

ZULULAND DISTRICT MUNICIPALITY



MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT

MFMA S72 REPORT

2021/2022 FINANCIAL YEAR

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MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 31 DECEMBER 2021
SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN
ANNUAL REPORT 2020/2021

1.1 MAYOR`S REPORT

**MID-YEAR REPORT FOR THE HONOURABLE MAYOR OF ZULULAND DISTRICT
MUNICIPALITY, HIS WORSHIP DT BUTHELEZI**

To be attached

1. MAYORS REPORT

MID-YEAR REPORT FOR THE HONOURABLE MAYOR OF ZULULAND DISTRICT MUNICIPALITY, HIS WORSHIP DT BUTHELEZI

This period marks the beginning of both a new year and a new term, although we are just in the final mid-year budget for the previous term. I wish to congratulate our Honourable Councillors who were re-elected and newly elected to the council, indeed the 2021 local government elections marked a new turning point, where the society at large was ready to make changes in leadership, giving corruption and laziness a red card, and giving accountability and transparency a green card.

Members of the Executive Committee, Zululand District Municipal Management, and Staff, I want to wish them a prosperous 2022, and a year full of energy and motivation towards service delivery. I once again appreciate the opportunity given to me to lead the Zululand District Municipality during this term of office, I intend to fulfill the responsibility placed on my shoulders with truthfulness and distinction, be an embodiment of transparency and accountability. It's a pleasure for me to remain highly conscious that this is a position of service.

Let me reassure everybody that our focus as ZDM has not shifted an inch since I took over in 2018, and now as I begin the 2021-2026 term of office with confidence that the citizens of Zululand District have rewarded our excellency with yet another term. Our focus is still producing clean water and sanitation for our citizens. The scourge of the coronavirus pandemic that confronted has declined as we have remained in alert level one for the past three months, we are now able to gather, to go to places of worship, schools, workplaces, and place of business. Countless achievements were made, effective service delivery has been achieved.

It is a statutory requirement that in terms of Section 72 of the Municipal Finance Management Act (MFMA), the implementation of the budget is monitored and a report be generated in the form of a mid-year budget assessment. The Mid-year assessment is done in the form of a template issued by the National Treasury. This assessment is attached for simplicity of reference.

Our co-function, in line with the directives of the constitution of the Republic of South Africa, to serve as an authority for the provision of water and sanitation for our people, we strive to improve the quality of service within the confines of the available resources, fast – track the provision of the basic commodity to our people. Thus we continue to work towards the improvement of the quality of life for all our citizens by ensuring that we provide these basic services.

As Zululand district, we were severely affected by the drought in the previous years, and most rivers and dams within the district ran dry constantly. We now see adequate rainfalls that assure the sustainability of the water levels, experts

have estimated that this will take at least five years. We are still doing all in our power to mitigate against the impairment of the drought crisis by using the funds allocated to us to drill and equip boreholes, protection of springs, increase the number of water tankers, and provide portable water by using trucks to deliver water to our affected communities.

Just last year in 2021, we held a business breakfast which became a public media spectacle because of power-hungry and mongered politicians who saw an opportunity to tarnish the good name of this institution for political gains.

Mr. Mthokozisi Nyawose from Zanamanzi who is a director in a company which is responsible for raw water abstraction, construction of water and waste systems, technical support, refurbishments, and asset management; made a presentation at the said business breakfast, the company is already responsible for three current projects in Zululand, the upgrade of Ulundi Waterworks, and the Construction of Lindizwe and Holinyoka pump stations in Nongoma. This company plans to use its network of suppliers, specialists, and subcontractors to benefit the people of Zululand.
and

We continue to seek more assistance to ensure relief to our communities during this period, by their nature the grant we use for water provisions like the Municipal Infrastructure Grant (MIG), Regional Bulk Infrastructure Grant (RBIG), Water Services Infrastructure Grant (WSIG) and other grants are strictly conditional and cannot be diverted to other activities, making it difficult to use them to deal with the drought except for what they were allocated for.

We will continue upgrading and equipping regional schemes and using our grant allocation to ensure effective and sustainable service delivery. We are indeed still too far from the total eradication of backlogs in this regard, but we continue to install the required infrastructure in line with the Water Service Delivery and Implementation Plan (WSDP) increasing the number of water tankers and Jojo tanks in affected communities.

In the past we had the exemption of water revenue due to drought, and had received very little income; now that we are past the draught period, the pandemic has affected how we are supposed to collect revenue. Although we are facing numerous challenges, the main challenge is the huge backlogs in the provision of water and sanitation. We are determined to eradicate water and sanitation-related problems facing our district and with the grants and allocations that we get, we are doing all we can to achieve that.

We continue to provide water from our ten regional schemes namely

- Coronation
- Hlahlindlela
- Khambi
- Mandlakazi
- Nkonjeni

- Simdlangentsha Central
- Simdlangentsha East
- Simdlangentsha West
- Usuthu and
- Candover

We have established a few stand-alone schemes to assist our communities to get water supply while we await the network for the major schemes to be finalized, we have spent in the region an amount over R1.3 Billion since the year 2011/12 to install the bulk infrastructure and reticulation in our region to ensure sustainable water supply, we are still too far from the total eradication of backlogs in this regard. About sanitation we have spent more than R400m supplying pit – latrines to our communities, we continue laying our infrastructure for the betterment of our communities.

Socio-Economic Development

To enhance the Municipality's success, we will strengthen our relationship with traditional leadership, stakeholders, and businesses, ensuring that everyone can make their contribution towards a share good outcome, this is particularly important for the local economic development and youth development, which will be two cornerstones of our work going forward. Traditional Leaders, the Amakhosi in particular are part of our council meetings and their attendance has improved. Our rapid response team is effective in ensuring peace and harmony in our communities. We have appointed Community Liaison as we work towards maintaining a closer relationship with our communities. Local entrepreneurs continue to be at the center of the development initiatives, to such an extent that we have established the Sethembe Contractors development initiative, where local entrepreneurs benefit from the MIG projects. We must now pursue youth on board the tourism and agriculture industry. Employment generation is a key priority.

In conclusion, I am well aware that our work cannot be done without the instrumental support of a strong team, from the administrative and technical staff, all the way to CFO and Municipal Manager. We would urge us to have the same cooperative spirit that has ensured success in the past six months

My Vision for Zululand is simply to ensure that the lives of our people are better at the end of my term of office than they were yesterday and are today. I invite you to join me in this noble pursuit

Thank you!

1.2 RESOLUTIONS

RECOMMENDED THAT:

1. The Mid-Year Budget and Performance Assessment report be adopted.
2. Based on the Assessment by the accounting Officer on the performance of the Municipality in the first half of the financial year, it is recommended that the adjustment budget be drafted for council consideration.



REF:

ENQ: PM MANQELE

DATE: 27. 01. 2022

ZULULAND DISTRICT MUNICIPALITY

EXTRACT FROM MINUTES OF THE COUNCIL MEETING HELD ON 27 JANUARY 2022

ZDMC: 22/27

FILE NUMBER: 5/1

MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT 2021-2022

With Cllrs BJ Mncwango and NP Mavuso proposing and seconding respectively, Council

RESOLVED THAT:

1. The Mid-Year Budget and Performance Assessment report be adopted.
2. Based on the Assessment by the Accounting Officer on the performance of the Municipality in the first half of the financial year, the adjustment budget be drafted for council approval.

CLLR DT MEMELA
SPEAKER: ZULULAND DISTRICT MUNICIPALITY

1.3 EXUCUTIVE SUMMARY

BUDGET PERFORMANCE ANALYSIS

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

Summary Statement of Financial Performance

	APPROVED BUDGET	YTD ACTUAL
Total Revenue By Source (Excluding Capital Transfers)	602 842 000	445 920 951
Total Operating Expenditure	596 622 999	388 773 818
Surplus/(Deficit)	6 219 001	57 147 133

Operating revenue Performance

Total operating revenue generated by the Municipality as at **31 December 2021** is **R445.9 million** which is **74%** of the approved total operating revenue budget, this amount comprise of equitable share and other operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Operating revenue is explained by source in Section 1.4 Operating Revenue Performance.

The Municipality is largely dependent on government grants for its operations, service charges revenue recognized is only **R25.3 million**, which is **6%** of the total generated operating revenue.

Tourism grant (**R269 thousand**), Spatial Development Framework grant (**R242 thousand**) were rolled over from the previous financial year. Transfers and subsidies adjustment of **R511 thousand** is recommended.

Operating Expenditure Performance

Total Operating Expenditure as at **31 December 2021** is **R388.7 million** which is **65%** of the approved operating expenditure budget. Operating expenditure is explained by source in Section 1.5 Operating Expenditure Performance.

Expenditure adjustment of rolled over grants is recommended as indicated above under operating revenue performance

Capital Expenditure and Funding

Summary Statement of Capital Expenditure and Funding

	APPROVED BUDGET	YTD ACTUAL
Total Capital Expenditure	580 277 001	271 006 630
Total Capital Financing	580 277 001	271 006 630

Total Capital Expenditure as at **31 December 2021** is **R271 million** which is **47%** of the approved capital budget. Capital expenditure is explained by source in Section 1.6 Capital Expenditure and Funding.

KwaMajomela provincial grant has been allocated by the KwaZulu Natal province amounting to **R7.8 million** and a roll over from the previous financial year of **R1.7 million** has been allocated, the total Kwamajomela grant allocation is **R9.6 million**. Capital Expenditure recommended revised allocation is **R589.8 million**, an upward adjustment of **R9.6 million** is recommended.

Major Variances between actuals and year to date budget

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

On Revenue there seem to be major variances between year-to-date budget and year to date actual, these variances are on Service charges, rental of facilities and equipment, interest on investments, Fines, penalties and forfeits, and licences and permits.

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

Remedial and corrective steps taken to ensure the budget is implemented as approved

On operating revenue, the Municipality has resolved to increase its collection capacity by restructuring the revenue section and tapping into historic debtors thus improving collection

On operating expenditure, the Municipality has taken drastic majors committed in the budget funding plan to ensure expenditure is reduced which include the reviewing of service level agreements. The Municipality will also identify savings and reallocate to other needy expenditure items.

Operating surplus/deficit

The Financial Performance indicate a surplus of **R57.1 million**, this means the Municipality was able to generate enough revenue to cover all expenses for the first half of the financial year.

1.4 OPERATING REVENUE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2020/21	Budget Year 2021/22							
		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		41 251	43 000	43 000	2 871	19 362	21 500	(2 138)	-10%	43 000
Service charges - sanitation revenue		11 514	11 000	11 000	974	6 003	5 500	503	9%	11 000
Service charges - refuse revenue								–		
Rental of facilities and equipment		179	210	210	15	92	105	(13)	-13%	210
Interest earned - external investments		3 226	6 000	6 000	372	2 007	3 000	(993)	-33%	6 000
Interest earned - outstanding debtors		29	85	85	12	55	42	12	29%	85
Dividends received								–		
Fines, penalties and forfeits		7 543	638	638	5	37	319	(282)	-88%	638
Licences and permits		10	10	10	–	–	5	(5)	-100%	10
Agency services								–		
Transfers and subsidies		577 833	541 399	541 399	180 260	417 996	270 699	147 297	54%	541 399
Other revenue		662	500	500	184	369	250	119	48%	500
Gains		20 175	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		662 422	602 842	602 842	184 693	445 921	301 421	144 500	48%	602 842

The year-to-date actual indicates operating revenue of **R445.9 million** for **six months**. The total revenue to-date represents **74%** of the operating revenue budget. Included in operating revenue is an amount of revenue recognized on operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR).

The sources of funding are important to ensure that the expenditure is funded, and cash backed. Each line item on the face of financial performance is explained below:

Service charges – Water revenue

This is the amounts billed on customers for water used, the year-to-date actual is **R19.3 million**, which is below year-to-date budget of **R21.5 million**. A variance of **R2.1 million** or **10%** is observed.

This is since the Municipality has installed meters and majority of customers are billed on actual and not average.

The original budget for service charges water is **R43 million**, based on the year-to-date actual of **R19.3 million**, a decrease of **R4.2 million** is recommended. A revised allocation of **R38.7 million** is recommended based on the year-to-date actual full year projection.

Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is **R6 million** which is above year to date budget of **R5.5 million**. A variance of **R503 thousand** or **9%** is observed.

This overbilling is due to sewer access charged on businesses when they use more than 40kl of water per month.

The original budget for service charges sanitation is **R11 million**, based on the year-to-date actual of **R6 million**, an increase of **R1 million** is recommended. A revised allocation of **R12 million** is recommended based on the year-to-date actual full year projection.

Rent of facilities

Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual is **R46 thousand** which is below year-to-date budget of **R53 thousand**. A variance of **R7 thousand** or **13%** is observed.

The original amount budgeted under this item included VAT portion, an adjustment is recommended to remove Vat portion and only include revenue under this item.

The original budget for Rental of facilities is **R 210 thousand**, based on the year-to-date actual of **R91.7 thousand**, a decrease of **R26.5 thousand** is recommended. A revised allocation of **R183.4 thousand** is recommended based on the year-to-date actual full year projection.

Interest on investment

Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is **R2 million**, which is below year-to-date budget of **R3 million**. A variance of **R993 thousand** or **33%** is observed.

This is due to accelerated implementation of capital programmes which reduces period when cash is available for investment.

The original budget for Interest on investment is **R6 million**, based on the year-to-date actual of **R2 million**, a decrease of **R1.9 million** is recommended. A revised allocation of **R4 million** is recommended based on the year-to-date actual full year projection.

Interest earned - outstanding debtors

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is **R55 thousand**, which is above to year-to-date budget of **R42 thousand**. variance of **R0** or **0%** is observed.

This is since most businesses did not settle their accounts on time, The municipality will implement stringent measures to ensure businesses pay on time.

The original budget for Interest earned - outstanding debtors is **R85 thousand**, based on the year-to-date actual of **R54.7 thousand**, no revised allocation is recommended since the Municipality will 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 **R37 thousand**, the year-to-date budget is **R319 thousand**. A variance of **R282 thousand** or **88%** is observed.

This is due to the delay in the fines implementation programme that was supposed to start at the beginning of the financial year.

The original budget for Fines, penalties and forfeits is **R638 thousand**, based on the year-to-date actual of **R36.8 thousand**, a decrease of **R564.2 thousand** is recommended. A revised allocation of **R73.7 thousand** is recommended based on the year-to-date actual full year projection.

Licences and permits

This amount is for health certificates issued, the year-to-date actual is **R0**, the year-to-date budget is **R5 thousand**. A variance of **R5 thousand** or **100%** is observed.

This is since no applications have been received by the Municipality. The original budget for Licences and permits is **R10 thousand**, based on the year-to-date actual of **R0**, a decrease of **R10 thousand** is recommended. A revised allocation of **R0** is recommended based on the year-to-date actual full year projection.

Transfers and subsidies

Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2021; 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 **R417.9 million**, which is above year-to-date budget of **R270.6 million**. A variance of **R147.2 million** or **54%** is observed.

The original budget for Transfers and subsidies is **R541.3 million**. Transfers and subsidies are based on the transfer schedule, Division of Revenue act, and approved rolled over grants, Tourism grant (**R269 thousand**), Spatial Development Framework grant (**R242 thousand**) were rolled over from the previous financial year. An adjustment of **R511 thousand** is recommended and a revised allocation of **R541.9 million** is recommended.

Other revenue

Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual is **R369 thousand**, which is above year-to-date budget of **R250 thousand**. A variance of **R250 million** or **50%** is observed.

The original budget for other revenue is **R500 thousand**, based on the year-to-date actual of **R369 thousand**, an increase of **R238.3 thousand** is recommended. A revised allocation of **R738 thousand** is recommended based on the year-to-date actual full year projection.

1.5 OPERATING EXPENDITURE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

2020/21 Annual Performance (Revenue and Expenditure) - 31st December										
Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>Expenditure By Type</u>										
Employee related costs		241 953	255 269	255 769	21 558	126 972	127 835	(863)	-1%	255 769
Remuneration of councillors		8 489	8 537	8 537	1 391	4 490	4 269	222	5%	8 537
Debt impairment		13 689	9 000	9 000	–	–	4 500	(4 500)	-100%	9 000
Depreciation & asset impairment		84 156	71 620	71 620	19 044	57 132	35 810	21 322	60%	71 620
Finance charges		–	–	–	–	–	–	–		–
Bulk purchases - electricity		24 567	–	–	–	–	–	–		–
Inventory consumed		10 268	24 194	24 295	724	6 147	12 124	(5 977)	-49%	24 295
Contracted services		294 507	139 336	145 200	30 577	122 927	72 111	50 815	70%	145 200
Transfers and subsidies		12 891	11 950	11 356	792	11 089	5 141	5 949	116%	11 356
Other expenditure		113 097	76 716	71 495	12 129	60 017	36 646	23 370	64%	71 495
Losses		2 416	–	–	–	–	–	–		–
Total Expenditure		806 034	596 623	597 272	86 214	388 774	298 436	90 338	30%	597 272

The year-to-date actual indicates spending of **R388.7 million** for **six months**. The total expenditure to date represents **65%** of the approved operational budget. The 65% is above year to date benchmark of 50%, This is concerning and needs intervention. Below expenditure by type is explained with reasons and corrective steps taken by the Municipality.

Employee Related Costs

Employee related costs year to date actual is **R126.9 million**, the year-to-date budget is **R127.8 million**, a variance of **R863 thousand** or **1%** is observed.

The original budget for employee related costs is **R255 million**, based on the year-to-date actual of **R126.9 million**, a full year projection of **R253 million** is expected. The variance of **R1.3 million** is recommended to subsidise councillors' remuneration.

Remuneration of Councillors

Remuneration of Councillors year to date actual is **R4.4 million**, the year-to-date budget is **R4.2 million**, a variance of **R222 thousand** or **5%** is observed.

The original budget for Remuneration of Councillors is **R8.5 million**, based on the year-to-date actual of **R4.4 million**, an increase of **R443 thousand** is recommended. A revised allocation of **R8.9 million** is recommended based on the year-to-date actual full year projection.

The municipality will also consider upper limits financial implications in the adjustment budget.

Debt impairment

Debt impairment is the amount for provision for bad debts as per council policy. Provision for bad debts assessment and calculation is done at year end.

The municipality is looking into the process of assessing debtors for impairment on the monthly basis.

Depreciation

This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is **R57.1 million**. The year-to-date budget is **R35.8 million**. A variance of **R21.3 million** or **60%** is observed.

The municipality under budgeted for depreciation. The municipality will adjust depreciation in the adjustment budget.

The original budget for **Depreciation** is **R71 million**, based on the year-to-date actual of **R57 million**, an increase of **R42 million** is recommended. A revised allocation of **R114 million** is recommended based on the year-to-date actual full year projection.

Bulk purchases - electricity

The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity.

Inventory Consumed

Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable stores (cleaning materials, stationery, water stock and materials and supplies), the year-to-date actual is **R6.1 million**, the year-to-date budget is **R12.1 million**, a variance of **R5.9 million** or **49%** is observed.

The original budget for Inventory consumed is **R24 million**, based on the year-to-date actual of **R6 million**, a decrease of **R11 million** should be recommended, but the municipality still has commitments on this line item which will escalate expenditure in the second half of the financial year, the Municipality will review these line items to determine if there are savings available to allocate to other expenditure items.

Contracted services

Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is **R122.9 million** and the year-to-date budget is **R72.1 million**, a variance of **R50.8 million** or **70%** is observed.

The original budget for Contracted services is **R139 million**, based on the year-to-date actual of **R122 million**, an increase of **R106 million** should be recommended; and a revised allocation of **R245 million** should be recommended based on the year-to-date actual full year projection.

In consideration of the above, the municipality has taken a decision to review all Service Level Agreements in line with the budget funding plan to limit the scope of work whilst maintaining service delivery, this process will help reduce cost so that the municipality spends within the limits of the budget. The Municipality will identify savings and reallocate to needy expenditure items. No adjustment or revised allocation is recommended.

Transfers and subsidies paid

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support co-operatives and businesses. The year-to-date actual is **R11 million**, the year-to-date budget is **R5.1 million**, a variance of **R5.9 million** or **53%** is observed.

The municipality's expenditure on these projects is once off and incurred in the first half of the financial year. The municipality does not expect to incur expenditure on this line item in the second half of the financial year.

The original budget for transfers and subsidies is **R11 million**, based on the year-to-date actual of **R11 million**, a revised allocation of **R22 million** should be recommended, considering all the above no adjustment or revised allocation is recommended.

Other expenditure

Other expenditure year to date actual is **R60.7 million**, the year-to-date budget is **R36.6 million**, a variance of **R23.3 million** or **64%** is observed.

This expenditure item includes cost of electricity for water/sewer plants, Municipal services, external Audit fees, subsistence and travel, fuel, insurance, software licences, SALGA bargaining council levy, telephone, Hiring charges, uniforms & protective clothing, operating leases, and other operating cost. Some of the expenditure items are once off and incurred in the first half of the financial year and will not be incurred in the second half of the financial year e.g., SALGA bargaining council levy, software licences, insurance, uniforms & protective clothing, and external audit fees.

The municipality has taken a decision to limit nonpriority items that do not impact on service delivery directly. This will help reduce cost so that the municipality spends within the limits of the budget.

The original budget for other expenditure is **R76 million**, based on the year-to-date actual of **R60 million**, an adjustment is recommended on certain items of other expenditure like cost of electricity for water and sewer plants, The Municipality will identify savings and reallocate to those needy

expenditure items. Based on the year-to-date actual full year projection, a revised allocation of **R120 million** should be recommended but because of limited funding sources, the Municipality will utilise initiatives proposed in the budget funding plan to curb and halt expenditure.

Operating Grants Expenditure Performance

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

CONDITIONAL OPERATING GRANTS EXPENDITURE	APPROVED BUDGET	YTD ACTUAL
Finance Management grant	1 200 000	747 307
EPWP Incentive	9 612 000	9 612 000
Art centre Subsisies (Indonsa Grant)	1 911 000	1 911 000
Municipal Systems Improvement Grant	4 031 000	557 480
Total Operating Grant Expenditure	16 754 000	12 827 787

Summary of Revenue and Operational Expenditure Performance

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		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		41 251	43 000	43 000	2 871	19 362	21 500	(2 138)	-10%	43 000
Service charges - sanitation revenue		11 514	11 000	11 000	974	6 003	5 500	503	9%	11 000
Service charges - refuse revenue								-		
Rental of facilities and equipment		179	210	210	15	92	105	(13)	-13%	210
Interest earned - external investments		3 226	6 000	6 000	372	2 007	3 000	(993)	-33%	6 000
Interest earned - outstanding debtors		29	85	85	12	55	42	12	29%	85
Dividends received								-		
Fines, penalties and forfeits		7 543	638	638	5	37	319	(282)	-88%	638
Licences and permits		10	10	10	-	-	5	(5)	-100%	10
Agency services								-		
Transfers and subsidies		577 833	541 399	541 399	180 260	417 996	270 699	147 297	54%	541 399
Other revenue		662	500	500	184	369	250	119	48%	500
Gains		20 175	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		662 422	602 842	602 842	184 693	445 921	301 421	144 500	48%	602 842
Expenditure By Type										
Employee related costs		241 953	255 269	255 769	21 558	126 972	127 835	(863)	-1%	255 769
Remuneration of councillors		8 489	8 537	8 537	1 391	4 490	4 269	222	5%	8 537
Debt impairment		13 689	9 000	9 000	-	-	4 500	(4 500)	-100%	9 000
Depreciation & asset impairment		84 156	71 620	71 620	19 044	57 132	35 810	21 322	60%	71 620
Finance charges		-	-	-	-	-	-	-		-
Bulk purchases - electricity		24 567	-	-	-	-	-	-		-
Inventory consumed		10 268	24 194	24 295	724	6 147	12 124	(5 977)	-49%	24 295
Contracted services		294 507	139 336	145 200	30 577	122 927	72 111	50 815	70%	145 200
Transfers and subsidies		12 891	11 950	11 356	792	11 089	5 141	5 949	116%	11 356
Other expenditure		113 097	76 716	71 495	12 129	60 017	36 646	23 370	64%	71 495
Losses		2 416	-	-	-	-	-	-		-
Total Expenditure		806 034	596 623	597 272	86 214	388 774	298 436	90 338	30%	597 272
Surplus/(Deficit)		(143 612)	6 219	5 570	98 479	57 147	2 985	54 162	0	5 570
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		446 737	574 058	574 058	122 534	302 615	287 029	15 586	0	574 058
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		303 125	580 277	579 628	221 013	359 762	290 014			579 628
Taxation								-		
Surplus/(Deficit) after taxation		303 125	580 277	579 628	221 013	359 762	290 014			579 628
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		303 125	580 277	579 628	221 013	359 762	290 014			579 628
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		303 125	580 277	579 628	221 013	359 762	290 014			579 628

1.6 CAPITAL EXPENDITURE AND FUNDING

The Capital Expenditure Report reflected has been prepared on the basis of the format required by National Treasury and is categorized by municipal vote. The capital expenditure is funded from the following sources:

- Government Grants
- Internally Generated Funds

The summary report indicates the following: -

	APPROVED BUDGET	YTD ACTUAL
Total Capital Expenditure	580 277 001	271 006 630
Total Capital Financing	580 277 001	271 006 630

The capital expenditure amounts to **R271 million** which is **47%** of the capital budget, after a period of **six months**.

CAPITAL EXPENDITURE BY SOURCE	APPROVED BUDGET	YTD ACTUAL
Municipal Infrastructure Grant (MIG)	239 111 000	139 191 306
Regional Bulk Infrastructure (RBIG)	222 531 000	75 364 036
Water services infrastructure Grant (WSIG)	110 000 000	46 848 643
Rural Roads Asset Managemnt Systems Grant	2 416 000	779 710
Indonsa Grant	834 000	197 989
KwamaJomela Grant	9 600 320	3 866 666
Other Assets	5 385 000	4 758 279
Total Operating Expenditure	589 877 320	271 006 630

KwaMajomela provincial grant has been allocated by the KwaZulu Natal province amounting to **R7.8 million** and a roll over from the previous financial year of **R1.7 million** has been allocated, the total Kwamajomela grant allocation is **R9.6 million**, Capital Expenditure recommended revised allocation is **R589.8 million**, an upward adjustment of **R9.6 million** is recommended.

Capital Grant Expenditure as per MFMA circular no. 58

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

CAPITAL GRANTS EXPENDITURE (INCLUDING VAT AS PER MFMA CIRCULAR NO. 58)	APPROVED BUDGET	YTD ACTUAL
Municipal Infrastructure Grant (MIG)	239 111 000	159 066 992
Regional Bulk Infrastructure (RBIG)	222 531 000	85 966 200
Water services infrastructure Grant (WSIG)	110 000 000	53 376 456
Rural Roads Asset Managemnt Systems Grant	2 416 000	896 667
KwamaJomela Grant	9 600 320	4 446 666
Total Capital Grant Expenditure	583 658 320	303 752 981

Overall capital grant expenditure is sitting at **53%** of the approved capital budget, **MIG** is sitting at **67%**, **RBIG** at **39%**, **WSIG** at **49%**, **RAMS** at **37%** and **Majomela** at **46%**.

Capital budget summary

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 01 - Council		-	3 500	4 800	-	4 580	2 075	2 505	121%	4 800
Vote 02 - Corporate Services		3 216	-	-	-	-	-	-	-	-
Vote 03 - Finance		1 402	385	385	26	178	193	(15)	-8%	385
Vote 04 - Community Development		3 869	834	10 202	446	4 065	4 324	(259)	-6%	10 202
Vote 05 - Planning & Wsa		333 171	574 058	499 181	60 202	262 184	252 994	9 190	4%	499 181
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	1 500	200	-	-	425	(425)	-100%	200
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768
Total Capital Expenditure		341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768
Capital Expenditure - Functional Classification										
Governance and administration		4 482	3 885	5 185	26	4 758	2 268	2 491	110%	5 185
Executive and council		-	3 500	4 800	-	4 580	2 075	2 505	121%	4 800
Finance and administration		4 482	385	385	26	178	193	(15)	-8%	385
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		547	834	834	198	198	411	(213)	-52%	834
Community and social services		547	834	834	198	198	411	(213)	-52%	834
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		3 322	2 416	11 469	558	4 646	4 977	(331)	-7%	11 469
Planning and development		3 322	2 416	11 469	558	4 646	4 977	(331)	-7%	11 469
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		333 171	573 142	497 280	59 892	261 404	252 354	9 050	4%	497 280
Energy sources		-	-	-	-	-	-	-	-	-
Water management		333 171	573 142	497 280	59 892	261 404	252 354	9 050	4%	497 280
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		135	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768
Funded by:										
National Government		333 171	574 058	499 181	60 202	262 184	252 994	9 190	4%	499 181
Provincial Government		3 869	834	10 202	446	4 065	4 324	(259)	-6%	10 202
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-	-	-
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		337 040	574 892	509 383	60 648	266 248	257 318	8 931	3%	509 383
Borrowing	6	4 617	5 385	5 385	26	4 758	2 693	2 066	77%	5 385
Internally generated funds		4 617	5 385	5 385	26	4 758	2 693	2 066	77%	5 385
Total Capital Funding		341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768

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 31 of the Municipal Budget and Reporting Regulations. These tables clearly outline the municipality's 2021/2022 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 **December 2021**.

Table C1 – Monthly Budget Statement Summary

DC26 Zululand - Table C1 Monthly Budget Statement Summary - M06 December

Description	2020/21	Budget Year 2021/22							
	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	52 765	54 000	54 000	3 845	25 365	27 000	(1 635)	-6%	54 000
Investment revenue	3 226	6 000	6 000	372	2 007	3 000	(993)	-33%	6 000
Transfers and subsidies	577 833	541 399	541 399	180 260	417 996	270 699	147 297	54%	541 399
Other own revenue	28 599	1 443	1 443	216	553	721	(169)	-23%	1 443
Total Revenue (excluding capital transfers and contributions)	662 422	602 842	602 842	184 693	445 921	301 421	144 500	48%	602 842
Employee costs	241 953	255 269	255 769	21 558	126 972	127 835	(863)	-1%	255 769
Remuneration of Councillors	8 489	8 537	8 537	1 391	4 490	4 269	222	5%	8 537
Depreciation & asset impairment	84 156	71 620	71 620	19 044	57 132	35 810	21 322	60%	71 620
Finance charges	–	–	–	–	–	–	–		–
Inventory consumed and bulk purchases	34 835	24 194	24 295	724	6 147	12 124	(5 977)	-49%	24 295
Transfers and subsidies	12 891	11 950	11 356	792	11 089	5 141	5 949	116%	11 356
Other expenditure	423 709	225 053	225 695	42 706	182 944	113 258	69 686	62%	225 695
Total Expenditure	806 034	596 623	597 272	86 214	388 774	298 436	90 338	30%	597 272
Surplus/(Deficit)	(143 612)	6 219	5 570	98 479	57 147	2 985	54 162	1815%	5 570
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	446 737	574 058	574 058	122 534	302 615	287 029	15 586	5%	574 058
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	303 125	580 277	579 628	221 013	359 762	290 014	69 748	24%	579 628
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	303 125	580 277	579 628	221 013	359 762	290 014	69 748	24%	579 628
Capital expenditure & funds sources									
Capital expenditure	341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768
Capital transfers recognised	337 040	574 892	509 383	60 648	266 248	257 318	8 931	3%	509 383
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	4 617	5 385	5 385	26	4 758	2 693	2 066	77%	5 385
Total sources of capital funds	341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768
Financial position									
Total current assets	1 354 931	213 923	289 032		254 734				289 032
Total non current assets	4 189 098	5 150 898	5 085 389		4 402 973				5 085 389
Total current liabilities	336 856	185 415	185 415		258 076				185 415
Total non current liabilities	33 042	47 047	47 047		33 042				47 047
Community wealth/Equity	3 733 949	4 552 082	4 552 082		4 367 286				4 552 082
Cash flows									
Net cash from (used) operating	802 022	639 282	639 282	–	224 521	319 641	95 120	30%	639 282
Net cash from (used) investing	(395 419)	(580 277)	(580 277)	–	(210 333)	(290 139)	(79 806)	28%	(580 277)
Net cash from (used) financing	(21)	13	–	0	(3 620)	(1 810)	1 810	-100%	(3 620)
Cash/cash equivalents at the month/year end	418 872	134 221	134 208	–	30 626	27 692	(2 933)	-11%	55 385
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	–	–	–	–	–	–	–	–	–
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

DC26 Zululand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		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>		597 246	536 634	536 634	175 651	396 702	268 317	128 385	48%	536 634
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		597 246	536 634	536 634	175 651	396 702	268 317	128 385	48%	536 634
Internal audit		–	–	–	–	–	–	–		–
<i>Community and public safety</i>		1 921	2 511	2 511	–	–	1 255	(1 255)	-100%	2 511
Community and social services		1 911	1 911	1 911	–	–	956	(956)	-100%	1 911
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		10	600	600	–	–	300	(300)	-100%	600
<i>Economic and environmental services</i>		6 204	2 416	2 416	1 763	20 744	1 208	19 536	1617%	2 416
Planning and development		6 204	2 416	2 416	1 763	20 744	1 208	19 536	1617%	2 416
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
<i>Trading services</i>		502 599	635 339	635 339	129 314	330 591	317 669	12 922	4%	635 339
Energy sources		–	–	–	–	–	–	–		–
Water management		491 074	624 339	624 339	128 335	324 554	312 169	12 385	4%	624 339
Waste water management		11 525	11 000	11 000	979	6 037	5 500	537	10%	11 000
Waste management		–	–	–	–	–	–	–		–
<i>Other</i>	4	1 189	–	–	498	498	–	498	#DIV/0!	–
Total Revenue - Functional	2	1 109 159	1 176 900	1 176 900	307 227	748 535	588 450	160 086	27%	1 176 900
Expenditure - Functional										
<i>Governance and administration</i>		223 075	180 684	188 598	25 261	120 346	92 114	28 233	31%	188 598
Executive and council		48 383	43 476	45 384	5 339	30 002	22 149	7 853	35%	45 384
Finance and administration		174 692	137 208	143 213	19 922	90 345	69 965	20 380	29%	143 213
Internal audit		–	–	–	–	–	–	–		–
<i>Community and public safety</i>		18 419	24 007	23 723	2 482	11 765	11 940	(175)	-1%	23 723
Community and social services		7 084	12 000	12 104	1 576	6 307	6 034	272	5%	12 104
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		11 336	12 007	11 619	906	5 458	5 905	(447)	-8%	11 619
<i>Economic and environmental services</i>		19 889	28 693	27 601	3 492	14 157	13 727	429	3%	27 601
Planning and development		19 889	28 693	27 601	3 492	14 157	13 727	429	3%	27 601
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
<i>Trading services</i>		536 133	355 280	349 191	54 274	238 336	176 619	61 717	35%	349 191
Energy sources		–	–	–	–	–	–	–		–
Water management		532 418	350 523	344 434	53 926	236 340	174 240	62 100	36%	344 434
Waste water management		3 716	4 757	4 757	347	1 996	2 379	(382)	-16%	4 757
Waste management		–	–	–	–	–	–	–		–
<i>Other</i>		8 517	7 958	8 159	706	4 170	4 037	133	3%	8 159
Total Expenditure - Functional	3	806 034	596 623	597 272	86 214	388 774	298 436	90 338	30%	597 272
Surplus/ (Deficit) for the year		303 125	580 277	579 628	221 013	359 762	290 014	69 748	24%	579 628

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) - M06 December

Vote Description	Ref	2020/21	Budget Year 2021/22							
		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		605	-	-	184	184	-	184	#DIV/0!	-
Vote 03 - Finance		596 641	536 634	536 634	175 467	396 519	268 317	128 202	47.8%	536 634
Vote 04 - Community Development		6 931	2 511	2 511	1 905	20 345	1 255	19 090	1520.5%	2 511
Vote 05 - Planning & Wsa		452 177	583 670	583 670	125 808	306 034	291 835	14 199	4.9%	583 670
Vote 06 - Technical Services		-	-	-	-	-	-	-		-
Vote 07 - Water Purification		-	-	-	-	-	-	-		-
Vote 08 - Water Distribution		41 280	43 085	43 085	2 883	19 417	21 542	(2 126)	-9.9%	43 085
Vote 09 - Waste Water		11 525	11 000	11 000	979	6 037	5 500	537	9.8%	11 000
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - ,		-	-	-	-	-	-	-		-
Vote 13 - ,		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Revenue by Vote	2	1 109 159	1 176 900	1 176 900	307 227	748 535	588 450	160 086	27.2%	1 176 900
Expenditure by Vote	1									
Vote 01 - Council		48 383	43 476	45 384	5 339	30 002	22 149	7 853	35.5%	45 384
Vote 02 - Corporate Services		99 575	81 077	82 409	10 150	57 508	40 819	16 689	40.9%	82 409
Vote 03 - Finance		74 015	59 575	62 122	10 259	31 894	30 385	1 510	5.0%	62 122
Vote 04 - Community Development		38 011	42 485	43 145	3 585	25 172	21 072	4 100	19.5%	43 145
Vote 05 - Planning & Wsa		66 164	23 884	24 175	3 483	9 561	11 971	(2 409)	-20.1%	24 175
Vote 06 - Technical Services		7 640	2 549	2 649	885	3 332	1 300	2 032	156.4%	2 649
Vote 07 - Water Purification		55 905	36 662	39 062	4 711	26 127	19 131	6 996	36.6%	39 062
Vote 08 - Water Distribution		412 626	302 157	293 568	47 455	203 181	149 232	53 950	36.2%	293 568
Vote 09 - Waste Water		3 716	4 757	4 757	347	1 996	2 379	(382)	-16.1%	4 757
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - ,		-	-	-	-	-	-	-		-
Vote 13 - ,		-	-	-	-	-	-	-		-
Vote 14 - *		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Expenditure by Vote	2	806 034	596 623	597 272	86 214	388 774	298 436	90 338	30.3%	597 272
Surplus/ (Deficit) for the year	2	303 125	580 277	579 628	221 013	359 762	290 014	69 748	24.0%	579 628

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) - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		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		41 251	43 000	43 000	2 871	19 362	21 500	(2 138)	-10%	43 000
Service charges - sanitation revenue		11 514	11 000	11 000	974	6 003	5 500	503	9%	11 000
Service charges - refuse revenue								-		
Rental of facilities and equipment		179	210	210	15	92	105	(13)	-13%	210
Interest earned - external investments		3 226	6 000	6 000	372	2 007	3 000	(993)	-33%	6 000
Interest earned - outstanding debtors		29	85	85	12	55	42	12	29%	85
Dividends received								-		
Fines, penalties and forfeits		7 543	638	638	5	37	319	(282)	-88%	638
Licences and permits		10	10	10	-	-	5	(5)	-100%	10
Agency services								-		
Transfers and subsidies		577 833	541 399	541 399	180 260	417 996	270 699	147 297	54%	541 399
Other revenue		662	500	500	184	369	250	119	48%	500
Gains		20 175	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		662 422	602 842	602 842	184 693	445 921	301 421	144 500	48%	602 842
Expenditure By Type										
Employee related costs		241 953	255 269	255 769	21 558	126 972	127 835	(863)	-1%	255 769
Remuneration of councillors		8 489	8 537	8 537	1 391	4 490	4 269	222	5%	8 537
Debt impairment		13 689	9 000	9 000	-	-	4 500	(4 500)	-100%	9 000
Depreciation & asset impairment		84 156	71 620	71 620	19 044	57 132	35 810	21 322	60%	71 620
Finance charges		-	-	-	-	-	-	-		-
Bulk purchases - electricity		24 567	-	-	-	-	-	-		-
Inventory consumed		10 268	24 194	24 295	724	6 147	12 124	(5 977)	-49%	24 295
Contracted services		294 507	139 336	145 200	30 577	122 927	72 111	50 815	70%	145 200
Transfers and subsidies		12 891	11 950	11 356	792	11 089	5 141	5 949	116%	11 356
Other expenditure		113 097	76 716	71 495	12 129	60 017	36 646	23 370	64%	71 495
Losses		2 416	-	-	-	-	-	-		-
Total Expenditure		806 034	596 623	597 272	86 214	388 774	298 436	90 338	30%	597 272
Surplus/(Deficit)		(143 612)	6 219	5 570	98 479	57 147	2 985	54 162	0	5 570
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		446 737	574 058	574 058	122 534	302 615	287 029	15 586	0	574 058
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		303 125	580 277	579 628	221 013	359 762	290 014			579 628
Taxation								-		
Surplus/(Deficit) after taxation		303 125	580 277	579 628	221 013	359 762	290 014			579 628
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		303 125	580 277	579 628	221 013	359 762	290 014			579 628
Share of surplus/ (deficit) of associate										
Surplus/ (Deficit) for the year		303 125	580 277	579 628	221 013	359 762	290 014			579 628

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) - M06 December

Vote Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 01 - Council		-	3 500	4 800	-	4 580	2 075	2 505	121%	4 800
Vote 02 - Corporate Services		3 216	-	-	-	-	-	-	-	-
Vote 03 - Finance		1 402	385	385	26	178	193	(15)	-8%	385
Vote 04 - Community Development		3 869	834	10 202	446	4 065	4 324	(259)	-6%	10 202
Vote 05 - Planning & Wsa		333 171	574 058	499 181	60 202	262 184	252 994	9 190	4%	499 181
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	1 500	200	-	-	425	(425)	-100%	200
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768
Total Capital Expenditure		341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768
Capital Expenditure - Functional Classification										
Governance and administration		4 482	3 885	5 185	26	4 758	2 268	2 491	110%	5 185
Executive and council		-	3 500	4 800	-	4 580	2 075	2 505	121%	4 800
Finance and administration		4 482	385	385	26	178	193	(15)	-8%	385
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		547	834	834	198	198	411	(213)	-52%	834
Community and social services		547	834	834	198	198	411	(213)	-52%	834
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		3 322	2 416	11 469	558	4 646	4 977	(331)	-7%	11 469
Planning and development		3 322	2 416	11 469	558	4 646	4 977	(331)	-7%	11 469
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		333 171	573 142	497 280	59 892	261 404	252 354	9 050	4%	497 280
Energy sources		-	-	-	-	-	-	-	-	-
Water management		333 171	573 142	497 280	59 892	261 404	252 354	9 050	4%	497 280
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		135	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768
Funded by:										
National Government		333 171	574 058	499 181	60 202	262 184	252 994	9 190	4%	499 181
Provincial Government		3 869	834	10 202	446	4 065	4 324	(259)	-6%	10 202
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-	-	-
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		337 040	574 892	509 383	60 648	266 248	257 318	8 931	3%	509 383
Borrowing	6	4 617	5 385	5 385	26	4 758	2 693	2 066	77%	5 385
Internally generated funds		4 617	5 385	5 385	26	4 758	2 693	2 066	77%	5 385
Total Capital Funding		341 658	580 277	514 768	60 674	271 007	260 010	10 997	4%	514 768

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 - M06 December

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		1 732 440	134 211	134 211	483 020	134 211
Call investment deposits		(470 000)	–	–	(350 000)	–
Consumer debtors		37 956	37 620	37 620	50 392	37 620
Other debtors		50 395	37 768	112 877	62 634	112 877
Current portion of long-term receivables		–	–	–	–	–
Inventory		4 140	4 324	4 324	8 689	4 324
Total current assets		1 354 931	213 923	289 032	254 734	289 032
Non current assets						
Long-term receivables		–	–	–	–	–
Investments						
Investment property						
Investments in Associate						
Property, plant and equipment		4 189 066	5 147 398	5 080 569	4 398 363	5 080 569
Biological						
Intangible		32	–	20	30	20
Other non-current assets		–	3 500	4 800	4 580	4 800
Total non current assets		4 189 098	5 150 898	5 085 389	4 402 973	5 085 389
TOTAL ASSETS		5 544 029	5 364 821	5 374 421	4 657 707	5 374 421
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	(86)	–
Consumer deposits		3 633	3 620	3 620	3 620	3 620
Trade and other payables		330 449	180 518	180 518	251 925	180 518
Provisions		2 774	1 278	1 278	2 617	1 278
Total current liabilities		336 856	185 415	185 415	258 076	185 415
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions		33 042	47 047	47 047	33 042	47 047
Total non current liabilities		33 042	47 047	47 047	33 042	47 047
TOTAL LIABILITIES		369 899	232 462	232 462	291 118	232 462
NET ASSETS	2	5 174 130	5 132 359	5 141 959	4 366 589	5 141 959
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		3 733 949	4 552 082	4 552 082	4 367 286	4 552 082
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	3 733 949	4 552 082	4 552 082	4 367 286	4 552 082

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 councillors and management of the impact of the budget on the statement of financial position (balance sheet).

This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth.

CURRENT ASSETS

Cash

Cashbook balance as at **31 December 2021 R 133 million.**

Call Investments Deposits

The municipality has no investments.

Consumer debtors

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R50.3 million.**

Water Debtors	R41.2 million
Sanitation Debtors	R8.7 million
Property Rentals Debtors	R103.8 thousand
Other Consumer debtors	R346.2 thousand

Total	R50.3 million
--------------	----------------------

➤ **Water Debtors**

Net Water debtors after considering provision for bad debts amount to **R41.2 million.** Water debtors are amounts owed by consumers for water services billed.

➤ **Sanitation Debtors**

Net Sanitation debtors after considering provision for bad debts amount to **R8.7 million.** Sanitation debtors are amounts owed by consumers for sewer services billed.

➤ **Property Rentals Debtors**

These are debtors accumulated from property rentals

➤ **Other Consumer debtors**

Other consumer debtors' amount to **R346.2 thousand**, these are sundry debtors.

Other debtors

Other debtors are debtors that arise from non-exchange transactions, the balance for the reporting period is **R62.6 million**.

VAT Receivable	R36.6 million
Deposits Made	R16.6 million
Refunds & under/over banking	R4.9 million
Overpayments/Accrued Income/UIFW Expenditure	R3.1 million
Prepaid Expenses	R1.1 million
Insurance claims	R80.4 thousand
Accruals	R64.6 thousand

Total **R62.6 million**

➤ **VAT Receivable**

VAT Receivable amount to **R36.6 million**, this is the amount raised when input VAT is recognized less output VAT collected.

➤ **Deposits Made**

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

Eskom Deposits	R15.7 million
Federal Air Deposit	R689 thousand
Stowell Deposit	R200 thousand
Vryheid office	R6 thousand

Eskom deposits are amounts held by Eskom as security for all accounts the Municipality has with Eskom. Security deposits are paid when the Municipality opens a new electricity account with Eskom. Federal Air Deposits is the amount paid as a security deposit when Federal Air was first contracted and Stowell Deposit is the amount paid as a security deposit when Stowell was first contracted, and the deposit for office space rented in Vryheid.

➤ **Refunds & under/over banking**

Refunds & under/over banking amount to **R4.9 million**, these are shared services debtors to be collected or refunded from Local Municipalities, and small differences caused by under/over banking.

Shared services debtors	R4.9 million
under/over banking	R8.1 thousand

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 cash lost from Ulundi cashier office and unidentified debit orders pending their finalization.

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

Overpayments/Accrued Income/UIFW Expenditure amount to **R3.1 million**, these are payments made by the Municipality to be recovered and income expected to be received by the Municipality.

Overpayments	R794.4 thousand
Fruitless Expenditure to be recovered	R1.3 million
Accrued Income – Indonsa Grant	R955.5 thousand
Accrued Income – Asset Disposal	R36 thousand

Overpayments include an amount of R4.7 million which has been provided for to be written-off because they are likely to be irrecoverable, those amounts are for Department of Water and sanitation amounting to R2.7 million, Amanzi Ichweba amounting to R1.4 million, Lindani Catering amounting to R1.9 thousand, BP Drakensburg amounting to R136.8 thousand, Tracker amounting to R134.2 thousand, World Focus amounting to R284.2 thousand. The balance for overpayments of R794.4 thousand is for Enduneni Constructors.

Fruitless expenditure to be recovered amounting to R1.3 million resulted from a claim of standing time due to consultant negligence.

Accrued Income – Indonsa Grant is the amount outstanding from the department of arts and culture for the Grant Gazetted in 2020/2021 financial year, and Accrued Income – Asset Disposal is the amount to be received from the actioner of assets disposed by the Municipality.

Inventory

The current level of inventory is **R8.6 million**. Inventory 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 asset owned by the municipality is **R4.4 billion**.

Opening balance	R4.1 billion
Additions	R271 million
Depreciation	(R57 million)
Closing Balance	R4.4 billion

Intangible

Intangible assets include software licenses owned by the Municipality, the current balance of intangible assets is **R31 999**.

CURRENT AND NON-CURRENT LIABILITIES

Borrowings

This is the finance lease agreement the Municipality entered into to procure laptops.

Consumer deposits

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

Trade and other payables

Trade and other payables are amounts owed by the municipality to service providers. This amount includes unspent conditional grants. Trade and other payables are **R251.2 million**.

Trade Creditors	R5.1 million
Unpent Conditional Grants	R126.5 million
Retention	R45.3 million
Department of Water & Sanitation	R30.1 million
Output VAT	R24.2 million
Leave accrued	R17.9 million
Bonus accrued	R4.6 million
Advance Payments	R2.4 million
Fleet Suspense account	(R5.4 million)
Salary Suspense Accounts	(R183 thousand)
Deceased Employees	R81.1 thousand
Unpaid cheques	(R144 thousand)
Closing Balance	R251.2 million

Current Provisions

Current provisions amount to **R2.6 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)	R249 thousand
Long service awards	R2.3 million

Non-current Provisions

Non-current Provisions amounts to **R33 million**, this provision is for post-retirement benefit (Medical aid) and Long Service award.

Post Retirement benefit (Medical aid)	R22.2 million
Long Service award	R10.7 million

Accumulated surplus

Accumulated surplus is the net worth of the Municipality, sitting at **R 4.3 billion**

DC26 Zululand - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		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		37 536	32 800	32 800	1 596	18 710	16 400	2 310	14%	32 800
Other revenue		1 051 926	1 358	1 358	73 541	770 430	679	769 751	113365%	1 358
Transfers and Subsidies - Operational		575 689	541 399	541 399	179 207	402 368	270 700	131 668	49%	541 399
Transfers and Subsidies - Capital		446 416	574 058	574 058	130 000	426 870	287 029	139 841	49%	574 058
Interest		1 571	6 000	6 000	372	2 007	3 000	(993)	-33%	6 000
Dividends								-		
Payments										
Suppliers and employees		(1 311 116)	(516 333)	(516 333)	(170 590)	(1 181 738)	(258 167)	923 572	-358%	(516 333)
Finance charges								-		
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		802 022	639 282	639 282	214 126	438 646	319 641	(119 006)	-37%	639 282
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		(395 419)	(580 277)	(580 277)	(60 674)	(271 007)	(290 139)	(19 132)	7%	(580 277)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(395 419)	(580 277)	(580 277)	(60 674)	(271 007)	(290 139)	(19 132)	7%	(580 277)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		(21)	13	-	0	(3 620)	(1 810)	(1 810)	100%	(3 620)
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		(21)	13	-	0	(3 620)	(1 810)	1 810	-100%	(3 620)
NET INCREASE/ (DECREASE) IN CASH HELD		406 582	59 018	59 005	153 452	164 020	27 692			55 385
Cash/cash equivalents at beginning:		12 290	75 203	75 203	-	20 058				
Cash/cash equivalents at month/year end:		418 872	134 221	134 208		184 078	27 692			55 385

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 can be met.

CASHFLOW FROM OPERATING ACTIVITIES

Service charges

The Municipality has budgeted to collect **R32.8 million** on service charges, the estimated collection amount is based on the 60% collection rate. The collection rate is also based on previous years actual collection and initiatives the Municipality has taken to improve collection. The Municipality has collected **R18.7 million** to date, which is **57%** of the budgeted collection.

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 is in a process to install new meters to ensure billing is accurate and not estimated.
- Municipality has adopted an indigent policy, and is in a process to finalize indigent register

Other Revenue

Other revenue includes receipts from tender fees, hall hiring, fines and forfeits, and office space rental receipts. The population of other revenue is higher than expected and not credible, the Municipality is a continuous engagement with the system vendor to resolve population of this line item. Other revenue on table C4 is **R368 thousand**.

Transfers and subsidies – Operational

Transfers and subsidies - Operational are expected to be received as per DoRA, and as per transfer schedule issued by National Treasury. Operating grants have been received as scheduled. Transfers and subsidies operational are to date are **R402.3 million**.

Equitable share	R393.4 million
Finance Management Grant	R1.2 million
Expanded public works program	R6.7 million
Indonsa Grant	R955.5 thousand

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 **R434.6 million**.

Municipal Infrastructure Grant	R163 million
Regional Bulk Infrastructure Grant	R150 million
Water services Infrastructure grant	R70 million
Rural Road asset Management grant	R1.6 million
KwamaJomela Grant	R-7.8 million

Interest

Interest on investment is budgeted at **R6 million**, this estimate is based on previous year interest income, the interest includes interest on investments made and interest on bank balance. Year to date Interest is **R2 million**

Payments - Suppliers and employees

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

CASHFLOW FROM INVESTING ACTIVITIES

Payments - Capital Assets

Capital expenditure to date is **R271 million**, the capital expenditure is excluding VAT portion, MFMA MSCOA circular number 11 issued 04 December 2020 highlighted the VAT issue and corrections are being developed.

Cash and cash equivalents at the end

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

PART 2 – SUPPORTING DOCUMENTATION

2.1 DEBTORS ANALYSIS

Debtors age analysis as at 31 December 2021

DC26 Zululand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2021/22												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	7 452	3 814	3 800	3 075	2 429	4 635	17 293	86 170	128 669	113 602		87 480		
Trade and Other Receivables from Exchange Transactions - Electricity	1300									-	-				
Receivables from Non-exchange Transactions - Property Rates	1400									-	-				
Receivables from Exchange Transactions - Waste Water Management	1500	2 048	937	796	747	773	576	3 113	27 828	36 819	33 037		28 109		
Receivables from Exchange Transactions - Waste Management	1600									-	-				
Receivables from Exchange Transactions - Property Rental Debtors	1700									-	-				
Interest on Arrear Debtor Accounts	1810	23	11	10	4	4	27	17	177	274	230		-		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-				
Other	1900	35	149	145	5	5	7	31	3	380	51		-		
Total By Income Source	2000	9 558	4 911	4 753	3 832	3 211	5 245	20 454	114 177	166 141	146 920	-	115 589		
2020/21 - totals only										-	-				
Debtors Age Analysis By Customer Group															
Organs of State	2200	1 884	1 470	1 008	917	614	1 904	1 866	1 691	11 354	6 993				
Commercial	2300	1 838	695	696	440	355	518	2 108	9 859	16 509	13 280				
Households	2400	5 836	2 746	3 049	2 475	2 242	2 823	16 479	102 627	138 278	126 647		115 589		
Other	2500									-	-				
Total By Customer Group	2600	9 558	4 911	4 753	3 832	3 211	5 245	20 454	114 177	166 141	146 920	-	115 589		

The total debtors outstanding as 31st December 2021 are **R 166 million**

Consumer Debtors increased by **R13 million** in the first half of the financial year, from **R153 million** as at 30 June 2021 to **R166 million** as at 31 December 2021, the municipality was not able to collect everything it is billing. This is concerning and needs urgent intervention.

- There is a challenge of high level of debt that calls for a continuous assessment for indigency and impairment/write off.
- The increase is mainly due to non-payment by low-cost housing consumers, businesses, and organs of state.
- A senior manager debt collection position has been established to assist with collection

2.2 CREDITORS ANALYSIS

Creditors age analysis as at 31 December 2021 as per Table A6

Trade Creditors	R5.1 million (payable within 30 days of receipt of invoice)
Unpent Conditional Grants	R126.5 million (to be fully spent on 30 June 2022 not on age analysis)
Retention	R45.3 million (Not payable immediately and not on age analysis)
Department of W&S	R30.1 million (Payment plan in place, not on age analysis)
Output VAT	R24.2 million (VAT accrual not payable, not on age analysis)
Leave accrued	R17.9 million (Not payable immediately and not on age analysis)
Bonus accrued	R4.6 million (Not payable immediately and not on age analysis)
Advance Payments	R2.4 million (Debtor with credit balances not immediately payable not on age analysis)
Fleet Suspense account	(R5.4 million) (To be cleared)
Salary Suspense Accounts	(R183 thousand) (To be cleared)
Deceased Employees	R81.1 thousand
Unpaid cheques	(R144 thousand) (To be cleared)
Closing Balance	R251.2 million

Most creditors disclosed as at 31 December 2021 are not immediately payable, The Municipality is committed in reducing its creditors, the Municipality will do this by implementing commitments made in the budget funding plan. One of the commitments for the first half of the financial year included reviewing SLA's to help reduce expenditure and ultimately creditors.

The Municipality does not have an aging system for most of the creditors it has.

Creditors age analysis as at 31 December 2021 as per Table SC4

DC26 Zululand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2021/22									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	1 375	334	4 271						5 981	
Auditor General	0800									-	
Other	0900									-	
Total By Customer Type	1000	1 375	334	4 271	-	-	-	-	-	5 981	-

Creditors are **R5.9 million** as at 31 December 2021.

The Municipality opened 2021/2022 financial year with total creditors of **R210.3 million** as per audited AFS, only **R131.7 million** are trade creditors which needed to be settled withing legislated time frames.

The assumption is that the cashflow must allow the reserves from VAT refunds to fund creditors to avoid next financial year's operations funding the prior year activities.

2.3 INVESTMENT PORTFOLIO

Investments as at 31 December 2021

DC26 Zululand - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
Zululand District Municipality - Nedbank		N/A	call account	Yes	Fixed	0.0436	N/A	N/A	N/A	150 000	(150 000)			-
Zululand District Municipality - Standard Bank		N/A	call account	Yes	Fixed	0.0428	N/A	N/A	N/A	50 000	(50 000)			-
Zululand District Municipality - Nedbank		N/A	call account	Yes	Fixed		N/A	N/A	N/A	100 000	(100 000)			-
Zululand District Municipality - Standard Bank		N/A	call account	Yes	Fixed					50 000	(50 000)			-
Municipality sub-total										350 000	(350 000)	-	-	-
Entities														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									350 000	(350 000)	-	-	-

The Municipality does not have any investments.

The municipalities investment portfolio depends on grants money not immediately due for payment, because of accelerated implementation of capital projects, the municipality does not hold funds for extended period of time to be available for investment.

2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

Grants Receipts

DC26 Zululand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		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:		574 733	539 488	539 488	179 761	401 856	269 744	132 112	49.0%	539 488
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		564 272	524 645	524 645	174 882	393 484	262 322	131 162	50.0%	524 645
Expanded Public Works Programme Integrated Grant		9 261	9 612	9 612	4 325	6 728	4 806	1 922	40.0%	9 612
Local Government Financial Management Grant		1 200	1 200	1 200	198	747	600	147	24.6%	1 200
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	3	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	4 031	4 031	-	-	2 015	(2 015)	-100.0%	4 031
Rural Road Asset Management Systems Grant		-	-	-	356	897	-	897	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		3 100	1 911	1 911	498	16 140	956	15 185	1589.2%	1 911
Art Centres Subsidies		-	-	-	-	-	-	-	-	-
Capacity Building and Other Grants		3 100	1 911	1 911	498	16 140	956	15 185	1589.2%	1 911
Development Planning and Shared Services		-	-	-	-	-	-	-	-	-
Environmental Grant	4	-	-	-	-	-	-	-	-	-
Tourism Events		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
KwazuluNatal Provincial Planning and Development Commission		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	577 833	541 399	541 399	180 260	417 996	270 699	147 297	54.4%	541 399
Capital Transfers and Grants										
National Government:		442 916	574 058	574 058	121 127	298 410	287 029	11 381	4.0%	574 058
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		221 235	239 111	239 111	45 482	159 067	119 555	39 511	33.0%	239 111
Regional Bulk Infrastructure Grant		113 798	222 531	222 531	66 093	85 966	111 266	(25 299)	-22.7%	222 531
Rural Road Asset Management Systems Grant		2 383	2 416	2 416	-	-	1 208	(1 208)	-100.0%	2 416
Water Services Infrastructure Grant		105 500	110 000	110 000	9 551	53 376	55 000	(1 624)	-3.0%	110 000
Provincial Government:		3 821	-	-	1 407	4 205	-	4 205	-	-
Infrastructure Grant		3 821	-	-	1 407	4 205	-	4 205	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	446 737	574 058	574 058	122 534	302 615	287 029	15 586	5.4%	574 058
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 024 570	1 115 457	1 115 457	302 794	720 611	557 728	162 882	29.2%	1 115 457

Grants are received as per transfer schedule and have been received as such.

Grant Expenditure

DC26 Zululand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		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:		724 094	514 926	514 936	67 789	334 475	257 468	77 007	29.9%	514 936
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Equitable Share		655 292	500 083	500 093	65 204	321 289	250 046	71 242	28.5%	500 093
Expanded Public Works Programme Integrated Grant		11 272	9 612	9 612	2 049	11 877	4 806	7 071	147.1%	9 612
Local Government Financial Management Grant		1 290	1 200	1 200	99	752	600	152	25.3%	1 200
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		51 660	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant		–	4 031	4 031	437	557	2 016	(1 458)	-72.3%	4 031
Rural Road Asset Management Systems Grant		2 072	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		2 507	–	–	–	–	–	–	–	–
Provincial Government:		1 615	1 077	1 716	801	1 428	659	769	116.8%	1 716
Art Centres Subsidies		–	–	–	–	–	–	–	–	–
Capacity Building and Other Grants		1 615	1 077	1 716	801	1 428	659	769	116.8%	1 716
Development Planning and Shared Services		–	–	–	–	–	–	–	–	–
Environmental Grant		–	–	–	–	–	–	–	–	–
Tourism Events		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
								–		
Other grant providers:		–	–	–	–	–	–	–	–	–
								–		
KwazuluNatal Provincial Planning and Development Commission		108	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		725 708	516 003	516 652	68 590	335 903	258 126	77 776	30.1%	516 652
Capital expenditure of Transfers and Grants										
National Government:		333 171	574 058	499 181	60 202	262 184	252 994	9 190	3.6%	499 181
Local Government Financial Management Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		142 240	239 111	207 923	27 292	139 191	105 379	33 812	32.1%	207 923
Regional Bulk Infrastructure Grant		99 680	222 531	193 505	26 104	75 364	98 072	(22 708)	-23.2%	193 505
Rural Road Asset Management Systems Grant		–	2 416	2 101	310	780	1 065	(285)	-26.8%	2 101
Water Services Infrastructure Grant		91 251	110 000	95 652	6 496	46 849	48 478	(1 630)	-3.4%	95 652
Provincial Government:		3 869	834	10 202	446	4 065	4 324	(259)	-6.0%	10 202
Infrastructure Grant		3 869	834	10 202	446	4 065	4 324	(259)	-6.0%	10 202
District Municipality:		–	–	–	–	–	–	–	–	–
								–		
Other grant providers:		–	–	–	–	–	–	–	–	–
								–		
Total capital expenditure of Transfers and Grants		337 040	574 892	509 383	60 648	266 248	257 318	8 931	3.5%	509 383
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 062 749	1 090 895	1 026 035	129 238	602 151	515 444	86 707	16.8%	1 026 035

Most conditional grant expenditure is on track, the variance between year to date actual and year to date budget is minimal.

EPWP grant expenditure have exceeded allocation, a journal will be processed to allocate the additional expenditure under own funding.

The municipality will pick up the pace and ensure MSIG is fully spent by year end.

Roll-overs Expenditure

The Municipality has three rolled over grants

- Tourism Development grant
- KwamaJomela manufacturing grant
- Spatial Development Framework grant

Rolled over grants are almost fully spent

DC26 Zululand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M06 December

Description	Ref	Budget Year 2021/22				
		Approved Rollover 2020/21	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						
EXPENDITURE						
<u>Operating expenditure of Approved Roll-overs</u>						
National Government:		-	-	-	-	
Provincial Government:		511	-	498	13	2.5%
Tourism Grant		269		257	13	4.7%
Spatial Development Framework		242		242	0	
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total operating expenditure of Approved Roll-overs		511	-	498	13	2.5%
<u>Capital expenditure of Approved Roll-overs</u>						
National Government:		-	-	-	-	
Provincial Government:		1 779	-	1 779	-	
Kwamajomela		1 779		1 779	-	
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total capital expenditure of Approved Roll-overs		1 779	-	1 779	-	
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		2 290	-	2 278	13	0.6%

2.5 COUNCILLOR AND BOARD MEMBER ALLOWENCES AND EMPLOYEE BENEFITS

DC26 Zululand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration	Ref	2020/21	Budget Year 2021/22							
		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		483	416	416	81	249	208	41	20%	416
Medical Aid Contributions		75	206	206	2	31	103	(72)	-70%	206
Motor Vehicle Allowance		1 932	1 867	1 867	185	893	933	(41)	-4%	1 867
Cellphone Allowance		688	694	694	94	343	347	(4)	-1%	694
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		5 311	5 355	5 355	1 028	2 974	2 677	297	11%	5 355
Sub Total - Councillors		8 489	8 537	8 537	1 391	4 490	4 269	222	5%	8 537
% increase	4		0.6%	0.6%						0.6%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		6 136	6 570	6 570	440	2 638	3 285	(647)	-20%	6 570
Pension and UIF Contributions		9	66	66	1	5	33	(28)	-84%	66
Medical Aid Contributions		97	57	57	5	29	29	(0)	0%	57
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		1 551	1 592	1 592	111	668	796	(128)	-16%	1 592
Cellphone Allowance		144	71	71	17	99	36	63	177%	71
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		249	215	215	18	107	107	(0)	0%	215
Payments in lieu of leave		324	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		8 511	8 571	8 571	591	3 546	4 286	(739)	-17%	8 571
% increase	4		0.7%	0.7%						0.7%
Other Municipal Staff										
Basic Salaries and Wages		151 163	175 275	175 775	14 408	85 139	87 838	(2 699)	-3%	175 775
Pension and UIF Contributions		19 592	22 634	22 634	1 943	11 241	11 317	(76)	-1%	22 634
Medical Aid Contributions		12 590	13 569	13 569	1 091	6 515	6 785	(270)	-4%	13 569
Overtime		54	1 130	1 130	–	–	565	(565)	-100%	1 130
Performance Bonus		10 711	11 670	11 670	895	5 464	5 835	(371)	-6%	11 670
Motor Vehicle Allowance		6 999	7 578	7 578	721	4 030	3 789	241	6%	7 578
Cellphone Allowance		533	706	706	54	313	353	(40)	-11%	706
Housing Allowances		1 219	1 256	1 256	107	629	628	1	0%	1 256
Other benefits and allowances		17 525	11 781	11 781	1 606	9 424	5 891	3 533	60%	11 781
Payments in lieu of leave		4 630	–	–	23	96	–	96	#DIV/0!	–
Long service awards		2 246	–	–	119	576	–	576	#DIV/0!	–
Post-retirement benefit obligations	2	6 182	1 100	1 100	–	–	550	(550)	-100%	1 100
Sub Total - Other Municipal Staff		233 443	246 698	247 198	20 967	123 426	123 550	(124)	0%	247 198
% increase	4		5.7%	5.9%						5.9%
Total Parent Municipality		250 442	263 807	264 307	22 949	131 463	132 104	(642)	0%	264 307
Unpaid salary, allowances & benefits in arrears:			R 201	R 201						R 201

Expenditure on salaries and councillors' allowances is on track

2.6 MATERIAL VARIANCES TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

DC26 Zululand - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	Service charges - water revenue	-10%	This is the amounts billed on customers for water used, the year-to-date actual is R19.3 million, which is below year-to-date budget of R21.5 million. A variance of R2.1 million or 10% is observed. This is since the Municipality has installed meters and majority of customers are billed on actual and not average.	The original budget for service charges water is R43 million, based on the year-to-date actual of R19.3 million, a decrease of R4.2 million is recommended. A revised allocation of R38.7 million is recommended based on the year-to-date actual full year projection.
	Service charges - sanitation revenue	9%	This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R6 million which is above year to date budget of R5.5 million. A variance of R503 thousand or 9% is observed. This overbilling is due to sewer access charged on businesses when they use more than 40kl of water per month.	The original budget for service charges sanitation is R11 million, based on the year-to-date actual of R6 million, an increase of R1 million is recommended. A revised allocation of R12 million is recommended based on the year-to-date actual full year projection.
	Service charges - refuse revenue			
	Rental of facilities and equipment	-13%	Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual is R46 thousand which is below year-to-date budget of R53 thousand. A variance of R7 thousand or 13% is observed. The original amount budgeted under this item included VAT portion, an adjustment is recommended to remove Vat portion and only include revenue under this item.	The original budget for Rental of facilities is R 210 thousand, based on the year-to-date actual of R91.7 thousand, a decrease of R26.5 thousand is recommended. A revised allocation of R183.4 thousand is recommended based on the year-to-date actual full year projection.
	Interest earned - external investments	-33%	Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is R2 million, which is below year-to-date budget of R3 million. A variance of R993 thousand or 33% is observed. This is due to accelerated implementation of capital programmes which reduces period when cash is available for investment.	The original budget for Interest on investment is R6 million, based on the year-to-date actual of R2 million, a decrease of R1.9 million is recommended. A revised allocation of R4 million is recommended based on the year-to-date actual full year projection.
	Interest earned - outstanding debtors	29%	Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is R55 thousand, which is above to year-to-date budget of R42 thousand. variance of R0 or 0% is observed. This is since most businesses did not settle their accounts on time, The municipality will implement stringent measures to ensure businesses pay on time.	The original budget for Interest earned - outstanding debtors is R85 thousand, based on the year-to-date actual of R54.7 thousand, no revised allocation is recommended since the Municipality will ensure businesses pay on time.
	Dividends received			
	Fines, penalties and forfeits	-88%	Fines, penalties and forfeits are mainly amounts charged on illegal connections, the year-to-date actual is R37 thousand, the year-to-date budget is R319 thousand. A variance of R282 thousand or 88% is observed. This is due to the delay in the fines implementation programme that was supposed to start at the beginning of the financial year.	The original budget for Fines, penalties and forfeits is R638 thousand, based on the year-to-date actual of R36.8 thousand, a decrease of R564.2 thousand is recommended. A revised allocation of R73.7 thousand is recommended based on the year-to-date actual full year projection.
	Licences and permits	-100%	This amount is for health certificates issued, the year-to-date actual is R0, the year-to-date budget is R5 thousand. A variance of R5 thousand or 100% is observed. This is since no applications have been received by the Municipality. The original budget for Licences and permits is R10 thousand, based on the year-to-date actual of R0, a decrease of R10 thousand is recommended.	A revised allocation of R0 is recommended based on the year-to-date actual full year projection.
	Agency services			
	Transfers and subsidies	54%	Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2021; 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 R417.9 million, which is above year-to-date budget of R270.6 million. A variance of R147.2 million or 54% is observed. The original budget for Transfers and subsidies is R541.3 million. Transfers and subsidies are based on the transfer schedule, Division of Revenue act, and approved rolled over grants, Tourism grant (R269 thousand), Spatial Development Framework grant (R242 thousand) were rolled over from the previous financial year. An adjustment of R511 thousand is recommended and a revised allocation of R541.9 million is recommended.	

DC26 Zululand - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue By Source			
	Other revenue	48%	Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual is R148 thousand, which is above year-to-date budget of R125 thousand.	The original budget for other revenue is R500 thousand, based on the year-to-date actual of R369 thousand, an increase of R238.3 thousand is recommended. A revised allocation of R738 thousand is recommended based on the year-to-date actual full year projection.
2	Expenditure By Type			
	Employee related costs	-1%	Employee related costs year to date actual is R126.9 million, the year-to-date budget is R127.8 million, a variance of R863 thousand or 1% is observed.	The original budget for employee related costs is R255 million, based on the year-to-date actual of R126.9 million, a full year projection of R253 million is expected. The variance of R1.3 million is recommended to subsidise councillors' remuneration.
	Remuneration of councillors	5%	Remuneration of Councillors year to date actual is R4.4 million, the year-to-date budget is R4.2 million, a variance of R222 thousand or 5% is observed.	The original budget for Remuneration of Councillors is R8.5 million, based on the year-to-date actual of R4.4 million, an increase of R443 thousand is recommended. A revised allocation of R8.9 million is recommended based on the year-to-date actual full year projection.
	Debt impairment	-100%	Debt impairment is the amount for provision for bad debts as per council policy. Provision for bad debts is assessment and calculation is done at year end.	The municipality is looking into the process of assessing debtors for impairment on the monthly basis.
	Depreciation & asset impairment	60%	This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R57.1 million. The year-to-date budget is R35.8 million. A variance of R21.3 million or 60% is observed. The municipality under budgeted for depreciation. The municipality will adjust depreciation in the adjustment budget.	The original budget for Depreciation is R71 million, based on the year-to-date actual of R57 million, an increase of R42 million is recommended. A revised allocation of R114 million is recommended based on the year-to-date actual full year projection.
	Finance charges			
	Bulk purchases - electricity		The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity.	
	Inventory consumed	-49%	Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable stores (cleaning materials and stationery); and water stock, year to date actual is R6.1 million, the year-to-date budget is R12.1 million, a variance of R5.9 million or 49% is observed	The original budget for Inventory consumed is R24 million, based on the year-to-date actual of R6 million, a decrease of R11 million should be recommended, but the municipality still has commitments on this line item which will escalate expenditure in the second half of the financial year, the Municipality will review these line items to determine if there are savings available to allocate to other expenditure items.
	Contracted services	70%	Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R122.9 million and the year-to-date budget is R72.1 million, a variance of R50.8 million or 70% is observed.	The original budget for Contracted services is R139 million, based on the year-to-date actual of R122 million, an increase of R106 million should be recommended; and a revised allocation of R245 million should be recommended based on the year-to-date actual full year projection. In consideration of the above, the municipality has taken a decision to review all Service Level Agreements in line with the budget funding plan to limit the scope of work whilst maintaining service delivery, this process will help reduce cost so that the municipality spends within the limits of the budget. The Municipality will identify savings and reallocate to needy expenditure items. No adjustment or revised allocation is recommended.
	Transfers and subsidies	116%	Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual is R11 million, the year-to-date budget is R5.1 million, a variance of R5.9 million or 53% is observed.	The municipality's expenditure on these projects is once off and incurred in the first half of the financial year. The municipality does not expect to incur expenditure on this line item in the second half of the financial year. The original budget for transfers and subsidies is R11 million, based on the year-to-date actual of R11 million, a revised allocation of R22 million should be recommended, considering all the above no adjustment or revised allocation is recommended.
	Other expenditure	64%	Other expenditure year to date actual is R60.7 million, the year-to-date budget is R36.6 million, a variance of R23.3 million or 64% is observed. This expenditure item includes cost of electricity for water/sewer plants, Municipal services, external Audit fees, subsistence and travel, fuel, insurance, software licences, SALGA bargaining council levy, telephone, Hiring charges, uniforms & protective clothing, operating leases, and other operating cost. Some of the expenditure items are once off and incurred in the first half of the financial year and will not be incurred in the second half of the financial year e.g., SALGA bargaining council levy, software licences, insurance, uniforms & protective clothing, and external audit fees.	The municipality has taken a decision to limit nonpriority items that do not impact on service delivery directly. This will help reduce cost so that the municipality spends within the limits of the budget. The original budget for other expenditure is R76 million, based on the year-to-date actual of R60 million, an adjustment is recommended on certain items of other expenditure like cost of electricity for water and sewer plants, The Municipality will identify savings and reallocate to those needy expenditure items. Based on the year-to-date actual full year projection, a revised allocation of R120 million should be recommended but because of limited funding sources, the Municipality will utilise initiatives proposed in the budget funding plan to curb and halt expenditure.
	Losses			

DC26 Zululand - Supporting Table SC1 Material variance explanations - M06 December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	R thousands			
3	<u>Revenue By Source</u>			
	<u>Capital Expenditure</u>			
	Vote 01 - Council	121%	Erection of statue	
	Vote 02 - Corporate Services			
	Vote 03 - Finance	-8%		
	Vote 04 - Community Development	-6%	implementation of Kwamajomela grant	
	Vote 05 - Planning & Wsa	4%	implementation of Infrastructure grants	
	Vote 06 - Technical Services			
	Vote 07 - Water Purification			
	Vote 08 - Water Distribution	-100%		
	Vote 09 - Waste Water			
4	<u>Financial Position</u>			
	Client elected not to populate this sheet			
5	<u>Cash Flow</u>			
	Client elected not to populate this sheet			
6	<u>Measureable performance</u>			
	Client elected not to populate this sheet			
7	<u>Municipal Entities</u>			
	Client elected not to populate this sheet			

2.7 PARENT MUNICIPALITY FINANCIAL PERFORMANCE

The Municipality does not have any entities.

2.8 MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The Municipality does not have any entities.

2.9 CAPITAL PROGRAMME PERFORMANCE

Capital Expenditure by month

DC26 Zululand - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2020/21	Budget Year 2021/22							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
<u>Monthly expenditure performance trend</u>									
July	75	48 356	48 505	48 036	48 036	48 505	469	1.0%	8%
August	46 591	48 356	41 667	54 971	103 007	90 171	(12 835)	-14.2%	18%
September	67 762	48 356	42 460	38 574	141 580	132 631	(8 949)	-6.7%	24%
October	42 474	48 356	42 460	41 743	183 323	175 091	(8 232)	-4.7%	32%
November	47 428	48 356	42 460	27 010	210 333	217 550	7 218	3.3%	36%
December	46 939	48 356	42 460	60 674	271 007	260 010	(10 997)	-4.2%	47%
January	2 271	48 356	42 460	–		302 470	–		
February	32 701	48 356	42 460	–		344 929	–		
March	24 983	48 356	42 460	–		387 389	–		
April	39 946	48 356	42 460	–		429 849	–		
May	20 366	48 356	42 460	–		472 309	–		
June	(30 093)	48 356	42 460	–		514 768	–		
Total Capital expenditure	341 444	580 277	514 768	271 007					

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

Summary of Capital Expenditure by asset class and sub-class

DC26 Zululand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

[illegible]

DC26 Zululand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

[illegible]

DC26 Zululand - Supporting Table SC13a Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

Description	Ref	2020/21	Budget Year 2021/22							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<u>Heritage assets</u>		-	3 500	4 800	-	4 580	2 075	(2 505)	-120.7%	4 800
Monuments								-		
Historic Buildings								-		
Works of Art		-	3 500	4 800	-	4 580	2 075	(2 505)	-120.7%	4 800
Conservation Areas								-		
Other Heritage								-		
<u>Investment properties</u>		-	-	-	-	-	-	-		-
Revenue Generating		-	-	-	-	-	-	-		-
Improved Property								-		
Unimproved Property								-		
Non-revenue Generating		-	-	-	-	-	-	-		-
Improved Property								-		
Unimproved Property								-		
<u>Other assets</u>		-	-	-	-	-	-	-		-
Operational Buildings		-	-	-	-	-	-	-		-
Municipal Offices								-		
Pay/Enquiry Points								-		
Building Plan Offices								-		
Workshops								-		
Yards								-		
Stores								-		
Laboratories								-		
Training Centres								-		
Manufacturing Plant								-		
Depots								-		
Capital Spares								-		
Housing		-	-	-	-	-	-	-		-
Staff Housing								-		
Social Housing								-		
Capital Spares								-		
<u>Biological or Cultivated Assets</u>		-	-	-	-	-	-	-		-
Biological or Cultivated Assets								-		
<u>Intangible Assets</u>		-	-	20	-	-	7	7	100.0%	20
Servitudes								-		
Licences and Rights		-	-	20	-	-	7	7	100.0%	20
Water Rights								-		
Effluent Licenses								-		
Solid Waste Licenses								-		
Computer Software and Applications		-	-	20	-	-	7	7	100.0%	20
Load Settlement Software Applications								-		
Unspecified								-		
<u>Computer Equipment</u>		1 402	135	135	26	86	68	(18)	-27.3%	135
Computer Equipment		1 402	135	135	26	86	68	(18)	-27.3%	135
<u>Furniture and Office Equipment</u>		257	250	250	-	92	125	33	26.4%	250
Furniture and Office Equipment		257	250	250	-	92	125	33	26.4%	250
<u>Machinery and Equipment</u>		662	2 334	1 014	198	198	829	631	76.1%	1 014
Machinery and Equipment		662	2 334	1 014	198	198	829	631	76.1%	1 014
<u>Transport Assets</u>		2 844	-	-	-	-	-	-		-
Transport Assets		2 844	-	-	-	-	-	-		-
<u>Land</u>		-	-	-	-	-	-	-		-
Land								-		
<u>Zoo's, Marine and Non-biological Animals</u>		-	-	-	-	-	-	-		-
Zoo's, Marine and Non-biological Animals								-		
Total Capital Expenditure on new assets	1	341 658	580 277	514 768	60 674	271 007	260 010	(10 997)	-4.2%	514 768

2.10 OTHER SUPPORTING DOCUMENTS

Budget funding plan and progress report

The Budget was approved by council and monthly progress report is tabled to council monthly as part of MFMA S71 report as per National treasury guidelines. The Municipality hopes this process will improve its funding position and financial viability.

2.11 IN-YEAR REPORT OF MUNICIPAL ENTITIES

The Municipality does not have any entities.

2.12 MUNICIPAL MANAGERS QUALITY CERTIFICATION

I, **P.M. Manqele**, Municipal Manager of Zululand District Municipality, hereby certify that the Mid-year budget and performance Assessment has been prepared in accordance with the Municipal Finance Management Act, and the regulations made under the Act.

P.M. Manqele
Municipal Manager
Zululand District Municipality (DC26)

Date: _____

APPROVAL BY THE HONORABLE MAYOR

I, the Mayor of the Zululand District Municipality, have reviewed the Mid-Year assessment.

I have ascertained that:

- (a) The budget of the municipality is being implemented in terms of the municipality's SDBIP.
- (b) Monthly Budget Statement (S71) has been reviewed.

I further request the Accounting Officer, in terms of S 54(d) of the MFMA, to ensure that the following is done:

- (a) The Adjustments Budget for the 2021/22 financial year is tabled for approval before the end of February 2022.
- (b) Ensure that the necessary reports are submitted to the Provincial and National Treasuries.
- (c) Ensure that the 2021/22 SDBIP is revised in order to take the Budget Adjustments into account.
- (d) Take all necessary steps to ensure that the variances revealed by the Mid-Year assessment are addressed and that overall performance is improved during the second half of the financial year.

Signature: _____

Date: _____

HON. MAYOR: CLLR TD BUTHELEZI

ANNEXURES

MONTHLY BUDGET STATEMENT

S72(a) of the Municipal Finance Management Act require the Accounting Officer to also include the Budget Statements for the first half of the financial year.

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The Service Delivery and Budget Implementation Plan for the first six months has been reviewed as said in S54 (1) (c) and S72 (1) (a).

The performance as per service delivery budget and implementation plans are categorized per main votes of the municipality including the following:

- (i) Budget and Treasury Office;
- (ii) Corporate services;
- (iii) Planning department;
- (iv) Technical services;
- (v) Community services; and
- (vi) The office of the Municipal Manager

Each of these departments will reflect on the mid-year performance on their service delivery and budget implementation plans. However, it is noted that SDBIP are not conclusive to what the departments are doing. Critical determining activities must inform the direction to the municipality must take to attend to plethora of issues pertinent to the survival of the municipality.

Common to all departmental functionality is the IDP and Budget. This section is set to show progress in the implementation of these two processes.

ANNUAL REPORT

S72(a) of the Municipal Finance Management Act require the Accounting Officer to also include the past year's annual report, and progress on resolving problems identified in the annual report.