



Zululand

District Municipality

ADJUSTMENT BUDGET 2022-2023

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GLOSSARY

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

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

AFS – Annual Financial Statements.

Budget – the financial plan of the municipality.

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

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

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

CFO – Chief Financial Officer

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

DWAF – Department of Water Affairs

EPWP – Expanded Public Works Program

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

FMG – Financial Management Grant

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

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

MSCOA – Municipal Standard Chart of Accounts

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

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

LED – Local Economic Development

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

MIG – Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

WSIG – Water services Infrastructure Grant

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

MWIG – Municipal Water Infrastructure Grant

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

R & M – Repairs and Maintenance

SCM - Supply Chain Management

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

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

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

Virement – transfer of budget

ZDM – Zululand District Municipality

PART 1 – ADJUSTMENT BUDGET

1.1 MAYOR’S REPORT

ADJUSTMENT BUDGET SPEECH BY THE HONOURABLE MAYOR OF ZULULAND DISTRICT MUNICIPALITY, COUNCILLOR T D BUTHELEZI DELIVERED TO THE MUNICIPAL COUNCIL FOR 2022/2023 ADJUSTMENT BUDGET IN THE COUNCIL CHAMBERS, QUEEN SILOMO BUILDING

Honourable Speaker,
Honourable Deputy Mayor,
AmaKhosi aseNdlunkulu
Councillors,
Municipal Manager,
Directors,
Staff,
Members of the Media and Public at the gallery,
Ladies and Gentlemen

It is indeed a great honor for me, as we look towards the second half of the financial year in this term of office, to present to you, the 2022/2023 and 2023/2024 2024/2025 multi-term budget. The Municipal Finance Management Act, No. 56 of 2003 continues to emphasize reforms to all of us as it aims to modernize budget and financial management practices by placing local government finances on a sustainable footing in order to maximize the capacity of municipalities to deliver services to all.

Zululand District Municipality, as a medium Capacity Municipality, is among those that complied with the Budget regulations and has been submitting multi-term budgets in an MSCOA format. Chapter 7 of the MFMA places major responsibilities on the mayor.

Honorable Speaker, the ability to comply is one thing. Delivering services as per our mandate is what brought us to this institution. We cannot afford to fail on this mandate. As this government in office, we have no liberty to point at the past, but to forge ahead. We acknowledge that we are coming from a very low base on all National key performance areas. At the core of this is the sustainability of the municipality. Key pillars to reverse this are strong leadership, financial stability, smart deliverables and compliance with laws and regulations. This budget is a step to that direction.

Water and sanitation are our main core functions. Bulk of the budget is directed to this. Sanitation is one area in which we must push on the backlog. Many of our households are either on a full flush waterborne or septic tank system. The rest of the households need to be provided with ventilated improved pit latrines (VIPs).

Honorable Speaker, we all know that besides our staff helping us, outsourced duties remain our core duties. Technical consultants form a biggest component to this. Contract management is the only tool to ensure value for money on this front.

Having said all this let me now come to the core of our business for today.

Honorable Speaker, it is important to mention that there has been an increase in expenditure and reduction in some revenue sources i.e. flat rate levies, which resulted in the need to revise 2022/2023 Adjustment budget with very scarce funding.

Honorable Speaker, there has been an increase in capital grants and transfers; the expectation is the 100% expenditure and commitment for all these capital grants. Procurement plans are part and parcel of the adjustment budget process.

Honorable Speaker, the MFMA requires that Service Delivery Budget Implementation Plans (SDBIPs) for each function be approved by the Mayor not later than 28 days after approval of the budget. These SDBIP's are linked to the performance agreements of all Section 57 employees which have to be signed. This further re-enforces the need to move towards implementing the Ward-based planning in future years.

Honorable Speaker, in conclusion I would like to take this opportunity to express my sincere thanks to the Municipal Manager, Heads of Departments and staff involved, for their dedication and commitment to this adjustment budget process which was planned in terms of the approved budget time table.

Lastly, Honorable Speaker, I wish to state that this adjustment Budget Speech represents an executive summary of our Municipality's adjustment budget 2022/2023 Financial Year.

I thank you.

1.2 COUNCIL RESOLUTIONS

The council resolves that:

2022/2023 adjustment budget be approved as set-out in the following tables:

Table B1 Budget Summary.

Table B2 Budgeted Financial Performance (revenue and expenditure by standard classification).

Table B3 Budgeted Financial Performance (revenue and expenditure by municipal vote).

Table B4 Budgeted Financial Performance (revenue and expenditure).

Table B5 Budgeted Capital expenditure by vote, standard classification and funding.

That the financial position, cash flow, cash backed reserve/accumulated surplus, asset management and basic delivery targets are adopted as set out in the following tables:

Table B6 Budgeted Financial Position.

Table B7 Budgeted Cash Flows

Table B8 Cash backed reserves/accumulated surplus reconciliation

Table B9 Asset Management

Table B10 Basic service delivery measurements

The comments on mid-year budget and performance assessment by provincial treasury be noted

The Quality Certificate be approved.

1.3 EXECUTIVE SUMMARY

MAIN BUDGET SUMMARY

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

	BUDGET FINAL 2022/2023	ADJUSTMENTS	ADJUSTED BUDGET 2022/2023	BUDGET YEAR 2023/2024	BUDGET YEAR 2024/2025
OPERATING REVENUE	688 934 986	18 048 542	706 983 528	727 476 986	783 513 486.00
CAPITAL GRANTS AND TRANSFERS	372 306 000	239 641 817	611 947 817	405 137 000	438 209 000.00
TOTAL BUDGET REVENUE	1 061 240 986	257 690 359	1 318 931 345	1 132 613 986	1 221 722 486.00
OPERATING EXPENDITURE	626 160 559	69 228 970	695 389 529	650 839 536	687 527 463.00
CONTRIBUTION TO CAPITAL	332 161 738	210 298 189	542 459 927	352 319 131	381 077 391.00
TOTAL BUDGET EXPENDITURE EXCLUDING VAT CAPEX	958 322 297	279 527 159	1 237 849 456	1 003 158 667	1 068 604 854.00
CAPITAL EXPENDITURE - GRANTS AND TRANSFERS	323 770 435	206 956 522	530 726 957	352 319 131	381 077 391.00
CAPITAL EXPENDITURE - INTERNALLY FUNDED ASSETS	8 391 303	3 341 667	11 732 970	4 702 173	4 937 283.00
TOTAL CAPITAL EXPENDITURE	332 161 738	210 298 189	542 459 927	357 021 304	386 014 674.00
TOTAL BUDGET REVENUE	1 061 240 986	257 690 359	1 318 931 345	1 132 613 986	1 221 722 486.00
TOTAL BUDGET EXPENDITURE	958 322 297	279 527 159	1 237 849 456	1 007 860 840	1 073 542 137.00
SURPLUS/DEFICIT	102 918 689	- 21 836 800	81 081 889	124 753 146	148 180 349.00

The Municipality is largely dependent on government grants for its operations and the small portion generated from service charges. The budget was assessed as funded which meant the municipality had to maintain that funded position status. The municipality adjustment budget is highlighted below which show the increase of capital budget and increase on operating budget.

The total budget has increased by **R257 million** from **R1.061 billion** to **R1.318 billion**, the surplus of **R81 million** is VAT on capital expenditure which is not included as part of capital expenditure as per MFMA guidelines.

The movements in the total budget is highlighted below:

Operating revenue Framework

Operating Revenue has increased by **R18 million** from **R688.9 million** to **R706.9 million**, this increase is because of the following:

The municipality received a grant from the KwaZulu-Natal Amafa and Research Institute amounting to **R 200 thousand**, a grant from National Skills Fund amounting to **R43.1 million** and a grant from Local Government Sector Education and Training Authority amounting to **R1.08 million**. The Municipality also adjusted Fines, penalties and forfeits from **R150 thousand** to **R58 thousand**, Interest on investment from **R6 million** to **R3 million**, interest

on outstanding debtors from **R85 thousand to R199 thousand**, Licences and permits from **R0 to R72 thousand**, rent from **R183 thousand to R208 thousand**, service charges sanitation revenue from **R12.5 million to R15.3 million**, service charges water revenue (billed) from **R43.6million to R40.9 million**, service charges water revenue (flat rate) from **R24.4 million to R0** and other revenue from **R 710 thousand to R 1.5 million**. Below is a table of adjustments.

Summary of Adjustments

2022/2023 OPERATING REVENUE	APPROVED BUDGET	ADJUSTMENTS	ADJUSTED BUDGET
Service charges - water revenue	68 000 000	- 27 052 755	40 947 245
Service charges - sanitation revenue	12 500 000	2 805 531	15 305 531
Rental of facilities and equipment	183 486	25 456	208 942
Interest earned - external investments	6 000 000	- 3 000 000	3 000 000
Interest earned - outstanding debtors	85 000	114 868	199 868
Fines, penalties and forfeits	150 000	- 91 835	58 165
Licences and permits	-	72 683	72 683
Transfers and subsidies	601 306 000	44 383 900	645 689 900
Other revenue	710 500	790 695	1 501 195
TOATL OPERATING REVENUE	688 934 986	18 048 543	706 983 529

Operating revenue Framework is explained in detail in section 1.4

Operating Expenditure Framework

Operating expenditure has increased by **R69.2 million**, from **R626.1 million** to **R 695.3 million**. This increase is because of the following.

The municipality allocated **R200 thousand** for The KwaZulu-Natal Amafa and Research Institute grant, **R43.1 million** for National Skills Fund grant and **R 1.08 million** for Local Government Sector Education and Training Authority Grant.

The Municipality also adjusted employee related cost from **R268.1 million** to **R270.1 million**, remuneration of councilors from **R8.7 million** to **R9 million** finance charges from **R0** to **R87 thousand**, inventory from **R33 million** to **R31 million**, Contracted Services from **R106 million** to **R170 million**, transfers and subsidies from **R3 million** to **R4 million** and other expenditure from **R112.4 million** to **R115.2 million**.

Summary of Adjustments

ADJUSTMENTS	ORIGINAL BUDGET	ADJUSTMENTS	ADJUSTED BUDGET
Employee related costs	268 152 047	2 000 000	270 152 047
Remuneration of councillors	8 770 722	250 000	9 020 722
Debt impairment	14 000 000	-	14 000 000
Depreciation & asset impairment	80 000 005	-	80 000 005
Finance charges	-	87 774	87 774
Inventory consumed	33 319 977	- 1 565 437	31 754 540
Contracted services	106 387 709	64 370 296	170 758 005
Transfers and subsidies	3 070 000	1 265 225	4 335 225
Other expenditure	112 460 099	2 821 112	115 281 211
TOTAL EXPENDITURE	626 160 559.00	69 228 970.45	695 389 529.45

The municipality will use the minimum that is available to fund operations to the point where all funds are fully used.

Operating Expenditure Framework is also explained in detail in section 1.5.

Capital Expenditure and Funding

Capital expenditure has increase by **R210 million** VAT exclusive from **R332.1 million** to **R542.4 million**, this increase is because of the following:

MFMA mSCOA circular number 13 requires that capital expenditure be budgeted exclusive of VAT. An amount of **R 80 million** has been reallocated from capital expenditure to the VAT vote.

The municipality has received an additional funding of **R235 million** for Regional Bulk Infrastructure Grant from DWS, **R1.6 Million** rolled over from Kwamajomela Art Manufacturing grant, **R1.4 million** from internally funded assets and **R3 million** from COGTA.

Summary of Adjustments

2022/ 2023 CAPITAL EXPENDITURE	ORIGINAL BUDGET	ADJUSTMENTS	ADJUSTED BUDGET
MUNICIPAL INFRASTRUCTURE GRANT	225 678 261	-	225 678 261
REGIONAL BULK INFRASTRUCTURE GRANT	13 258 261	205 014 964	218 273 225
WATER SERVICES INFRASTRUCTURE GRANT	82 608 696	-	82 608 696
RURAL ROAD ASSET MANAGEMENT GRANT	2 199 130	-	2 199 130
KWAMAJOMELA ROLL OVER	-	1 427 667	1 427 667
INDONSA GRANT	26 087		26 087
ACCELERATED WATER INTERVENTION PROGRAM	-	2 608 696	2 608 696
INTERNALLY FUNDED ASSETS	8 391 303	1 246 862	9 638 165
TOTAL CAPITAL EXPENDITURE	332 161 738	210 298 189	542 459 927

Capital Expenditure and funding is explained in section 1.6

Financial Position Framework

Summary of Statement of Financial position

	ORIGINAL BUDGET	ADJUSTMENT	ADJUSTED BUDGET
Current Assets	338 914 049.00	- 45 537 866.00	293 376 183.00
Non-Current Assets	4 188 965 091.00	1 199 810 950.00	5 388 776 041.00
Current Liabilities	224 331 877.00	123 723 921.00	348 055 798.00
Non-Current Liabilities	33 904 000.00	10 027 760.00	43 931 760.00
Accumulated surplus	4 269 643 263.00	1 020 521 403.00	5 290 164 666.00

Current assets have been revised downwards by **R45.5 million** from **R338.9 million** to **R293.3 million**, Non - Current assets have been revised upwards by **R1.2 billion** from **R4.2 billion** to **R5.4 billion**, Current Liabilities have been revised upwards by **R123.7 million** from **R224.3 million** to **R348.05 million**, Non - Current Liabilities have been revised upwards by **R10 million** from **R.9 million** to **R293.3 million**, Accumulated surplus has been revised upwards by **R1.02 billion** from **R4.26 billion** to **R5.29 billion**.

These increases and decrease are mainly attributed to changes in opening balances and some to current year movements.

Specific major changes are summarized below:

Cash on Table B6 is **R173.1 million**. This represents a decrease of **R67.1 million** from **R240.3 million** as per original budget, this is because of a decrease in cash at the beginning. Cash at the beginning was based on the 2021/2022 adjusted budget of **R72 million**. Cash at the beginning decreased by **R52 million** to **R20 million** based on the 2021/2022 audited AFS.

The **R173.1 million** projected cash is after paying all budgeted capital and operating expenditure highlighted above but before taking into account working capital which is made out of receivables and payables.

Total creditors amount to **R336 million** on Table SB2, this represent an increase of **R126.6 million** from **R209.9 million**. The **R173.1 million** cash available will not be sufficient to cater for all creditors of **R342 million** even after adding collectible debtors which are based on a **65%** collection rate amounting to **R76.44 million**. The increase in creditors has resulted to the budget being **unfunded**.

The Current ratio is 0.84 : 1 [**R293.3 million/348.05 million**]

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

1.4 OPERATING REVENUE FRAMEWORK

Following Table is a high-level summary of the 2022/2023 Adjusted budget, indicated is the budgeted revenue by source.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3	4	5	6	7	8	9	10		
		A1	B	C	D	E	F	G	H			
Revenue By Source												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	68 000	-	-	-	-	-	(27 053)	(27 053)	40 947	71 400	74 970
Service charges - sanitation revenue	2	12 500	-	-	-	-	-	2 806	2 806	15 306	13 125	13 781
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		183	-	-	-	-	-	25	25	209	183	183
Interest earned - external investments		6 000	-	-	-	-	-	(3 000)	(3 000)	3 000	6 000	6 000
Interest earned - outstanding debtors		85	-	-	-	-	-	115	115	200	85	85
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		150	-	-	-	-	-	(92)	(92)	58	155	160
Licences and permits		-	-	-	-	-	-	73	73	73	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		601 306	-	-	-	-	-	44 384	44 384	645 690	635 818	687 623
Other revenue	2	711	-	-	-	-	-	791	791	1 501	711	711
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		688 935						18 049	18 049	706 984	727 477	783 513

The year-to-date actual indicates operating revenue of **R465.06 million** for **seven months**, The **R465.06 million** year to date actual is **above** the **seven** months baseline projection or year-to-date budget of **R401.8 million**, a variance of **R63.1 million** or **16%** is observed. The total revenue to-date represents **68%** of the operating revenue budget. Included in operating revenue is an amount of revenue recognized on operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR).

The sources of funding are important to ensure that the budget 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 as at end of January is **R 23.8 million**, which is **35%** of the approved below budget, the **R 23.8 million** year to date actual is below the seven months baseline projection or year to date budget of **R39.6 million**. A variance of **R 15.7 million** or **40%** is observed.

As per midyear assessment recommendation, service charges water has been revised downwards from **R68 million** to **R40.9 million**. Flat rate has been revised downwards from **R24.4 million** to **R0** since no amount has been recognized in relation to the proposed flat rate of **R50**. Service charges water billed/metered has been revised downwards from **R43.6 million** to **R40.9 million** based on year-to-date actual.

Service charges – Sanitation revenue

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

As per midyear assessment recommendation, service charges sanitation has been revised upward from **R12.5 million** to **R15.3 million** this overbilling is due to sewer access charged on businesses when they use more than 40kl of water per month.

Rent of facilities

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

As per midyear assessment recommendation, rental of facilities has been revised upward from **R183 thousand** to **R208 thousand**, this is because of the annual inflation rate increase.

Interest on investment

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

As per the mid-year assessment recommendation, interest on investment has been revised downwards from **R6 million** to **R3 million**, this is because of low investment due to prioritization of liability payments.

Interest earned - outstanding debtors

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

As per mid-year assessment recommendation, Interest earned on outstanding debtors has been revised upward from **R85 thousand** to **R119 thousand** , this is since most businesses did not settle their accounts on time. The municipality has implemented stringent measures to ensure less businesses are charged interest.

Fines, penalties, and forfeits

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

As per mid-year assessment recommendation, fines, penalties, and forfeits has been revised downward from **R150 thousand** to **R58 thousand**, this can be attributed to a positive indication that less consumers are illegally connected.

Licenses and permits

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

As per mid-year assessment recommendation, licenses and permits has been revised upward from **R0** to **R72 thousand**, this is due to a new revenue stream that was not budgeted for.

Transfers and subsidies

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

Transfers and subsidies year to date actual is **R429.5 million** which is **71%** of the approved budget. the **R429.5 million** year to date actual is above the seven months baseline projection or year-to-date budget of **R350.7 million**. A variance of **R78.8 million** or **22%** is observed.

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

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

Based on the developments, transfers and subsidies has been adjusted upward from **R601 million** to **R645 million**. The municipality received a grant from the KwaZulu-Natal Amafa and Research Institute amounting to **R200 thousand**, a grant from National Skills Funds amounting to **R43.1 million**, and a grant from Local Government Sector Education and Training Authority amounting to **R1 million**.

Other revenue

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

As per mid-year assessment recommendation, the municipality adjusted other revenue upward from **R710 thousand** to **R1.5 million**, this is due to high quantity in sale of tender documents.

1.5 OPERATING EXPENDITURE FRAMEWORK

Following Table is a high-level summary of the 2022/2023 Adjusted budget, indicated is the budgeted expenditure by source.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Expenditure By Type												
Employee related costs		268 152	-	-	-	-	-	2 000	2 000	270 152	281 560	295 638
Remuneration of councillors		8 771	-	-	-	-	-	250	250	9 021	9 209	9 670
Debt impairment		14 000	-	-	-	-	-	-	-	14 000	14 000	14 000
Depreciation & asset impairment		80 000	-	-	-	-	-	-	-	80 000	84 000	88 200
Finance charges		-	-	-	-	-	-	88	88	88	-	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		33 320	-	-	-	-	-	(1 565)	(1 565)	31 755	34 979	36 721
Contracted services		106 388	-	-	-	-	-	64 870	64 870	171 258	111 081	121 535
Transfers and subsidies		3 070	-	-	-	-	-	1 265	1 265	4 335	3 224	3 385
Other expenditure		112 460	-	-	-	-	-	2 321	2 321	114 781	112 787	118 379
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		626 161	-	-	-	-	-	69 229	69 229	695 390	650 840	687 527
Surplus/(Deficit)		62 774	-	-	-	-	-	(51 180)	(51 180)	11 594	76 637	95 986

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

Expenditure Classification is important in order to know the types of expenses the municipality incurs. Each line item on the face of financial performance will be explained.

Employee Related Costs

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

Employee related costs has been revised upwards from **R268 million** to **R270 million**, the municipality has considered budgeting for overtime and stand by that was not initially budgeted for but has movements on the budget.

Remuneration of Councilors

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

Remuneration of Councilors has been revised upwards from **R8.7 million** to **R9 million**, the adjustment is based on the year-to-date actual full year projection.

Debt impairment

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

The municipality is in the process of aligning its processes to allow calculation of debt impairment monthly.

Depreciation

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

There has been no revised allocation on depreciation due to limited funding sources.

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, materials and suppliers and water inventory. The year-to-date actual is **R10 million** which is **69%** of the approved budget. the **R10 million** year to date actual is above the seven months baseline projection or year-to-date budget of **R17.1 million**. A variance of **R7.1 million** or **42%** is observed.

Inventory Consumed has been revised downward by **R1.5 million** from **R33 million** to **R31 million**, based on existing commitments on this line item.

Contracted services

Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is **R90.4 million** which is **60%** of the approved budget.

the **R90.4 million** year to date actual is above the seven months baseline projection or year-to-date budget of **R73.7 million**. A variance of **R16.7 million** or **23%** is observed.

As per mid-year assessment recommendation, contracted services has been revised upward by **R64.3 million** from **R106.3 million** to **R170.7 million**. The **R64.3 million** increase include **R44 million** from additional operating grants and **R20 million** from reallocation of funds through virement process. Based on the mid-year recommendation more money should be allocated but expanding the budget to meet the full year projection is not possible at this stage since the municipality has limited funding sources. The Municipality will prepare a budget funding plan and utilize initiatives proposed to curb and halt expenditure.

Considering the above, the municipality has taken a decision to review all cost driving contracts, where possible limit scope of work done whilst maintaining service delivery. This process will help reduce cost so that the municipality spends within the limits of the budget.

Transfers and subsidies paid

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual is **R2.7 million** which is **64%** of the approved budget. The **R2.7 million** year to date actual is above the seven months baseline projection or year-to-date budget of **R1.6 million**. A variance of **R1.05 million** or **62%** is observed.

The nature of this expenditure item is seasonal and cannot be benchmarked on a straight-line method. The municipality adjusted transfers and subsidies upward from **R3 million** to **R4.3 million**, the increase of **R1.3 million** is based on reallocation of funds through virement process.

Other expenditure

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

Other expenditure has been revised upward by **R2.8 million** from **R112.4 million** to **R115.2 million**, based on the mid-year recommendation more money should be allocated but expanding the budget to meet the full year projection is not possible at this stage since the municipality has limited funding sources. The Municipality will prepare a budget funding plan and utilize initiatives proposed to curb and halt expenditure.

Operating Grants Expenditure

CONDITIONAL OPERATING	APPROVED BUDGET	ADJUSTED	ADJUSTMENT BUDGET
Finance Management grant	1 200 000	-	1 200 000
EPWP Incentive	8 517 000	-	8 517 000
Art centre Subsidies (Indonsa Grant)	1 911 000	-	1 911 000
Aviation Strategy	500 000	-	500 000
Municipal Systems Improvement Grant	2 787 000	-	2 787 000
Amafa Institute Grant		200 000	200 000
LGSETA Grant	-	1 080 000	1 080 000
NSF Grant	-	43 103 900	43 103 900
Total Operating Grant Expenditure	14 915 000	44 383 900	59 298 900

Operating Surplus

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 20/02/2023

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2023/24	+2 2024/25
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	Adjusted Budget	Adjusted Budget
Surplus/(Deficit)		62 774	-	-	-	-	-	(51 180)	(51 180)	11 594	76 637	95 986
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		372 306	-	-	-	-	-	236 642	236 642	608 948	405 137	438 209
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		435 080	-	-	-	-	-	185 461	185 461	620 542	481 774	534 195
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		435 080	-	-	-	-	-	185 461	185 461	620 542	481 774	534 195
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		435 080	-	-	-	-	-	185 461	185 461	620 542	481 774	534 195
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		435 080	-	-	-	-	-	185 461	185 461	620 542	481 774	534 195

Table B4 indicates a budget shortfall from operating of **R52.4 million** together with capital funding of **R613.7 million** from grants will be contributed to table B5 to fund the purchase of assets.

1.6 CAPITAL BUDGETING

Table B5 indicates budgeted capital Expenditure by Municipal Vote and standard classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.

DC26 Zululand - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2023												
Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Capital Expenditure - Functional												
Governance and administration		3 652	-	-	-	-	-	69	69	3 721	3 835	4 027
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		3 652	-	-	-	-	-	69	69	3 721	3 835	4 027
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		70	-	-	-	-	-	1 203	1 203	1 273	72	74
Community and social services		70	-	-	-	-	-	1 203	1 203	1 273	72	74
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		6 112	-	-	-	-	-	1 403	1 403	7 515	2 208	2 288
Planning and development		6 112	-	-	-	-	-	1 403	1 403	7 515	2 208	2 288
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		322 284	-	-	-	-	-	206 957	206 957	529 241	350 861	379 578
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		322 284	-	-	-	-	-	206 957	206 957	529 241	350 861	379 578
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		43	-	-	-	-	-	-	-	43	46	48
Total Capital Expenditure - Functional	3	332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015
Funded by:												
National Government		323 744	-	-	-	-	-	204 323	204 323	528 067	352 293	381 051
Provincial Government		26	-	-	-	-	-	4 010	4 010	4 036	26	26
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	4	323 770	-	-	-	-	-	208 333	208 333	532 104	352 319	381 077
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		8 391	-	-	-	-	-	1 298	1 298	9 689	4 702	4 937
Total Capital Funding		332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015

Capital budget is funded 99% by grants as per DORA, 1% is from internally generated funds. Capital budget funding is as follows: Municipal Infrastructure Grant (MIG), Water Services Infrastructure Grant (WSIG), Regional Bulk Infrastructure Grant (RBIG), Kwamajomela Infrastructure Grant and internally generated funds.

Capital Projects Summary

	APPROVED BUDGET	ADJUSTED	ADJUSTMENT BUDGET
Total Capital Expenditure	332 161 738	210 298 189	542 459 927
Total Capital Financing	332 161 738	210 298 189	542 459 927

Governance and administration

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

Governance and administration includes furniture, ICT infrastructure, safety box and printing machine. Governance and administration has been revised upward by **R100 thousand** from **R3.6 million** to **R3.7 million**, the increase of **R100 thousand** is based on reallocation of funds through virement process. There's commitments in the pipeline on this line item.

Community and public safety

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

Community and public includes furniture and equipment. Community and public safety has been revised upwards by **R1.2 million** from **R70 thousand** to **R1.27 million**. The increase of **R1.27 million** is based on reallocation of funds through virement process for procuring equipment.

Economic and environmental services

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

Economic and environmental includes road restoration and rural road, this line item has increased by **R1.4 million** from **R6.1 million** to **R7.5 million**. The increase of **R1.4 million** is for EDTEA Kwamajomela grant rolled over from previous financial year.

Trading services

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

Trading services includes capital grant (MIG, WSIG, and RBIG), furniture and park homes. Trading services has been revised upwards by **R204 million** from **R322 million** to **R526 million**. This increase is due to the additional funding for RBIG from DWS.

Other

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

Other includes furniture, there are no revised allocations. Other will remain the same.

Projects to be Implemented as per Capital budget

CAPITAL EXPENDITURE BY SOURCE EXCLUSIVE OF VAT	APPROVED BUDGET	ADJUSTED	ADJUSTMENT BUDGET
Municipal Infrastructure Grant (MIG)	225 678 261	-	225 678 261
Regional Bulk Infrastructure (RBIG)	13 258 261	205 014 964	218 273 225.00
Water services infrastructure Grant (WSIG)	82 608 696	-	82 608 696.00
Rural Roads Asset Managemnt Systems Grant	2 199 130	-	2 199 130.00
Kwamajomela Manufacturing Centre Grant	-	1 427 667	1 427 667.00
Indonsa Grant	26 087	-	26 087.00
Accelerated water intervention Program	-	2 608 696	2 608 695.65
Other Assets	8 391 303	1 246 862	9 638 165.00
Total Operating Expenditure	332 161 738	210 298 189	542 459 927

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 (INCLUDING VAT AS PER MFMA CIRCULAR NO. 58)	APPROVED BUDGET	ADJUSTED	ADJUSTMENT BUDGET
Municipal Infrastructure Grant (MIG)	259 530 000	-	259 530 000
Regional Bulk Infrastructure (RBIG)	15 247 000	235 000 000	250 247 000
Water services infrastructure Grant (WSIG)	95 000 000	-	95 000 000
Rural Roads Asset Managemnt Systems Grant	2 529 000	-	2 529 000
Kwamajomela Manufacturing Centre Grant		1 641 817	1 641 817
Indonsa Grant	30 000	-	30 000
Accelerated water intervention program (boreholes)		3 000 000	3 000 000
Total Capital Grant Expenditure	372 336 000	239 641 817	611 977 817

Internally funded assets

Some of the projects have been reprioritized for future budget in order to keep the current budget running.

As part of the assets to be purchased in the financially using the internal source of funds includes:

INTERNALLY FUNDED ASSETS	ORIGINAL BUDGET	ADJUSTMENT	ADJUSTED BUDGET
Equipment	434 783	1 229 262	1 664 045
Furniture	1 043 477	268 687	1 312 164
ICT Infrastructure	2 608 696	-	2 608 696
Park Homes	391 304	- 200 000	191 304
Road Restoration	3 913 043	-	3 913 043
	8 391 303	1 297 949	9 689 252

1.7 ADJUSTED BUDGET TABLES

The following part of budget presentation portrayed below focuses on budget tables as required in terms of regulation 9 of the Municipal Budget and Reporting Regulations. These tables clearly outline the municipality's 2022/2023 budget and MTREF as approved by the Council. Below each table there is a provision of clarification pertaining to what is depicted from the provided tables

Table B1 - Budget Summary

DC26 Zululand - Table B1 Adjustments Budget Summary - 28/02/2023

Description	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	-	-	-	-	-	-	-	-	-	-	-
Service charges	80 500	-	-	-	-	-	(24 247)	(24 247)	56 253	84 525	88 751
Investment revenue	6 000	-	-	-	-	-	(3 000)	(3 000)	3 000	6 000	6 000
Transfers recognised - operational	601 306	-	-	-	-	-	44 384	44 384	645 690	635 818	687 623
Other own revenue	1 129	-	-	-	-	-	912	912	2 041	1 134	1 139
Total Revenue (excluding capital transfers and contributions)	688 935	-	-	-	-	-	18 049	18 049	706 984	727 477	783 513
Employee costs	268 152	-	-	-	-	-	2 000	2 000	270 152	281 560	295 638
Remuneration of councillors	8 771	-	-	-	-	-	250	250	9 021	9 209	9 670
Depreciation & asset impairment	80 000	-	-	-	-	-	-	-	80 000	84 000	88 200
Finance charges	-	-	-	-	-	-	88	88	88	-	-
Inventory consumed and bulk purchases	33 320	-	-	-	-	-	(1 565)	(1 565)	31 755	34 979	36 721
Transfers and grants	3 070	-	-	-	-	-	1 265	1 265	4 335	3 224	3 385
Other expenditure	232 848	-	-	-	-	-	67 191	67 191	300 039	237 868	253 914
Total Expenditure	626 161	-	-	-	-	-	69 229	69 229	695 390	650 840	687 527
Surplus/(Deficit)	62 774	-	-	-	-	-	(51 180)	(51 180)	11 594	76 637	95 986
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	372 306	-	-	-	-	-	239 642	239 642	611 948	405 137	438 209
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	435 080	-	-	-	-	-	188 461	188 461	623 542	481 774	534 195
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	435 080	-	-	-	-	-	188 461	188 461	623 542	481 774	534 195
Capital expenditure & funds sources											
Capital expenditure	332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015
Transfers recognised - capital	323 770	-	-	-	-	-	208 333	208 333	532 104	352 319	381 077
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	8 391	-	-	-	-	-	1 298	1 298	9 689	4 702	4 937
Total sources of capital funds	332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015
Financial position											
Total current assets	338 914	-	-	-	-	-	(45 538)	(45 538)	293 376	549 982	780 885
Total non current assets	4 188 965	-	-	-	-	-	1 199 811	1 199 811	5 388 776	4 461 986	4 759 801
Total current liabilities	224 332	-	-	-	-	-	123 724	123 724	348 056	224 297	223 596
Total non current liabilities	33 904	-	-	-	-	-	10 028	10 028	43 932	33 904	33 904
Community wealth/Equity	4 269 643	-	-	-	-	-	1 020 521	1 020 521	5 290 165	4 753 767	5 283 185
Cash flows											
Net cash from (used) operating	549 645	-	-	-	-	-	221 788	221 788	771 433	1 787 939	1 922 177
Net cash from (used) investing	(332 162)	-	-	-	-	-	(207 022)	(207 022)	(539 184)	(357 021)	(386 015)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	290 159	-	-	-	-	-	(37 442)	(37 442)	252 717	1 671 252	1 972 808
Cash backing/surplus reconciliation											
Cash and investments available	240 335	-	-	-	-	-	(67 161)	(67 161)	173 174	436 646	663 753
Application of cash and investments	42 786	-	-	-	-	-	(45 780)	(45 780)	(2 994)	9 418	(7 141)
Balance - surplus (shortfall)	197 549	-	-	-	-	-	(21 381)	(21 381)	176 168	427 228	670 894
Asset Management											
Asset register summary (WDV)	3 149 128	-	-	-	-	-	1 146 652	1 146 652	4 295 780	3 422 149	3 719 964
Depreciation	80 000	-	-	-	-	-	-	-	80 000	84 000	88 200
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	71 146	-	-	-	-	-	(8)	(8)	71 137	74 698	78 428
Free services											
Cost of Free Basic Services provided	3 000	-	-	-	-	-	1 846	1 846	4 846	3 150	3 308
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	7	-	-	-	-	-	-	-	7	6	6
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

DC26 Zululand - Table B2 Adjustments Budget Financial Performance (functional classification) - 28/02/2023

Standard Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2023/24	+2 2024/25
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	Adjusted Budget	Adjusted Budget
Revenue - Functional												
<i>Governance and administration</i>		594 535	-	-	-	-	-	41 835	41 835	636 370	638 471	685 276
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		594 535	-	-	-	-	-	41 835	41 835	636 370	638 471	685 276
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 011	-	-	-	-	-	288	288	2 299	2 016	7 021
Community and social services		1 911	-	-	-	-	-	332	332	2 243	1 911	6 911
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		100	-	-	-	-	-	(44)	(44)	56	105	110
<i>Economic and environmental services</i>		5 316	-	-	-	-	-	1 642	1 642	6 958	4 919	5 011
Planning and development		5 316	-	-	-	-	-	1 642	1 642	6 958	4 919	5 011
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		458 879	-	-	-	-	-	213 926	213 926	672 805	487 208	524 414
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		446 379	-	-	-	-	-	211 062	211 062	657 441	474 083	510 633
Waste water management		12 500	-	-	-	-	-	2 864	2 864	15 364	13 125	13 781
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		500	-	-	-	-	-	-	-	500	-	-
Total Revenue - Functional	2	1 061 241	-	-	-	-	-	257 690	257 690	1 318 931	1 132 614	1 221 722
Expenditure - Functional												
<i>Governance and administration</i>		225 404	-	-	-	-	-	56 049	56 049	281 453	230 664	241 438
Executive and council		47 846	-	-	-	-	-	5 615	5 615	53 462	44 989	47 238
Finance and administration		177 558	-	-	-	-	-	50 434	50 434	227 991	185 676	194 199
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		25 580	-	-	-	-	-	1 239	1 239	26 819	26 765	33 009
Community and social services		13 202	-	-	-	-	-	1 239	1 239	14 442	13 769	19 363
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		12 378	-	-	-	-	-	-	-	12 378	12 997	13 646
<i>Economic and environmental services</i>		23 962	-	-	-	-	-	760	760	24 722	25 160	26 418
Planning and development		23 962	-	-	-	-	-	760	760	24 722	25 160	26 418
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		337 266	-	-	-	-	-	12 201	12 201	349 467	354 129	371 836
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		332 231	-	-	-	-	-	12 103	12 103	344 335	348 843	366 285
Waste water management		5 035	-	-	-	-	-	98	98	5 133	5 286	5 551
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		13 948	-	-	-	-	-	(1 021)	(1 021)	12 928	14 121	14 827
Total Expenditure - Functional	3	626 161	-	-	-	-	-	69 229	69 229	695 390	650 840	687 527
Surplus/ (Deficit) for the year		435 080	-	-	-	-	-	188 461	188 461	623 542	481 774	534 195

MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table B2 is a view of the budgeted 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 B4.

DC26 Zululand - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28/02/2023

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	+1 2023/24 Adjusted Budget	+2 2024/25 Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		850	-	-	-	-	-	44 184	44 184	45 034	350	5 350
Vote 03 - Finance		594 185	-	-	-	-	-	(2 349)	(2 349)	591 836	638 121	684 926
Vote 04 - Community Development		2 011	-	-	-	-	-	1 930	1 930	3 941	2 016	2 021
Vote 05 - Planning & Wsa		383 610	-	-	-	-	-	238 000	238 000	621 610	407 517	440 589
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		68 085	-	-	-	-	-	(26 938)	(26 938)	41 147	71 485	75 055
Vote 09 - Waste Water		12 500	-	-	-	-	-	2 864	2 864	15 364	13 125	13 781
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 061 241	-	-	-	-	-	257 690	257 690	1 318 931	1 132 614	1 221 722
Expenditure by Vote	1											
Vote 01 - Council		47 846	-	-	-	-	-	5 615	5 615	53 462	44 989	47 238
Vote 02 - Corporate Services		98 375	-	-	-	-	-	45 263	45 263	143 638	102 768	112 907
Vote 03 - Finance		79 473	-	-	-	-	-	5 961	5 961	85 434	82 687	86 061
Vote 04 - Community Development		49 413	-	-	-	-	-	198	198	49 612	51 790	54 285
Vote 05 - Planning & Wsa		23 285	-	-	-	-	-	(9)	(9)	23 276	24 450	25 672
Vote 06 - Technical Services		5 992	-	-	-	-	-	134	134	6 126	6 292	6 606
Vote 07 - Water Purification		36 762	-	-	-	-	-	717	717	37 479	38 600	40 530
Vote 08 - Water Distribution		279 979	-	-	-	-	-	11 253	11 253	291 232	293 978	308 677
Vote 09 - Waste Water		5 035	-	-	-	-	-	98	98	5 133	5 286	5 551
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	626 161	-	-	-	-	-	69 229	69 229	695 390	650 840	687 527
Surplus/ (Deficit) for the year	2	435 080	-	-	-	-	-	188 461	188 461	623 542	481 774	534 195

MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B3 is a view of the budgeted 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 organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2023/24	+2 2024/25
R thousands	1	A	A1	B	C	D	E	F	G	H	Adjusted Budget	Adjusted Budget
Revenue By Source												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	68 000	-	-	-	-	-	(27 053)	(27 053)	40 947	71 400	74 970
Service charges - sanitation revenue	2	12 500	-	-	-	-	-	2 806	2 806	15 306	13 125	13 781
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		183	-	-	-	-	-	25	25	209	183	183
Interest earned - external investments		6 000	-	-	-	-	-	(3 000)	(3 000)	3 000	6 000	6 000
Interest earned - outstanding debtors		85	-	-	-	-	-	115	115	200	85	85
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		150	-	-	-	-	-	(92)	(92)	58	155	160
Licences and permits		-	-	-	-	-	-	73	73	73	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		601 306	-	-	-	-	-	44 384	44 384	645 690	635 818	687 623
Other revenue	2	711	-	-	-	-	-	791	791	1 501	711	711
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		688 935	-	-	-	-	-	18 049	18 049	706 984	727 477	783 513
Expenditure By Type												
Employee related costs		268 152	-	-	-	-	-	2 000	2 000	270 152	281 560	295 638
Remuneration of councillors		8 771	-	-	-	-	-	250	250	9 021	9 209	9 670
Debt impairment		14 000	-	-	-	-	-	-	-	14 000	14 000	14 000
Depreciation & asset impairment		80 000	-	-	-	-	-	-	-	80 000	84 000	88 200
Finance charges		-	-	-	-	-	-	88	88	88	-	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		33 320	-	-	-	-	-	(1 565)	(1 565)	31 755	34 979	36 721
Contracted services		106 388	-	-	-	-	-	64 870	64 870	171 258	111 081	121 535
Transfers and subsidies		3 070	-	-	-	-	-	1 265	1 265	4 335	3 224	3 385
Other expenditure		112 460	-	-	-	-	-	2 321	2 321	114 781	112 787	118 379
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		626 161	-	-	-	-	-	69 229	69 229	695 390	650 840	687 527
Surplus/(Deficit)		62 774	-	-	-	-	-	(51 180)	(51 180)	11 594	76 637	95 986
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		372 306	-	-	-	-	-	239 642	239 642	611 948	405 137	438 209
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) before taxation		435 080	-	-	-	-	-	188 461	188 461	623 542	481 774	534 195
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		435 080	-	-	-	-	-	188 461	188 461	623 542	481 774	534 195
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		435 080	-	-	-	-	-	188 461	188 461	623 542	481 774	534 195
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		435 080	-	-	-	-	-	188 461	188 461	623 542	481 774	534 195

MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)

Table B4 indicates the budgeted revenue and expenditure by source, and the calculated surplus which will be used to fund Capital Expenditure on table B5.

DC26 Zululand - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	+1 2023/24
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wea		-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		3 261	-	-	-	-	-	69	69	3 330	3 424	3 595
Vote 03 - Finance		478	-	-	-	-	-	-	-	478	502	527
Vote 04 - Community Development		26	-	-	-	-	-	2 631	2 631	2 657	26	26
Vote 05 - Planning & Wea		327 657	-	-	-	-	-	206 932	206 932	534 589	352 293	381 051
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		348	-	-	-	-	-	200	200	548	365	383
Vote 08 - Water Distribution		391	-	-	-	-	-	(200)	(200)	191	411	431
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - ,		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - ,		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015
Total Capital Expenditure - Vote		332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015
Capital Expenditure - Functional												
Governance and administration		3 652	-	-	-	-	-	69	69	3 721	3 835	4 027
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		3 652	-	-	-	-	-	69	69	3 721	3 835	4 027
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		70	-	-	-	-	-	1 203	1 203	1 273	72	74
Community and social services		70	-	-	-	-	-	1 203	1 203	1 273	72	74
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		6 112	-	-	-	-	-	1 403	1 403	7 515	2 208	2 288
Planning and development		6 112	-	-	-	-	-	1 403	1 403	7 515	2 208	2 288
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		322 284	-	-	-	-	-	206 957	206 957	529 241	350 861	379 578
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		322 284	-	-	-	-	-	206 957	206 957	529 241	350 861	379 578
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		43	-	-	-	-	-	-	-	43	46	48
Total Capital Expenditure - Functional	3	332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015
Funded by:												
National Government		323 744	-	-	-	-	-	204 323	204 323	528 067	352 293	381 051
Provincial Government		26	-	-	-	-	-	4 010	4 010	4 036	26	26
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	323 770	-	-	-	-	-	208 333	208 333	532 104	352 319	381 077
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		8 391	-	-	-	-	-	1 298	1 298	9 689	4 702	4 937
Total Capital Funding		332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015

MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Table B5 indicates budgeted capital Expenditure by Municipal Vote and standard classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.

DC26 Zululand - Table B6 Adjustments Budget Financial Position - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjus. 8 F	Total Adjus. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
ASSETS												
Current assets												
Cash		240 335	-	-	-	-	(67 161)	(67 161)	173 174	436 646	663 753	
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-	
Consumer debtors	1	67 333	-	-	-	-	(27 517)	(27 517)	39 816	80 990	83 285	
Other debtors		28 773	-	-	-	-	49 056	49 056	77 829	29 873	31 373	
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-	
Inventory		2 473	-	-	-	-	84	84	2 556	2 473	2 473	
Total current assets		338 914	-	-	-	-	(45 538)	(45 538)	293 376	549 982	780 885	
Non current assets												
Long-term receivables		-	-	-	-	-	-	-	-	-	-	
Investments		-	-	-	-	-	-	-	-	-	-	
Investment property		-	-	-	-	-	-	-	-	-	-	
Investment in Associate		-	-	-	-	-	-	-	-	-	-	
Property, plant and equipment	1	4 188 952	-	-	-	-	1 199 830	1 199 830	5 388 781	4 461 989	4 759 821	
Biological		-	-	-	-	-	-	-	-	-	-	
Intangible		13	-	-	-	-	(19)	(19)	(5)	(3)	(20)	
Other non-current assets		-	-	-	-	-	-	-	-	-	-	
Total non current assets		4 188 965	-	-	-	-	1 199 811	1 199 811	5 388 776	4 461 986	4 759 801	
TOTAL ASSETS		4 527 879	-	-	-	-	1 154 273	1 154 273	5 682 152	5 011 968	5 540 686	
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	
Borrowing		-	-	-	-	-	-	-	-	-	-	
Consumer deposits		3 633	-	-	-	-	(12)	(12)	3 621	3 633	3 633	
Trade and other payables		218 944	-	-	-	-	123 113	123 113	342 057	218 909	218 208	
Provisions		1 755	-	-	-	-	623	623	2 378	1 755	1 755	
Total current liabilities		224 332	-	-	-	-	123 724	123 724	348 056	224 297	223 596	
Non current liabilities												
Borrowing	1	-	-	-	-	-	1 092	1 092	1 092	-	-	
Provisions	1	33 904	-	-	-	-	8 936	8 936	42 840	33 904	33 904	
Total non current liabilities		33 904	-	-	-	-	10 028	10 028	43 932	33 904	33 904	
TOTAL LIABILITIES		258 236	-	-	-	-	133 752	133 752	391 988	258 201	257 500	
NET ASSETS	2	4 269 643	-	-	-	-	1 020 521	1 020 521	5 290 165	4 753 767	5 283 185	
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		4 269 643	-	-	-	-	1 020 521	1 020 521	5 290 165	4 753 767	5 283 185	
Reserves		-	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY		4 269 643	-	-	-	-	1 020 521	1 020 521	5 290 165	4 753 767	5 283 185	

MBRR Table B6 - Budgeted 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.

Table SB2 is providing a detailed analysis of the major components of several items, including:

Call investments deposits.
 Cash & Overdraft
 Consumer debtors.
 Property, plant, and equipment.
 Trade and other payables.
 Provisions
 Debt impairment

The financial position determines whether the Municipality will be able to generate enough revenue from its assets to service its liabilities and maintain its operations. Below each line item on the face of financial position will be explained.

CURRENT ASSETS

Cash

Cash at the end of the financial year is expected to be **R169.9 million**. This represents a decrease of **R70 million** from **R240 million** as per original budget, this is because of a decrease in cash and cash equivalents at the beginning. Cash at the beginning was based on the 2021/2022 adjusted budget of **R72 million**. Cash at the beginning decreased by an amount of **R52 million** to an amount of **R20 million** based on the 2021/2022 audited AFS. The cash surplus is due to cash outflow relief from non-cash items such as depreciation and debt impairment.

Consumer debtors

Consumer debtors include debtors from water and sanitation services, the expected balance at the end of the financial year is **R39.7 million**. Consumer debtors budgeted billing is **R64.9 million**, budgeted collection is **R42.2 million** which is based on a **65% collection rate**. Budgeted impairment is **R16.1 million**

Consumer debtors have been revised downwards by **R27.5 million** from **R67.3 million** to **R39.8 million**, the revised amount is attributed to the decrease in billing which has been revised downwards based on the year-to-date actual full year projection.

Consumer debtors are calculated as follows:

Opening balance (Actual June 2021 balance	R33 million
Current year billing	R64.9 million
Collection	(R42.2 million)
Closing balance	R55.7 million
Provision	(R16.1 million)
Debtors Balance	R39.7 million

Other debtors

Other debtors consist of debtor other than consumer debtors, which include Security deposits, VAT Receivable, Prepayments, Overpayments, etc. The budgeted balance at the end of the financial year is **R 77.8 million**.

Other debtors have been revised upwards by **R49 million** from **R28.7 million** to **R77.8 million**, the revised amount is attributed to change in opening balances, mainly the change is on VAT receivable subsequent to the increase in year-end creditors.

Other debtors are calculated as follows:

VAT	R50.6 million
Deposit made	R17.3 million
Third Party Refunds	R4.8 million
Over/under Banking	R1.06 million
UWIF	R1.3 million
Accrued Income	R992.4 thousand
Overpayments	R906.9 thousand
Employee Salary Advances	R125 thousand
Accrued Debtors	R43 thousand
Prepaid Payments	R564 thousand
Debtors Balance	R77.8 million

Inventory

The inventory is assumed to be **R2.5 million** by the end of the financial year. Inventories consist of water stock and consumable stores.

Inventory have been revised upwards by **R84 thousand** from **R2.47 thousand** to **R2.56 thousand**, the revised amount is attributed to change in opening balances.

Opening balance	R2.5 million
Bulk water purchases	R20.2 million
Bulk water Billed	(R20.2 million)
Materials and supplies Acquisition	R4.8 million
Materials and supplies Issues	(R4.8 million)
Consumable stores Acquisition	R 6.67 million
Consumable stores Issues	(R6.67 million)
Closing balance	R2.5 million

NON-CURRENT ASSETS

Long term receivables

The Municipality does not have receivables classified as long term receivables.

Property plant and equipment

Property plant and equipment includes capital acquisition from table B5, and the carrying amount of all assets owned by the municipality, total expected balance at the end of the financial year is **R 5.4 billion**.

Property plant and equipment has been revised upwards by **R1.2 billion** from **R4.1 billion** to **R5.4 billion**, the revised amount is attributed to change in opening balances, additional **R205 million** for RBIG grant, **R3 million** for KZN COGTA Borehole acceleration program, and **R1.7 million** rolled over Kwamajola grant.

Intangible

The intangible will has been adjusted to negative **R5 thousand**, the asset must be disposed.

CURRENT LIABILITIES

Consumer deposits

Consumer deposits are deposit amounts of customers that have accounts with the municipality, the expected balance at the end of the financial year is **R3.62 million**

Consumer deposits has been revised downwards by **R12 thousand** from **R3.63 million** to **R3.62 million**, the revised amount is attributed to change in opening balances.

Trade and other payables

Trade and other payables are amounts owed by the municipality. Trade and other payables are based on the 21/22 audited Annual financial statements (AFS), Trade and other payables amount to **R342.05 million**. This large volume of creditors has a significant impact on the funding position of the Municipality.

Trade and other payables has been revised upwards by **R123.1 million** from **R218.9 million** to **R342.05 million**, the revised amount is attributed to change in opening balances, mainly year end creditors. This increase in creditors has caused the budget to become **UNFUNDED**.

Below is the breakdown of trade and other payables.

Calculation of Trade and other payables are calculated as follows

Creditors Control	R248.3 million
Retention	R42.9 million
Leave Accrual	R19.07 million
DWS	R21.7 million
Output VAT	R6 million
Advance payments	R2.6 million
Bonus Accrual	R742.8 thousand
Unallocated Deposits	R503.5 thousand
Closing balance as at 30 June 2023	R342.05 million

Current Provisions

Current Provisions are amounts provided by municipality to reflect future cash outflows in terms of GRAP requirements. Current Provisions amount to **R2.3 million**.

Current Provisions has been revised upwards by **R623 thousand** from **R1.75 million** to **R2.3 million**, the revised amount is attributed to change in opening balances.

NON CURRENT LIABILITIES

Borrowing

Relates to finance lease of asset, the municipality has entered into a lease agreement for the procurement of laptops. The provisions are for Long service awards and post-retirement medical aid benefit. The long term amount is **R1.09 million**.

Borrowing has been revised upwards by **R1.09 million** from **R0** to **R1.09 million**, the revised amount is attributed to change in opening balances.

Non - Current Provisions

Non - Current Provisions are amounts provided by municipality to reflect future cash outflows in terms of GRAP requirements. The provisions are for Long service awards and post-retirement medical aid benefit. Non - Current Provisions amount to **R42.8 million**.

Non - Current Provisions has been revised upwards by **R8.9 million** from **R33.9 million** to **R42.8 million**, the revised amount is attributed to change in opening balances.

ACCUMULATED SURPLUS

Accumulated surplus is the net worth of the Municipality, sitting at **R5.2 billion**

Accumulated surplus has been revised upwards by **R1.020 billion** from **R4.2 billion** to **R5.2 billion**, the revised amount is attributed to change in opening balances and increase in additional assets.

DC26 Zululand - Table B7 Adjustments Budget Cash Flows - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2023/24	+2 2024/25
R thousands		A	A1	B	C	D	E	F	G	H	Adjusted Budget	Adjusted Budget
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates									-	-		
Service charges		60 574	-	-	-	-	-	(17 748)	(17 748)	42 826	68 463	76 989
Other revenue		80 905	-	-	-	-	-	44 268	44 268	125 173	84 618	90 534
Transfers and Subsidies - Operational	1	601 306	-	-	-	-	-	44 384	44 384	645 690	635 818	687 623
Transfers and Subsidies - Capital	1	372 306	-	-	-	-	-	235 000	235 000	607 306	405 137	438 209
Interest		6 000	-	-	-	-	-	(3 000)	(3 000)	3 000	6 000	6 000
Dividends									-	-		
Payments												
Suppliers and employees		(571 446)	-	-	-	-	-	(81 115)	(81 115)	(652 561)	587 903	622 822
Finance charges									-	-		
Transfers and Grants	1								-	-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		549 645	-	-	-	-	-	221 788	221 788	771 433	1 787 939	1 922 177
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		(332 162)	-	-	-	-	-	(207 022)	(207 022)	(539 184)	(357 021)	(386 015)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(332 162)	-	-	-	-	-	(207 022)	(207 022)	(539 184)	(357 021)	(386 015)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-		
Borrowing long term/refinancing									-	-		
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		217 483	-	-	-	-	-	14 766	14 766	232 249	1 430 917	1 536 163
Cash/cash equivalents at the year begin:	2	72 676	-	-	-	-	-	(52 208)	(52 208)	20 468	240 335	436 646
Cash/cash equivalents at the year end:	2	290 159	-	-	-	-	-	(37 442)	(37 442)	252 717	1 671 252	1 972 808

MBRR Table B7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

Cashflow from Operating Activities

Receipts

Service charges

The **R42.8 million** on service charges is based on the **65%** collection rate, the collection rate is based on the year-to-date collection level.

Service charges has been revised downwards by **R17.7 million** from **R60.5 million** to **R42.8 million**, the revised amount is attributed to the decrease in billing which has been revised downwards based on the year-to-date actual full year projection.

The municipality will also take the following initiatives to boost collection rate:

- The municipality is also collecting 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
- Municipality has set a target to collect all debts from Government departments
- The installation of new meters will assist a lot because there will be customer confidence.
- Municipality have adopted the indigent policy, that will assist in determination of the indigent households. The indigent register is in progress

Other Revenue

Other revenue is mainly VAT refunds and any other revenue that might be received by the municipality. Other Revenue is **R125.1 million**.

Other Revenue has been revised upwards by **R44.2 million** from **R80.9 million** to **R125.1 million**, the revised amount is attributed to increase in VAT refunds by **R43.7 million** and increase in sale of tender documents by **R791 thousand**.

Transfers and subsidies – Operational

Transfers and subsidies - Operational are expected to be received as per DoRA, these are grants received to fund operational expenditure.

Transfers and subsidies – Operational have been revised upwards by **R44.3 million** from **R601.3 million** to **R645.6 million**, the revised amount is attributed to three grants to be received, **R43.1 million** for National skills fund grant, **R1.08 million** for Local Government Sector Education and Training Authority Grant and **R200 thousand** KwaZulu-Natal Amafa and Research Institute grant.

Transfers and subsidies – Capital

Transfers and subsidies - Capital are expected to be received as per DORA. these are grants received to fund capital expenditure.

Transfers and subsidies – Capital have been revised upwards by **R238 million** from **R372.3 million** to **R610.3 million**, the revised amount is attributed to two grants to be received, **R235 million** for RBIG, **R3 million** for KZN COGTA Borehole acceleration program.

Interest

Interest of **R3 million** is based on the year to date actual, this interest includes both interest on investments made and interest on bank balance.

Interest has been revised downwards by **R3 million** from **R6 million** to **R3 million**, the revised amount is based on year to date actual full year projection, this is due to low investment attributed to prioritization of liability payments.

Payments to Suppliers and employees

The municipality is expecting to spend 100% of what has been budgeted on 2022-2023 Table B4 but excluding non-cash items such as depreciation and debt impairment. **R652.5 million** will be paid.

Payments to Suppliers and employees has been revised upwards by **R81.1 million** from **R571.4 million** to **R652.5 million**, the revised amount is attributed to expenditure adjustments on table B4 and payment of balance sheet items such as retention released, accrued bonus, finance lease payments, and post retirement employee benefit payments.

Transfers and grants paid

Transfers and grants are expected to be 100% spent, these cash payment are included on payments to suppliers and employees.

Cashflow from Investing activities

Payments Capital Assets

The capital budget is expected to be 100% spent by the end of the financial year, **R539.1 million**

Payments Capital Assets has been revised upwards by **R207 million** from **R332.16 million** to **R539.1 million**, the revised amount is attributed to expenditure adjustments on table B5, RBIG and KZN COGTA Borehole acceleration program.

Cash and cash equivalents at the end

Cash and cash equivalents are expected to be **R252.7 million** and this is what is available to apply on working capital on table A8

Cash backed reserves/accumulated surplus reconciliation

DC26 Zululand - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	290 159	-	-	-	-	-	(37 442)	(37 442)	252 717	1 671 252	1 972 808
Other current investments > 90 days		(49 824)	-	-	-	-	-	(29 719)	(29 719)	(79 543)	(1 234 607)	(1 309 055)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		240 335	-	-	-	-	-	(67 161)	(67 161)	173 174	436 646	663 753
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	42 786	-	-	-	-	-	(45 780)	(45 780)	(2 994)	9 418	(7 141)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		42 786	-	-	-	-	-	(45 780)	(45 780)	(2 994)	9 418	(7 141)
Surplus(shortfall)		197 549	-	-	-	-	-	(21 381)	(21 381)	176 168	427 228	670 894

MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist

Cash at the end	R173.1 million
Debtors collection (117.6 million) @ 65%	R76.44 million
Creditors	(R336 million)
Net surplus/(deficit)	(R86 million)

Based on the recalculated Funding position it is evident that, the 2022/2023 Adjusted budget is unfunded by **R86 million**.

The cause of the unfunded position is that the municipality has a large volume of creditors accumulated from previous financial years. Trade and other payables have increased by **R126.6 million** from **R209 million** to **R336 million**

Corrective steps and remedial actions taken by the municipality:

The Municipality has prepared a Budget funding plan showing an improving funding position starting from 2022/2023 budget year, the budget funding plan has been tabled and adopted by council. Which include utilization of VAT refunds from capital grants to reduce creditors.

DC26 Zululand - Table B9 Asset Management - 28/02/2023												
Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjus.	Adjus.	Budget	Budget	Budget
R thousands		7	8	9	10	11	12	13	14			
		A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015
Roads Infrastructure		6 112	-	-	-	-	-	(25)	(25)	6 087	2 208	2 288
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		321 545	-	-	-	-	-	180 443	180 443	501 989	350 085	378 763
Sanitation Infrastructure		-	-	-	-	-	-	26 513	26 513	26 513	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		327 657	-	-	-	-	-	206 932	206 932	534 589	352 293	381 051
Community Facilities		-	-	-	-	-	-	1 428	1 428	1 428	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	1 428	1 428	1 428	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		391	-	-	-	-	-	(200)	(200)	191	411	431
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	391	-	-	-	-	-	(200)	(200)	191	411	431
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		2 609	-	-	-	-	-	-	-	2 609	2 739	2 876
Furniture and Office Equipment		1 043	-	-	-	-	-	269	269	1 312	1 096	1 150
Machinery and Equipment		461	-	-	-	-	-	1 203	1 203	1 664	483	505
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-

DC26 Zululand - Table B9 Asset Management - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	+1 2023/24
R thousands		A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE												
Total Upgrading of Existing Assets to be adjusted	2a	-	-	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015
Roads Infrastructure		6 112	-	-	-	-	-	(25)	(25)	6 087	2 208	2 288
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		321 545	-	-	-	-	-	180 443	180 443	501 989	350 085	378 763
Sanitation Infrastructure		-	-	-	-	-	-	26 513	26 513	26 513	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		327 657	-	-	-	-	-	206 932	206 932	534 589	352 293	381 051
Community Facilities		-	-	-	-	-	-	1 428	1 428	1 428	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	1 428	1 428	1 428	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		391	-	-	-	-	-	(200)	(200)	191	411	431
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		391	-	-	-	-	-	(200)	(200)	191	411	431
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		2 609	-	-	-	-	-	-	-	2 609	2 739	2 876
Furniture and Office Equipment		1 043	-	-	-	-	-	269	269	1 312	1 096	1 150
Machinery and Equipment		461	-	-	-	-	-	1 203	1 203	1 664	483	505
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	4	332 162	-	-	-	-	-	209 631	209 631	541 793	357 021	386 015

DC26 Zululand - Table B9 Asset Management - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE												
ASSET REGISTER SUMMARY - PPE (WDV)	5	3 149 128	-	-	-	-	-	1 146 652	1 146 652	4 295 780	3 422 149	3 719 964
Roads Infrastructure		19 760	-	-	-	-	-	378	378	20 138	21 298	22 883
Storm water Infrastructure												
Electrical Infrastructure		862	-	-	-	-	-	20	20	882	827	792
Water Supply Infrastructure		3 040 794	-	-	-	-	-	1 112 062	1 112 062	4 152 856	3 318 194	3 620 639
Sanitation Infrastructure		41 855	-	-	-	-	-	24 677	24 677	66 533	39 773	37 587
Solid Waste Infrastructure												
Rail Infrastructure												
Coastal Infrastructure												
Information and Communication Infrastructure												
Infrastructure		3 103 271	-	-	-	-	-	1 137 138	1 137 138	4 240 408	3 380 093	3 681 900
Community Assets		4 806	-	-	-	-	-	2 432	2 432	7 238	4 768	4 728
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties												
Other Assets		27 314	-	-	-	-	-	(2 668)	(2 668)	24 645	26 059	24 741
Biological or Cultivated Assets												
Intangible Assets		13	-	-	-	-	-	(19)	(19)	(5)	(3)	(20)
Computer Equipment		1 402	-	-	-	-	-	5 721	5 721	7 123	2 459	3 568
Furniture and Office Equipment		(1 191)	-	-	-	-	-	806	806	(385)	(1 135)	(1 077)
Machinery and Equipment		2 327	-	-	-	-	-	4 430	4 430	6 757	3 380	4 484
Transport Assets		11 186	-	-	-	-	-	(1 188)	(1 188)	9 998	6 529	1 639
Land												
Zoo's, Marine and Non-biological Animals												
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	3 149 128	-	-	-	-	-	1 146 652	1 146 652	4 295 780	3 422 149	3 719 964
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		80 000	-	-	-	-	-	-	-	80 000	84 000	88 200
Repairs and Maintenance by asset class	3	71 146	-	-	-	-	-	(8)	(8)	71 137	74 698	78 428
Roads Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		63 392	-	-	-	-	-	(184)	(184)	63 208	66 561	69 889
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		63 392	-	-	-	-	-	(184)	(184)	63 208	66 561	69 889
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		6 150	-	-	-	-	-	(1 039)	(1 039)	5 111	6 458	6 780
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		6 150	-	-	-	-	-	(1 039)	(1 039)	5 111	6 458	6 780
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		420	-	-	-	-	-	(116)	(116)	304	441	463
Furniture and Office Equipment		100	-	-	-	-	-	(19)	(19)	81	100	100
Machinery and Equipment		34	-	-	-	-	-	-	-	34	36	37
Transport Assets		1 050	-	-	-	-	-	1 350	1 350	2 400	1 103	1 158
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		151 146	-	-	-	-	-	(8)	(8)	151 137	158 698	166 628
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%							0.0%	0.0%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%							0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		2.3%	0.0%							1.7%	2.2%	2.1%
<i>Renewal and upgrading and R&M as a % of PPE</i>		2.3%	0.0%							1.7%	2.2%	2.1%

MBRR Table B9 - Asset Management

Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE

The infrastructure is funded solely by grants such as MIG, RBIG and WISG, most portions is spent on water provision. The municipal budget for repairs and maintenance is not 8% of PPE, funding is very limited; at the moment there is nothing the municipality can do to fund the budget.

DC26 Zululand - Table B10 Basic service delivery measurement - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling		0	0	0	0	0	0	0	0	0	0	8250
Piped water inside yard (but not in dwelling)		10840	0	0	0	0	0	0	0	11	9756	9200
Using public tap (at least min.service level)	2											
Other water supply (at least min.service level)		7630	0	0	0	0	0	0	0	8	8	8
<i>Minimum Service Level and Above sub-total</i>		18	-	-	-	-	-	-	-	18	18	26
Using public tap (< min.service level)	3											
Other water supply (< min.service level)	3,4	0	0	0	0	0	0	0	0	-	0	0
No water supply												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	18	-	-	-	-	-	-	-	18	18	26
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		0	0	0	0	0	0	0	0	-	0	0
Flush toilet (with septic tank)												
Chemical toilet												
Pit toilet (ventilated)												
Other toilet provisions (> min.service level)		0	0	0	0	0	0	0	0	-	0	0
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet												
Other toilet provisions (< min.service level)		6990	0	0	0	0	0	0	0	6990	6320	6190
No toilet provisions												
<i>Below Minimum Service Level sub-total</i>		6990	-	-	-	-	-	-	-	6990	6320	6190
Total number of households	5	6990	-	-	-	-	-	-	-	6990	6320	6190
Energy:												
Electricity (at least min. service level)												
Electricity - prepaid (> min.service level)												
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)												
Electricity - prepaid (< min. service level)												
Other energy sources												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Refuse:												
Removed at least once a week (min.service)												
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Removed less frequently than once a week												
Using communal refuse dump												
Using own refuse dump												
Other rubbish disposal												
No rubbish disposal												
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		13	-	-	-	-	-	-	-	13	13	13
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)		3000	-	-	-	-	-	1846	1846	4846	3150	3308
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-	-	-
Total cost of FBS provided		3000	-	-	-	-	-	1846	1846	4846	3150	3308
Highest level of free service provided												
Property rates (R'000 value threshold)												
Water (kilolitres per household per month)												
Sanitation (kilolitres per household per month)												
Sanitation (Rand per household per month)												
Electricity (kw per household per month)												
Refuse (average litres per week)												
Revenue cost of free services provided (R'000)	17											
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)												
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)												
Water (in excess of 6 kilolitres per indigent household per month)												
Sanitation (in excess of free sanitation service to indigent households)												
Electricity/other energy (in excess of 50 kwh per indigent household per month)												
Refuse (in excess of one removal a week for indigent households)												
Municipal Housing - rental rebates												
Housing - top structure subsidies	6											
Other												
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-	-	-

More details are provided in Table B10 Basic service delivery measurement.

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

The information in the B10 is provided or taken from the municipality WSDP for 2021/2022. The Zululand district municipality is operating in the area that is dominated by rural areas, most households seem to be indigent as we are in the process of updating the register, the households that are getting billed are people from small urban areas, so the number of households with access to water will increase but not correlating with the increase in service charges. The municipality still stand with the target that was outlined in approved budget.

PART 2 – SUPPORTING DOCUMENTS

2.1 ADJUSTMENTS TO BUDGET ASSUMPTIONS

The adjustment to the budget assumptions is driven by performance against approved budget. There are movements and adjustments made to operating budget and capital budget. The municipality decided to approach the budget in the way that is cost saving and avoid unnecessary expenditure and prioritize service delivery programs.

2.2 ADJUSTMENTS TO BUDGET FUNDING

The funding of the adjustment budget is structured as following

2022/ 2023 OPERATING REVENUE	APPROVED BUDGET	ADJUSTMENTS	ADJUSTED BUDGET
Service charges - water revenue	68 000 000	- 27 052 755	40 947 245
Service charges - sanitation revenue	12 500 000	2 805 531	15 305 531
Rental of facilities and equipment	183 486	25 456	208 942
Interest earned - external investments	6 000 000	- 3 000 000	3 000 000
Interest earned - outstanding debtors	85 000	114 868	199 868
Fines, penalties and forfeits	150 000	- 91 835	58 165
Licences and permits	-	72 683	72 683
Transfers and subsidies	601 306 000	44 383 900	645 689 900
Other revenue	710 500	790 695	1 501 195
TOATL OPERATING REVENUE	688 934 986	18 048 543	706 983 529

The way that the budget is funded will ensure that the municipality will be sustainable on the short term.

Planned savings and efficiencies

The following areas were identified for possible savings after the efficiency of the usage of the assets/services has been evaluated:

Telephone costs

Overtime

Non-priority projects

Investments

Short-term investments are anticipated to take place during the financial year, but no investment is projected at year-end of the budget financial year.

2.3 ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

There have been amendments to grants allocation as per provincial gazette allocation. The expectation is that the remaining balance on all grant's allocation will be exhausted at the end of the year.

Budgeted allocations and grants

Please refer to Supporting Table SB8: Expenditure on transfers and grant programme.

DC26 Zululand - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28/02/2023

Description	Ref	Budget Year 2022/23						Budget Year	Budget Year	
		Original	Prior Adjusted	Multi-year	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted	Adjusted	
		Budget	2	capital	Govt	5	6	Budget	Budget	
R thousands	A	A1	B	C	D	E	F			
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		551 382	-	-	-	24 845	24 845	576 227	572 941	600 829
Local Government Equitable Share										
Equitable Share		541 665	-	-	-	24 793	24 793	566 458	571 741	599 629
Expanded Public Works Programme Integrated Grant		8 517	-	-	-	24	24	8 541	-	-
Local Government Financial Management Grant		1 200	-	-	-	4	4	1 204	1 200	1 200
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	25	25	25	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		2 381	-	-	-	200	200	2 581	1 881	6 881
Capacity Building and Other Grants		2 381	-	-	-	200	200	2 581	1 881	6 881
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	44 184	44 184	44 184	-	-
Electricity Distribution Industry Holdings		-	-	-	-	1 080	1 080	1 080	-	-
KwazuluNatal Provincial Planning and Development Commission		-	-	-	-	-	-	-	-	-
National Skills Fund		-	-	-	-	43 104	43 104	43 104	-	-
Total operating expenditure of Transfers and Grants:		553 763	-	-	-	69 229	69 229	622 992	574 822	607 710
Capital expenditure of Transfers and Grants										
National Government:		323 744	-	-	-	204 323	204 323	528 067	352 293	381 051
Municipal Infrastructure Grant		225 678	-	-	-	-	-	225 678	236 277	247 551
Regional Bulk Infrastructure Grant		13 258	-	-	-	204 348	204 348	217 606	26 087	43 478
Rural Road Asset Management Systems Grant		2 199	-	-	-	(25)	(25)	2 174	2 208	2 288
Water Services Infrastructure Grant		82 609	-	-	-	-	-	82 609	87 722	87 734
Provincial Government:		26	-	-	-	4 010	4 010	4 036	26	26
Infrastructure Grant		26	-	-	-	4 010	4 010	4 036	26	26
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		323 770	-	-	-	208 333	208 333	532 104	352 319	381 077
Total capital expenditure of Transfers and Grants		877 534	-	-	-	277 562	277 562	1 155 096	927 142	988 787

2.4 ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

Please refer to Supporting Table SB10 Transfers and grants made by the municipality.
The Municipality subsidises households and business through its relief programme

DC26 Zululand - Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality - 28/02/2023

Description	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjus.	Adjus.	Budget	Budget	Budget
A	6	7	8	9	10	11	12	13				
R thousands		A	A1	B	C	D	E	F	G	H		
Cash transfers to other municipalities												
<i>Dm Kzn: Zululand - Planning & Dev</i>	1	-	-	-	-	-	-	-	-	-	-	-
<i>Dm Kzn: Zululand - Planning & Dev</i>		-	-	-	-	-	-	-	-	-	-	-
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to Entities/Other External Mechanisms												
	2											
TOTAL ALLOCATIONS TO ENTITIES/EMS'		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to other Organs of State												
	3											
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-
Cash transfers to other Organisations												
	4											
TOTAL CASH TRANSFERS TO OTHER ORGANISATIONS:		-	-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS	5	-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other municipalities												
	1											
TOTAL ALLOCATIONS TO MUNICIPALITIES:		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to Entities/Other External Mechanisms												
	2											
TOTAL ALLOCATIONS TO ENTITIES/EMS'		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other Organs of State												
	3											
TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:		-	-	-	-	-	-	-	-	-	-	-
Non-cash transfers to other Organisations												
<i>Ts_O_Ik_Np Ins_Unspecified</i>	4	-	-	-	-	-	-	-	-	-	-	-
<i>Ts_O_Ik_Np Ins_Unspecified</i>		2 670	-	-	-	-	-	1 384	1 384	4 054	2 804	2 944
TOTAL NON-CASH TRANSFERS TO OTHER ORGANISATIONS:		2 670	-	-	-	-	-	1 384	1 384	4 054	2 804	2 944
TOTAL NON-CASH TRANSFERS	5	2 670	-	-	-	-	-	1 384	1 384	4 054	2 804	2 944
TOTAL TRANSFERS		2 670	-	-	-	-	-	1 384	1 384	4 054	2 804	2 944

2.5 ADJUSTMENTS TO COUNCILLORS ALLOWANCE AND EMPLOYEE BENEFITS

No adjustment budgets on the salaries and allowances of municipal staff and councillors. Please refer to Supporting Table SB 11 Councillors Allowances, Senior Managers, and all employees.

DC26 Zululand - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28/02/2023											
Summary of remuneration	Ref	Budget Year 2022/23									
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	% change
R thousands		A	A1	B	C	D	E	F	G	H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		661	-	-	-	-	-	-	-	661	0.0%
Medical Aid Contributions		-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 805	-	-	-	-	-	-	-	1 805	0.0%
Cellphone Allowance		653	-	-	-	-	-	-	-	653	-
Housing Allowances		-	-	-	-	-	-	180	180	180	-
Other benefits and allowances		5 652	-	-	-	-	-	70	70	5 722	-
Sub Total - Councillors		8 771	-	-	-	-	-	250	250	9 021	2.9%
% increase			(0)							0	
Senior Managers of the Municipality											
Basic Salaries and Wages		6 555	-	-	-	-	-	-	-	6 555	0.0%
Pension and UIF Contributions		55	-	-	-	-	-	-	-	55	0.0%
Medical Aid Contributions		57	-	-	-	-	-	-	-	57	0.0%
Overtime		-	-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 592	-	-	-	-	-	-	-	1 592	0.0%
Cellphone Allowance		210	-	-	-	-	-	-	-	210	0.0%
Housing Allowances		-	-	-	-	-	-	-	-	-	-
Other benefits and allowances		225	-	-	-	-	-	-	-	225	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	5	-	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		8 695	-	-	-	-	-	-	-	8 695	0.0%
% increase			(0)							-	
Other Municipal Staff											
Basic Salaries and Wages		185 935	-	-	-	-	-	500	500	186 435	0.3%
Pension and UIF Contributions		25 886	-	-	-	-	-	-	-	25 886	0.0%
Medical Aid Contributions		13 597	-	-	-	-	-	-	-	13 597	0.0%
Overtime		4 619	-	-	-	-	-	1 500	1 500	6 119	32.5%
Performance Bonus		12 786	-	-	-	-	-	-	-	12 786	-
Motor Vehicle Allowance		9 561	-	-	-	-	-	-	-	9 561	0.0%
Cellphone Allowance		670	-	-	-	-	-	-	-	670	0.0%
Housing Allowances		1 379	-	-	-	-	-	-	-	1 379	-
Other benefits and allowances		524	-	-	-	-	-	-	-	524	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	1 500	1 500	1 500	#DIV/0!
Post-retirement benefit obligations	5	4 500	-	-	-	-	-	(1 500)	(1 500)	3 000	-33.3%
Sub Total - Other Municipal Staff		259 457	-	-	-	-	-	2 000	2 000	261 457	0.8%
% increase											
Total Parent Municipality		276 923	-	-	-	-	-	2 250	2 250	279 173	0.8%

DC26 Zululand - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28/02/2023

Summary of remuneration	Ref	Budget Year 2022/23									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
Board Members of Entities											
Basic Salaries and Wages									-	-	
Pension and UIF Contributions									-	-	
Medical Aid Contributions									-	-	
Overtime									-	-	
Performance Bonus									-	-	
Motor Vehicle Allowance									-	-	
Cellphone Allowance									-	-	
Housing Allowances									-	-	
Other benefits and allowances									-	-	
Board Fees									-	-	
Payments in lieu of leave									-	-	
Long service awards									-	-	
Post-retirement benefit obligations	5								-	-	
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-	
% increase											
Senior Managers of Entities											
Basic Salaries and Wages									-	-	
Pension and UIF Contributions									-	-	
Medical Aid Contributions									-	-	
Overtime									-	-	
Performance Bonus									-	-	
Motor Vehicle Allowance									-	-	
Cellphone Allowance									-	-	
Housing Allowances									-	-	
Other benefits and allowances									-	-	
Payments in lieu of leave									-	-	
Long service awards									-	-	
Post-retirement benefit obligations	5								-	-	
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-	
% increase											
Other Staff of Entities											
Basic Salaries and Wages									-	-	
Pension and UIF Contributions									-	-	
Medical Aid Contributions									-	-	
Overtime									-	-	
Performance Bonus									-	-	
Motor Vehicle Allowance									-	-	
Cellphone Allowance									-	-	
Housing Allowances									-	-	
Other benefits and allowances									-	-	
Payments in lieu of leave									-	-	
Long service awards									-	-	
Post-retirement benefit obligations	5								-	-	
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-	
% increase											
Total Municipal Entities		-	-	-	-	-	-	-	-	-	
TOTAL SALARY, ALLOWANCES & BENEFITS		276 923	-	-	-	-	-	2 250	2 250	279 173	0.8%
% increase											
TOTAL MANAGERS AND STAFF		268 152	-	-	-	-	-	2 000	2 000	270 152	0.7%

2.6 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

There are adjustments towards service delivery and budget implementation, since the budget has increased with **R207.6 million**, the targets are revised, and key performances indicators have been amended accordingly.

2.7 ADJUSTMENTS TO CAPITAL EXPENDITURE

There has been a measure decrease in the capital budget, resulting from receipts of revised allocation by provincial gazette and revised DORA. The adjustments are as following:

2022/ 2023 CAPITAL EXPENDITURE	ORIGINAL BUDGET	ADJUSTMENTS	ADJUSTED BUDGET
MUNICIPAL INFRASTRUCTURE GRANT	225 678 261	-	225 678 261
REGIONAL BULK INFRASTRUCTURE GRANT	13 258 261	205 014 964	218 273 225
WATER SERVICES INFRASTRUCTURE GRANT	82 608 696	-	82 608 696
RURAL ROAD ASSET MANAGEMENT GRANT	2 199 130	-	2 199 130
KWAMAJOMELA ROLL OVER	-	1 427 667	1 427 667
INDONSA GRANT	26 087		26 087
A ACCELERATED WATER INTERVENTION PROGRAM	-	2 608 696	2 608 696
INTERNALLY FUNDED ASSETS	8 391 303	1 246 862	9 638 165
TOTAL CAPITAL EXPENDITURE	332 161 738	210 298 189	542 459 927

Please refer to Supporting Table SB 18 capital expenditure on new assets by asset class

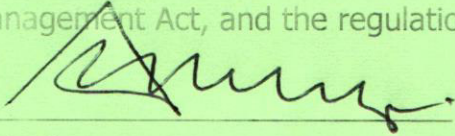
2.8 OTHER SUPPORTING DOCUMENTS

MSCOA BUDGETING AND REPORTING REQUIREMENTS AND CHALLENGES; MSCOA MODULES, IMPLEMENTED AND IN USE BY THE MUNICIPALITY

- Balance sheet budgeting using all the 6 regulated segments is still not possible since functionality on the system does not have Funding and project available
- Cashflow Budgeting remains a challenge with regards to treatment of VAT on capital
- Posting of some transaction is still a challenge, functionality on the system is the main hinderance.
- These inefficiencies affect accuracy of information being reported.
- The Municipality has appointed mSCOA Steering committee and mSCOA implementation committee
- Development of a roadmap with time frames is underway.

2.9 MUNICIPAL MANAGER'S QUALITY CERTIFICATION

I, R.N. Hlongwa, Acting Municipal Manager of Zululand District Municipality, hereby certify that the Adjustment Budget has been prepared in accordance with the Municipal Finance Management Act, and the regulations made under the Act.



R.N. Hlongwa
Municipal Manager
Zululand District Municipality (DC26)

Date: 28/02/2023