

ZULULAND DISTRICT MUNICIPALITY



MONTHLY BUDGET STATEMENT AND SUPPORTING DOCUMENTATION FOR PERIOD ENDED

30 JUNE 2023

MFMA S52d REPORT

2022/2023 FINANCIAL YEAR

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GLOSSARY

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

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

AFS – Annual Financial Statements.

Budget – the financial plan of the municipality.

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

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

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

CFO – Chief Financial Officer

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

DWAF – Department of Water Affairs

EPWP – Expanded Public Works Program

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

FMG – Financial Management Grant

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

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

MSCOA – Municipal Standard Chart of Accounts

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

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

LED – Local Economic Development

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

MIG – Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

WSIG – Water services Infrastructure Grant

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

MWIG – Municipal Water Infrastructure Grant

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

R & M – Repairs and Maintenance

SCM - Supply Chain Management

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

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

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

Virement – transfer of budget

ZDM – Zululand District Municipality

PART 1 – IN-YEAR REPORT

1.1. MAYORS REPORT

To be attached

1.2. COUNCIL RESOLUTION

The Monthly budget statement review be noted.

1.3. EXECUTIVE SUMMARY

BUDGET PERFORMANCE ANALYSIS

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

Summary Statement of Financial Performance

| | APPROVED BUDGET | ADJUSTED BUDGET | YTD ACTUAL | YTD BUDGET | YTD VARIANCE | YTD VARIANCE % | YTD ACTUAL EXPENDITURE % |
|---|--------------------|--------------------|--------------|-------------|--------------|----------------|-----------------------------|
| Total Revenue By Source (Excluding Capital Transfers) | 688 934 986 | 706 983 525 | 723 892 554 | 706 983 525 | 16 909 029 | 2% | 102% |
| Total Operating Expenditure | 626 160 559 | 716 903 933 | 830 675 516 | 716 903 933 | 113 721 066 | 16% | 116% |
| Surplus/(Deficit) | 62 774 427 | -9 920 408 | -106 782 963 | -9 920 408 | -96 812 038 | | |

Operating Revenue Performance

Total operating revenue generated by the Municipality as at **30 June 2023** is **R723.8 million** which is **102%** of the approved operating revenue adjusted budget. The **R723.8 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R706.9 million**, a variance of **R16.9 million** or **2%** 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 **R53.9 million** which is **7%** of the total generated operating revenue.

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

Reasons for variances can be attributed to Service charges water revenue, interest on external investments which has moved at a high pace than year to date budget; Transfers and subsidies, service charges sanitation revenue, interest on outstanding debtors, fines, penalties and forfeits 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 **30 June 2023** is **R836.2 million** which is **116%** of the approved operating adjusted expenditure budget. The **R836.2 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R718 million**, a variance of **R118.1 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 high pace than year to date budget; debt impairment which has no movement yet; 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 % | YTD ACTUAL EXPENDITURE % |
|---------------------------|--------------------|--------------------|-------------|-------------|--------------|----------------|-----------------------------|
| Total Capital Expenditure | 332 161 738 | 540 186 024 | 535 253 858 | 540 186 024 | -4 932 166 | -1% | 99% |
| Total Capital Financing | 332 161 738 | 540 186 024 | 535 253 858 | 540 186 024 | -4 932 166 | -1% | 99% |

Total Capital Expenditure as at **30 June 2023** is **R535 million** which is **99%** of the approved adjusted capital budget. The **R535 million** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R540.1 million**, a variance of **R4.9 million** or **1%** 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 **100%**, **RBIG** is at **100%**, **WSIG** is at **100%** **RRAMG** is at **100%**, **TSUCM_COGTA Boreholes** is at **52%** and **KwaMajomela** is at **100%**.

Financial Position Framework

Summary of Statement of Financial position:

| FINANCIAL POSITION | APPROVED BUDGET | ADJUSTED BUDGET | YTD ACTUAL | % |
|---------------------------------------|------------------|------------------|------------------|------------|
| Total current assets | 338 914 | 293 376 | 195 375 | 67 |
| Total non current assets | 4 188 965 | 5 381 249 | 5 038 491 | 94 |
| Total current liabilities | 224 322 | 348 056 | 413 657 | 119 |
| Total non current liabilities | 33 904 | 43 932 | 41 810 | 95 |
| TOTAL COMMUNITY WEALTH/ EQUITY | 3 834 563 | 4 666 623 | 4 710 957 | 101 |

The current assets year to date actual is **R195.3 million** which is **67%** of the approved adjusted budget. **Non - Current assets** year to date actual is **R5 billion** which is **94%** of the approved adjusted budget. **Current Liabilities** year to date actual is **R413 million** which is **117%** 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 **R4.7 billion** which is **101%** of the approved adjusted budget.

Current assets amount to **R195.3 million**, included in current assets is Cash of **R27.4 million**.

Current liabilities amount to **R413.6 million**, this includes unspent conditional grants amounting to **R2.6 million**.

The Current ratio is 0.47:1 [**195.3 million/413.6 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) - M12 June | | | | | | | | | | |
|--|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|---------------|--------------|--------------------|
| 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 | 2 090 | 39 167 | 40 947 | (1 781) | -4% | 40 947 |
| Service charges - sanitation revenue | | 12 513 | 12 500 | 15 306 | 1 276 | 14 831 | 15 306 | (474) | -3% | 15 306 |
| Service charges - refuse revenue | | | | | | | | - | | |
| Rental of facilities and equipment | | 195 | 183 | 209 | (10) | 181 | 209 | (28) | -13% | 209 |
| Interest earned - external investments | | 3 705 | 6 000 | 3 000 | 2 628 | 6 722 | 3 000 | 3 722 | 124% | 3 000 |
| Interest earned - outstanding debtors | | 288 | 85 | 200 | (149) | 75 | 200 | (125) | -62% | 200 |
| Dividends received | | | | | | | | - | | |
| Fines, penalties and forfeits | | 209 | 150 | 58 | 57 | 177 | 58 | 119 | 205% | 58 |
| Licences and permits | | - | - | 73 | 28 | 87 | 73 | 14 | 20% | 73 |
| Agency services | | | | | | | | - | | |
| Transfers and subsidies | | 537 979 | 601 306 | 645 690 | 22 301 | 657 740 | 645 690 | 12 050 | 2% | 645 690 |
| Other revenue | | 1 085 | 711 | 1 501 | 71 | 1 962 | 1 501 | 461 | 31% | 1 501 |
| Gains | | 40 | - | - | 2 949 | 2 949 | - | 2 949 | #DIV/0! | - |
| Total Revenue (excluding capital transfers and contributions) | | 594 501 | 688 935 | 706 984 | 31 241 | 723 893 | 706 984 | 16 909 | 2% | 706 984 |

The year-to-date actual indicates operating revenue of **R723.8 million** for **twelve months**, The **R723.8 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R706.9 million**, a variance of **R16.9 million** or **2%** is observed. The total revenue to-date represents **102%** 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 **R39.1 million** which is **96%** of the approved adjusted budget. the **R39.1 million** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R40.9 million**. A variance of **R1.7 million** or **4%** 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 **R14.8 million** which is **97%** of the approved adjusted budget. the **R14.8 million** year

to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R15.3 million**. A variance of **R474 thousand** or **3%** is observed.

Rent of facilities

Rental of facilities is amounts billed for office space leased out, the year-to-date actual is **R181 thousand** which is **87%** of the approved adjusted budget. the **R181 thousand** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R209 thousand**. A variance of **R28 thousand** or **13%** is observed.

Interest on investment

Interest on investment is interest received when the Municipality makes cash investments, the year-to-date actual is **R6.7 million** which is **224%** of the approved adjusted budget. The **R6.7 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R3. million**. A variance of **R3.7 million** or **124%** is observed.

Reasons for variances can be attributed to interest rate change and the availability of cash to be invested.

Interest earned - outstanding debtors

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. the year-to-date actual is **R75 thousand** which is **38%** of the approved adjusted budget. The **R75 thousand** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R200 thousand**. A variance of **R125 thousand** or **62%** 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 **R177 thousand** which is **305%** of the approved adjusted budget. the **R177 thousand** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R58 thousand**. A variance of **R119 thousand** or **205%** is observed.

Reasons for variances can be attributed to a negative indication that more consumers are illegally connected or a negative indication that some illegally connected consumers are not yet discovered. Municipality must keep up the disconnection of illegal connections.

Licences and Permits

Licences and permits year-to-date actual is **R87 thousand** which is **120%** of the approved adjusted budget. the **R87 thousand** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R73 thousand**. A variance of **R14 thousand** or **20%** is observed.

Transfers and subsidies

Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2022; and provincial gazette, Transfers and subsidies is revenue recognized as operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Transfers and subsidies (Grants) are recognised/recorded as revenue when condition has been met, except for equitable share which is not a conditional grant.

Transfers and subsidies year to date actual is **R657.7 million** which is **102%** of the approved budget. The **R655.7 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R645.6 million**. A variance of **R12 million** or **2%** is observed.

The reason for variance between actual and budget is as following.

- The municipality has received the amount of **R 16.5 million** from NSF which is yet to be considered for adjustment.
- There is a reduction of LGSETA grants which yet to be approved for adjustment.
- Municipal systems improvement grant was never received.
- There are grants which are unspent that were not recognised as revenue.

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 **R1.9 million** which is **131%** of the approved adjusted budget. The **R1.9 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R1.5 million**. A variance of **R461 thousand** or **31%** is observed.

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

Gains

The is the gain the municipality received on disposal of some assets.

1.5. OPERATING EXPENDITURE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

| 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 By Type | | | | | | | | | | |
| Employee related costs | | 263 669 | 268 152 | 269 987 | 23 738 | 274 438 | 269 987 | 4 451 | 2% | 269 987 |
| Remuneration of councillors | | 8 616 | 8 771 | 9 021 | 727 | 9 275 | 9 021 | 254 | 3% | 9 021 |
| Debt impairment | | 20 001 | 14 000 | 14 000 | – | – | 14 000 | (14 000) | -100% | 14 000 |
| Depreciation & asset impairment | | 101 119 | 80 000 | 80 000 | 9 547 | 97 599 | 80 000 | 17 599 | 22% | 80 000 |
| Finance charges | | 399 | – | 88 | 23 | 196 | 88 | 108 | 123% | 88 |
| Bulk purchases - electricity | | – | – | – | – | – | – | – | | – |
| Inventory consumed | | 22 023 | 33 320 | 30 008 | 8 014 | 34 791 | 30 008 | 4 783 | 16% | 30 008 |
| Contracted services | | 318 040 | 106 388 | 195 115 | 50 892 | 257 678 | 195 115 | 62 562 | 32% | 195 115 |
| Transfers and subsidies | | 11 295 | 3 070 | 4 857 | 694 | 4 248 | 4 857 | (609) | -13% | 4 857 |
| Other expenditure | | 131 178 | 112 460 | 115 001 | 19 162 | 157 226 | 115 001 | 42 225 | 37% | 115 001 |
| Losses | | 2 627 | – | – | 776 | 776 | – | 776 | #DIV/0! | – |
| Total Expenditure | | 878 966 | 626 161 | 718 077 | 113 573 | 836 228 | 718 077 | 118 151 | 16% | 718 077 |

The year-to-date actual indicates spending of **R836.2 million** for **twelve months**, which is **116%** of the approved adjusted operating expenditure budget. The **R836.2 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R718 million**, a variance of **R118.1 million** or **16%** is observed. This is the indication that the municipality is overspending on the approved adjustment budget.

Employee Related Costs

Employee related costs are amounts paid for salaries, allowances, service-related benefits and contributions. The year-to-date actual is **R274.4 million** which is **102%** of the approved adjusted budget. the **R274.4 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R269.9 million**. A variance of **R4.4 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 **R9.2 million** which is **103%** of the approved adjusted budget. the **R9.2 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R9. million**. A variance of **R254 thousand** or **3%** is observed.

The variance is below 5% and not major.

Debt impairment

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

Municipality calculate debt impairment once at year end, currently we are busy with calculation.

Depreciation

This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is **R97.5 million** which is **122%** of the approved adjusted budget. the **R97.5 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R80 million**. A variance of **R17.5. million** or **22%** 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 and finance lease for laptops. The year-to-date actual is **R196 thousand** which is **223%** of the approved adjusted budget. the **R196 thousand** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R88 thousand**. A variance of **R108 thousand** or **123%** 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 **R34.7 million** which is **116%** of the approved adjusted budget. the **R34.7 million** year to date actual is **below** the **twelve** months

baseline projection or year-to-date budget of **R30.million**. A variance of **R4.7 million** or **16%** is observed.

Contracted services

Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is **R257.6 million** which is **132%** of the approved adjusted budget. the **R257.6 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R195.1 million**. A variance of **R62.5 million** or **32%** 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 **R4.2 million** which is **87%** of the approved adjusted budget. The **R4.2 million** year to date actual is a little **below** the **twelve** months baseline projection or year-to-date budget of **R4.8 million**. A variance of **R609 thousand** or **13%** is observed.

Reasons for variances can be attributed to the nature of this expenditure item, this expenditure item is incurred as and when needed 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 **R157.2 million** which is **136%** of the approved adjusted budget. the **R157.2 million** year to date actual is **above** the **twelve** months baseline projection or year-to-date budget of **R115 million**. A variance of **R42.2 million** or **37%** is observed.

It is imperative that the municipality monitor closely this expenditure item and implement strategies to reduce costs. Other expenditure includes expenses such as ESKOM, fuel, municipal services, Subsistence and travelling, audit fess, etc.

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 % | YTD ACTUAL EXPENDITURE % |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|--------------------------|
| Finance Management grant (FMG) | 1 200 000 | 1 200 000 | 1 200 000 | 1 200 000 | - | 0% | 100% |
| EPWP Incentive | 8 517 000 | 8 517 000 | 8 517 000 | 8 517 000 | - | 0% | 100% |
| Art centre Subsidies (Indonsa Grant) | 1 911 000 | 1 911 000 | 1 911 000 | 1 911 000 | - | 0% | 100% |
| Aviation Strategy | 500 000 | 500 000 | - | 500 000 | -500 000 | -100% | 0% |
| Rural Roads Asset Managemnt Systems Grant | | 17 113 | 17 113 | 17 113 | - | 0% | 100% |
| National Skills Fund | - | 59 693 109 | 59 613 288 | 59 693 109 | -79 821 | 0% | 100% |
| Electricity Distribution Industry Holding | | 108 000 | 108 000 | 108 000 | - | 0% | 100% |
| LGSETA: Fire and rescue | | 370 000 | - | 370 000 | -370 000 | -100% | 0% |
| Art centre Subsidies (Help desk) | | 53 900 | 19 657 | 53 900 | -34 243 | -64% | 36% |
| Amafa Kazulu Grant | | 180 000 | - | 180 000 | -180 000 | -100% | 0% |
| Water services Infrastructure Grant | | 6 000 000 | 6 000 000 | 6 000 000 | - | 0% | 100% |
| Total Operating Grant Expenditure | 12 128 000 | 12 128 000 | 11 628 000 | 78 550 122 | -1 164 064 | -1 | 96% |

FMG **100%**, EPWP Incentive **100%**, Art center subsidies (Indonsa Grant) **100%**,RRAMS **100%**, National Skills Fund **100%**,Art Centre Subsidies(Help desk) **36%** LGSETA: Fire and rescue **0%**, Amafa akwaZulu Grant **0%**, Aviation Strategy **0%**, WSIG **100%** and EDIH LGSETA Grant **100%**.

Summary of Revenue and Operational Expenditure Performance

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | Full Year Forecast |
|---|-----|------------------|---------------------|-----------------|-----------------|------------------|-----------------|------------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | |
| R thousands | | | | | | | | | % | |
| Revenue By Source | | | | | | | | | | |
| Property rates | | | | | | | | - | | |
| Service charges - electricity revenue | | | | | | | | - | | |
| Service charges - water revenue | | 38 486 | 68 000 | 40 947 | 2 090 | 39 167 | 40 947 | (1 781) | -4% | 40 947 |
| Service charges - sanitation revenue | | 12 513 | 12 500 | 15 306 | 1 276 | 14 831 | 15 306 | (474) | -3% | 15 306 |
| Service charges - refuse revenue | | | | | | | | - | | |
| Rental of facilities and equipment | | 195 | 183 | 209 | (10) | 181 | 209 | (28) | -13% | 209 |
| Interest earned - external investments | | 3 705 | 6 000 | 3 000 | 2 628 | 6 722 | 3 000 | 3 722 | 124% | 3 000 |
| Interest earned - outstanding debtors | | 288 | 85 | 200 | (149) | 75 | 200 | (125) | -62% | 200 |
| Dividends received | | | | | | | | - | | |
| Fines, penalties and forfeits | | 209 | 150 | 58 | 57 | 177 | 58 | 119 | 205% | 58 |
| Licences and permits | | - | - | 73 | 28 | 88 | 73 | 15 | 21% | 73 |
| Agency services | | | | | | | | - | | |
| Transfers and subsidies | | 537 979 | 601 306 | 645 690 | 22 301 | 657 740 | 645 690 | 12 050 | 2% | 645 690 |
| Other revenue | | 1 085 | 711 | 1 501 | 71 | 1 962 | 1 501 | 461 | 31% | 1 501 |
| Gains | | 40 | - | - | 2 949 | 2 949 | - | 2 949 | #DIV/0! | - |
| Total Revenue (excluding capital transfers and contributions) | | 594 501 | 688 935 | 706 984 | 31 241 | 723 893 | 706 984 | 16 909 | 2% | 706 984 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | | 263 669 | 268 152 | 269 987 | 23 738 | 274 438 | 269 987 | 4 451 | 2% | 269 987 |
| Remuneration of councillors | | 8 616 | 8 771 | 9 021 | 727 | 9 275 | 9 021 | 254 | 3% | 9 021 |
| Debt impairment | | 20 001 | 14 000 | 14 000 | - | - | 14 000 | (14 000) | -100% | 14 000 |
| Depreciation & asset impairment | | 101 119 | 80 000 | 80 000 | 9 547 | 97 599 | 80 000 | 17 599 | 22% | 80 000 |
| Finance charges | | 399 | - | 88 | 23 | 196 | 88 | 108 | 123% | 88 |
| Bulk purchases - electricity | | - | - | - | - | - | - | - | | - |
| Inventory consumed | | 22 023 | 33 320 | 30 008 | 8 014 | 34 791 | 30 008 | 4 783 | 16% | 30 008 |
| Contracted services | | 318 040 | 106 388 | 195 115 | 50 892 | 257 678 | 195 115 | 62 562 | 32% | 195 115 |
| Transfers and subsidies | | 11 295 | 3 070 | 4 857 | 694 | 4 248 | 4 857 | (609) | -13% | 4 857 |
| Other expenditure | | 131 178 | 112 460 | 115 001 | 19 162 | 157 226 | 115 001 | 42 225 | 37% | 115 001 |
| Losses | | 2 627 | - | - | 776 | 776 | - | 776 | #DIV/0! | - |
| Total Expenditure | | 878 966 | 626 161 | 718 077 | 113 573 | 836 228 | 718 077 | 118 151 | 16% | 718 077 |
| Surplus/(Deficit) | | (284 466) | 62 774 | (11 094) | (82 332) | (112 336) | (11 094) | (101 242) | 0 | (11 094) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 611 248 | 372 306 | 611 948 | 155 003 | 610 502 | 611 948 | (1 446) | (0) | 611 948 |
| allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, | | | | | | | | - | | |
| Transfers and subsidies - capital (in-kind - all) | | 24 307 | - | - | - | - | - | - | | - |
| Surplus/(Deficit) after capital transfers & contributions | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | | | 600 854 |
| Taxation | | | | | | | | - | | |
| Surplus/(Deficit) after taxation | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | | | 600 854 |
| Attributable to minorities | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | | | 600 854 |
| Share of surplus/ (deficit) of associate | | | | | | | | | | |
| Surplus/ (Deficit) for the year | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | | | 600 854 |

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 % | YTD ACTUAL EXPENDITURE % |
|---------------------------|--------------------|--------------------|-------------|-------------|--------------|----------------|-----------------------------|
| Total Capital Expenditure | 332 161 738 | 540 186 024 | 535 253 858 | 540 186 024 | -4 932 166 | -1% | 99% |
| Total Capital Financing | 332 161 738 | 540 186 024 | 535 253 858 | 540 186 024 | -4 932 166 | -1% | 99% |

The capital expenditure amounts to **R535.2 million** which is **99%** of the capital adjusted budget, after a period of **twelve months**.

Capital budget summary

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

| Vote Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|------------|-----------------|---------------------|-----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | 1 | | | | | | | | | |
| Multi-Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 01 - Council | | – | – | – | – | – | – | – | | – |
| Vote 02 - Corporate Services | | – | – | – | – | – | – | – | | – |
| Vote 03 - Finance | | – | – | – | – | – | – | – | | – |
| Vote 04 - Community Development | | – | – | – | – | – | – | – | | – |
| Vote 05 - Planning & Wsa | | – | – | – | – | – | – | – | | – |
| Vote 06 - Technical Services | | – | – | – | – | – | – | – | | – |
| Vote 07 - Water Purification | | – | – | – | – | – | – | – | | – |
| Vote 08 - Water Distribution | | – | – | – | – | – | – | – | | – |
| Vote 09 - Waste Water | | – | – | – | – | – | – | – | | – |
| Vote 15 - Other | | – | – | – | – | – | – | – | | – |
| Total Capital Multi-year expenditure | 4,7 | – | – | – | – | – | – | – | | – |
| Single Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 01 - Council | | 6 594 | – | – | 134 | 134 | – | 134 | #DIV/0! | – |
| Vote 02 - Corporate Services | | 3 746 | 3 261 | 3 341 | 49 | 517 | 3 341 | (2 825) | -85% | 3 341 |
| Vote 03 - Finance | | 2 918 | 478 | 478 | 92 | 121 | 478 | (358) | -75% | 478 |
| Vote 04 - Community Development | | 7 451 | 26 | 3 006 | – | 2 929 | 3 006 | (77) | -3% | 3 006 |
| Vote 05 - Planning & Wsa | | 464 144 | 327 657 | 532 592 | 142 632 | 531 073 | 532 592 | (1 519) | 0% | 532 592 |
| Vote 06 - Technical Services | | – | – | – | – | – | – | – | | – |
| Vote 07 - Water Purification | | – | 348 | 577 | 170 | 481 | 577 | (96) | -17% | 577 |
| Vote 08 - Water Distribution | | – | 391 | 191 | – | – | 191 | (191) | -100% | 191 |
| Vote 09 - Waste Water | | – | – | – | – | – | – | – | | – |
| Vote 15 - Other | | – | – | – | – | – | – | – | | – |
| Total Capital single-year expenditure | 4 | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |
| Total Capital Expenditure | | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| Governance and administration | | 13 258 | 3 652 | 3 732 | 275 | 771 | 3 732 | (2 961) | -79% | 3 732 |
| Executive and council | | 6 594 | – | – | 134 | 134 | – | 134 | #DIV/0! | – |
| Finance and administration | | 6 664 | 3 652 | 3 732 | 141 | 637 | 3 732 | (3 095) | -83% | 3 732 |
| Internal audit | | – | – | – | – | – | – | – | | – |
| Community and public safety | | 485 | 70 | 1 277 | – | 1 203 | 1 277 | (74) | -6% | 1 277 |
| Community and social services | | 485 | 70 | 1 277 | – | 1 203 | 1 277 | (74) | -6% | 1 277 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | – | – | – | – | – | – | – | | – |
| Housing | | – | – | – | – | – | – | – | | – |
| Health | | – | – | – | – | – | – | – | | – |
| Economic and environmental services | | 6 965 | 6 112 | 7 870 | 1 686 | 7 544 | 7 870 | (326) | -4% | 7 870 |
| Planning and development | | 6 965 | 6 112 | 7 870 | 1 686 | 7 544 | 7 870 | (326) | -4% | 7 870 |
| Road transport | | – | – | – | – | – | – | – | | – |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| Trading services | | 464 144 | 322 284 | 527 263 | 141 116 | 525 736 | 527 263 | (1 527) | 0% | 527 263 |
| Energy sources | | – | – | – | – | – | – | – | | – |
| Water management | | 464 144 | 322 284 | 527 263 | 141 116 | 525 736 | 527 263 | (1 527) | 0% | 527 263 |
| Waste water management | | – | – | – | – | – | – | – | | – |
| Waste management | | – | – | – | – | – | – | – | | – |
| Other | | – | 43 | 43 | – | – | 43 | (43) | -100% | 43 |
| Total Capital Expenditure - Functional Classification | 3 | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |
| Funded by: | | | | | | | | | | |
| National Government | | 464 144 | 323 744 | 526 070 | 142 632 | 526 067 | 526 070 | (4) | 0% | 526 070 |
| Provincial Government | | 7 451 | 26 | 4 066 | – | 2 797 | 4 066 | (1 270) | -31% | 4 066 |
| District Municipality | | – | – | – | – | – | – | – | | – |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, | | – | – | – | – | – | – | – | | – |
| Transfers recognised - capital | | 471 595 | 323 770 | 530 137 | 142 632 | 528 863 | 530 137 | (1 274) | 0% | 530 137 |
| Borrowing | 6 | – | – | – | – | – | – | – | | – |
| Internally generated funds | | 13 258 | 8 391 | 10 049 | 445 | 6 391 | 10 049 | (3 659) | -36% | 10 049 |
| Total Capital Funding | | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |

Governance and administration

Governance and administration year-to-date actual is **R771 thousand** which is **21%** of the adjusted budget. the **R771 thousand** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R3.7 million**. A variance of **R2.9 million** or **79%** is observed.

Community and public safety

Community and public safety year-to-date actual is **R1.2 million** which is **94%** of the adjusted budget. the **R1.2 million** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R1.27 million**. A variance of **R74 thousand** or **6%** is observed.

Economic and environmental services

Economic and environmental services year-to-date actual is **R7.5 million** which is **96%** of the adjusted budget. the **R7.5 million** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R7.8 million**. A variance of **R326 Thousand** or **4%** is observed.

Trading services

Trading services year-to-date actual is **R525.7 million** which is **99%** of the adjusted budget. the **R525.7 million** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R527.2 million**. A variance of **R1.5 million** or less than **1%** is observed.

This includes expenditure of all capital grants which is 99%.

Other

Other year-to-date actual is **R0** which is **0%** of the adjusted budget. the **R0** year to date actual is **below** the **twelve** months baseline projection or year-to-date budget of **R43 thousand**. A variance of **R43 thousand** or **100%** is observed.

| CAPITAL EXPENDITURE BY SOURCE EXCLUSIVE OF VAT | APPROVED BUDGET | ADJUSTED BUDGET | YTD ACTUAL | YTD BUDGET | YTD VARIANCE | YTD VARIANCE % | YTD ACTUAL EXPENDITURE % |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|----------------|--------------------------|
| Municipal Infrastructure Grant (MIG) | 225 678 261 | 231 986 975 | 231 986 975 | 231 986 975 | - | 0% | 100% |
| Regional Bulk Infrastructure (RBIG) | 13 258 261 | 219 494 016 | 219 494 016 | 219 494 016 | - | 0% | 100% |
| Water services Infrastructure Grant (WSIG) | 82 608 696 | 76 994 312 | 76 994 312 | 76 994 312 | - | 0% | 100% |
| Rural Roads Asset Managemnt Systems Grant | 2 184 249 | 2 184 249 | 2 184 249 | 2 184 249 | - | 0% | 100% |
| Kwamajomela Manufacturing Centre Grant | - | 1 427 667 | 1 427 667 | 1 427 667 | - | 0% | 100% |
| Indonsa | | 30 000 | | 30 000 | -30 000.00 | -100% | 0% |
| TSUCM COGTA Boreholes | | 2 608 696 | 1 368 885 | 2 608 696 | -1 239 811.18 | -48% | 52% |
| Other Assets | 8 391 303 | 10 049 252 | 6 390 713 | 10 049 252 | -3 658 538.52 | -36% | 64% |
| Total Operating Expenditure | 332 120 770 | 544 775 167 | 539 846 817 | 544 775 167 | -4 928 350 | -1% | 99% |

No expenditure on RRAMS, Indonsa to date.

Capital Grant Expenditure as per MFMA circular no. 58

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

| CAPITAL GRANTS EXPENDITURE (INCLUDING VAT AS PER MFMA CIRCULAR NO. 58) | APPROVED BUDGET | ADJUSTED BUDGET | YTD ACTUAL | YTD BUDGET | YTD VARIANCE | YTD VARIANCE % | YTD ACTUAL EXPENDITURE % |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|----------------|-----------------------------|
| Municipal Infrastructure Grant (MIG) | 259 530 000 | 259 530 000 | 259 530 000 | 259 530 000 | - | 0% | 100% |
| Regional Bulk Infrastructure (RBIG) | 15 247 000 | 250 247 000 | 250 247 000 | 250 247 000 | -0 | 0% | 100% |
| Water services infrastructure Grant (WSIG) | 95 000 000 | 95 000 000 | 95 000 000 | 95 000 000 | -0 | 0% | 100% |
| Rural Roads Asset Managemnt Systems Grant | 2 529 000 | 2 511 887 | 2 511 887 | 2 511 887 | - | 0% | 100% |
| Kwamajomela Manuafacturing Centre Grant | 1 641 817 | 1 641 817 | 1 641 817 | 1 641 817 | - | 0% | 100% |
| TSUCM COGTA Boreholes | - | 3 000 000 | 1 554 104 | 3 000 000 | -1 445 896 | -48% | 52% |
| Total Capital Grant Expenditure | 373 947 817 | 611 930 704 | 610 484 808 | 611 930 704 | -1 445 896 | 0% | 100% |

Overall capital grant expenditure is sitting at **100%** of the approved adjusted capital budget, **MIG** is sitting at **100%**, **RBIG** at **100%**, **WSIG** at **100%**, **RAMS** at **100%**, **KwaMajomela Manufacturing Centre** at **100%** and **Indonsa Art Centre** at **0%** and **COGTA Boreholes Intervention** is **52%**.

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 - M12 June

| 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 | 3 366 | 53 998 | 56 253 | (2 255) | -4% | 56 253 |
| Investment revenue | 3 705 | 6 000 | 3 000 | 2 628 | 6 722 | 3 000 | 3 722 | 124% | 3 000 |
| Transfers and subsidies | 537 979 | 601 306 | 645 690 | 22 301 | 657 740 | 645 690 | 12 050 | 2% | 645 690 |
| Other own revenue | 1 817 | 1 129 | 2 041 | 2 946 | 5 432 | 2 041 | 3 391 | 166% | 2 041 |
| Total Revenue (excluding capital transfers and contributions) | 594 501 | 688 935 | 706 984 | 31 241 | 723 893 | 706 984 | 16 909 | 2% | 706 984 |
| Employee costs | 263 669 | 268 152 | 269 987 | 23 738 | 274 438 | 269 987 | 4 451 | 2% | 269 987 |
| Remuneration of Councillors | 8 616 | 8 771 | 9 021 | 727 | 9 275 | 9 021 | 254 | 3% | 9 021 |
| Depreciation & asset impairment | 101 119 | 80 000 | 80 000 | 9 547 | 97 599 | 80 000 | 17 599 | 22% | 80 000 |
| Finance charges | 399 | – | 88 | 23 | 196 | 88 | 108 | 123% | 88 |
| Inventory consumed and bulk purchases | 22 023 | 33 320 | 30 008 | 8 014 | 34 791 | 30 008 | 4 783 | 16% | 30 008 |
| Transfers and subsidies | 11 295 | 3 070 | 4 857 | 694 | 4 248 | 4 857 | (609) | -13% | 4 857 |
| Other expenditure | 471 845 | 232 848 | 324 116 | 70 830 | 415 680 | 324 116 | 91 564 | 28% | 324 116 |
| Total Expenditure | 878 966 | 626 161 | 718 077 | 113 573 | 836 228 | 718 077 | 118 151 | 16% | 718 077 |
| Surplus/(Deficit) | (284 466) | 62 774 | (11 094) | (82 332) | (112 336) | (11 094) | (101 242) | 913% | (11 094) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 611 248 | 372 306 | 611 948 | 155 003 | 610 502 | 611 948 | (1 446) | -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 | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | (102 688) | -17% | 600 854 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | | – |
| Surplus/ (Deficit) for the year | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | (102 688) | -17% | 600 854 |
| Capital expenditure & funds sources | | | | | | | | | |
| Capital expenditure | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |
| Capital transfers recognised | 471 595 | 323 770 | 530 137 | 142 632 | 528 863 | 530 137 | (1 274) | -0% | 530 137 |
| Borrowing | – | – | – | – | – | – | – | | – |
| Internally generated funds | 13 258 | 8 391 | 10 049 | 445 | 6 391 | 10 049 | (3 659) | -36% | 10 049 |
| Total sources of capital funds | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |
| Financial position | | | | | | | | | |
| Total current assets | 137 483 | 338 914 | 275 232 | | 195 376 | | | | 275 232 |
| Total non current assets | 4 601 310 | 4 188 965 | 5 387 169 | | 5 038 492 | | | | 5 387 169 |
| Total current liabilities | 355 836 | 262 650 | 386 374 | | 413 657 | | | | 386 374 |
| Total non current liabilities | 42 112 | 33 904 | 43 932 | | 41 810 | | | | 43 932 |
| Community wealth/Equity | 4 340 844 | 3 834 563 | 4 666 623 | | 4 710 957 | | | | 4 666 623 |
| Cash flows | | | | | | | | | |
| Net cash from (used) operating | 466 705 | 587 963 | 815 257 | 96 055 | 1 339 685 | 815 257 | (524 428) | -64% | 815 257 |
| Net cash from (used) investing | (484 853) | (332 162) | (541 793) | (143 077) | (535 254) | (541 793) | (6 539) | 1% | (541 793) |
| Net cash from (used) financing | – | – | (902) | (299) | (1 163) | (902) | 261 | -29% | (902) |
| Cash/cash equivalents at the month/year end | 1 910 | 328 477 | 293 031 | – | 823 737 | 293 031 | (530 706) | -181% | 293 031 |
| 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 | 9 791 | 3 627 | 3 446 | 4 080 | 3 896 | 2 597 | 16 690 | 157 108 | 201 235 |
| Creditors Age Analysis | | | | | | | | | |
| Total Creditors | 1 183 | – | – | – | – | – | – | – | 1 183 |

DC26 Zululand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|----------|------------------|---------------------|------------------|----------------|------------------|------------------|------------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | 1 | | | | | | | | | |
| Revenue - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 530 987 | 594 535 | 636 370 | 27 145 | 659 150 | 636 370 | 22 780 | 4% | 636 370 |
| Executive and council | | – | – | – | – | – | – | – | – | – |
| Finance and administration | | 530 987 | 594 535 | 636 370 | 27 145 | 659 150 | 636 370 | 22 780 | 4% | 636 370 |
| Internal audit | | – | – | – | – | – | – | – | – | – |
| <i>Community and public safety</i> | | 2 011 | 2 011 | 2 299 | 860 | 2 066 | 2 299 | (233) | -10% | 2 299 |
| Community and social services | | 2 011 | 1 911 | 2 243 | 820 | 1 978 | 2 243 | (265) | -12% | 2 243 |
| Sport and recreation | | – | – | – | – | – | – | – | – | – |
| Public safety | | – | – | – | – | – | – | – | – | – |
| Housing | | – | – | – | – | – | – | – | – | – |
| Health | | – | 100 | 56 | 39 | 88 | 56 | 32 | 57% | 56 |
| <i>Economic and environmental services</i> | | 9 606 | 5 316 | 6 958 | 1 995 | 4 171 | 6 958 | (2 787) | -40% | 6 958 |
| Planning and development | | 9 606 | 5 316 | 6 958 | 1 995 | 4 171 | 6 958 | (2 787) | -40% | 6 958 |
| Road transport | | – | – | – | – | – | – | – | – | – |
| Environmental protection | | – | – | – | – | – | – | – | – | – |
| <i>Trading services</i> | | 686 941 | 458 879 | 672 805 | 156 240 | 668 992 | 672 805 | (3 812) | -1% | 672 805 |
| Energy sources | | – | – | – | – | – | – | – | – | – |
| Water management | | 674 336 | 446 379 | 657 441 | 154 949 | 654 090 | 657 441 | (3 351) | -1% | 657 441 |
| Waste water management | | 12 605 | 12 500 | 15 364 | 1 291 | 14 903 | 15 364 | (461) | -3% | 15 364 |
| Waste management | | – | – | – | – | – | – | – | – | – |
| <i>Other</i> | 4 | 511 | 500 | 500 | 5 | 16 | 500 | (484) | -97% | 500 |
| Total Revenue - Functional | 2 | 1 230 055 | 1 061 241 | 1 318 931 | 186 244 | 1 334 394 | 1 318 931 | 15 463 | 1% | 1 318 931 |
| Expenditure - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 255 470 | 225 404 | 297 924 | 50 638 | 314 162 | 297 924 | 16 238 | 5% | 297 924 |
| Executive and council | | 61 104 | 47 846 | 53 940 | 5 544 | 59 831 | 53 940 | 5 891 | 11% | 53 940 |
| Finance and administration | | 194 366 | 177 558 | 243 985 | 45 095 | 254 331 | 243 985 | 10 347 | 4% | 243 985 |
| Internal audit | | – | – | – | – | – | – | – | – | – |
| <i>Community and public safety</i> | | 24 796 | 25 580 | 26 719 | 3 455 | 26 852 | 26 719 | 133 | 0% | 26 719 |
| Community and social services | | 13 211 | 13 202 | 14 386 | 1 994 | 14 122 | 14 386 | (264) | -2% | 14 386 |
| Sport and recreation | | – | – | – | – | – | – | – | – | – |
| Public safety | | – | – | – | – | – | – | – | – | – |
| Housing | | – | – | – | – | – | – | – | – | – |
| Health | | 11 586 | 12 378 | 12 333 | 1 461 | 12 729 | 12 333 | 397 | 3% | 12 333 |
| <i>Economic and environmental services</i> | | 24 502 | 23 962 | 24 923 | 1 800 | 19 261 | 24 923 | (5 662) | -23% | 24 923 |
| Planning and development | | 24 502 | 23 962 | 24 923 | 1 800 | 19 261 | 24 923 | (5 662) | -23% | 24 923 |
| Road transport | | – | – | – | – | – | – | – | – | – |
| Environmental protection | | – | – | – | – | – | – | – | – | – |
| <i>Trading services</i> | | 566 315 | 337 266 | 355 720 | 56 733 | 466 830 | 355 720 | 111 110 | 31% | 355 720 |
| Energy sources | | – | – | – | – | – | – | – | – | – |
| Water management | | 558 489 | 332 231 | 350 587 | 56 194 | 460 730 | 350 587 | 110 143 | 31% | 350 587 |
| Waste water management | | 7 826 | 5 035 | 5 133 | 539 | 6 100 | 5 133 | 967 | 19% | 5 133 |
| Waste management | | – | – | – | – | – | – | – | – | – |
| <i>Other</i> | | 7 882 | 13 948 | 12 791 | 947 | 9 123 | 12 791 | (3 668) | -29% | 12 791 |
| Total Expenditure - Functional | 3 | 878 966 | 626 161 | 718 077 | 113 573 | 836 228 | 718 077 | 118 151 | 16% | 718 077 |
| Surplus/ (Deficit) for the year | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | (102 688) | -17% | 600 854 |

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) - M12 June

| 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 | 20 184 | 60 272 | 45 034 | 15 238 | 33.8% | 45 034 |
| Vote 03 - Finance | | 530 539 | 594 185 | 591 836 | 6 966 | 598 894 | 591 836 | 7 058 | 1.2% | 591 836 |
| Vote 04 - Community Development | | 10 481 | 2 011 | 3 941 | 912 | 3 708 | 3 941 | (233) | -5.9% | 3 941 |
| Vote 05 - Planning & Wsa | | 603 289 | 383 610 | 621 610 | 154 951 | 617 377 | 621 610 | (4 233) | -0.7% | 621 610 |
| Vote 06 - Technical Services | | 9 612 | — | — | — | — | — | — | — | — |
| Vote 07 - Water Purification | | — | — | — | — | — | — | — | — | — |
| Vote 08 - Water Distribution | | 63 082 | 68 085 | 41 147 | 1 941 | 39 242 | 41 147 | (1 906) | -4.6% | 41 147 |
| Vote 09 - Waste Water | | 12 605 | 12 500 | 15 364 | 1 291 | 14 903 | 15 364 | (461) | -3.0% | 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 | 186 244 | 1 334 394 | 1 318 931 | 15 463 | 1.2% | 1 318 931 |
| Expenditure by Vote | 1 | | | | | | | | | |
| Vote 01 - Council | | 61 104 | 47 846 | 53 940 | 5 544 | 59 831 | 53 940 | 5 891 | 10.9% | 53 940 |
| Vote 02 - Corporate Services | | 124 394 | 98 375 | 160 536 | 33 890 | 184 418 | 160 536 | 23 882 | 14.9% | 160 536 |
| Vote 03 - Finance | | 70 809 | 79 473 | 84 966 | 11 201 | 62 970 | 84 966 | (21 996) | -25.9% | 84 966 |
| Vote 04 - Community Development | | 43 410 | 49 413 | 49 633 | 5 537 | 53 173 | 49 633 | 3 540 | 7.1% | 49 633 |
| Vote 05 - Planning & Wsa | | 62 982 | 23 285 | 29 034 | 3 533 | 25 807 | 29 034 | (3 228) | -11.1% | 29 034 |
| Vote 06 - Technical Services | | 29 532 | 5 992 | 6 152 | 1 147 | 8 864 | 6 152 | 2 711 | 44.1% | 6 152 |
| Vote 07 - Water Purification | | 48 620 | 36 762 | 37 479 | 4 240 | 51 732 | 37 479 | 14 253 | 38.0% | 37 479 |
| Vote 08 - Water Distribution | | 430 289 | 279 979 | 291 205 | 47 943 | 383 335 | 291 205 | 92 129 | 31.6% | 291 205 |
| Vote 09 - Waste Water | | 7 826 | 5 035 | 5 133 | 539 | 6 100 | 5 133 | 967 | 18.8% | 5 133 |
| Vote 10 - . | | — | — | — | — | — | — | — | — | — |
| Vote 11 - . | | — | — | — | — | — | — | — | — | — |
| Vote 12 - . | | — | — | — | — | — | — | — | — | — |
| Vote 13 - . | | — | — | — | — | — | — | — | — | — |
| Vote 14 - * | | — | — | — | — | — | — | — | — | — |
| Vote 15 - Other | | — | — | — | — | — | — | — | — | — |
| Total Expenditure by Vote | 2 | 878 966 | 626 161 | 718 077 | 113 573 | 836 228 | 718 077 | 118 151 | 16.5% | 718 077 |
| Surplus/ (Deficit) for the year | 2 | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | (102 688) | -17.1% | 600 854 |

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) - M12 June

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | Full Year Forecast |
|---|-----|------------------|---------------------|-----------------|-----------------|------------------|-----------------|------------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | |
| R thousands | | | | | | | | | | |
| Revenue By Source | | | | | | | | | | |
| Property rates | | | | | | | | - | | |
| Service charges - electricity revenue | | | | | | | | - | | |
| Service charges - water revenue | | 38 486 | 68 000 | 40 947 | 2 090 | 39 167 | 40 947 | (1 781) | -4% | 40 947 |
| Service charges - sanitation revenue | | 12 513 | 12 500 | 15 306 | 1 276 | 14 831 | 15 306 | (474) | -3% | 15 306 |
| Service charges - refuse revenue | | | | | | | | - | | |
| Rental of facilities and equipment | | 195 | 183 | 209 | (10) | 181 | 209 | (28) | -13% | 209 |
| Interest earned - external investments | | 3 705 | 6 000 | 3 000 | 2 628 | 6 722 | 3 000 | 3 722 | 124% | 3 000 |
| Interest earned - outstanding debtors | | 288 | 85 | 200 | (149) | 75 | 200 | (125) | -62% | 200 |
| Dividends received | | | | | | | | - | | |
| Fines, penalties and forfeits | | 209 | 150 | 58 | 57 | 177 | 58 | 119 | 205% | 58 |
| Licences and permits | | - | - | 73 | 28 | 88 | 73 | 15 | 21% | 73 |
| Agency services | | | | | | | | - | | |
| Transfers and subsidies | | 537 979 | 601 306 | 645 690 | 22 301 | 657 740 | 645 690 | 12 050 | 2% | 645 690 |
| Other revenue | | 1 085 | 711 | 1 501 | 71 | 1 962 | 1 501 | 461 | 31% | 1 501 |
| Gains | | 40 | - | - | 2 949 | 2 949 | - | 2 949 | #DIV/0! | - |
| Total Revenue (excluding capital transfers and contributions) | | 594 501 | 688 935 | 706 984 | 31 241 | 723 893 | 706 984 | 16 909 | 2% | 706 984 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | | 263 669 | 268 152 | 269 987 | 23 738 | 274 438 | 269 987 | 4 451 | 2% | 269 987 |
| Remuneration of councillors | | 8 616 | 8 771 | 9 021 | 727 | 9 275 | 9 021 | 254 | 3% | 9 021 |
| Debt impairment | | 20 001 | 14 000 | 14 000 | - | - | 14 000 | (14 000) | -100% | 14 000 |
| Depreciation & asset impairment | | 101 119 | 80 000 | 80 000 | 9 547 | 97 599 | 80 000 | 17 599 | 22% | 80 000 |
| Finance charges | | 399 | - | 88 | 23 | 196 | 88 | 108 | 123% | 88 |
| Bulk purchases - electricity | | - | - | - | - | - | - | - | | - |
| Inventory consumed | | 22 023 | 33 320 | 30 008 | 8 014 | 34 791 | 30 008 | 4 783 | 16% | 30 008 |
| Contracted services | | 318 040 | 106 388 | 195 115 | 50 892 | 257 678 | 195 115 | 62 562 | 32% | 195 115 |
| Transfers and subsidies | | 11 295 | 3 070 | 4 857 | 694 | 4 248 | 4 857 | (609) | -13% | 4 857 |
| Other expenditure | | 131 178 | 112 460 | 115 001 | 19 162 | 157 226 | 115 001 | 42 225 | 37% | 115 001 |
| Losses | | 2 627 | - | - | 776 | 776 | - | 776 | #DIV/0! | - |
| Total Expenditure | | 878 966 | 626 161 | 718 077 | 113 573 | 836 228 | 718 077 | 118 151 | 16% | 718 077 |
| Surplus/(Deficit) | | (284 466) | 62 774 | (11 094) | (82 332) | (112 336) | (11 094) | (101 242) | 0 | (11 094) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 611 248 | 372 306 | 611 948 | 155 003 | 610 502 | 611 948 | (1 446) | (0) | 611 948 |
| allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, | | | | | | | | - | | |
| Transfers and subsidies - capital (in-kind - all) | | 24 307 | - | - | - | - | - | - | | - |
| Surplus/(Deficit) after capital transfers & contributions | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | | | 600 854 |
| Taxation | | | | | | | | - | | |
| Surplus/(Deficit) after taxation | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | | | 600 854 |
| Attributable to minorities | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | | | 600 854 |
| Share of surplus/ (deficit) of associate | | | | | | | | | | |
| Surplus/ (Deficit) for the year | | 351 089 | 435 080 | 600 854 | 72 671 | 498 166 | 600 854 | | | 600 854 |

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) - M12 June

| Vote Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | Full Year Forecast |
|---|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|----------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | |
| R thousands | 1 | | | | | | | | | |
| Multi-Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 01 - Council | | – | – | – | – | – | – | – | | – |
| Vote 02 - Corporate Services | | – | – | – | – | – | – | – | | – |
| Vote 03 - Finance | | – | – | – | – | – | – | – | | – |
| Vote 04 - Community Development | | – | – | – | – | – | – | – | | – |
| Vote 05 - Planning & Wsa | | – | – | – | – | – | – | – | | – |
| Vote 06 - Technical Services | | – | – | – | – | – | – | – | | – |
| Vote 07 - Water Purification | | – | – | – | – | – | – | – | | – |
| Vote 08 - Water Distribution | | – | – | – | – | – | – | – | | – |
| Vote 09 - Waste Water | | – | – | – | – | – | – | – | | – |
| Vote 15 - Other | | – | – | – | – | – | – | – | | – |
| Total Capital Multi-year expenditure | 4,7 | – | – | – | – | – | – | – | | – |
| Single Year expenditure appropriation | 2 | | | | | | | | | |
| Vote 01 - Council | | 6 594 | – | – | 134 | 134 | – | 134 | #DIV/0! | – |
| Vote 02 - Corporate Services | | 3 746 | 3 261 | 3 341 | 49 | 517 | 3 341 | (2 825) | -85% | 3 341 |
| Vote 03 - Finance | | 2 918 | 478 | 478 | 92 | 121 | 478 | (358) | -75% | 478 |
| Vote 04 - Community Development | | 7 451 | 26 | 3 006 | – | 2 929 | 3 006 | (77) | -3% | 3 006 |
| Vote 05 - Planning & Wsa | | 464 144 | 327 657 | 532 592 | 142 632 | 531 073 | 532 592 | (1 519) | 0% | 532 592 |
| Vote 06 - Technical Services | | – | – | – | – | – | – | – | | – |
| Vote 07 - Water Purification | | – | 348 | 577 | 170 | 481 | 577 | (96) | -17% | 577 |
| Vote 08 - Water Distribution | | – | 391 | 191 | – | – | 191 | (191) | -100% | 191 |
| Vote 09 - Waste Water | | – | – | – | – | – | – | – | | – |
| Vote 15 - Other | | – | – | – | – | – | – | – | | – |
| Total Capital single-year expenditure | 4 | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |
| Total Capital Expenditure | | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| Governance and administration | | 13 258 | 3 652 | 3 732 | 275 | 771 | 3 732 | (2 961) | -79% | 3 732 |
| Executive and council | | 6 594 | – | – | 134 | 134 | – | 134 | #DIV/0! | – |
| Finance and administration | | 6 664 | 3 652 | 3 732 | 141 | 637 | 3 732 | (3 095) | -83% | 3 732 |
| Internal audit | | – | – | – | – | – | – | – | | – |
| Community and public safety | | 485 | 70 | 1 277 | – | 1 203 | 1 277 | (74) | -6% | 1 277 |
| Community and social services | | 485 | 70 | 1 277 | – | 1 203 | 1 277 | (74) | -6% | 1 277 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | – | – | – | – | – | – | – | | – |
| Housing | | – | – | – | – | – | – | – | | – |
| Health | | – | – | – | – | – | – | – | | – |
| Economic and environmental services | | 6 965 | 6 112 | 7 870 | 1 686 | 7 544 | 7 870 | (326) | -4% | 7 870 |
| Planning and development | | 6 965 | 6 112 | 7 870 | 1 686 | 7 544 | 7 870 | (326) | -4% | 7 870 |
| Road transport | | – | – | – | – | – | – | – | | – |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| Trading services | | 464 144 | 322 284 | 527 263 | 141 116 | 525 736 | 527 263 | (1 527) | 0% | 527 263 |
| Energy sources | | – | – | – | – | – | – | – | | – |
| Water management | | 464 144 | 322 284 | 527 263 | 141 116 | 525 736 | 527 263 | (1 527) | 0% | 527 263 |
| Waste water management | | – | – | – | – | – | – | – | | – |
| Waste management | | – | – | – | – | – | – | – | | – |
| Other | | – | 43 | 43 | – | – | 43 | (43) | -100% | 43 |
| Total Capital Expenditure - Functional Classification | 3 | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |
| Funded by: | | | | | | | | | | |
| National Government | | 464 144 | 323 744 | 526 070 | 142 632 | 526 067 | 526 070 | (4) | 0% | 526 070 |
| Provincial Government | | 7 451 | 26 | 4 066 | – | 2 797 | 4 066 | (1 270) | -31% | 4 066 |
| District Municipality | | – | – | – | – | – | – | – | | – |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, | | – | – | – | – | – | – | – | | – |
| Transfers recognised - capital | | 471 595 | 323 770 | 530 137 | 142 632 | 528 863 | 530 137 | (1 274) | 0% | 530 137 |
| Borrowing | 6 | – | – | – | – | – | – | – | | – |
| Internally generated funds | | 13 258 | 8 391 | 10 049 | 445 | 6 391 | 10 049 | (3 659) | -36% | 10 049 |
| Total Capital Funding | | 484 853 | 332 162 | 540 186 | 143 077 | 535 254 | 540 186 | (4 932) | -1% | 540 186 |

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 - M12 June

| 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 | 27 427 | 173 174 |
| Call investment deposits | | (480 000) | – | – | – | – |
| Consumer debtors | | 32 918 | 67 333 | 39 816 | 59 248 | 39 816 |
| Other debtors | | 81 540 | 28 773 | 59 684 | 96 675 | 59 684 |
| Current portion of long-term receivables | | – | – | – | – | – |
| Inventory | | 2 556 | 2 473 | 2 556 | 12 027 | 2 556 |
| Total current assets | | 137 483 | 338 914 | 275 232 | 195 376 | 275 232 |
| Non current assets | | | | | | |
| Long-term receivables | | – | – | – | – | – |
| Investments | | | | | | |
| Investment property | | | | | | |
| Investments in Associate | | | | | | |
| Property, plant and equipment | | 4 593 488 | 4 188 952 | 5 387 145 | 5 030 685 | 5 387 145 |
| Biological | | | | | | |
| Intangible | | 15 | 13 | 25 | (0) | 25 |
| Other non-current assets | | 7 807 | – | – | 7 807 | – |
| Total non current assets | | 4 601 310 | 4 188 965 | 5 387 169 | 5 038 492 | 5 387 169 |
| TOTAL ASSETS | | 4 738 792 | 4 527 879 | 5 662 401 | 5 233 868 | 5 662 401 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Bank overdraft | | – | – | – | – | – |
| Borrowing | | 902 | – | – | (261) | – |
| Consumer deposits | | 3 621 | 3 633 | 3 621 | 3 623 | 3 621 |
| Trade and other payables | | 348 935 | 257 262 | 380 375 | 407 918 | 380 375 |
| Provisions | | 2 378 | 1 755 | 2 378 | 2 378 | 2 378 |
| Total current liabilities | | 355 836 | 262 650 | 386 374 | 413 657 | 386 374 |
| 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 | 296 554 | 430 306 | 455 467 | 430 306 |
| NET ASSETS | 2 | 4 340 844 | 4 231 325 | 5 232 095 | 4 778 401 | 5 232 095 |
| COMMUNITY WEALTH/EQUITY | | | | | | |
| Accumulated Surplus/(Deficit) | | 4 340 844 | 3 834 563 | 4 666 623 | 4 710 957 | 4 666 623 |
| Reserves | | – | – | – | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 4 340 844 | 3 834 563 | 4 666 623 | 4 710 957 | 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 30 June 2023 indicate bank balance of **R27.4 million**

Call Investments Deposits

Call investments as at 30 June 2023 is **R0 million**.

Consumer debtors

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R59.2 million**. Debtors age analysis as per section 2.1 debtors' analysis is **R201.2 million**. Consumer debtors amount to **R195.6 million** and the balance of **R5.5 million** is for shared services casted in Other Debtors.

| | |
|-----------------------------|----------------------|
| Gross Consumer debtors | R195.6 million |
| Less Impairment | (R136.4 million) |
| Net Consumer Debtors | R59.2 million |

Classification of Consumer Debtors per Service type

| | |
|--------------------------|----------------------|
| Water Debtors | R48.8 million |
| Sanitation Debtors | R10.3 million |
| Property Rentals Debtors | R88.3 thousand |
| Other Consumer debtors | R21.1 thousand |
| Total | R59.2 million |

➤ **Water Debtors**

Net Water debtors after considering provision for bad debts amount to **R48.8 million**.
Water debtors are amounts owed by consumers for water services billed.

| | |
|--------------------------|----------------------|
| Gross Water Debtors | R152.8 million |
| Less Impairment | (104 million) |
| Net Water Debtors | R48.8 million |

➤ **Sanitation Debtors**

Net Sanitation debtors after considering provision for bad debts amount to **R10 million**.
Sanitation debtors are amounts owed by consumers for sewer services billed.

| | |
|-------------------------------|----------------------|
| Gross Sanitation Debtors | R42.7 million |
| Less Impairment | (R32.4 million) |
| Net Sanitation Debtors | R10.3 million |

➤ **Property Rentals Debtors**

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

| | |
|---------------------|----------------|
| Property Rental | R88.3 thousand |
| Less Impairment | (R0 thousand) |
| Net Property rental | R88.3 thousand |

➤ **Other Consumer debtors**

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

| | |
|--------------------------|-----------------------|
| Gross Other Debtors | R33 thousand |
| Less Impairment | (R11.9) |
| Net Other Debtors | R21.1 thousand |

Classification of Consumer Debtors per Customer group

| | |
|---|-----------------------|
| Households | R165.3 million |
| Commercial/Businesses | R 13.8 million |
| Organs of State (excl shared services of R5.5 mill) | R 16.5 million |
| Total | R195.6 million |

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

| | |
|------------------------------|----------------------|
| Gross Households debtors | R165.3 million |
| Less Impairment | (R136.4 million) |
| Net Household debtors | R28.9 million |

Other debtors

Other debtors are debtors that arise from non-exchange transactions, the balance for the reporting period is **R96.6 million**.

| | |
|--|----------------------|
| VAT Receivable | R69.3 million |
| Deposits Made | R16.7 million |
| Refunds & under/over banking | R7.6 million |
| Overpayments/Accrued Income/UIFW Expenditure | R2.2 million |
| Prepaid Expenses | R564 thousand |
| Insurance claims | R15.1 thousand |
| Salary advance | R61.8 thousand |
| Total | R96.6 million |

➤ **VAT Receivable**

VAT Receivable amount to **R69.3 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 **R583 thousand**, this amount include Eskom deposits, Federal Air Deposits and Stowell Deposits.

| | |
|---------------------------------|---------------|
| Eskom Deposits | R16.3 million |
| Andrew Miller & Assos. Deposits | R200 thousand |
| Stowel Deposits | R200 thousand |
| Property 165 President Str. | R 2 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 **R7.6 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 | R5.5 million |
| Under/over banking | R2.1 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 include an amount of R4.7 million which has been provided for impairment because they are likely to be irrecoverable. The balance for overpayments of R906.9 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 – Reversal 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 **R15.1 thousand**. This amount consists of an outstanding claim.

➤ **Salary advance**

Salary advances amounts to **R61.8 thousand**. This amount consists of advanced employee costs.

Inventory

The current level of inventory is **R12 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 **R4.7 million**.

| | |
|------------------------|---------------------|
| Opening balance | R4.6 billion |
| Additions | R535 million |
| Depreciation | (R97.5 million) |
| Closing Balance | R5 billion |

Intangible

Intangible assets include software licenses owned by the Municipality; the current balance of intangible assets is **R0 thousand**.

| | |
|-----------------|--------------------|
| Opening balance | R0 thousand |
| Additions | R 0 |
| Depreciation | (R0) |
| Closing Balance | R0 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 **R261 thousand**.

| | |
|-----------------|--------------------------|
| Opening balance | (R901.7 thousand) |
| Payment | R1.1. million |
| Closing Balance | R261 thousand |

Consumer deposits

Consumer deposits are deposit amounts of customers that have accounts with the municipality, the current balance is **R3.6 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 **R407.9 million**.

| | |
|----------------------------------|-----------------------|
| Trade Creditors | R221.6 million |
| Unspent Conditional Grants | R2.6 million |
| Retention | R60.1 million |
| Department of Water & Sanitation | R70.4 million |
| Output VAT | R10.7 million |
| Leave accrued | R19 million |
| Bonus | R5.4 million |
| Employee related cost | R380 thousand |
| Advance Payments | R3.7 million |
| Salary Suspense Accounts | R64.1 thousand |
| Other Suspense account | R150 thousand |
| Water tankers | R11.8 million |
| Other trade creditors | R63.9 thousand |
| Zanamanzi | R1.2 million |
| Fleet Suspense | R320 thousand |
| Closing Balance | R407.9 million |

Current Provision

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

| | |
|---------------------------------------|----------------|
| Post Retirement benefit (Medical aid) | R 405 thousand |
| Long service awards | R1.9 million |

NON-CURRENT LIABILITIES

Borrowings

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

The municipality is in lease contract with 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 **R4.7 billion**

DC26 Zululand - Table C7 Monthly Budget Statement - Cash Flow - M12 June

| 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 | 2 155 | 26 949 | 42 826 | (15 877) | -37% | 42 826 |
| Other revenue | | 1 070 817 | 80 905 | 125 227 | 26 165 | 1 387 268 | 125 227 | ##### | 1008% | 125 227 |
| Transfers and Subsidies - Operational | | 536 834 | 601 306 | 645 690 | 20 558 | 661 699 | 645 690 | 16 009 | 2% | 645 690 |
| Transfers and Subsidies - Capital | | 636 186 | 372 306 | 610 306 | - | 610 306 | 610 306 | - | | 610 306 |
| Interest | | 3 705 | 6 000 | 5 000 | 95 | 1 404 | 5 000 | (3 596) | -72% | 5 000 |
| Dividends | | | | | | | | - | | |
| Payments | | | | | | | | | | |
| Suppliers and employees | | (1 827 370) | (533 128) | (613 791) | 47 082 | (1 347 941) | (613 791) | 734 150 | -120% | (613 791) |
| Finance charges | | | | | | | | - | | |
| Transfers and Grants | | - | - | - | - | - | - | - | | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 466 705 | 587 963 | 815 257 | 96 055 | 1 339 685 | 815 257 | (524 428) | -64% | 815 257 |
| 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) | (143 077) | (535 254) | (541 793) | (6 539) | 1% | (541 793) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (484 853) | (332 162) | (541 793) | (143 077) | (535 254) | (541 793) | (6 539) | 1% | (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) | (299) | (1 163) | (902) | 261 | -29% | (902) |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | - | - | (902) | (299) | (1 163) | (902) | 261 | -29% | (902) |
| NET INCREASE/ (DECREASE) IN CASH HELD | | (18 148) | 255 801 | 272 563 | (47 322) | 803 268 | 272 563 | | | 272 563 |
| Cash/cash equivalents at beginning: | | 20 058 | 72 676 | 20 468 | (33 501) | 20 468 | 20 468 | | | 20 468 |
| Cash/cash equivalents at month/year end: | | 1 910 | 328 477 | 293 031 | | 823 737 | 293 031 | | | 293 031 |

MBRR Table C7 - Monthly Budget Statement Cash Flow Statement

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

CASHFLOW FROM OPERATING ACTIVITIES

Service charges

The Municipality has budgeted to collect **R42.8 million** on service charges, the estimated collection amount is based on the 65% collection rate. The collection rate is also based on previous years actual collection and initiatives the Municipality has taken to improve collection. The Municipality has collected **R26.9 million** to date. This is **62%** of budgeted collection and **49%** of year-to-date billing.

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 **R1.9 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 **R658.7 million**. This amount includes FMG, Equitable share and EPWP which were received thus far under Transfers and subsidies – Operational.

| | |
|--|----------------|
| Equitable share | R586.3 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 | R59.6 million |
| Local Government Sector Education and Training Authority | R108 thousand |

Local Government Sector Education and Training Authority
Art Centre Subsidies

R370 thousand
R53.9 thousand

TOTAL

R658.7 million

Transfers and subsidies – Capital

Transfers and subsidies - Capital are expected to be received as per DoRA, and as per transfer schedule issued by National Treasury. Capital grants have been received to date, Transfers and subsidies Capital are **R610.3 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 2.5 million |
| COGTA Boreholes Grant | R 3 million |
| TOTAL | R610.3 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 **R1.4 million**. Interest on investment revenue on table C4 is **R6.7 million**.

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 **R535.2 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. Cash and cash equivalents to date is **R27.4 million**.

PART 2 – SUPPORTING DOCUMENTATION

2.1. DEBTORS ANALYSIS

Debtors age analysis as of 30 June 2023

DC26 Zululand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

| Description | NT Code | Budget Year 2022/23 | | | | | | | | | | | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
|---|---------|---------------------|------------|------------|-------------|-------------|-------------|--------------|----------|---------|--------------------|---|--|---|
| | | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total | Total over 90 days | | | |
| R thousands | | | | | | | | | | | | | | |
| Debtors Age Analysis By Income Source | | | | | | | | | | | | | | |
| Trade and Other Receivables from Exchange Transactions - Water | 1200 | 6 985 | 2 684 | 2 506 | 3 065 | 2 968 | 1 976 | 12 867 | 119 259 | 152 310 | 140 135 | - | - | (104 008) |
| 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 | 1 920 | 792 | 745 | 771 | 670 | 599 | 3 340 | 33 898 | 42 736 | 39 279 | - | - | (32 450) |
| Receivables from Exchange Transactions - Waste Management | 1600 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest on Arrear Debtor Accounts | 1810 | 45 | 26 | 26 | 23 | 21 | 20 | 93 | 277 | 531 | 434 | - | - | - |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | 1900 | 840 | 125 | 170 | 222 | 237 | 2 | 389 | 3 673 | 5 658 | 4 523 | - | - | - |
| Total By Income Source | 2000 | 9 791 | 3 627 | 3 446 | 4 080 | 3 896 | 2 597 | 16 690 | 157 108 | 201 235 | 184 371 | - | - | (136 458) |
| 2021/22 - totals only | | | | | | | | | | - | - | | | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | | | | |
| Organs of State | 2200 | 3 190 | 1 011 | 809 | 986 | 779 | 349 | 3 662 | 11 238 | 22 024 | 17 014 | - | - | - |
| Commercial | 2300 | 1 360 | 411 | 418 | 457 | 359 | 389 | 1 511 | 8 926 | 13 830 | 11 642 | - | - | - |
| Households | 2400 | 5 240 | 2 205 | 2 220 | 2 637 | 2 759 | 1 859 | 11 516 | 136 944 | 165 380 | 155 715 | - | - | (136 458) |
| Other | 2500 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total By Customer Group | 2600 | 9 791 | 3 627 | 3 446 | 4 080 | 3 896 | 2 597 | 16 690 | 157 108 | 201 235 | 184 371 | - | - | (136 458) |

Total debtors' amount to **R201.2 million**, which is an decrease of **R1.8 million** from the closing balance of **R202.4 million** in previous month. The debtors over 90 days amount to **R184.3 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 30 June 2023

DC26 Zululand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

| 2022/23 Budget Statement - aged creditors - in 12 cells | | | | | | | | | | | |
|---|---------|---------------------|--------------|--------------|---------------|----------------|----------------|-------------------|-------------|-------|---|
| Description | NT Code | Budget Year 2022/23 | | | | | | | | | Prior year totals for chart (same period) |
| | | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 Days | 121 - 150 Days | 151 - 180 Days | 181 Days - 1 Year | Over 1 Year | Total | |
| R thousands | | | | | | | | | | | |
| Creditors Age Analysis By Customer Type | | | | | | | | | | | |
| Bulk Electricity | 0100 | | | | | | | | | - | |
| Bulk Water | 0200 | | | | | | | | | - | |
| PAYE deductions | 0300 | | | | | | | | | - | |
| VAT (output less input) | 0400 | | | | | | | | | - | |
| Pensions / Retirement deductions | 0500 | | | | | | | | | - | |
| Loan repayments | 0600 | | | | | | | | | - | |
| Trade Creditors | 0700 | 1 183 | - | - | - | - | - | - | - | 1 183 | |
| Auditor General | 0800 | | | | | | | | | - | |
| Other | 0900 | | | | | | | | | - | |
| Total By Customer Type | 1000 | 1 183 | - | - | - | - | - | - | - | 1 183 | |

2.3 INVESTMENT PORTFOLIO

Investments as at 30 June 2023

DC26 Zululand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M12 June

| Investments by maturity | 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 | | | | | | | | | | | | | | |
| Municipality | | | | | | | | | | | | | | |
| Zululand District Municipality-ABSA | | 24 | Call account | Yes | Variable | 0.08075 | 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 tracker | Yes | Variable | 0.0853 | N/A | N/A | N/A | 175 000 | 191 925 | - | 25 000 | 200 000 |
| Zululand District Municipality-ABSA | | 90 | Investment tracker | Yes | Variable | 0.079 | N/A | N/A | N/A | 200 000 | 177 750 | - | 25 000 | 225 000 |
| Zululand District Municipality-ABSA | | | Investment tracker | Yes | Variable | 0.079 | N/A | N/A | N/A | 225 000 | - | 25 000 | - | 200 000 |
| Zululand District Municipality-ABSA | | 90 | Investment tracker | 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 | 0.08075 | N/A | N/A | N/A | 289 530 | 228 926 | - | 45 000 | 334 530 |
| Zululand District Municipality-ABSA | | 6 | Call account | Yes | Variable | 0.079 | N/A | N/A | N/A | 334 530 | - | 30 000 | - | 304 530 |
| Zululand District Municipality-Nedbank | | 39 | CIB Investment | Yes | Variable | 0.0823 | N/A | N/A | N/A | 304 530 | - | 25 000 | - | 279 530 |
| Zululand District Municipality-ABSA | | 44 | Investment tracker | Yes | Variable | 0.08075 | N/A | N/A | N/A | 279 530 | - | 50 000 | - | 229 530 |
| Zululand District Municipality-ABSA | | 41 | Call account | Yes | Variable | 0.079 | N/A | N/A | N/A | 229 530 | - | 60 000 | - | 169 530 |
| Zululand District Municipality-ABSA | | 48 | Call account | Yes | Variable | 0.079 | N/A | N/A | N/A | 169 530 | - | 35 000 | - | 134 530 |
| Zululand District Municipality-ABSA | | 47 | Investment tracker | Yes | Variable | 0.079 | N/A | N/A | N/A | 134 530 | - | 39 530 | - | 95 000 |
| Zululand District Municipality-Std Bank | | 76 | Investment | Yes | Variable | 0.08075 | N/A | N/A | N/A | 95 000 | - | 45 000 | - | 50 000 |
| Zululand District Municipality-Nedbank | | 39 | CIB Investment | Yes | Variable | 0.0823 | N/A | N/A | N/A | 50 000 | - | 25 000 | - | 25 000 |
| Zululand District Municipality-Std Bank | | 62 | Investment | Yes | Variable | 0.08075 | N/A | N/A | N/A | 25 000 | - | 25 000 | - | - |
| Municipality sub-total | | | | | | | | | | | - | - | - | - |
| Entities | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | - |
| | | | | | | | | | | | | | | - |
| Entities sub-total | | | | | | | | | | - | | - | - | - |
| TOTAL INVESTMENTS AND INTEREST | 2 | | | | | | | | | | - | - | - | - |

2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

Grants Receipts

DC26 Zululand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M12 June

| 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 | 1 290 | 596 108 | 598 895 | (2 787) | -0.5% | 598 895 |
| Energy Efficiency and Demand Side Management Grant | | – | – | – | – | – | – | – | – | – |
| Equitable Share | | 524 645 | 586 391 | 586 391 | 769 | 586 391 | 586 391 | – | 0.0% | 586 391 |
| Expanded Public Works Programme Integrated Grant | | 9 612 | 8 517 | 8 517 | – | 8 517 | 8 517 | – | 0.0% | 8 517 |
| Local Government Financial Management Grant | | 1 200 | 1 200 | 1 200 | 521 | 1 200 | 1 200 | – | 0.0% | 1 200 |
| Municipal Disaster Relief Grant | | – | – | – | – | – | – | – | – | – |
| Municipal Infrastructure Grant | | – | – | – | – | – | – | – | – | – |
| Municipal Systems Improvement Grant | | – | 2 787 | 2 787 | – | – | 2 787 | (2 787) | -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 | 831 | 1 911 | 2 611 | (700) | -26.8% | 2 611 |
| Capacity Building and Other Grants | | 2 522 | 2 411 | 2 611 | 831 | 1 911 | 2 611 | (700) | -26.8% | 2 611 |
| Other transfers and grants [insert description] | | – | – | – | – | – | – | – | – | – |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| [insert description] | | – | – | – | – | – | – | – | – | – |
| Other grant providers: | | – | – | 44 184 | 20 179 | 59 721 | 44 184 | 15 537 | 35.2% | 44 184 |
| Electricity Distribution Industry Holdings | | – | – | 1 080 | (152) | – | 1 080 | (1 080) | -100.0% | 1 080 |
| KwazuluNatal Provincial Planning and Development Commission | | – | – | – | – | – | – | – | – | – |
| Local Government Water and Related Service SETA | | – | – | – | 108 | 108 | – | 108 | – | – |
| National Skills Fund | | – | – | 43 104 | 20 223 | 59 613 | 43 104 | 16 509 | 38.3% | 43 104 |
| Unspecified | | – | – | – | – | – | – | – | – | – |
| Total Operating Transfers and Grants | 5 | 537 979 | 601 306 | 645 690 | 22 301 | 657 740 | 645 690 | 12 050 | 1.9% | 645 690 |
| Capital Transfers and Grants | | | | | | | | | | |
| National Government: | | 603 289 | 372 306 | 607 306 | 154 951 | 607 306 | 607 306 | – | 0.0% | 607 306 |
| Municipal Disaster Relief Grant | | – | – | – | – | – | – | – | – | – |
| Municipal Infrastructure Grant | | 269 111 | 259 530 | 259 530 | 56 688 | 259 530 | 259 530 | – | 0.0% | 259 530 |
| Regional Bulk Infrastructure Grant | | 222 531 | 15 247 | 250 247 | 84 836 | 250 247 | 250 247 | – | 0.0% | 250 247 |
| Rural Road Asset Management Systems Grant | | 1 647 | 2 529 | 2 529 | 1 943 | 2 529 | 2 529 | – | 0.0% | 2 529 |
| Water Services Infrastructure Grant | | 110 000 | 95 000 | 95 000 | 11 484 | 95 000 | 95 000 | – | 0.0% | 95 000 |
| Provincial Government: | | 32 266 | – | 4 642 | 52 | 3 196 | 4 642 | (1 446) | -31.1% | 4 642 |
| Infrastructure Grant | | 32 266 | – | 4 642 | 52 | 3 196 | 4 642 | (1 446) | -31.1% | 4 642 |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| [insert description] | | – | – | – | – | – | – | – | – | – |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| [insert description] | | – | – | – | – | – | – | – | – | – |
| Unspecified | | – | – | – | – | – | – | – | – | – |
| Total Capital Transfers and Grants | 5 | 635 555 | 372 306 | 611 948 | 155 003 | 610 502 | 611 948 | (1 446) | -0.2% | 611 948 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 5 | 1 173 534 | 973 612 | 1 257 638 | 177 304 | 1 268 242 | 1 257 638 | 10 604 | 0.8% | 1 257 638 |

Grants are received as per transfer schedule and have been received as such with the exception of 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 - M12 June

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | | |
| EXPENDITURE | | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 765 037 | 551 382 | 582 326 | 83 700 | 684 390 | 582 326 | 102 064 | 17.5% | 582 326 |
| Energy Efficiency and Demand Side Management Grant | | – | – | – | – | – | – | – | | – |
| Equitable Share | | 674 775 | 541 665 | 566 354 | 79 818 | 655 210 | 566 354 | 88 856 | 15.7% | 566 354 |
| Expanded Public Works Programme Integrated Grant | | 24 299 | 8 517 | 8 517 | 1 202 | 21 725 | 8 517 | 13 208 | 155.1% | 8 517 |
| Local Government Financial Management Grant | | 1 200 | 1 200 | 1 200 | 587 | 1 200 | 1 200 | (0) | 0.0% | 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 | – | 15 | – | 15 | 15 | – | | 15 |
| Water Services Infrastructure Grant | | 20 929 | – | 6 240 | 2 094 | 6 240 | 6 240 | (0) | 0.0% | 6 240 |
| Provincial Government: | | 1 866 | 2 381 | 2 581 | 909 | 1 989 | 2 581 | (592) | -22.9% | 2 581 |
| Capacity Building and Other Grants | | 1 866 | 2 381 | 2 581 | 909 | 1 989 | 2 581 | (592) | -22.9% | 2 581 |
| District Municipality: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| Other grant providers: | | – | – | 60 773 | 19 886 | 59 428 | 60 773 | (1 345) | -2.2% | 60 773 |
| Electricity Distribution Industry Holdings | | – | – | 1 080 | (152) | – | 1 080 | (1 080) | -100.0% | 1 080 |
| KwazuluNatal Provincial Planning and Development Commission | | – | – | – | – | – | – | – | | – |
| Local Government Water and Related Service SETA | | – | – | – | 108 | 108 | – | 108 | | – |
| National Skills Fund | | – | – | 59 693 | 19 930 | 59 320 | 59 693 | (373) | -0.6% | 59 693 |
| Total operating expenditure of Transfers and Grants: | | 766 903 | 553 763 | 645 680 | 104 495 | 745 806 | 645 680 | 100 126 | 15.5% | 645 680 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 464 144 | 323 744 | 526 070 | 142 632 | 526 067 | 526 070 | (4) | 0.0% | 526 070 |
| Municipal Infrastructure Grant | | 194 381 | 225 678 | 227 398 | 49 691 | 227 398 | 227 398 | (0) | 0.0% | 227 398 |
| Regional Bulk Infrastructure Grant | | 194 437 | 13 258 | 219 494 | 83 272 | 219 494 | 219 494 | (0) | 0.0% | 219 494 |
| Rural Road Asset Management Systems Grant | | – | 2 199 | 2 184 | 1 686 | 2 180 | 2 184 | (4) | -0.2% | 2 184 |
| Water Services Infrastructure Grant | | 75 326 | 82 609 | 76 994 | 7 984 | 76 994 | 76 994 | (0) | 0.0% | 76 994 |
| Provincial Government: | | 7 451 | 26 | 4 066 | – | 2 797 | 4 066 | (1 270) | -31.2% | 4 066 |
| Infrastructure Grant | | 7 451 | 26 | 4 066 | – | 2 797 | 4 066 | (1 270) | -31.2% | 4 066 |
| District Municipality: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| Other grant providers: | | – | – | – | – | – | – | – | | – |
| | | | | | | | | – | | |
| Total capital expenditure of Transfers and Grants | | 471 595 | 323 770 | 530 137 | 142 632 | 528 863 | 530 137 | (1 274) | -0.2% | 530 137 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 1 238 498 | 877 534 | 1 175 817 | 247 128 | 1 274 670 | 1 175 817 | 98 853 | 8.4% | 1 175 817 |

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 | ADJUSTED BUDGET | YTD ACTUAL |
|--|------------------|------------------|------------------|
| Kwamajomela Manufacturing Centre Grant | 1 641 817 | 1 641 817 | 1 641 817 |
| Total Operating Grant Expenditure | 1 641 817 | 1 641 817 | 1 641 817 |

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 - M12 June

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

2.5 COUNCILLOR AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

DC26 Zululand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June

| Summary of Employee and Councillor remuneration | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | |
|--|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|--------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands | | | | | | | | | | |
| | 1 | A | B | C | | | | | | D |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Basic Salaries and Wages | | - | - | - | - | - | - | - | | - |
| Pension and UIF Contributions | | 514 | 661 | 661 | 41 | 509 | 661 | (152) | -23% | 661 |
| Medical Aid Contributions | | 44 | - | - | 5 | 53 | - | 53 | #DIV/0! | - |
| Motor Vehicle Allowance | | 1 727 | 1 805 | 1 805 | 152 | 1 889 | 1 805 | 84 | 5% | 1 805 |
| Cellphone Allowance | | 649 | 653 | 653 | 52 | 681 | 653 | 29 | 4% | 653 |
| Housing Allowances | | - | - | 180 | 15 | 360 | 180 | 180 | 100% | 180 |
| Other benefits and allowances | | 5 682 | 5 652 | 5 722 | 462 | 5 782 | 5 722 | 60 | 1% | 5 722 |
| Sub Total - Councillors | | 8 616 | 8 771 | 9 021 | 727 | 9 275 | 9 021 | 254 | 3% | 9 021 |
| % increase | 4 | | 1.8% | 4.7% | | | | | | 4.7% |
| Senior Managers of the Municipality | 3 | | | | | | | | | |
| Basic Salaries and Wages | | 5 002 | 6 555 | 6 555 | 446 | 5 352 | 6 555 | (1 203) | -18% | 6 555 |
| Pension and UIF Contributions | | 11 | 55 | 55 | 1 | 12 | 55 | (43) | -78% | 55 |
| Medical Aid Contributions | | 48 | 57 | 57 | - | 1 | 57 | (57) | -99% | 57 |
| Overtime | | - | - | - | - | - | - | - | | - |
| Performance Bonus | | - | - | - | - | 403 | - | 403 | #DIV/0! | - |
| Motor Vehicle Allowance | | 1 210 | 1 592 | 1 592 | 121 | 1 410 | 1 592 | (183) | -11% | 1 592 |
| Cellphone Allowance | | 191 | 210 | 210 | 20 | 218 | 210 | 8 | 4% | 210 |
| Housing Allowances | | - | - | - | - | - | - | - | | - |
| Other benefits and allowances | | 322 | 225 | 225 | 23 | 375 | 225 | 150 | 66% | 225 |
| Payments in lieu of leave | | 354 | - | - | - | 185 | - | 185 | #DIV/0! | - |
| Long service awards | | - | - | - | 23 | 23 | - | 23 | #DIV/0! | - |
| Post-retirement benefit obligations | 2 | | | | | | | - | | |
| Sub Total - Senior Managers of Municipality | | 7 138 | 8 695 | 8 695 | 633 | 7 977 | 8 695 | (717) | -8% | 8 695 |
| % increase | 4 | | 21.8% | 21.8% | | | | | | 21.8% |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 171 941 | 185 935 | 186 268 | 15 449 | 185 707 | 186 268 | (562) | 0% | 186 268 |
| Pension and UIF Contributions | | 22 997 | 25 886 | 25 871 | 2 096 | 24 866 | 25 871 | (1 006) | -4% | 25 871 |
| Medical Aid Contributions | | 13 624 | 13 597 | 13 597 | 1 295 | 14 976 | 13 597 | 1 379 | 10% | 13 597 |
| Overtime | | 7 099 | 4 619 | 6 136 | 502 | 6 445 | 6 136 | 309 | 5% | 6 136 |
| Performance Bonus | | 11 678 | 12 786 | 12 786 | 1 867 | 12 469 | 12 786 | (318) | -2% | 12 786 |
| Motor Vehicle Allowance | | 8 704 | 9 561 | 9 567 | 947 | 10 583 | 9 567 | 1 016 | 11% | 9 567 |
| Cellphone Allowance | | 663 | 670 | 670 | 67 | 779 | 670 | 110 | 16% | 670 |
| Housing Allowances | | 1 379 | 1 379 | 1 379 | 134 | 1 701 | 1 379 | 322 | 23% | 1 379 |
| Other benefits and allowances | | 8 941 | 524 | 517 | 442 | 4 878 | 517 | 4 360 | 843% | 517 |
| Payments in lieu of leave | | 3 223 | - | - | 233 | 2 087 | - | 2 087 | #DIV/0! | - |
| Long service awards | | 2 506 | - | 1 500 | 71 | 1 971 | 1 500 | 471 | 31% | 1 500 |
| Post-retirement benefit obligations | 2 | 3 775 | 4 500 | 3 000 | - | - | 3 000 | (3 000) | -100% | 3 000 |
| Sub Total - Other Municipal Staff | | 256 532 | 259 457 | 261 293 | 23 104 | 266 461 | 261 293 | 5 168 | 2% | 261 293 |
| % increase | 4 | | 1.1% | 1.9% | | | | | | 1.9% |
| Total Parent Municipality | | 272 286 | 276 923 | 279 008 | 24 465 | 283 713 | 279 008 | 4 705 | 2% | 279 008 |

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 - M12 June

| Ref | Description | Variance | Reasons for material deviations | Remedial or corrective steps/remarks |
|-----|---------------------------------------|----------|--|---|
| | R thousands | | | |
| 1 | Revenue By Source | | | |
| | Service charges – Water revenue | 4% | This is the amounts billed on customers for water used, the year-to-date actual is R39.1 million which is 96% of the approved adjusted budget. the R39.1 million year to date actual is below the twelve months baseline projection or year-to-date budget of R40.9 million. A variance of R1.7 million or 4% is observed. This is because of meter faulty | The budget for 2023-2024 will accommodate the correct billing by adding meters |
| | Service charges – Sanitation revenue | 3% | This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R14.8 million which is 97% of the approved adjusted budget. the R14.8 million year to date actual is below the twelve months baseline projection or year-to-date budget of R15.3 million. A variance of R474 thousand or 3% is observed. This is because of meter faulty | The budget for 2023-2024 will accommodate the correct billing by adding meters |
| | Rent of facilities | 13% | Rental of facilities is amounts billed for office space leased out, the year-to-date actual is R181 thousand which is 87% of the approved adjusted budget. the R181 thousand year to date actual is below the twelve months baseline projection or year-to-date budget of R209 thousand. A variance of R28 thousand or 13% is observed. | The municipality will budget more next financial year to meet the trend since it is no longer willing to lease parkhomes to tenants |
| | Interest on investment | 124% | Interest on investment is interest received when the Municipality makes cash investments, the year-to-date actual is R6.7 million which is 224% of the approved adjusted budget. The R6.7 million year to date actual is above the twelve months baseline projection or year-to-date budget of R3. million. A variance of R3.7 million or 124% is observed. This depend on the investment the municipality has made | Interest will be determined by interest rates from different banks |
| | Interest earned - outstanding debtors | 62% | Interest earned - outstanding debtors is charged on businesses for accounts in arrears. the year-to-date actual is R75 thousand which is 38% of the approved adjusted budget. The R75 thousand year to date actual is below the twelve months baseline projection or year-to-date budget of R200 thousand. A variance of R125 thousand or 62% 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. | The municipality must implement stringent measures to ensure businesses pay on time. |

DC26 Zululand - Supporting Table SC1 Material variance explanations - M12 June

| Ref | Description | Variance | Reasons for material deviations | Remedial or corrective steps/remarks |
|-----|--------------------------------|----------|---|--|
| | R thousands | | | |
| 1 | Revenue By Source | | | |
| | Fines, penalties, and forfeits | 205% | <p>Fines, penalties, and forfeits are mainly amounts charged on illegal connections. the year-to-date actual is R177 thousand which is 305% of the approved adjusted budget. the R177 thousand year to date actual is above the twelve months baseline projection or year-to-date budget of R58 thousand. A variance of R119 thousand or 205% is observed.</p> <p>Reasons for variances can be attributed to a negative indication that more consumers are illegally connected or a negative indication that some illegally connected consumers are not yet discovered.</p> | Municipality must keep up the disconnection of illegal connections. |
| | Licences and Permits | 20% | <p>Licences and permits year-to-date actual is R87 thousand which is 120% of the approved adjusted budget. the R87 thousand year to date actual is above the twelve months baseline projection or year-to-date budget of R73 thousand</p> | The municipality issue permits as requested by the user |
| | Transfers and subsidies | 2% | <p>The reason for variance between actual and budget is as following.</p> <ul style="list-style-type: none"> •The municipality has received the amount of R 16.5 million from NSF which is yet to be considered for adjustment. •There is a reduction of LGSETA grants which yet to be approved for adjustment. •Municipal systems improvement grant was never received. •There are grants which are unspent that were not recognised as revenue. <p>Reasons for variances can be attributed to nature of transfers and subsidies which depend on the transfer schedule and cannot be benchmarked against the year-to-date budget. Grants are not received monthly but in trenches as per approved transfer schedule.</p> | There is an additional amount which is yet to adjusted |
| | Other revenue | 31% | <p>Other revenue includes amounts for tender fees, skills development levy refund and any other revenue the Municipality may be entitled to receive such as sale of consumables. The year-to-date actual is R1.9 million which is 131% of the approved adjusted budget. The R1.9 million year to date actual is above the twelve months baseline projection or year-to-date budget of R1.5 million. Reasons for variances can be attributed to high quantity of sale of tender documents.</p> | The municipality has accomodated all other revenue in 2023-2024 budget |

DC26 Zululand - Supporting Table SC1 Material variance explanations - M12 June

| 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 R274.4 million which is 102% of the approved adjusted budget. the R274.4 million year to date actual is above the twelve months baseline projection or year-to-date budget of R269.9 million | Variance is less than 5% |
| | Remuneration of Councillors | 3% | Remuneration of Councillors are amounts paid for councilors allowances, service-related benefits and contributions. The year-to-date actual is R9.2 million which is 103% of the approved adjusted budget. the R9.2 million year to date actual is above the twelve months baseline projection or year-to-date budget of R9. million. | Variance is less than 5% |
| | 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 treasuries recommend that the assessment and calculations be done monthly. | Municipality calculate debt impairment once at year end, currently we are busy with calculation. |
| | Depreciation | 22% | This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R97.5 million which is 122% of the approved adjusted budget. the R97.5 million year to date actual is above the twelve months baseline projection or year-to-date budget of R80 million. . Reasons for variances can be attributed to depreciation being under budgeted. | The municipality will budget more next financial year to meet the trend |
| | Finance charges | 123% | Finance charges are amounts for interest paid on overdue accounts and finance lease for laptops. The year-to-date actual is R196 thousand which is 223% of the approved adjusted budget. the R196 thousand year to date actual is above the twelve months baseline projection or year-to-date budget of R88 thousand. | The municipality has budgeted more for next financial year to meet the trend |
| | 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. | |

DC26 Zululand - Supporting Table SC1 Material variance explanations - M12 June

| Ref | Description | Variance | Reasons for material deviations | Remedial or corrective steps/remarks |
|-----|-------------------------------|----------|---|--|
| | R thousands | | | |
| 2 | Expenditure By Type | | | |
| | Inventory Consumed | 16% | 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 R34.7 million which is 116% of the approved adjusted budget. The R34.7 million year to date actual is below the twelve months baseline projection or year-to-date budget of R30.million. | The municipality has budgeted more next financial year to meet the trend |
| | Contracted services | 32% | Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R257.6 million which is 132% of the approved adjusted budget. The R257.6 million year to date actual is above the twelve months baseline projection or year-to-date budget of R195.1 million. Reasons for variances can be attributed to under budgeting of contracted services and SLA commitments not reconciling with what is available on the budget. | The municipality will have review the SLA and budget according to costs of the SLA |
| | Transfers and subsidies paid. | 13% | 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 R4.2 million which is 87% of the approved adjusted budget. The R4.2 million year to date actual is a little below the twelve months baseline projection or year-to-date budget of R4.8 million. Reasons for variances can be attributed to the nature of this expenditure item, this expenditure item is incurred as and when needed and cannot be benchmarked on a straight-line method. | this expenditure item is incurred as and when needed and cannot be benchmarked on a straight-line method. |
| | Other expenditure | 37% | Other expenditure is all other expenditure not classified above. The year-to-date actual is R157.2 million which is 136% of the approved adjusted budget. The R157.2 million year to date actual is above the twelve months baseline projection or year-to-date budget of R115 million. | It is imperative that the municipality monitor closely this expenditure item and implement strategies to reduce costs. Other expenditure includes expenses such as ESKOM, fuel, municipal services, Subsistence and travelling, audit fees, etc. |

DC26 Zululand - Supporting Table SC1 Material variance explanations - M12 June

| Ref | Description | Variance | Reasons for material deviations | Remedial or corrective steps/remarks |
|-----|-------------------------------------|----------|--|--|
| | R thousands | | | |
| 3 | Capital Expenditure | | | |
| | Governance and administration | 79% | Governance and administration year-to-date actual is R771 thousand which is 21% of the adjusted budget. the R771 thousand year to date actual is below the twelve months baseline projection or year-to-date budget of R3.7 million. | The municipality will adhere to budget targets |
| | Community and public safety | 6% | Community and public safety year-to-date actual is R1.2 million which is 94% of the adjusted budget. the R1.2 million year to date actual is below the twelve months baseline projection or year-to-date budget of R1.27 million. | The municipality will adhere to budget targets |
| | Economic and environmental services | 4% | Economic and environmental services year-to-date actual is R7.5 million which is 96% of the adjusted budget. the R7.5 million year to date actual is below the twelve months baseline projection or year-to-date budget of R7.8 million. There is slow movement in RRAMS expenditure. | |
| | Trading services | 1% | Trading services year-to-date actual is R525.7 million which is 99% of the adjusted budget. the R525.7 million year to date actual is below the twelve months baseline projection or year-to-date budget of R527.2 million. This includes expenditure of all capital grants which is 99%. | |
| | 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 twelve months baseline projection or year-to-date budget of R43 thousand | The municipality will adhere to budget targets |

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 - M12 June

| 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 | 66 800 | 70 518 | 264 547 | 400 666 | 136 119 | 34.0% | 0 |
| May | 40 404 | 27 680 | 66 800 | 127 629 | 392 177 | 467 466 | 75 289 | 16.1% | 0 |
| June | 40 404 | 27 680 | 72 720 | 143 077 | 535 254 | 540 186 | 4 932 | 0.9% | 0 |
| Total Capital expenditure | 484 853 | 332 162 | 540 186 | 535 254 | | | | | |

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 - M12 June

| Description | Ref | 2021/22 | Budget Year 2022/23 | | | | | | | Full Year Forecast |
|---|----------|-----------------|---------------------|-----------------|----------------|----------------|----------------|--------------|----------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | |
| R thousands | 1 | | | | | | | | | |
| Capital expenditure on new assets by Asset Class/Sub-class | | | | | | | | | | |
| Infrastructure | | 464 144 | 327 657 | 532 592 | 142 632 | 531 073 | 532 592 | 1 519 | 0.3% | 532 592 |
| Roads Infrastructure | | — | 6 112 | 6 097 | 1 686 | 5 818 | 6 097 | 279 | 4.6% | 6 097 |
| Roads | | — | 6 112 | 6 097 | 1 686 | 5 818 | 6 097 | 279 | 4.6% | 6 097 |
| Capital Spares | | — | — | — | — | — | — | — | — | — |
| Storm water Infrastructure | | — | — | — | — | — | — | — | — | — |
| Attenuation | | — | — | — | — | — | — | — | — | — |
| Electrical Infrastructure | | — | — | — | — | — | — | — | — | — |
| Capital Spares | | — | — | — | — | — | — | — | — | — |
| Water Supply Infrastructure | | 464 144 | 321 545 | 504 718 | 140 536 | 503 478 | 504 718 | 1 240 | 0.2% | 504 718 |
| Dams and Weirs | | — | — | — | — | — | — | — | — | — |
| Boreholes | | 8 702 | — | 70 054 | 29 955 | 68 814 | 70 054 | 1 240 | 1.8% | 70 054 |
| Reservoirs | | — | — | 11 071 | 2 409 | 11 071 | 11 071 | 0 | 0.0% | 11 071 |
| Pump Stations | | — | — | — | — | — | — | — | — | — |
| Water Treatment Works | | 74 910 | — | 63 564 | 8 703 | 63 564 | 63 564 | 0 | 0.0% | 63 564 |
| Bulk Mains | | 220 648 | 321 545 | 323 696 | 95 612 | 323 696 | 323 696 | 0 | 0.0% | 323 696 |
| Distribution | | 159 884 | — | 36 333 | 3 857 | 36 333 | 36 333 | 0 | 0.0% | 36 333 |
| Distribution Points | | — | — | — | — | — | — | — | — | — |
| Sanitation Infrastructure | | — | — | 21 777 | 411 | 21 777 | 21 777 | 0 | 0.0% | 21 777 |
| Pump Station | | — | — | — | — | — | — | — | — | — |
| Reticulation | | — | — | 21 777 | 411 | 21 777 | 21 777 | 0 | 0.0% | 21 777 |
| Solid Waste Infrastructure | | — | — | — | — | — | — | — | — | — |
| Capital Spares | | — | — | — | — | — | — | — | — | — |
| Rail Infrastructure | | — | — | — | — | — | — | — | — | — |
| Capital Spares | | — | — | — | — | — | — | — | — | — |
| Coastal Infrastructure | | — | — | — | — | — | — | — | — | — |
| Sand Pumps | | — | — | — | — | — | — | — | — | — |
| Information and Communication Infrastructure | | — | — | — | — | — | — | — | — | — |
| Data Centres | | — | — | — | — | — | — | — | — | — |
| Community Assets | | 6 965 | — | 1 773 | — | 1 726 | 1 773 | 47 | 2.6% | 1 773 |
| Community Facilities | | 6 965 | — | 1 773 | — | 1 726 | 1 773 | 47 | 2.6% | 1 773 |
| Halls | | — | — | — | — | — | — | — | — | — |
| Centres | | 6 965 | — | 1 773 | — | 1 726 | 1 773 | 47 | 2.6% | 1 773 |
| Sport and Recreation Facilities | | — | — | — | — | — | — | — | — | — |
| Capital Spares | | — | — | — | — | — | — | — | — | — |
| Heritage assets | | 6 594 | — | — | — | — | — | — | — | — |
| Historic Buildings | | — | — | — | — | — | — | — | — | — |
| Works of Art | | 6 594 | — | — | — | — | — | — | — | — |
| Investment properties | | — | — | — | — | — | — | — | — | — |
| Revenue Generating | | — | — | — | — | — | — | — | — | — |
| Unimproved Property | | — | — | — | — | — | — | — | — | — |
| Non-revenue Generating | | — | — | — | — | — | — | — | — | — |
| Unimproved Property | | — | — | — | — | — | — | — | — | — |
| Other assets | | — | 391 | 191 | — | — | 191 | 191 | 100.0% | 191 |
| Operational Buildings | | — | 391 | 191 | — | — | 191 | 191 | 100.0% | 191 |
| Municipal Offices | | — | 391 | 191 | — | — | 191 | 191 | 100.0% | 191 |
| Pay/Enquiry Points | | — | — | — | — | — | — | — | — | — |
| Housing | | — | — | — | — | — | — | — | — | — |
| Staff Housing | | — | — | — | — | — | — | — | — | — |
| Biological or Cultivated Assets | | — | — | — | — | — | — | — | — | — |
| Biological or Cultivated Assets | | — | — | — | — | — | — | — | — | — |
| Intangible Assets | | — | — | 30 | — | — | 30 | 30 | 100.0% | 30 |
| Servitudes | | — | — | — | — | — | — | — | — | — |
| Licences and Rights | | — | — | 30 | — | — | 30 | 30 | 100.0% | 30 |
| Water Rights | | — | — | — | — | — | — | — | — | — |
| Computer Software and Applications | | — | — | 30 | — | — | 30 | 30 | 100.0% | 30 |
| Computer Equipment | | 6 572 | 2 609 | 2 609 | 49 | 75 | 2 609 | 2 533 | 97.1% | 2 609 |
| Computer Equipment | | 6 572 | 2 609 | 2 609 | 49 | 75 | 2 609 | 2 533 | 97.1% | 2 609 |
| Furniture and Office Equipment | | 92 | 1 043 | 1 483 | 396 | 1 157 | 1 483 | 326 | 22.0% | 1 483 |
| Furniture and Office Equipment | | 92 | 1 043 | 1 483 | 396 | 1 157 | 1 483 | 326 | 22.0% | 1 483 |
| Machinery and Equipment | | 485 | 461 | 1 508 | — | 1 223 | 1 508 | 285 | 18.9% | 1 508 |
| Machinery and Equipment | | 485 | 461 | 1 508 | — | 1 223 | 1 508 | 285 | 18.9% | 1 508 |
| 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 | 540 186 | 143 077 | 535 254 | 540 186 | 4 932 | 0.9% | 540 186 |

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: 2023/07/21