	-	293	386	(93)	-24%	548
Vote 08 - Water Distribution		-	391	191	-	-	168	(168)	-100%	191
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Total Capital Expenditure		484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Capital Expenditure - Functional Classification										
Governance and administration		13 258	3 652	3 736	-	146	2 788	(2 641)	-95%	3 736
Executive and council		6 594	-	-	-	-	-	-		-
Finance and administration		6 664	3 652	3 736	-	146	2 788	(2 641)	-95%	3 736
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		485	70	1 273	-	1 203	830	373	45%	1 273
Community and social services		485	70	1 273	-	1 203	830	373	45%	1 273
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		6 965	6 112	7 860	-	4 986	5 605	(620)	-11%	7 860
Planning and development		6 965	6 112	7 860	-	4 986	5 605	(620)	-11%	7 860
Road transport		-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		464 144	322 284	529 241	27 728	187 694	324 610	(136 916)	-42%	529 241
Energy sources		-	-	-	-	-	-	-		-
Water management		464 144	322 284	529 241	27 728	187 694	324 610	(136 916)	-42%	529 241
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
Other		-	43	43	-	-	33	(33)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Funded by:										
National Government		464 144	323 744	528 067	27 728	187 401	324 645	(137 244)	-42%	528 067
Provincial Government		7 451	26	4 036	-	1 348	1 997	(649)	-32%	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	27 728	188 749	326 643	(137 893)	-42%	532 104
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		13 258	8 391	10 049	-	5 279	7 223	(1 944)	-27%	10 049
Total Capital Funding		484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153

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 - M09 March

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	4 131	42 910	50 676	(7 766)	-15%	56 253
Investment revenue	3 705	6 000	3 000	57	2 479	3 300	(821)	-25%	3 000
Transfers and subsidies	537 979	601 306	645 690	201 893	635 038	468 733	166 305	35%	645 690
Other own revenue	1 817	1 129	1 968	220	1 620	1 182	438	37%	1 968
Total Revenue (excluding capital transfers and contributions)	594 501	688 935	706 911	206 300	682 047	523 891	158 155	30%	706 911
Employee costs	263 669	268 152	270 152	22 436	205 263	201 915	3 348	2%	270 152
Remuneration of Councillors	8 616	8 771	9 021	734	7 025	6 678	347	5%	9 021
Depreciation & asset impairment	101 119	80 000	80 000	13 570	71 994	60 000	11 994	20%	80 000
Finance charges	399	–	88	17	121	55	66	121%	88
Inventory consumed and bulk purchases	22 023	33 320	31 755	(6 941)	3 101	22 994	(19 893)	-87%	31 755
Transfers and subsidies	11 295	3 070	4 827	283	3 555	2 875	679	24%	4 827
Other expenditure	471 522	232 848	299 320	39 496	289 618	206 431	83 187	40%	299 320
Total Expenditure	878 643	626 161	695 163	69 594	580 676	500 949	79 728	16%	695 163
Surplus/(Deficit)	(284 143)	62 774	11 748	136 706	101 370	22 943	78 428	342%	11 748
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	611 248	372 306	611 948	30 744	215 220	375 086	###	-43%	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	623 696	167 450	316 590	398 029	(81 439)	-20%	623 696
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	351 412	435 080	623 696	167 450	316 590	398 029	(81 439)	-20%	623 696
Capital expenditure & funds sources									
Capital expenditure	484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Capital transfers recognised	471 595	323 770	532 104	27 728	188 749	326 643	(137 893)	-42%	532 104
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	13 258	8 391	10 049	–	5 279	7 223	(1 944)	-27%	10 049
Total sources of capital funds	484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Financial position									
Total current assets	137 483	338 914	293 376		489 694				293 376
Total non current assets	4 601 310	4 188 965	5 389 136		4 723 347				5 389 136
Total current liabilities	355 836	224 332	348 056		540 259				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		4 632 610				4 666 623
Cash flows									
Net cash from (used) operating	466 705	549 645	776 939	703 145	1 127 717	582 705	(545 012)	-94%	776 939
Net cash from (used) investing	(484 853)	(332 162)	(541 793)	(27 728)	(194 029)	(406 345)	(212 316)	52%	(541 793)
Net cash from (used) financing	–	–	(902)	(254)	(863)	(676)	187	-28%	(902)
Cash/cash equivalents at the month/year end	1 910	290 159	254 713	–	953 293	196 152	(757 141)	-386%	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	5 736	5 409	4 349	2 935	3 921	3 346	17 120	156 667	199 482
Creditors Age Analysis									
Total Creditors	2 660	–	–	–	–	–	–	–	2 660

DC26 Zululand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M09 March

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	202 131	629 380	462 635	166 744	36%	636 370
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration	530 987	594 535	636 370	636 370	202 131	629 380	462 635	166 744	36%	636 370
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		2 011	2 011	2 299	2	1 074	1 623	(550)	-34%	2 299
Community and social services	2 011	1 911	2 243	2 243	–	1 034	1 566	(532)	-34%	2 243
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	100	56	2	40	57	(18)	-31%	56
Economic and environmental services		9 606	5 316	6 958	3	1 516	4 644	(3 128)	-67%	6 958
Planning and development	9 606	5 316	6 958	6 958	3	1 516	4 644	(3 128)	-67%	6 958
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		686 941	458 879	672 805	34 904	265 342	429 730	(164 387)	-38%	672 805
Energy sources		–	–	–	–	–	–	–	–	–
Water management	674 336	446 379	657 441	657 441	33 706	253 822	419 209	(165 387)	-39%	657 441
Waste water management	12 605	12 500	15 364	15 364	1 198	11 520	10 520	1 000	10%	15 364
Waste management		–	–	–	–	–	–	–	–	–
Other	4	511	500	500	6	6	375	(369)	-98%	500
Total Revenue - Functional	2	1 230 055	1 061 241	1 318 931	237 046	897 318	899 007	(1 689)	0%	1 318 931
Expenditure - Functional										
Governance and administration		255 470	225 404	281 292	18 237	224 974	195 391	29 583	15%	281 292
Executive and council		61 104	47 846	53 462	2 807	47 150	39 551	7 599	19%	53 462
Finance and administration	194 366	177 558	227 830	227 830	15 430	177 824	155 841	21 984	14%	227 830
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		24 796	25 580	26 819	1 728	19 617	19 928	(311)	-2%	26 819
Community and social services	13 211	13 202	14 442	14 442	799	10 260	10 645	(385)	-4%	14 442
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health	11 586	12 378	12 378	12 378	929	9 357	9 283	74	1%	12 378
Economic and environmental services		24 502	23 962	24 656	1 634	14 146	18 295	(4 149)	-23%	24 656
Planning and development	24 502	23 962	24 656	24 656	1 634	14 146	18 295	(4 149)	-23%	24 656
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		566 315	337 266	349 467	47 126	315 226	257 444	57 782	22%	349 467
Energy sources		–	–	–	–	–	–	–	–	–
Water management	558 489	332 231	344 335	344 335	46 644	310 745	253 629	57 116	23%	344 335
Waste water management	7 826	5 035	5 133	5 133	482	4 481	3 815	665	17%	5 133
Waste management		–	–	–	–	–	–	–	–	–
Other		7 882	13 948	12 928	869	6 713	9 890	(3 177)	-32%	12 928
Total Expenditure - Functional	3	878 966	626 161	695 163	69 594	580 676	500 949	79 728	16%	695 163
Surplus/ (Deficit) for the year		351 089	435 080	623 769	167 452	316 641	398 058	(81 417)	-20%	623 769

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) - M09 March

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	39 359	39 765	18 311	21 454	117.2%	45 034
Vote 03 - Finance		530 539	594 185	591 836	162 779	589 621	444 699	144 922	32.6%	591 836
Vote 04 - Community Development		10 481	2 011	3 941	2	2 572	2 280	292	12.8%	3 941
Vote 05 - Planning & Wsa		603 289	383 610	621 610	30 744	222 238	382 907	(160 669)	-42.0%	621 610
Vote 06 - Technical Services		9 612	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	-	-	-	-	-	-		-
Vote 08 - Water Distribution		63 082	68 085	41 147	2 965	31 601	40 289	(8 688)	-21.6%	41 147
Vote 09 - Waste Water		12 605	12 500	15 364	1 198	11 520	10 520	1 000	9.5%	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	237 046	897 318	899 007	(1 689)	-0.2%	1 318 931
Expenditure by Vote	1									
Vote 01 - Council		61 104	47 846	53 462	2 807	47 150	39 551	7 599	19.2%	53 462
Vote 02 - Corporate Services		124 394	98 375	143 909	10 782	126 799	94 521	32 278	34.1%	143 909
Vote 03 - Finance		70 809	79 473	85 413	4 772	44 260	62 132	(17 871)	-28.8%	85 413
Vote 04 - Community Development		43 410	49 413	49 612	3 477	40 789	37 077	3 712	10.0%	49 612
Vote 05 - Planning & Wsa		62 982	23 285	22 799	1 528	14 502	17 348	(2 845)	-16.4%	22 799
Vote 06 - Technical Services		29 532	5 992	6 126	636	6 374	4 577	1 797	39.3%	6 126
Vote 07 - Water Purification		48 620	36 762	37 479	4 169	38 867	27 858	11 009	39.5%	37 479
Vote 08 - Water Distribution		430 289	279 979	291 232	40 942	257 453	214 069	43 383	20.3%	291 232
Vote 09 - Waste Water		7 826	5 035	5 133	482	4 481	3 815	665	17.4%	5 133
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - ,		-	-	-	-	-	-	-		-
Vote 13 - ,		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	878 966	626 161	695 163	69 594	580 676	500 949	79 728	15.9%	695 163
Surplus/ (Deficit) for the year	2	351 089	435 080	623 769	167 452	316 641	398 058	(81 417)	-20.5%	623 769

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) - M09 March

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	2 939	31 434	40 179	(8 744)	-22%	40 947
Service charges - sanitation revenue		12 513	12 500	15 306	1 192	11 476	10 497	978	9%	15 306
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	209	17	157	148	9	6%	209
Interest earned - external investments		3 705	6 000	3 000	57	2 479	3 300	(821)	-25%	3 000
Interest earned - outstanding debtors		288	85	200	26	166	110	57	52%	200
Dividends received								-		
Fines, penalties and forfeits		209	150	58	23	67	76	(9)	-12%	58
Licences and permits								-		
Agency services								-		
Transfers and subsidies		537 979	601 306	645 690	201 893	635 038	468 733	166 305	35%	645 690
Other revenue		1 085	711	1 501	153	1 230	849	381	45%	1 501
Gains		40	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		594 501	688 935	706 911	206 300	682 047	523 891	158 155	30%	706 911
Expenditure By Type										
Employee related costs		263 669	268 152	270 152	22 436	205 263	201 915	3 348	2%	270 152
Remuneration of councillors		8 616	8 771	9 021	734	7 025	6 678	347	5%	9 021
Debt impairment		19 677	14 000	14 000	-	-	10 500	(10 500)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	13 570	71 994	60 000	11 994	20%	80 000
Finance charges		399	-	88	17	121	55	66	121%	88
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		22 023	33 320	31 755	(6 941)	3 101	22 994	(19 893)	-87%	31 755
Contracted services		318 040	106 388	170 317	29 209	174 520	112 478	62 042	55%	170 317
Transfers and subsidies		11 295	3 070	4 827	283	3 555	2 875	679	24%	4 827
Other expenditure		131 178	112 460	115 003	10 287	115 098	83 453	31 645	38%	115 003
Losses		2 627	-	-	-	-	-	-		-
Total Expenditure		878 643	626 161	695 163	69 594	580 676	500 949	79 728	16%	695 163
Surplus/(Deficit)		(284 143)	62 774	11 748	136 706	101 370	22 943	78 428	0	11 748
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	611 948	30 744	215 220	375 086	(159 866)	(0)	611 948
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)		24 307	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		351 412	435 080	623 696	167 450	316 590	398 029			623 696
Taxation								-		
Surplus/(Deficit) after taxation		351 412	435 080	623 696	167 450	316 590	398 029			623 696
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		351 412	435 080	623 696	167 450	316 590	398 029			623 696
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		351 412	435 080	623 696	167 450	316 590	398 029			623 696

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) - M09 March

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council		-	-	-	-	-	-	-		-
Vote 02 - Corporate Services		-	-	-	-	-	-	-		-
Vote 03 - Finance		-	-	-	-	-	-	-		-
Vote 04 - Community Development		-	-	-	-	-	-	-		-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-		-
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	-	-	-	-	-	-		-
Vote 08 - Water Distribution		-	-	-	-	-	-	-		-
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 01 - Council		6 594	-	-	-	-	-	-		-
Vote 02 - Corporate Services		3 746	3 261	3 345	-	126	2 494	(2 368)	-95%	3 345
Vote 03 - Finance		2 918	478	478	-	20	359	(339)	-94%	478
Vote 04 - Community Development		7 451	26	3 002	-	2 551	1 835	716	39%	3 002
Vote 05 - Planning & Wsa		464 144	327 657	534 589	27 728	191 039	328 623	(137 585)	-42%	534 589
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	348	548	-	293	386	(93)	-24%	548
Vote 08 - Water Distribution		-	391	191	-	-	168	(168)	-100%	191
Vote 09 - Waste Water		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Total Capital Expenditure		484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Capital Expenditure - Functional Classification										
Governance and administration		13 258	3 652	3 736	-	146	2 788	(2 641)	-95%	3 736
Executive and council		6 594	-	-	-	-	-	-		-
Finance and administration		6 664	3 652	3 736	-	146	2 788	(2 641)	-95%	3 736
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		485	70	1 273	-	1 203	830	373	45%	1 273
Community and social services		485	70	1 273	-	1 203	830	373	45%	1 273
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		6 965	6 112	7 860	-	4 986	5 605	(620)	-11%	7 860
Planning and development		6 965	6 112	7 860	-	4 986	5 605	(620)	-11%	7 860
Road transport		-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		464 144	322 284	529 241	27 728	187 694	324 610	(136 916)	-42%	529 241
Energy sources		-	-	-	-	-	-	-		-
Water management		464 144	322 284	529 241	27 728	187 694	324 610	(136 916)	-42%	529 241
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
Other		-	43	43	-	-	33	(33)	-100%	43
Total Capital Expenditure - Functional Classification	3	484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153
Funded by:										
National Government		464 144	323 744	528 067	27 728	187 401	324 645	(137 244)	-42%	528 067
Provincial Government		7 451	26	4 036	-	1 348	1 997	(649)	-32%	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	27 728	188 749	326 643	(137 893)	-42%	532 104
Borrowing		-	-	-	-	-	-	-		-
Internally generated funds	6	13 258	8 391	10 049	-	5 279	7 223	(1 944)	-27%	10 049
Total Capital Funding		484 853	332 162	542 153	27 728	194 029	333 866	(139 837)	-42%	542 153

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 - M09 March

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	38 249	173 174
Call investment deposits		(480 000)	–	–	334 530	–
Consumer debtors		32 918	67 333	39 816	55 825	39 816
Other debtors		81 540	28 773	77 829	54 800	77 829
Current portion of long-term receivables		–	–	–	–	–
Inventory		2 556	2 473	2 556	6 291	2 556
Total current assets		137 483	338 914	293 376	489 694	293 376
Non current assets						
Long-term receivables		–	–	–	–	–
Investments						
Investment property						
Investments in Associate						
Property, plant and equipment		4 593 488	4 188 952	5 389 141	4 715 535	5 389 141
Biological						
Intangible		15	13	(5)	5	(5)
Other non-current assets		7 807	–	–	7 807	–
Total non current assets		4 601 310	4 188 965	5 389 136	4 723 347	5 389 136
TOTAL ASSETS		4 738 792	4 527 879	5 682 512	5 213 041	5 682 512
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		902	–	–	38	–
Consumer deposits		3 621	3 633	3 621	3 620	3 621
Trade and other payables		348 935	218 944	342 057	534 223	342 057
Provisions		2 378	1 755	2 378	2 378	2 378
Total current liabilities		355 836	224 332	348 056	540 259	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	582 069	391 988
NET ASSETS	2	4 340 844	4 269 643	5 290 525	4 630 972	5 290 525
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		4 378 271	3 834 563	4 666 623	4 632 610	4 666 623
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	4 378 271	3 834 563	4 666 623	4 632 610	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 31 March 2023 indicate bank balance of **R38.2 million**

Call Investments Deposits

Call investments as at 31 March 2023 is **R334.5 million** the amount of **R75 million** on the table is not accurate, corrections to be made in next reporting period.

Consumer debtors

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R55.8 million**. Debtors age analysis as per section 2.1 debtors' analysis is **R199.4 million**. Consumer debtors amounts to **R194.4 million** and the balance of **R5.04 million** is for shared services casted in Other Debtors.

Gross Consumer debtors	R194.4 million
Less Impairment	(R138.6 million)
Net Consumer Debtors	R55.8 million

Classification of Consumer Debtors per Service type

Water Debtors	R45.8 million
Sanitation Debtors	R9.8 million
Property Rentals Debtors	R79.7 thousand
Other Consumer debtors	R26.3 thousand
Total	R55.8 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 **R9.8 million**.
Sanitation debtors are amounts owed by consumers for sewer services billed.

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

Net Sanitation Debtors**R9.8 million**

➤ **Property Rentals Debtors**

These are debtors accumulated from property rentals amounts to **R79.7 thousand**

Property Rental	R79.7 thousand
Less Impairment	(R0 thousand)
Net Property rental	R79.7 thousand

➤ **Other Consumer debtors**

Other consumer debtors' amount to **R26.3 thousand**, these are sundry debtors.

Gross Other Debtors	R38.3 thousand
Less Impairment	(R11.9 thousand)
Net Other Debtors	R26.3 thousand

Classification of Consumer Debtors per Customer group

Households	R166 million
Commercial/Businesses	R20.9 million
Organs of State (excl shared services of R5 mill)	R7.8 million
Total	R194.4 million

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

Gross Households debtors	R165.6 million
Less Impairment	(R138.6 million)
Net Household debtors	R27 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	R28.02 million
Deposits Made	R16.7 million
Refunds & under/over banking	R7.1 million
Overpayments/Accrued Income/UIFW Expenditure	R2.2 million
Prepaid Expenses	R564 thousand
Insurance claims	R15.1 thousand
Salary advance	R68 thousand
Total	R54.5 million

➤ **VAT Receivable**

VAT Receivable amount to **R28.02 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 **R7.1 million**, these are shared services debtors to be collected or refunded from Local Municipalities, and small differences caused by under/over banking.

Shared services debtors	R5.07 million
Under/over banking	R2.04 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
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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 **R68 thousand**. This amount consists of advanced employee costs.

Inventory

The current level of inventory is **R6.2 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	R194 million
Depreciation	(R71.9 million)
Closing Balance	R4.7 billion

Intangible

Intangible assets include software licenses owned by the Municipality; the current balance of intangible assets is **R5 thousand**.

Opening balance	R5 thousand
Additions	R 0
Depreciation	(R0)
Closing Balance	R5 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 the current balance owed amount to **R38.3 thousand**.

Opening balance	R901.7 thousand
Payment	(R863.4 thousand)
Closing Balance	R38.3 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 **R534.2 million**.

Trade Creditors	R2.3 million
Unspent Conditional Grants	R402.8 million
Retention	R46.5 million
Sessions	R500 thousand
Department of Water & Sanitation	R21.7 million
Output VAT	R11.5 million
Leave accrued	R19.07 million
Bonus	R5.4 million
Employee related cost	R136.1 thousand
Advance Payments	R3.6 million
Salary Suspense Accounts	R261.05 thousand
Other Suspense account	R23.4 thousand
Water tankers	R15.1 million
Other trade creditors	R63.9 thousand
Zanamanzi	R5.3 million
Fleet Suspense	R364 thousand
Closing Balance	R534.2 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 Business Connections (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 **R4.6 billion**

DC26 Zululand - Table C7 Monthly Budget Statement - Cash Flow - M09 March

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	2 731	21 216	32 119	(10 904)	-34%	42 826
Other revenue		1 070 817	80 905	125 227	394 069	1 024 314	93 920	930 394	991%	125 227
Transfers and Subsidies - Operational		536 834	601 306	645 690	163 299	641 141	484 267	156 874	32%	645 690
Transfers and Subsidies - Capital		636 186	372 306	610 306	319 530	609 547	457 730	151 817	33%	610 306
Interest		3 705	6 000	5 000	57	875	3 750	(2 875)	-77%	5 000
Dividends								-		
Payments										
Suppliers and employees		(1 827 370)	(571 446)	(652 109)	(176 541)	(1 169 376)	(489 082)	680 294	-139%	(652 109)
Finance charges								-		
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		466 705	549 645	776 939	703 145	1 127 717	582 705	(545 012)	-94%	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)	(27 728)	(194 029)	(406 345)	(212 316)	52%	(541 793)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(484 853)	(332 162)	(541 793)	(27 728)	(194 029)	(406 345)	(212 316)	52%	(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)	(254)	(863)	(676)	187	-28%	(902)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	(902)	(254)	(863)	(676)	187	-28%	(902)
NET INCREASE/ (DECREASE) IN CASH HELD		(18 148)	217 483	234 245	675 163	932 824	175 684			234 245
Cash/cash equivalents at beginning:		20 058	72 676	20 468	397 848	20 468	20 468			20 468
Cash/cash equivalents at month/year end:		1 910	290 159	254 713		953 293	196 152			254 713

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 **R42.9 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 **R21.2 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 **R1.2 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 **R641.1 million**. This amount includes FMG, Equitable share and EPWP which were received thus far under Transfers and subsidies – Operational.

Equitable share	R585.6 million
Finance Management Grant	R1.2 million
Expanded public works program	R8.5 million
Indonsa Grant	R1.9 million
Aviation Strategy	R500 thousand
Amafa research	R180 thousand
National Skills Fund	R43.1 million
Local Government Sector Education and Training Authority	R108 thousand
TOTAL	R641.1 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 **R609.5 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 259.5 million
Regional Bulk Infrastructure Grant	R 250.2 million
Water services Infrastructure grant	R 95 million
Rural Road asset Management grant	R 1.7 million
COGTA Boreholes Grant	R 3 million
TOTAL	R609.5 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.

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 **R194.02 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 31 March 2023

DC26 Zululand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March

Description	NT Code	Budget Year 2022/23											
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	4 261	4 212	3 311	2 224	3 193	2 571	12 765	118 618	151 156	139 372	-	105 905
Trade and Other Receivables from Exchange Transactions - Electricity	1300									-	-		
Receivables from Non-exchange Transactions - Property Rates	1400									-	-		
Receivables from Exchange Transactions - Waste Water Management	1500	1 268	952	777	681	699	648	3 432	34 081	42 538	39 541	-	32 710
Receivables from Exchange Transactions - Waste Management	1600									-	-		
Receivables from Exchange Transactions - Property Rental Debtors	1700	20	9	9	9	11	9	7	4	80	41	-	-
Interest on Arrear Debtor Accounts	1810	26	23	22	21	18	15	243	260	627	556	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	161	213	230	-	-	102	673	3 702	5 081	4 478	-	-
Total By Income Source	2000	5 736	5 409	4 349	2 935	3 921	3 346	17 120	156 667	199 482	183 988	-	138 614
2021/22 - totals only		12007785	7683213	2836452	2908853	2788482	3491778	21549614	117415591	170 682	148 154	0	115589151 1/2
Debtors Age Analysis By Customer Group													
Organs of State	2200	2 222	1 433	885	427	919	817	3 473	10 819	20 997	16 457	-	-
Commercial	2300	741	545	422	423	382	363	1 447	8 531	12 855	11 146	-	-
Households	2400	2 773	3 431	3 042	2 085	2 620	2 165	12 199	137 316	165 631	156 386	-	138 614
Other	2500									-	-		
Total By Customer Group	2600	5 736	5 409	4 349	2 935	3 921	3 346	17 120	156 667	199 482	183 988	-	138 614

Total debtors' amount to **R199 million**, which is an increase of **R1.2 million** from the closing balance of **R198 million** in previous month. The debtors over 90 days amount to **R183.9 million**. This is concerning and needs intervention since debtors above 60 days should be restricted in terms of the Municipality's credit control policy.

2.2 CREDITORS ANALYSIS

Creditors age analysis as at 31 March 2023

DC26 Zululand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

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	2 660	-	-	-	-	-	-	-	2 660	7 755
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	2 660	-	-	-	-	-	-	-	2 660	7 755

2.3 INVESTMENT PORTFOLIO

Investments as at 28 February 2023

DC26 Zululand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M09 December														
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
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		30	Call account	Yes	Variable	0.08275	N/A	N/A	N/A	100 000	-	40 000	-	60 000
Zululand District Municipality-ABSA		45	Call account	Yes	Variable	0.08075	N/A	N/A	N/A	60 000	-	10 000	-	50 000
Zululand District Municipality-Std Bank		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	1.08075	N/A	N/A	N/A	25 000	-	25 000	-	-
Zululand District Municipality-ABSA		30	Call account	Yes	Variable	0.079	N/A	N/A	N/A	-	414 750	-	175 000	175 000
Zululand District Municipality-ABSA		90	Investment tracke	Yes	Variable	0.0853	N/A	N/A	N/A	175 000	191 925	-	25 000	200 000
Zululand District Municipality-ABSA		90	Investment tracke	Yes	Variable	0.079	N/A	N/A	N/A	200 000	177 750		25 000	225 000
Zululand District Municipality-ABSA			Investment tracke	Yes	Variable	0.079	N/A	N/A	N/A	225 000	-	25 000	-	200 000
Zululand District Municipality-ABSA		90	Investment tracke	Yes	Variable	0.079	N/A	N/A	N/A	200 000	281 058		39 530	239 530
Zululand District Municipality-Nedbank		60	CIB Investment	Yes	Variable	0.083	N/A	N/A	N/A	239 530	124 500	-	25 000	264 530
Zululand District Municipality-Nedbank		32	CIB Investment	Yes	Variable	0.0823	N/A	N/A	N/A	264 530	65 840	-	25 000	289 530
Zululand District Municipality-Std Bank		62	Investment	Yes	Variable	0.08075	N/A	N/A	N/A	289 530	125 163		25 000	314 530
Zululand District Municipality-Std Bank		63	Investment	Yes	Variable	1.08075	N/A	N/A	N/A	289 530	3 063 926		45 000	334 530
Municipality sub-total										30 000	4 758 000	320 000	679 530	334 530
Entities														
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTERES	2									30 000	4 758 000	320 000	679 530	334 530

2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

Grants Receipts

DC26 Zululand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M09 March

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	162 502	594 692	449 171	145 521	32.4%	598 895
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–		–
Equitable Share		524 645	586 391	586 391	162 235	585 622	439 793	145 829	33.2%	586 391
Expanded Public Works Programme Integrated Grant		9 612	8 517	8 517	–	8 517	6 388	2 129	33.3%	8 517
Local Government Financial Management Grant		1 200	1 200	1 200	267	553	900	(347)	-38.5%	1 200
Municipal Disaster Relief Grant		–	–	–	–	–	–	–		–
Municipal Infrastructure Grant		–	–	–	–	–	–	–		–
Municipal Systems Improvement Grant		–	2 787	2 787	–	–	2 090	(2 090)	-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	1 888	(933)	-49.4%	2 611
Capacity Building and Other Grants		2 522	2 411	2 611	–	956	1 888	(933)	-49.4%	2 611
Other transfers and grants [insert description]		–	–	–	–	–	–	–		–
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	44 184	39 390	39 390	17 674	21 717	122.9%	44 184
Electricity Distribution Industry Holdings		–	–	1 080	–	–	432	(432)	-100.0%	1 080
KwazuluNatal Provincial Planning and Development Commission		–	–	–	–	–	–	–		–
National Skills Fund		–	–	43 104	39 390	39 390	17 242	22 149	128.5%	43 104
Unspecified		–	–	–	–	–	–	–		–
Total Operating Transfers and Grants	5	537 979	601 306	645 690	201 893	635 038	468 733	166 305	35.5%	645 690
Capital Transfers and Grants										
National Government:		603 289	372 306	607 306	30 744	213 721	373 229	(159 508)	-42.7%	607 306
Municipal Disaster Relief Grant		–	–	–	–	–	–	–		–
Municipal Infrastructure Grant		269 111	259 530	259 530	28 380	150 834	194 648	(43 813)	-22.5%	259 530
Regional Bulk Infrastructure Grant		222 531	15 247	250 247	218	15 464	105 435	(89 971)	-85.3%	250 247
Rural Road Asset Management Systems Grant		1 647	2 529	2 529	3	17	1 897	(1 880)	-99.1%	2 529
Water Services Infrastructure Grant		110 000	95 000	95 000	2 144	47 406	71 250	(23 844)	-33.5%	95 000
Provincial Government:		32 266	–	4 642	–	1 498	1 857	(358)	-19.3%	4 642
Infrastructure Grant		32 266	–	4 642	–	1 498	1 857	(358)	-19.3%	4 642
District Municipality:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
[insert description]		–	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–
Total Capital Transfers and Grants	5	635 555	372 306	611 948	30 744	215 220	375 086	(159 866)	-42.6%	611 948
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 173 534	973 612	1 257 638	232 636	850 258	843 819	6 438	0.8%	1 257 638

Grants are received as per transfer schedule and have been received as such with the exception of indonsa grant and MSIG 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 - M09 March

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	576 000	56 705	473 686	427 053	46 634	10.9%	576 000
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–		–
Equitable Share		674 775	541 665	566 235	54 928	454 841	419 738	35 103	8.4%	566 235
Expanded Public Works Programme Integrated Grant		24 299	8 517	8 541	1 137	17 946	6 397	11 548	180.5%	8 541
Local Government Financial Management Grant		1 200	1 200	1 200	638	884	901	(16)	-1.8%	1 200
Municipal Disaster Relief Grant		–	–	–	–	–	–	–		–
Municipal Infrastructure Grant		41 379	–	–	–	–	–	–		–
Municipal Systems Improvement Grant		1 022	–	–	–	–	–	–		–
Rural Road Asset Management Systems Grant		1 433	–	25	2	15	17	(2)	-10.7%	25
Water Services Infrastructure Grant		20 929	–	–	–	–	–	–		–
Provincial Government:		1 866	2 381	2 581	–	1 063	1 924	(862)	-44.8%	2 581
Capacity Building and Other Grants		1 866	2 381	2 581	–	1 063	1 924	(862)	-44.8%	2 581
District Municipality:		–	–	–	–	–	–	–		–
Other grant providers:		–	–	44 184	–	39 390	17 674	21 717	122.9%	44 184
Electricity Distribution Industry Holdings		–	–	1 080	–	–	432	(432)	-100.0%	1 080
KwazuluNatal Provincial Planning and Development Commission		–	–	–	–	–	–	–		–
National Skills Fund		–	–	43 104	–	39 390	17 242	22 149	128.5%	43 104
Total operating expenditure of Transfers and Grants:		766 903	553 763	622 765	56 705	514 139	446 651	67 489	15.1%	622 765
Capital expenditure of Transfers and Grants										
National Government:		464 144	323 744	528 067	27 728	187 401	324 645	(137 244)	-42.3%	528 067
Municipal Infrastructure Grant		194 381	225 678	225 678	25 864	132 213	169 259	(37 045)	-21.9%	225 678
Regional Bulk Infrastructure Grant		194 437	13 258	217 606	–	13 636	91 797	(78 161)	-85.1%	217 606
Rural Road Asset Management Systems Grant		–	2 199	2 174	–	–	1 633	(1 633)	-100.0%	2 174
Water Services Infrastructure Grant		75 326	82 609	82 609	1 864	41 552	61 957	(20 405)	-32.9%	82 609
Provincial Government:		7 451	26	4 036	–	1 348	1 997	(649)	-32.5%	4 036
Infrastructure Grant		7 451	26	4 036	–	1 348	1 997	(649)	-32.5%	4 036
District Municipality:		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
Total capital expenditure of Transfers and Grants		471 595	323 770	532 104	27 728	188 749	326 643	(137 893)	-42.2%	532 104
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 238 498	877 534	1 154 869	84 433	702 889	773 293	(70 405)	-9.1%	1 154 869

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 Manufacturing Centre Grant	1 641 817	1 550 516
Total Operating Grant Expenditure	1 641 817	1 550 516

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

DC26 Zululand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M09 March

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 ALLOWENCES AND EMPLOYEE BENEFITS

DC26 Zululand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March

Summary of Employee and Councillor remuneration	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		-	-	-	-	-	-	-		-
Pension and UIF Contributions		514	661	661	43	383	496	(113)	-23%	661
Medical Aid Contributions		44	-	-	5	39	-	39	#DIV/0!	-
Motor Vehicle Allowance		1 727	1 805	1 805	163	1 410	1 354	56	4%	1 805
Cellphone Allowance		649	653	653	58	513	490	24	5%	653
Housing Allowances		-	-	180	15	315	72	243	338%	180
Other benefits and allowances		5 682	5 652	5 722	451	4 364	4 267	97	2%	5 722
Sub Total - Councillors		8 616	8 771	9 021	734	7 025	6 678	347	5%	9 021
% increase	4		1.8%	4.7%						4.7%
<u>Senior Managers of the Municipality</u>	3									
Basic Salaries and Wages		5 121	6 555	6 555	476	4 008	4 916	(908)	-18%	6 555
Pension and UIF Contributions		11	55	55	1	9	41	(32)	-79%	55
Medical Aid Contributions		48	57	57	0	1	43	(42)	-98%	57
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		-	-	-	-	403	-	403	#DIV/0!	-
Motor Vehicle Allowance		1 210	1 592	1 592	129	1 032	1 194	(162)	-14%	1 592
Cellphone Allowance		191	210	210	20	158	157	1	1%	210
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		203	225	225	23	225	169	56	33%	225
Payments in lieu of leave		354	-	-	-	185	-	185	#DIV/0!	-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2							-		
Sub Total - Senior Managers of Municipality		7 138	8 695	8 695	649	6 020	6 521	(501)	-8%	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	15 488	139 636	139 651	(16)	0%	186 435
Pension and UIF Contributions		22 997	25 886	25 886	2 059	18 606	19 415	(809)	-4%	25 886
Medical Aid Contributions		13 624	13 597	13 597	1 269	11 055	10 198	858	8%	13 597
Overtime		7 099	4 619	6 119	354	4 771	4 064	707	17%	6 119
Performance Bonus		11 678	12 786	12 786	1 509	9 678	9 590	88	1%	12 786
Motor Vehicle Allowance		8 704	9 561	9 561	895	7 712	7 171	541	8%	9 561
Cellphone Allowance		663	670	670	64	583	502	81	16%	670
Housing Allowances		1 379	1 379	1 379	137	1 296	1 034	262	25%	1 379
Other benefits and allowances		8 505	524	524	(55)	2 627	393	2 234	568%	524
Payments in lieu of leave		3 223	-	-	-	1 634	-	1 634	#DIV/0!	-
Long service awards		2 506	-	1 500	67	1 645	600	1 045	174%	1 500
Post-retirement benefit obligations	2	3 775	4 500	3 000	-	-	2 775	(2 775)	-100%	3 000
Sub Total - Other Municipal Staff		256 532	259 457	261 457	21 787	199 242	195 394	3 848	2%	261 457
% increase	4		1.1%	1.9%						1.9%
Total Parent Municipality		272 286	276 923	279 173	23 170	212 288	208 593	3 695	2%	279 173

The municipality has no active entity

2.6 MATERIAL VARIANCES TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

DC26 Zululand - Supporting Table SC1 Material variance explanations - M09 March

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	-22%	This is the amounts billed on customers for water used, the year-to-date actual is R31.4 million which is 77% of the approved adjusted budget. The R31.4 million year to date actual is below the nine months baseline projection or year-to-date budget of R40.1 million. A variance of R8.7 million or 22% is observed.	
	Service charges - sanitation revenue	9%	This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R11.4 million which is 75% of the approved adjusted budget. The R11.4 million year to date actual is above the nine months baseline projection or year-to-date budget of R10.4 million. A variance of R978 thousand or 9% 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	6%	Rental of facilities is amounts billed for office space leased out, the year-to-date actual is R157 thousand which is 75% of the approved adjusted budget. The R157 thousand year to date actual is above the nine months baseline projection or year-to-date budget of R148 thousand. A variance of R9 thousand or 6% is observed.	
	Interest earned - external investments	-25%	Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is R2.4 million which is 83% of the approved adjusted budget. The R2.4 million year to date actual is below the nine months baseline projection or year-to-date budget of R3.3 million. A variance of R821 thousand or 25% is observed.	Reasons for variances can be attributed low investment due to prioritization of liability payments.
	Interest earned - outstanding debtors	52%	Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is R166 thousand which is 83% of the approved adjusted budget. The R166 thousand year to date actual is above the nine months baseline projection or year-to-date budget of R110 thousand. A variance of R57 thousand or 52% 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	-12%	Fines, penalties and forfeits are mainly amounts charged on illegal connections. The year-to-date actual is R67 thousand which is 114% of the approved adjusted budget. The R67 thousand year to date actual is below the nine months baseline projection or year-to-date budget of R76 thousand. A variance of R9 thousand or 12% 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.
	Licences and permits			
	Agency services			
	Transfers and subsidies	35%	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 R635.03 million which is 98% of the approved budget. The R635.03 million year to date actual is above the nine months baseline projection or year-to-date budget of R468.7 million. A variance of R166.3 million or 35% is observed.	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 tranches as per approved transfer schedule.
	Other revenue	45%	All grants are received as per transfer schedule with the exception of Indonsa grant and Municipal systems improvement grant. 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 R1.2 million which is 82% of the approved adjusted budget. The R1.2 million year to date actual is above the nine months baseline projection or year-to-date budget of R849 thousand. A variance of R381 thousand or 45% 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 - M09 March

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 R205.2 million which is 76% of the approved adjusted budget. the R205.2 million year to date actual is above the nine months baseline projection or year-to-date budget of R201.9 million. A variance of R3.3 million or 2% is observed.	The variance is below 5% and not major.
	Remuneration of councillors	5%	Remuneration of Councillors are amounts paid for councillors allowances, service related benefits and contributions. The year-to-date actual is R7.02 million which is 78% of the approved adjusted budget. the R7.02 million year to date actual is above the nine months baseline projection or year-to-date budget of R6.6 million. A variance of R347 thousand or 5% 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	20%	This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R71.9 million which is 90% of the approved adjusted budget. the R71.9 million year to date actual is above the nine months baseline projection or year-to-date budget of R60 million. A variance of R11.9 million or 20% is observed.	Reasons for variances can be attributed to depreciation being under budgeted.
	Finance charges	121%	Finance charges are amounts for interest paid on overdue accounts. The year-to-date actual is R121 thousand which is 138% of the approved adjusted budget. the R121 thousand year to date actual is above the nine months baseline projection or year-to-date budget of R55 thousand. A variance of R66 thousand or 121% is observed.	
	Bulk purchases - electricity			
	Inventory consumed	-87%	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 R3.1 million which is 10% of the approved adjusted budget. the R3.1 million year to date actual is below the nine months baseline projection or year-to-date budget of R22.9 million. A variance of R19.8 million or 87% is observed.	Reasons for variances can be attributed to delays in capturing of transactions. It is recommended that the municipality record all expenditure relating to bulk water and consumable stores in time.
	Contracted services	55%	Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R174.5 million which is 103% of the approved adjusted budget. the R174.5 million year to date actual is above the nine months baseline projection or year-to-date budget of R112.4 million. A variance of R62.04 million or 55% 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	24%	Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support SMMES, and co-operatives. The year-to-date actual is R3.5 million which is 74% of the approved adjusted budget. The R3.5 million year to date actual is above the nine months baseline projection or year-to-date budget of R2.8 million. A variance of R679 thousand or 24% 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	38%	Other expenditure is all other expenditure not classified above. The year-to-date actual is R115.09 million which is 100% of the approved adjusted budget. the R115.09 million year to date actual is above the nine months baseline projection or year-to-date budget of R83.4 million. A variance of R31.6 million or 38% 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 - M09 March

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 R205.2 million which is 76% of the approved adjusted budget. the R205.2 million year to date actual is above the nine months baseline projection or year-to-date budget of R201.9 million. A variance of R3.3 million or 2% is observed.	The variance is below 5% and not major.
	Remuneration of councillors	5%	Remuneration of Councillors are amounts paid for councillors allowances, service related benefits and contributions. The year-to-date actual is R7.02 million which is 78% of the approved adjusted budget. the R7.02 million year to date actual is above the nine months baseline projection or year-to-date budget of R6.6 million. A variance of R347 thousand or 5% 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	20%	This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R71.9 million which is 90% of the approved adjusted budget. the R71.9 million year to date actual is above the nine months baseline projection or year-to-date budget of R60 million. A variance of R11.9 million or 20% is observed.	Reasons for variances can be attributed to depreciation being under budgeted.
	Finance charges	121%	Finance charges are amounts for interest paid on overdue accounts. The year-to-date actual is R121 thousand which is 138% of the approved adjusted budget. the R121 thousand year to date actual is above the nine months baseline projection or year-to-date budget of R55 thousand. A variance of R66 thousand or 121% is observed.	
	Bulk purchases - electricity			
	Inventory consumed	-87%	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 R3.1 million which is 10% of the approved adjusted budget. the R3.1 million year to date actual is below the nine months baseline projection or year-to-date budget of R22.9 million. A variance of R19.8 million or 87% is observed.	Reasons for variances can be attributed to delays in capturing of transactions. It is recommended that the municipality record all expenditure relating to bulk water and consumable stores in time.
	Contracted services	55%	Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R174.5 million which is 103% of the approved adjusted budget. the R174.5 million year to date actual is above the nine months baseline projection or year-to-date budget of R112.4 million. A variance of R62.04 million or 55% 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	24%	Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support SMMES, and co-operatives. The year-to-date actual is R3.5 million which is 74% of the approved adjusted budget. The R3.5 million year to date actual is above the nine months baseline projection or year-to-date budget of R2.8 million. A variance of R679 thousand or 24% 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	38%	Other expenditure is all other expenditure not classified above. The year-to-date actual is R115.09 million which is 100% of the approved adjusted budget. the R115.09 million year to date actual is above the nine months baseline projection or year-to-date budget of R83.4 million. A variance of R31.6 million or 38% 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 - M09 March

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
3	Capital Expenditure			
	Governance and administration	-95%	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 nine months baseline projection or year-to-date budget of R2.7 million. A variance of R2.6 million or 95% is observed.	
	Community and public safety	45%	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 nine months baseline projection or year-to-date budget of R830 thousand. A variance of R373 thousand or 45% is observed.	
	Economic and environmental services	-11%	Economic and environmental services year-to-date actual is R4.9 million which is 63% of the adjusted budget. The R4.9 million year to date actual is below the nine months baseline projection or year-to-date budget of R5.6 million. A variance of R620 thousand or 11% is observed.	
	Trading services	-42%	Trading services year-to-date actual is R187.6 million which is 35% of the adjusted budget. The R187.6 million year to date actual is below the nine months baseline projection or year-to-date budget of R324.6 million. A variance of R136.9 million or 42% 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 nine months baseline projection or year-to-date budget of R33 thousand. A variance of R33 thousand or 100% is observed.	
4	Financial Position			
	Total current assets			
	Total non current assets			
	Total current liabilities			
	Total non current liabilities			
	TOTAL COMMUNITY WEALTH/EQUITY			
5	Cash Flow			
	NET CASH FROM/(USED) OPERATING ACTIVITIES			
	NET CASH FROM/(USED) INVESTING ACTIVITIES			
	NET CASH FROM/(USED) FINANCING ACTIVITIES			
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 - M09 March

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	69 429	27 728	194 029	333 866	139 837	41.9%	58%
April	40 404	27 680	69 429	–		403 295	–		
May	40 404	27 680	69 429	–		472 724	–		
June	40 404	27 680	69 429	–		542 153	–		
Total Capital expenditure	484 853	332 162	542 153	194 029					

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 - M09 March

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	27 728	191 039	328 623	137 585	41.9%	534 589
Roads Infrastructure		–	6 112	6 087	–	3 637	4 567	930	20.4%	6 087
Roads		–	6 112	6 087	–	3 637	4 567	930	20.4%	6 087
Road Structures								–		
Road Furniture								–		
Capital Spares								–		
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection								–		
Storm water Conveyance								–		
Attenuation								–		
Electrical Infrastructure		–	–	–	–	–	–	–		–
Capital Spares								–		
Water Supply Infrastructure		464 144	321 545	501 989	27 728	166 397	304 278	137 881	45.3%	501 989
Dams and Weirs								–		
Boreholes		8 702	–	59 509	8 899	27 227	40 316	13 090	32.5%	59 509
Reservoirs		–	–	17 304	1 758	8 457	15 275	6 818	44.6%	17 304
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		74 910	–	38 783	11 615	33 268	27 087	(6 181)	-22.8%	38 783
Bulk Mains		220 648	321 545	329 151	2 877	71 824	175 456	103 632	59.1%	329 151
Distribution		159 884	–	57 242	2 579	25 622	45 982	20 360	44.3%	57 242
Distribution Points		–	–	–	–	–	163	163	100.0%	–
PRV Stations								–		
Capital Spares								–		
Sanitation Infrastructure		–	–	26 513	–	21 004	19 778	(1 226)	-6.2%	26 513
Pump Station								–		
Reticulation		–	–	26 513	–	21 004	19 778	(1 226)	-6.2%	26 513
Waste Water Treatment Works								–		
Outfall Sewers								–		
Toilet Facilities								–		
Capital Spares								–		
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites								–		
Capital Spares								–		
Rail Infrastructure		–	–	–	–	–	–	–		–
Rail Lines								–		
Capital Spares								–		
Coastal Infrastructure		–	–	–	–	–	–	–		–
Capital Spares								–		
Information and Communication Infrastructure		–	–	–	–	–	–	–		–
Data Centres								–		
Core Layers								–		
Distribution Layers								–		
Capital Spares								–		
Community Assets		6 965	–	1 773	–	1 348	1 038	(310)	-29.9%	1 773
Community Facilities		6 965	–	1 773	–	1 348	1 038	(310)	-29.9%	1 773
Halls								–		
Centres		6 965	–	1 773	–	1 348	1 038	(310)	-29.9%	1 773
Crèches								–		
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								–		

DC26 Zululand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M09 March

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									
Investment properties		-	-	-	-	-	-	-		-
Revenue Generating		-	-	-	-	-	-	-		-
Improved Property								-		
Unimproved Property								-		
Non-revenue Generating		-	-	-	-	-	-	-		-
Improved Property								-		
Unimproved Property								-		
Other assets		-	391	191	-	-	168	168	100.0%	191
Operational Buildings		-	391	191	-	-	168	168	100.0%	191
Municipal Offices		-	391	191	-	-	168	168	100.0%	191
Pay/Enquiry Points								-		
Building Plan Offices								-		
Housing		-	-	-	-	-	-	-		-
Staff Housing								-		
Social Housing								-		
Capital Spares								-		
Biological or Cultivated Assets		-	-	-	-	-	-	-		-
Biological or Cultivated Assets								-		
Intangible Assets		-	-	-	-	-	-	-		-
Servitudes								-		
Licences and Rights		-	-	-	-	-	-	-		-
Computer Software and Applications		-	-	-	-	-	-	-		-
Load Settlement Software Applications								-		
Unspecified								-		
Computer Equipment		6 572	2 609	2 609	-	26	1 957	1 930	98.7%	2 609
Computer Equipment		6 572	2 609	2 609	-	26	1 957	1 930	98.7%	2 609
Furniture and Office Equipment		92	1 043	1 312	-	393	952	560	58.8%	1 312
Furniture and Office Equipment		92	1 043	1 312	-	393	952	560	58.8%	1 312
Machinery and Equipment		485	461	1 679	-	1 223	1 127	(96)	-8.5%	1 679
Machinery and Equipment		485	461	1 679	-	1 223	1 127	(96)	-8.5%	1 679
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	542 153	27 728	194 029	333 866	139 837	41.9%	542 153

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: 2023/04/18