



Zululand

District Municipality

ADJUSTMENT BUDGET 2023-2024

Table of Contents

- PART 1 – ADJUSTMENT BUDGET 3**
- 1.1 MAYOR’S REPORT 3
- 1.2 COUNCIL RESOLUTIONS..... 5
- 1.3 EXECUTIVE SUMMARY..... 6
- 1.4 OPERATING REVENUE FRAMEWORK..... 9
- 1.5 OPERATING EXPENDITURE FRAMEWORK 12
- 1.6 CAPITAL BUDGETING 15
- 1.7 ADJUSTED BUDGET TABLES 18

- PART 2 – SUPPORTING DOCUMENTS 39**
- 2.1 ADJUSTMENTS TO BUDGET ASSUMPTIONS..... 39
- 2.2 ADJUSTMENTS TO BUDGET FUNDING 39
- 2.3 ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES 40
- 2.4 ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY 41
- 2.5 ADJUSTMENTS TO COUNCILLORS ALLOWANCE AND EMPLOYEE BENEFITS..... 42
- 2.6 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN 44
- 2.7 ADJUSTMENTS TO CAPITAL EXPENDITURE 44
- 2.8 OTHER SUPPORTING DOCUMENTS..... 44
- 2.9 MUNICIPAL MANAGER’S QUALITY CERTIFICATION..... 45

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 more than 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 on 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 in some revenue sources.

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

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.

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 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	1ST ADJUSTMENTS	2ND ADJUSTMENTS	ADJUSTED BUDGET 2022/2023	BUDGET YEAR 2023/2024	BUDGET YEAR 2024/2025
OPERATING REVENUE	688 934 986	706 983 528	16 041 106	723 024 634	727 476 986	783 513 486.00
CAPITAL GRANTS AND TRANSFERS	372 306 000	611 947 817	-	611 947 817	405 137 000	438 209 000.00
TOTAL BUDGET REVENUE	1 061 240 986	1 318 931 345	16 041 106	1 334 972 451	1 132 613 986	1 221 722 486
OPERATING EXPENDITURE	626 160 559	695 389 529	30 075 468	725 464 997	650 839 536	687 527 463.00
CONTRIBUTION TO CAPITAL	332 161 738	542 459 927	- 3 417 427	539 042 500	352 319 131	381 077 391.00
TOTAL BUDGET EXPENDITURE EXCLUDING VAT CAPEX	958 322 297	1 237 849 456	26 658 041	1 264 507 497	1 003 158 667	1 068 604 854.00
CAPITAL EXPENDITURE - GRANTS AND TRANSFERS	323 770 435	530 726 957	- 1 733 709	528 993 248	352 319 131	381 077 391.00
CAPITAL EXPENDITURE - INTERNALLY FUNDED ASSETS	8 391 303	11 732 970	- 1 457 676	10 275 294	4 702 173	4 937 283.00
TOTAL CAPITAL EXPENDITURE	332 161 738	542 459 927	- 3 191 385	539 268 542	357 021 304	386 014 674.00
TOTAL BUDGET REVENUE	1 061 240 986	1 318 931 345	16 041 106	1 334 972 451	1 132 613 986	1 221 722 486.00
TOTAL BUDGET EXPENDITURE	958 322 297	1 237 849 456	26 884 083	1 264 733 539	1 007 860 840	1 073 542 137.00
SURPLUS/DEFICIT	102 918 689	81 081 889	- 10 842 977	70 238 912	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 **R16 million** from **R1.318 billion** to **R1.334 billion**, the surplus of **R70.2 million** is VAT on capital expenditure which is not included as part of capital expenditure as per MFMA guidelines.

The movement in the total budget is highlighted below:

Operating revenue Framework

Operating Revenue has increased by **R16 million** from **R706.9 million** to **R723. million**, this increase is because of the following:

The municipality received a grant from National Skills Fund amounting to **R16 million**. The Municipality also received funds from LGSETA amounting to **R478 thousand** with a portion of **R370 thousand** for fire and rescue program, **R70 thousand** for MFMP, **R38 thousand** for water and wastewater process control which makes the initial amount from LGSETA. The municipality also received **R53.9 thousand** grant from Art council. This is for help desk assigned to the municipality.

Summary of Adjustments

2022/2023 OPERATING REVENUE	APPROVED BUDGET	2nd ADJUSTMENTS	ADJUSTED BUDGET
Service charges - water revenue	68 000 000		40 947 245
Service charges - sanitation revenue	12 500 000		15 305 531
Rental of facilities and equipment	183 486		208 942
Interest earned - external investments	6 000 000		3 000 000
Interest earned - outstanding debtors	85 000		199 868
Fines, penalties and forfeits	150 000		58 165
Licences and permits	-		72 683
Transfers and subsidies	601 306 000	16 041 109	661 731 009
Other revenue	710 500	- 3	1 501 192
TOA TL OPERATING REVENUE	688 934 986	16 041 106	723 024 635

The municipality operating revenue as increased by **R16 million** from **R688.9 million** to **R 723 million**. The increase results from transfers and subsidies received and other revenue.

Operating revenue Framework is explained in detail in section 1.4

Operating Expenditure Framework

ADJUSTMENTS	ORIGINAL BUDGET	2nd ADJUSTMENTS	ADJUSTED BUDGET
Employee related costs	268 152 047	- 110 810	270 041 237
Remuneration of councillors	8 770 722		9 020 722
Debt impairment	14 000 000		14 000 000
Depreciation & asset impairment	80 000 005		80 000 005
Finance charges	-	465 000	552 774
Inventory consumed	33 319 977	- 1 746 555	30 007 985
Contracted services	106 387 709	30 466 422	201 224 427
Transfers and subsidies	3 070 000	545 623	4 880 848
Other expenditure	112 460 099	455 788	115 736 999
TOTAL EXPENDITURE	626 160 559.00	30 075 467.55	725 464 997.00

Operating expenditure has increased by **R30 million**, from **R626.1 million** to **R725.4 million**. This increase is because of the following.

The Municipality also adjusted employee related cost from **R268.1 million** to **R270.1 million** finance charges from **R0** to **R552.7 thousand**, inventory consumed decreased from **R33 million** to **R30 million**, Contracted Services from **R106 million** to **R201 million**, transfers and subsidies from **R3 million** to **R4.8 million** and other expenditure from **R112.4 million** to **R115.7 million**.

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 decrease by **R3.4 million** VAT exclusive from **R542.4 million** to **R539.4 million**, this decrease is because of the following:

This results from reclassification of expenditure from capital to operating.

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

Summary of Adjustments

CAPITAL EXPENDITURE	ORIGINAL BUDGET	ADJUSTMENTS	2nd ADJUSTMENTS	ADJUSTED BUDGET
MUNICIPAL INFRASTRUCTURE GRANT	225 678 261	225 678 261	1 299 799	226 978 060
REGIONAL BULK INFRASTRUCTURE GRANT	13 258 261	218 273 225	497 030	218 770 255
WATER SERVICES INFRASTRUCTURE GRANT	82 608 696	82 608 696	- 5 614 384	76 994 312
RURAL ROAD ASSET MANAGEMENT GRANT	2 199 130	2 199 130	- 14 881	2 184 249
KWAMAJOMELA ROLL OVER	-	1 427 676		1 427 676
INDONSA GRANT	26 087	26 087	3 913	30 000
ACCELERATED WATER INTERVENTION PROJECT	-	2 608 696		2 608 696
INTERNALLY FUNDED ASSETS	8 391 303	9 638 165	411 087	10 049 252
TOTAL CAPITAL EXPENDITURE	332 161 738	542 459 936	- 3 417 436	539 042 500

Capital Expenditure and funding is explained in section 1.6

Financial Position Framework

Summary of Statement of Financial position

	ORIGINAL BUDGET	ADJUSTMENT	2nd ADJUSTMENTS	ADJUSTED BUDGET
Current Assets	338 914 049.00	288 578 859.08	- 13 807 233.08	274 771 626.00
Non-Current Assets	4 188 965 091.00	5 388 775 951.02	- 541 768 038.02	4 847 007 913.00
Current Liabilities	224 331 877.00	348 055 797.92	160 000.08	348 215 798.00
Non-Current Liabilities	33 904 000.00	33 904 000.00	10 027 760.00	43 931 760.00
Accumulated surplus	4 269 643 263.00	5 285 367 252.18	- 555 735 271.18	4 729 631 981.00
	4 269 643 263.00	5 285 367 252.18	- 555 735 271.18	4 729 631 981.00

Current assets have been revised downwards by **R13.8 million** from **R288.5 million** to **R274.7 million**, non-Current assets have been revised downwards by **R541.7 million** from **R4.1 billion** to **R4.8 billion**, Current Liabilities have been revised upwards by **R160. million** from **R224.3 million** to **R348.2 million**, Non - Current Liabilities have been revised upwards from **R33.9 million** to **R43.9 million** & Accumulated surplus has been revised upwards by **R555.7 million** from **R5.3 billion** to **R4.7 billion**.

Specific major changes are summarized below:

Cash on Table B6 is **R165.8 million**. This represents a decrease of **R7.3 million** from **R173.1 million** as per first adjustment budget, this is because of changes in Cash position resulting from performance of the municipality.

The **R165.8 million** projected cash is after paying all budgeted capital and operating expenditure highlighted above but before considering working capital which is made out of receivables and payables.

Total creditors amount to **R336.2 million** on Table SB2, this represents an increase of **R160 thousand** from **R336 million**. The **R165.8 million** cash available will not be sufficient to cater for all creditors of **R348.2 million** even after adding collectible debtors which are based on a **65%** collection rate.

The Current ratio is 0.78: 1 [**R274.7 million/348.2 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) - 30/06/2023

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
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	68 000	40 947	-	-	-	-	-	-	40 947	51 532	54 006
Service charges - Waste Water Management	2	12 500	15 306	-	-	-	-	-	-	15 306	16 406	17 193
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		351	1 134	-	-	-	-	-	-	1 134	1 001	1 049
Agency services		-	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		85	200	-	-	-	-	-	-	200	521	546
Interest earned from Current and Non Current Assets		6 000	3 000	-	-	-	-	-	-	3 000	3 000	3 144
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		183	209	-	-	-	-	-	-	209	500	524
Licence and permits		-	73	-	-	-	-	-	-	73	60	63
Operational Revenue		360	367	-	-	-	-	-	-	367	369	387
Non-Exchange Revenue												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		150	58	-	-	-	-	-	-	58	1 000	1 048
Licences or permits		-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		601 306	645 690	-	-	-	-	16 041	16 041	661 731	643 859	679 032
Interest		-	-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		688 935	706 984	-	-	-	-	16 041	16 041	723 025	718 248	756 991

Operating Revenue has increased by R16 million from R706.9 million to R723 million this increase is because of the following:

The municipality received an additional amount of **R16.5 million** from National Skills Fund, The Municipality also received funds from LGSETA amounting to **R370 thousand** for fire & rescue. Furthermore, on the first adjustment the Municipality budgeted for **R1 080 000** grant from LGSETA and only **10%** of the total amount was received which is **R108 thousand**. The municipality has further adjusted LGSETA downwards by **R972 thousand**, this is due to the amount received from the grant. **R53.9 thousand** grant received from Art council.

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 amount billed on customers for water used, the approved adjusted budget of **R40.9 million** in Service charges water will remain the same.

Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, approved adjustment budget of **R15.3 million** in Service charges sanitation will remain the same.

Rent of facilities

Rental of facilities is amounts billed for office space leased out, approved adjustment budget of **R209 thousand**. Rent of facilities will remain the same.

Interest on investment

Interest on investment is interest received when the Municipality makes cash investments. The approved adjustment budget of **R3 million** will remain the same.

Interest earned - outstanding debtors.

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The approved adjustment budget of **R200 thousand** will also remain the same.

Fines, penalties, and forfeits

Fines, penalties, and forfeits are mainly amounts charged on illegal connections. The approved adjustment budget of **R58 thousand** will remain the same.

Licenses and permits.

This amount is for Licenses and permits issued for certain businesses. The approved adjustment budget of **R73 thousand** will remain the same.

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.

All grants are received as per transfer schedule with the exception of 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 by **R16 million**. The municipality received an additional amount of **R16.5 million** from National Skills Fund, The Municipality also received funds from LGSETA amounting to **R370 thousand** for fire & rescue. Furthermore, on the first adjustment the Municipality budgeted for **R1 080 000** grant from LGSETA and only **10%** of the total amount was received which is **R108 thousand**. The municipality is further adjusted LGSETA downwards by **R972 thousand**, this is due to the amount received from the grant. **R53.9 thousand** grant received from Art council.

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 approved adjustment budget of other revenue will remain the same.

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) - 30/06/2023												
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	A1	B	C	D	E	F	G	H		
Expenditure By Type												
Employee related costs		268 152	270 152	-	-	-	-	(111)	(111)	270 041	290 728	297 266
Remuneration of councillors		8 771	9 021	-	-	-	-	-	-	9 021	9 486	9 941
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		33 320	31 755	-	-	-	-	(1 747)	(1 747)	30 008	42 130	44 119
Debt impairment		14 000	14 000	-	-	-	-	-	-	14 000	10 000	10 480
Depreciation and amortisation		80 000	80 000	-	-	-	-	-	-	80 000	90 000	94 320
Interest		-	88	-	-	-	-	465	465	553	1 000	1 048
Contracted services		106 388	171 258	-	-	-	-	29 966	29 966	201 224	128 719	132 717
Transfers and subsidies		3 070	4 335	-	-	-	-	546	546	4 881	6 000	6 288
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-	-
Operational costs		112 460	114 781	-	-	-	-	956	956	115 737	144 039	155 835
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		626 161	695 390	-	-	-	-	30 075	30 075	725 465	722 102	752 015
Surplus/(Deficit)		62 774	11 594	-	-	-	-	(14 034)	(14 034)	(2 440)	(3 855)	4 976

Operating Expenditure has increased by **R30 million** from **R695.3 million** to **R725.4 million** this increase is because of the employee related costs, inventory consumed, contracted services, transfers and subsidies and other expenditure.

Employee Related Costs

Employee related costs are amounts paid for salaries, allowances, service-related benefits, and contributions. The municipality has adjusted down the employee's cost by **R111 Thousand** to the budget of **R270 million**.

Remuneration of Councilors

Remuneration of Councilors are amounts paid for councilors allowances, service-related benefits, and contributions. The approved adjusted budget of **R9 million** will remain the same.

Debt impairment

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

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 budgeted depreciation will remain the same.

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 approved adjustment budget was **R31 million**. Inventory consumed has been revised downwards by **R1.7 million**, this decrease is due to reallocation of funds through the virement process.

Contracted services

Contracted services include Outsourced services, Consultants and professional fees, and Contractors.

Contracted services have been adjusted up because the municipality received the grants and must appoint service providers to assist with the service required. The contracted services were adjusted up by **R 30 million to R201.2 million**. This results from additional grant funding from LGSETA and virements.

Transfers and subsidies paid.

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The approved adjusted budget amount to **R4.8 million**.

The nature of this expenditure item is occasional and cannot be benchmarked on a straight-line method. The municipality adjusted transfers and subsidies upward by **R545.6 thousand**, the increase 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 licenses, 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 licenses, insurance, uniforms & protective clothing, and external audit fees. Other expenditure has been revised upward by **R956 thousand** based on the reallocation of funds through virement process.

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 - 30/06/2023

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 Adjus.	Total Adjus.	Adjusted Budget	+1 2023/24	+2 2024/25
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 & Wsa		-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		3 261	3 330	-	-	-	-	12	12	3 341	2 250	-
Vote 03 - Finance		478	478	-	-	-	-	-	-	478	650	-
Vote 04 - Community Development		26	2 657	-	-	-	-	349	349	3 006	457	457
Vote 05 - Planning & Wsa		327 657	534 589	-	-	-	-	(3 140)	(3 140)	531 449	700 110	480 842
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		348	548	-	-	-	-	30	30	577	-	-
Vote 08 - Water Distribution		391	191	-	-	-	-	-	-	191	86 957	-
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	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299
Total Capital Expenditure - Vote		332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299
Capital Expenditure - Functional												
Governance and administration		3 652	3 721	-	-	-	-	12	12	3 732	2 900	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		3 652	3 721	-	-	-	-	12	12	3 732	2 900	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		70	1 273	-	-	-	-	4	4	1 277	457	457
Community and social services		70	1 273	-	-	-	-	4	4	1 277	457	457
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		6 112	7 515	-	-	-	-	355	355	7 870	2 208	2 307
Planning and development		6 112	7 515	-	-	-	-	355	355	7 870	2 208	2 307
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		322 284	529 241	-	-	-	-	(3 121)	(3 121)	526 120	784 859	478 535
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		322 284	529 241	-	-	-	-	(3 121)	(3 121)	526 120	784 859	478 535
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		43	43	-	-	-	-	-	-	43	-	-
Total Capital Expenditure - Functional	3	332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299
Funded by:												
National Government		323 744	528 067	-	-	-	-	(3 140)	(3 140)	524 927	700 110	480 842
Provincial Government		26	4 036	-	-	-	-	30	30	4 066	457	457
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	323 770	532 103	-	-	-	-	(3 110)	(3 110)	528 993	700 568	481 299
Borrowing		-	-	-	-	-	-	-	-	-	86 957	-
Internally generated funds		8 391	9 689	-	-	-	-	360	360	10 049	2 900	-
Total Capital Funding		332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299

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	ADJUSTMENTS 1	ADJUSTED	ADJUSTMENT
TOTAL CAPITAL EXPENDITURE	332 161 738	210 298 198	- 3 417 436	539 042 500
TOTAL CAPITAL FINANCING	332 161 738		- 3 417 436	539 042 500

Governance and administration

Governance and administration include furniture, ICT infrastructure, safety box and printing machine. Governance and administration has been revised upward by **R12 thousand** from **R3.72 million** to **R3.73 million**, the increase of **R12 thousand** is based on reallocation of funds through virement process.

Community and public safety

Community and public include furniture and equipment. Community and public safety have been revised upwards by **R4 thousand**. The increase of **R4 thousand** is based on reallocation of funds through virement process for procuring equipment.

Economic and environmental services

Economic and environmental services approved budget of **R7.8 million**.

Economic and environmental includes road restoration and rural road, this line item has increased by **R355 thousand**. The increase of **R355 thousand** is for Kwamajomela completion project.

Trading services

Trading services includes capital grant (MIG, WSIG, and RBIG), furniture and park homes. Trading services has been revised downwards by **R3.1 million**. This decrease is due to the reclassification of capital to operating.

Other

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

Projects to be Implemented as per Capital budget.

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 EXPENDITURE EXCLUSIVE OF VAT	ORIGINAL BUDGET	ADJUSTMENTS	2nd ADJUSTMENTS	ADJUSTED BUDGET
MUNICIPAL INFRASTRUCTURE GRANT	225 678 261	225 678 261	1 299 799	226 978 060
REGIONAL BULK INFRASTRUCTURE GRANT	13 258 261	218 273 225	497 030	218 770 255
WATER SERVICES INFRASTRUCTURE GRANT	82 608 696	82 608 696	- 5 614 384	76 994 312
RURAL ROAD ASSET MANAGEMENT GRANT	2 199 130	2 199 130	- 14 881	2 184 249
KWAMAJOMELA ROLL OVER	-	1 427 676		1 427 676
INDONSA GRANT	26 087	26 087	3 913	30 000
ACCELERATED WATER INTERVENTION PROGRAM	-	2 608 696		2 608 696
INTERNALLY FUNDED ASSETS	8 391 303	9 638 165	411 087	10 049 252
TOTAL CAPITAL EXPENDITURE	332 161 738	542 459 936	- 3 417 436	539 042 500

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	2nd ADJUSTMENTS	ADJUSTED BUDGET
EQUIPMENT	-	- 460 783.00	1 203 262.00
FURNITURE	1 043 477.00	- 362 339.00	949 825.00
ICT INFRASTRUCTURE	2 608 696.00		2 608 696.00
PARK HOMES	391 304.00		191 304.00
PRINTING MACHINE	434 783.00	- 118 400.00	316 383.00
ROAD RESTORATION	3 913 043.00		3 913 043.00
MICROPHONE & MIGRATION	521 739.00		521 739.00
KWAMAJOMELA MANUFACTURING CENTRE		345 000.00	345 000.00
	8 913 042.00	- 596 522.00	10 049 252.00

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 - 30/06/2023

Description	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		
Financial Performance											
Property rates	-	-	-	-	-	-	-	-	-	-	-
Service charges	80 500	56 253	-	-	-	-	-	-	56 253	67 938	71 199
Investment revenue	6 000	3 000	-	-	-	-	-	-	3 000	3 000	3 144
Transfers recognised - operational	601 306	645 690	-	-	-	-	16 041	16 041	661 731	643 859	679 032
Other own revenue	1 129	2 041	-	-	-	-	-	-	2 041	3 451	3 616
Total Revenue (excluding capital transfers and contributions)	688 935	706 984	-	-	-	-	16 041	16 041	723 025	718 248	756 991
Employee costs	268 152	270 152	-	-	-	-	(111)	(111)	270 041	290 728	297 266
Remuneration of councillors	8 771	9 021	-	-	-	-	-	-	9 021	9 486	9 941
Depreciation & asset impairment	94 000	94 000	-	-	-	-	-	-	94 000	100 000	104 800
Finance charges	-	88	-	-	-	-	465	465	553	1 000	1 048
Inventory consumed and bulk purchases	33 320	31 755	-	-	-	-	(1 747)	(1 747)	30 008	42 130	44 119
Transfers and subsidies	3 070	4 335	-	-	-	-	546	546	4 881	6 000	6 288
Other expenditure	218 848	286 039	-	-	-	-	30 922	30 922	316 961	272 758	288 553
Total Expenditure	626 161	695 390	-	-	-	-	30 075	30 075	725 465	722 102	752 015
Surplus/(Deficit)	62 774	11 594	-	-	-	-	(14 034)	(14 034)	(2 440)	(3 855)	4 976
Transfers and subsidies - capital (monetary allocations)	372 306	611 948	-	-	-	-	-	-	611 948	805 127	552 968
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	435 080	623 542	-	-	-	-	(14 034)	(14 034)	609 507	801 272	557 944
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	435 080	623 542	-	-	-	-	(14 034)	(14 034)	609 507	801 272	557 944
Capital expenditure & funds sources											
Capital expenditure	332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299
Transfers recognised - capital	323 770	532 103	-	-	-	-	(3 110)	(3 110)	528 993	700 568	481 299
Borrowing	-	-	-	-	-	-	-	-	-	86 957	-
Internally generated funds	8 391	9 689	-	-	-	-	360	360	10 049	2 900	-
Total sources of capital funds	332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299
Financial position											
Total current assets	334 322	288 579	-	-	-	-	(13 807)	(13 807)	274 772	477 935	636 154
Total non current assets	4 188 965	5 388 776	-	-	-	-	(541 768)	(541 768)	4 847 008	6 247 525	6 324 921
Total current liabilities	224 332	348 056	-	-	-	-	160	160	348 216	352 992	364 624
Total non current liabilities	33 904	43 932	-	-	-	-	-	-	43 932	128 340	118 340
Community wealth/Equity	4 269 643	5 290 165	-	-	-	-	(631 022)	(631 022)	4 659 142	6 246 684	6 480 668
Cash flows											
Net cash from (used) operating	549 645	773 433	-	-	-	-	33 170	33 170	806 604	1 018 423	717 246
Net cash from (used) investing	(332 162)	(539 184)	-	-	-	-	142	142	(539 042)	(790 424)	(481 299)
Net cash from (used) financing	-	-	-	-	-	-	(902)	(902)	(902)	90 000	(10 000)
Cash/cash equivalents at the year end	290 159	254 717	-	-	-	-	32 410	32 410	287 127	605 126	831 073
Cash backing/surplus reconciliation											
Cash and investments available	240 416	174 167	-	-	-	-	(7 320)	(7 320)	166 846	345 288	490 450
Application of cash and investments	42 786	(3 417)	-	-	-	-	324 058	324 058	320 641	314 502	316 815
Balance - surplus (shortfall)	197 629	177 584	-	-	-	-	(331 378)	(331 378)	(153 795)	30 786	173 635
Asset Management											
Asset register summary (WDV)	3 149 128	4 295 779	-	-	-	-	(2 750)	(2 750)	4 293 029	5 154 528	5 231 925
Depreciation	80 000	80 000	-	-	-	-	-	-	80 000	90 000	94 320
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	71 146	71 137	-	-	-	-	226	226	71 363	74 900	78 486
Free services											
Cost of Free Basic Services provided	3 000	4 846	-	-	-	-	-	-	4 846	5 450	5 712
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) - 30/06/2023

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 Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	+1 2023/24	+2 2024/25
R thousands	1, 4	A	A1	B	C	D	E	F	G	H			
Revenue - Functional													
<i>Governance and administration</i>		594 535	636 370	-	-	-	-	15 987	15 987	652 357	637 831	682 319	
Executive and council		-	-	-	-	-	-	-	-	-	-	-	
Finance and administration		594 535	636 370	-	-	-	-	15 987	15 987	652 357	637 831	682 319	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		2 011	2 299	-	-	-	-	54	54	2 353	2 482	2 509	
Community and social services		1 911	2 243	-	-	-	-	54	54	2 297	1 922	1 923	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		100	56	-	-	-	-	-	-	56	560	587	
<i>Economic and environmental services</i>		5 316	6 958	-	-	-	-	-	-	6 958	2 539	2 653	
Planning and development		5 316	6 958	-	-	-	-	-	-	6 958	2 539	2 653	
Road transport		-	-	-	-	-	-	-	-	-	-	-	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		458 879	672 805	-	-	-	-	-	-	672 805	878 523	622 478	
Energy sources		-	-	-	-	-	-	-	-	-	-	-	
Water management		446 379	657 441	-	-	-	-	-	-	657 441	862 087	605 253	
Waste water management		12 500	15 364	-	-	-	-	-	-	15 364	16 436	17 225	
Waste management		-	-	-	-	-	-	-	-	-	-	-	
<i>Other</i>		500	500	-	-	-	-	-	-	500	2 000	-	
Total Revenue - Functional	2	1 061 241	1 318 931	-	-	-	-	16 041	16 041	1 334 972	1 523 375	1 309 959	
Expenditure - Functional													
<i>Governance and administration</i>		225 404	281 453	-	-	-	-	24 242	24 242	305 695	256 489	282 032	
Executive and council		47 846	53 462	-	-	-	-	1 679	1 679	55 140	45 360	49 633	
Finance and administration		177 558	227 991	-	-	-	-	22 564	22 564	250 555	176 201	195 794	
Internal audit		-	-	-	-	-	-	-	-	-	34 928	36 605	
<i>Community and public safety</i>		25 580	26 819	-	-	-	-	(122)	(122)	26 697	28 878	30 181	
Community and social services		13 202	14 442	-	-	-	-	(1)	(1)	14 440	8 257	8 587	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	5 887	6 170	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		12 378	12 378	-	-	-	-	(121)	(121)	12 257	14 734	15 425	
<i>Economic and environmental services</i>		23 962	24 722	-	-	-	-	201	201	24 923	28 742	29 074	
Planning and development		23 962	24 722	-	-	-	-	201	201	24 923	28 742	29 074	
Road transport		-	-	-	-	-	-	-	-	-	-	-	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		337 266	349 467	-	-	-	-	6 356	6 356	355 823	394 049	398 211	
Energy sources		-	-	-	-	-	-	-	-	-	-	-	
Water management		332 231	344 335	-	-	-	-	6 356	6 356	350 691	386 071	389 850	
Waste water management		5 035	5 133	-	-	-	-	-	-	5 133	7 978	8 361	
Waste management		-	-	-	-	-	-	-	-	-	-	-	
<i>Other</i>		13 948	12 928	-	-	-	-	(601)	(601)	12 326	13 944	12 517	
Total Expenditure - Functional	3	626 161	695 390	-	-	-	-	30 075	30 075	725 465	722 102	752 015	
Surplus/ (Deficit) for the year		435 080	623 542	-	-	-	-	(14 034)	(14 034)	609 507	801 272	557 944	

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) - 30/06/2023

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2022/23									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	+1 2023/24	+2 2024/25
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjus.	Adjus.	Budget	Adjusted	Adjusted
	A	A1	B	C	D	E	F	G	H			
R thousands												
Revenue by Vote	1											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		850	45 034	-	-	-	-	15 987	15 987	61 021	2 350	367
Vote 03 - Finance		594 185	591 836	-	-	-	-	-	-	591 836	637 481	681 952
Vote 04 - Community Development		2 011	3 941	-	-	-	-	54	54	3 995	2 482	2 509
Vote 05 - Planning & Wsa		383 610	621 610	-	-	-	-	-	-	621 610	812 204	552 968
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		68 085	41 147	-	-	-	-	-	-	41 147	52 422	54 938
Vote 09 - Waste Water		12 500	15 364	-	-	-	-	-	-	15 364	16 436	17 225
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 061 241	1 318 931	-	-	-	-	16 041	16 041	1 334 972	1 523 375	1 309 959
Expenditure by Vote	1											
Vote 01 - Council		47 846	53 462	-	-	-	-	1 679	1 679	55 140	53 791	58 469
Vote 02 - Corporate Services		98 375	143 638	-	-	-	-	16 030	16 030	159 668	149 411	161 822
Vote 03 - Finance		79 473	85 434	-	-	-	-	6 437	6 437	91 871	61 343	69 135
Vote 04 - Community Development		49 413	49 612	-	-	-	-	67	67	49 679	50 380	50 620
Vote 05 - Planning & Wsa		23 285	23 276	-	-	-	-	5 719	5 719	28 996	21 391	22 418
Vote 06 - Technical Services		5 992	6 126	-	-	-	-	27	27	6 152	10 202	10 692
Vote 07 - Water Purification		36 762	37 479	-	-	-	-	-	-	37 479	43 820	45 923
Vote 08 - Water Distribution		279 979	291 232	-	-	-	-	116	116	291 348	323 787	324 576
Vote 09 - Waste Water		5 035	5 133	-	-	-	-	-	-	5 133	7 978	8 361
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	626 161	695 390	-	-	-	-	30 075	30 075	725 465	722 102	752 015
Surplus/ (Deficit) for the year	2	435 080	623 542	-	-	-	-	(14 034)	(14 034)	609 507	801 272	557 944

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) - 30/06/2023

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 Adjusted Budget	+2 2024/25 Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Exchange Revenue												
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	68 000	40 947	-	-	-	-	-	-	40 947	51 532	54 006
Service charges - Waste Water Management	2	12 500	15 306	-	-	-	-	-	-	15 306	16 406	17 193
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		351	1 134	-	-	-	-	-	-	1 134	1 001	1 049
Agency services		-	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		85	200	-	-	-	-	-	-	200	521	546
Interest earned from Current and Non Current Assets		6 000	3 000	-	-	-	-	-	-	3 000	3 000	3 144
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		183	209	-	-	-	-	-	-	209	500	524
Licence and permits		-	73	-	-	-	-	-	-	73	60	63
Operational Revenue		360	367	-	-	-	-	-	-	367	369	387
Non-Exchange Revenue												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		150	58	-	-	-	-	-	-	58	1 000	1 048
Licences or permits		-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		601 306	645 690	-	-	-	-	16 041	16 041	661 731	643 859	679 032
Interest		-	-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		688 935	706 984					16 041	16 041	723 025	718 248	756 991
Expenditure By Type												
Employee related costs		268 152	270 152	-	-	-	-	(111)	(111)	270 041	290 728	297 266
Remuneration of councillors		8 771	9 021	-	-	-	-	-	-	9 021	9 486	9 941
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		33 320	31 755	-	-	-	-	(1 747)	(1 747)	30 008	42 130	44 119
Debt impairment		14 000	14 000	-	-	-	-	-	-	14 000	10 000	10 480
Depreciation and amortisation		80 000	80 000	-	-	-	-	-	-	80 000	90 000	94 320
Interest		-	88	-	-	-	-	465	465	553	1 000	1 048
Contracted services		106 388	171 258	-	-	-	-	29 966	29 966	201 224	128 719	132 717
Transfers and subsidies		3 070	4 335	-	-	-	-	546	546	4 881	6 000	6 288
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-	-
Operational costs		112 460	114 781	-	-	-	-	956	956	115 737	144 039	155 835
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		626 161	695 390					30 075	30 075	725 465	722 102	752 015
Surplus/(Deficit)		62 774	11 594					(14 034)	(14 034)	(2 440)	(3 855)	4 976
Transfers and subsidies - capital (monetary allocations)		372 306	611 948	-	-	-	-	-	-	611 948	805 127	552 968
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		435 080	623 542					(14 034)	(14 034)	609 507	801 272	557 944
Income Tax		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		435 080	623 542					(14 034)	(14 034)	609 507	801 272	557 944
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		435 080	623 542					(14 034)	(14 034)	609 507	801 272	557 944
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1	435 080	623 542					(14 034)	(14 034)	609 507	801 272	557 944

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 - 30/06/2023

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 Adjus.	Total Adjus.	Adjusted Budget	+1 2023/24	+2 2024/25
		A	A1	B	C	D	E	F	G	H		
R thousands												
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 & Wsa		-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 01 - Council		-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		3 261	3 330	-	-	-	-	12	12	3 341	2 250	-
Vote 03 - Finance		478	478	-	-	-	-	-	-	478	650	-
Vote 04 - Community Development		26	2 657	-	-	-	-	349	349	3 006	457	457
Vote 05 - Planning & Wsa		327 657	534 589	-	-	-	-	(3 140)	(3 140)	531 449	700 110	480 842
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		348	548	-	-	-	-	30	30	577	-	-
Vote 08 - Water Distribution		391	191	-	-	-	-	-	-	191	86 957	-
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	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299
Total Capital Expenditure - Vote		332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299
Capital Expenditure - Functional												
Governance and administration		3 652	3 721	-	-	-	-	12	12	3 732	2 900	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		3 652	3 721	-	-	-	-	12	12	3 732	2 900	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		70	1 273	-	-	-	-	4	4	1 277	457	457
Community and social services		70	1 273	-	-	-	-	4	4	1 277	457	457
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		6 112	7 515	-	-	-	-	355	355	7 870	2 208	2 307
Planning and development		6 112	7 515	-	-	-	-	355	355	7 870	2 208	2 307
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		322 284	529 241	-	-	-	-	(3 121)	(3 121)	526 120	784 859	478 535
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		322 284	529 241	-	-	-	-	(3 121)	(3 121)	526 120	784 859	478 535
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		43	43	-	-	-	-	-	-	43	-	-
Total Capital Expenditure - Functional	3	332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299
Funded by:												
National Government		323 744	528 067	-	-	-	-	(3 140)	(3 140)	524 927	700 110	480 842
Provincial Government		26	4 036	-	-	-	-	30	30	4 066	457	457
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	323 770	532 103	-	-	-	-	(3 110)	(3 110)	528 993	700 568	481 299
Borrowing		-	-	-	-	-	-	-	-	-	86 957	-
Internally generated funds		8 391	9 689	-	-	-	-	360	360	10 049	2 900	-
Total Capital Funding		332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299

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 - 30/06/2023

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 Adjusted Budget	+2 2024/25 Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash and cash equivalents		240 335	173 174	-	-	-	-	(7 320)	(7 320)	165 854	345 288	490 450
Trade and other receivables from exchange transactions	1	68 485	40 380	-	-	-	-	-	-	40 380	59 575	72 632
Receivables from non-exchange transactions	1	80	992	-	-	-	-	-	-	992	-	-
Current portion of non-current receivables	2	-	-	-	-	-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	2 556	2 556	2 556	-	-
VAT		4 400	50 650	-	-	-	-	(11 284)	(11 284)	39 366	50 650	50 650
Other current assets		21 021	23 382	-	-	-	-	2 241	2 241	25 623	22 422	22 422
Total current assets		334 322	288 579	-	-	-	-	(13 807)	(13 807)	274 772	477 935	636 154
Non current assets												
Investments												
Investment property												
Property, plant and equipment	3	4 188 952	5 388 781	-	-	-	-	(541 798)	(541 798)	4 846 983	6 247 523	6 324 920
Biological assets												
Living and non-living resources												
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Intangible assets		13	(5)	-	-	-	-	30	30	25	1	1
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
Total non current assets		4 188 965	5 388 776	-	-	-	-	(541 768)	(541 768)	4 847 008	6 247 525	6 324 921
TOTAL ASSETS		4 523 287	5 677 355	-	-	-	-	(555 575)	(555 575)	5 121 780	6 725 460	6 961 076
LIABILITIES												
Current liabilities												
Bank overdraft												
Financial liabilities												10 000
Consumer deposits		3 633	3 621	-	-	-	-	-	-	3 621	3 633	3 633
Trade and other payables from exchange transactions		209 357	336 053	-	-	-	-	160	160	336 213	338 908	338 908
Trade and other payables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-
Provisions		1 506	1 973	-	-	-	-	-	-	1 973	1 973	1 973
VAT		9 587	6 004	-	-	-	-	-	-	6 004	8 073	9 705
Other current liabilities		249	405	-	-	-	-	-	-	405	405	405
Total current liabilities		224 332	348 056	-	-	-	-	160	160	348 216	352 992	364 624
Non current liabilities												
Borrowing	1	-	1 092	-	-	-	-	-	-	1 092	90 000	80 000
Provisions	1	33 904	42 840	-	-	-	-	-	-	42 840	38 340	38 340
Long term portion of trade payables												
Other non-current liabilities												
Total non current liabilities		33 904	43 932	-	-	-	-	-	-	43 932	128 340	118 340
TOTAL LIABILITIES		258 236	391 988	-	-	-	-	160	160	392 148	481 332	482 964
NET ASSETS	2	4 265 051	5 285 367	-	-	-	-	(555 735)	(555 735)	4 729 632	6 244 128	6 478 111
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		4 269 643	5 290 165	-	-	-	-	(631 022)	(631 022)	4 659 142	6 246 684	6 480 668
Funds and Reserves		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		4 269 643	5 290 165	-	-	-	-	(631 022)	(631 022)	4 659 142	6 246 684	6 480 668

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 **R165.8 million**. This represents a decrease of **R7.3 million** from **R173.1 million** as per approved budget, this is because of changes in Cash position resulting from performance of the municipality.

Consumer debtors

Consumer debtors include debtors from water and sanitation services, the expected balance at the end of the financial year is R40.3 million. Consumer debtors therefore remain the same.

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	R40.3 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	R39.3 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	R3.2 million
Employee Salary Advances	R169.1 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. Inventory will remain the same.

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 **R4.8 billion**.

Property plant and equipment has been revised downwards by **R541.7 million** from **R5.4 billion** to **R4.8 billion**, the revised amount is attributed to correction of budgeted amount.

Intangible

The intangible will have been adjusted to **R25 thousand**; The municipality has no plan to sell software.

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 remain the same.

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 **R336.2 million**. There is a little change in trade and other payable of **R160 thousand**. This large volume of creditors has a significant impact on the funding position of the Municipality.

Below is the breakdown of trade and other payables.

Calculation of Trade and other payables are calculated as follows.

Creditors Control	R214.4 million
Retention	R42.9 million
Leave Accrual	R19.07 million.
DWS	R21.7 million
Output VAT	R746.9 thousand
Advance payments	R2.6 million
Bonus Accrual	R742.8 thousand

Unallocated Deposits R503.5 thousand

Closing balance as at 30 June 2023 R336.2 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 will remain the same.

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. Borrowings will therefore remain the same.

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 remain the same.

Accumulated surplus is the net worth of the Municipality, sitting at **R4.7 billion**.

DC26 Zululand - Table B7 Adjustments Budget Cash Flows - 30/06/2023

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		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates									-	-		
Service charges		60 574	42 826	-	-	-	-	-	-	42 826	51 642	58 214
Other revenue		80 905	125 173	-	-	-	-	54	54	125 227	162 144	117 734
Transfers and Subsidies - Operational	1	601 306	645 690	-	-	-	-	16 041	16 041	661 731	643 859	679 032
Transfers and Subsidies - Capital	1	372 306	607 306	-	-	-	-	3 000	3 000	610 306	805 127	552 968
Interest		6 000	5 000	-	-	-	-	(2 000)	(2 000)	3 000	3 000	3 144
Dividends												
Payments												
Suppliers and employees		(571 446)	(652 561)	-	-	-	-	16 075	16 075	(636 486)	(647 349)	(693 846)
Finance charges												
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		549 645	773 433	-	-	-	-	33 170	33 170	806 604	1 018 423	717 246
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)	(539 184)	-	-	-	-	142	142	(539 042)	(790 424)	(481 299)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(332 162)	(539 184)	-	-	-	-	142	142	(539 042)	(790 424)	(481 299)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans												
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	100 000	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing		-	-	-	-	-	-	(902)	(902)	(902)	(10 000)	(10 000)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	(902)	(902)	(902)	90 000	(10 000)
NET INCREASE/ (DECREASE) IN CASH HELD		217 483	234 249	-	-	-	-	32 410	32 410	266 659	317 999	225 947
Cash/cash equivalents at the year begin:	2	72 676	20 468	-	-	-	-	-	-	20 468	287 127	605 126
Cash/cash equivalents at the year end:	2	290 159	254 717	-	-	-	-	32 410	32 410	287 127	605 126	831 073

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. Service charges will remain the same.

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 **R125.2 million**.

Other Revenue has been revised upwards by **R54 thousand**, from **R125.1 million** to **R125.2 million**, the revised amount is attributed to an increase in VAT refund.

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 **R16 million** from **R645.6 million** to **R661.7 million**, the revised amount is attributed to grants received.

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 **R million** from **R607.3 million** to **R610.3 million**, the revised amount is attributed to grant to be received. **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**.

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. **R636.4 million** will be paid.

Payments to Suppliers and employees has been revised downwards by **R16 million** from **R652.5 million** to **R636.4 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 million**

Cash and cash equivalents at the end

Cash and cash equivalents are expected to be **R287.1 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 - 30/06/2023

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	+1 2023/24	+2 2024/25
Cash and investments available												
Cash/cash equivalents at the year end	1	290 159	254 717	-	-	-	-	32 410	32 410	287 127	605 126	831 073
Other current investments > 90 days		(49 744)	(80 551)	-	-	-	-	(39 731)	(39 731)	(120 281)	(259 838)	(340 623)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		240 416	174 167	-	-	-	-	(7 320)	(7 320)	166 846	345 288	490 450
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	42 786	(3 417)	-	-	-	-	324 058	324 058	320 641	314 502	316 815
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		42 786	(3 417)	-	-	-	-	324 058	324 058	320 641	314 502	316 815
Surplus(shortfall)		197 629	177 584	-	-	-	-	(331 378)	(331 378)	(153 795)	30 786	173 635

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.

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

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 are **R336.2 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 - 30/06/2023

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	Adjusted Budget
		7	8	9	10	11	12	13	14	15	16	17	
R thousands	A	A1	B	C	D	E	F	G	H				
CAPITAL EXPENDITURE													
Total New Assets to be adjusted	1	332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299	
Roads Infrastructure		6 112	6 087	-	-	-	-	10	10	6 097	2 208	2 307	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Water Supply Infrastructure		321 545	501 989	-	-	-	-	1 997	1 997	503 986	693 120	471 898	
Sanitation Infrastructure		-	26 513	-	-	-	-	(5 147)	(5 147)	21 366	4 783	6 637	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		327 657	534 589	-	-	-	-	(3 140)	(3 140)	531 449	700 110	480 842	
Community Facilities		-	1 428	-	-	-	-	345	345	1 773	-	-	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	
Community Assets		-	1 428	-	-	-	-	345	345	1 773	-	-	
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Operational Buildings		391	191	-	-	-	-	-	-	191	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Other Assets	6	391	191	-	-	-	-	-	-	191	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-	
Servitudes		-	-	-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	30	30	30	-	-	
Intangible Assets		-	-	-	-	-	-	30	30	30	-	-	
Computer Equipment		2 609	2 609	-	-	-	-	-	-	2 609	2 350	-	
Furniture and Office Equipment		1 043	1 312	-	-	-	-	171	171	1 483	550	-	
Machinery and Equipment		461	1 664	-	-	-	-	(156)	(156)	1 508	87 414	457	
Transport Assets		-	-	-	-	-	-	-	-	-	-	-	
Land		-	-	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	
Mature		-	-	-	-	-	-	-	-	-	-	-	
Immature		-	-	-	-	-	-	-	-	-	-	-	
Living Resources		-	-	-	-	-	-	-	-	-	-	-	
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		-	-	-	-	-	-	-	-	-	-	-	

DC26 Zululand - Table B9 Asset Management - 30/06/2023

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	
		A	7	8	9	10	11	12	13	14	+1 2023/24	+2 2024/25	
R thousands													
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		-	-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299	
Roads Infrastructure		6 112	6 087	-	-	-	-	10	10	6 097	2 208	2 307	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Electrical Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Water Supply Infrastructure		321 545	501 989	-	-	-	-	1 997	1 997	503 986	693 120	471 898	
Sanitation Infrastructure		-	26 513	-	-	-	-	(5 147)	(5 147)	21 366	4 783	6 637	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		327 657	534 589	-	-	-	-	(3 140)	(3 140)	531 449	700 110	480 842	
Community Facilities		-	1 428	-	-	-	-	345	345	1 773	-	-	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	
Community Assets		-	1 428	-	-	-	-	345	345	1 773	-	-	
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Operational Buildings		391	191	-	-	-	-	-	-	191	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Other Assets		391	191	-	-	-	-	-	-	191	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-	
Servitudes		-	-	-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	30	30	30	-	-	
Intangible Assets		-	-	-	-	-	-	30	30	30	-	-	
Computer Equipment		2 609	2 609	-	-	-	-	-	-	2 609	2 350	-	
Furniture and Office Equipment		1 043	1 312	-	-	-	-	171	171	1 483	550	-	
Machinery and Equipment		461	1 664	-	-	-	-	(156)	(156)	1 508	87 414	457	
Transport Assets		-	-	-	-	-	-	-	-	-	-	-	
Land		-	-	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-	
Mature		-	-	-	-	-	-	-	-	-	-	-	
Immature		-	-	-	-	-	-	-	-	-	-	-	
Living Resources		-	-	-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURE to be adjusted	4	332 162	541 793	-	-	-	-	(2 750)	(2 750)	539 043	790 424	481 299	

DC26 Zululand - Table B9 Asset Management - 30/06/2023

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	Adjusted Budget
		A	7	8	9	10	11	12	13	14	+1 2023/24	+2 2024/25	
R thousands													
ASSET REGISTER SUMMARY - PPE (WDV)	5	3 149 128	4 295 779	-	-	-	-	(2 750)	(2 750)	4 293 029	5 154 528	5 231 925	
Roads Infrastructure		19 760	20 138	-	-	-	-	10	10	20 149	17 749	19 403	
Storm water Infrastructure				-	-	-	-						
Electrical Infrastructure		862	882	-	-	-	-			882	845	807	
Water Supply Infrastructure		3 040 794	4 152 856	-	-	-	-	1 997	1 997	4 154 852	4 963 998	5 139 681	
Sanitation Infrastructure		41 855	66 533	-	-	-	-	(5 147)	(5 147)	61 385	42 571	42 086	
Solid Waste Infrastructure				-	-	-	-						
Rail Infrastructure				-	-	-	-						
Coastal Infrastructure				-	-	-	-						
Information and Communication Infrastructure				-	-	-	-						
Infrastructure		3 103 271	4 240 408	-	-	-	-	(3 140)	(3 140)	4 237 268	5 025 163	5 201 977	
Community Assets		4 806	7 238	-	-	-	-	345	345	7 583	5 715	5 675	
Heritage Assets		13	(5)	-	-	-	-	30	30	25	1	1	
Investment properties				-	-	-	-						
Other Assets		27 314	24 645	-	-	-	-			24 645	23 088	21 657	
Biological or Cultivated Assets				-	-	-	-						
Intangible Assets				-	-	-	-						
Computer Equipment		1 402	7 123	-	-	-	-			7 123	5 115	874	
Furniture and Office Equipment		(1 191)	(385)	-	-	-	-	171	171	(214)	(1 703)	(2 834)	
Machinery and Equipment		2 327	6 757	-	-	-	-	(156)	(156)	6 601	92 140	4 798	
Transport Assets		11 186	9 998	-	-	-	-			9 998	5 007	(223)	
Land				-	-	-	-						
Zoo's, Marine and Non-biological Animals				-	-	-	-						
Living Resources				-	-	-	-						
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	3 149 128	4 295 779	-	-	-	-	(2 750)	(2 750)	4 293 029	5 154 528	5 231 925	
EXPENDITURE OTHER ITEMS													
Depreciation & asset impairment		80 000	80 000	-	-	-	-			80 000	90 000	94 320	
Repairs and Maintenance by asset class	3	71 146	71 137	-	-	-	-	226	226	71 363	74 900	78 488	
Roads Infrastructure				-	-	-	-						
Storm water Infrastructure				-	-	-	-						
Electrical Infrastructure				-	-	-	-						
Water Supply Infrastructure		63 392	63 208	-	-	-	-	1 230	1 230	64 438	70 000	73 360	
Sanitation Infrastructure				-	-	-	-						
Solid Waste Infrastructure				-	-	-	-						
Rail Infrastructure				-	-	-	-						
Coastal Infrastructure				-	-	-	-						
Information and Communication Infrastructure				-	-	-	-						
Infrastructure		63 392	63 208	-	-	-	-	1 230	1 230	64 438	70 000	73 360	
Community Facilities				-	-	-	-						
Sport and Recreation Facilities				-	-	-	-						
Community Assets				-	-	-	-						
Heritage Assets				-	-	-	-						
Revenue Generating				-	-	-	-						
Non-revenue Generating				-	-	-	-						
Investment properties				-	-	-	-						
Operational Buildings		6 150	5 111	-	-	-	-	(1 828)	(1 828)	3 283	3 200	3 354	
Housing				-	-	-	-						
Other Assets		6 150	5 111	-	-	-	-	(1 828)	(1 828)	3 283	3 200	3 354	
Biological or Cultivated Assets				-	-	-	-						
Servitudes				-	-	-	-						
Licences and Rights				-	-	-	-						
Intangible Assets				-	-	-	-						
Computer Equipment		420	304	-	-	-	-	(82)	(82)	222			
Furniture and Office Equipment		100	81	-	-	-	-			81	200	200	
Machinery and Equipment		34	34	-	-	-	-			34			
Transport Assets		1 050	2 400	-	-	-	-	906	906	3 306	1 500	1 572	
Land				-	-	-	-						
Zoo's, Marine and Non-biological Animals	6			-	-	-	-						
Mature				-	-	-	-						
Immature				-	-	-	-						
Living Resources				-	-	-	-						
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		151 146	151 137	-	-	-	-	226	226	151 363	164 900	172 806	
Renewal and upgrading of Existing Assets as % of total capex		0.0%	0.0%							0.0%	0.0%	0.0%	
Renewal and upgrading of Existing Assets as % of deprecn"		0.0%	0.0%							0.0%	0.0%	0.0%	
R&M as a % of PPE		2.3%	1.7%							1.7%	1.5%	1.5%	
Renewal and upgrading and R&M as a % of PPE		2.3%	1.7%							1.7%	1.5%	1.5%	

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 - 30/06/2023

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
		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
Piped water inside yard (but not in dwelling)		10840	0	0	0	0	0	0	0		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
<i>Minimum Service Level and Above sub-total</i>		18									18	17
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	17
Sanitation/sewage:												
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	6190
No toilet provisions												
<i>Below Minimum Service Level sub-total</i>		6 990									6 990	6 190
Total number of households	5	6 990									6 990	6 190
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
Sanitation (free minimum level service)												
Electricity/other energy (50kwh per household per month)												
Refuse (removed at least once a week)												
<i>Informal Settlements</i>		13										
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per indigent household per month)		3 000	4 846								4 846	5 450
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		3 000	4 846								4 846	5 450
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												

B10 Basic Services service delivery measurement

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	2nd ADJUSTMENTS	ADJUSTED BUDGET
Service charges - water revenue	68 000 000		40 947 245
Service charges - sanitation revenue	12 500 000		15 305 531
Rental of facilities and equipment	183 486		208 942
Interest earned - external investments	6 000 000		3 000 000
Interest earned - outstanding debtors	85 000		199 868
Fines, penalties and forfeits	150 000		58 165
Licences and permits	-		72 683
Transfers and subsidies	601 306 000	16 041 109	661 731 009
Other revenue	710 500	- 3	1 501 192
TOATL OPERATING REVENUE	688 934 986	16 041 106	723 024 635

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 - 30/06/2023

Description	Ref	Budget Year 2022/23						Budget Year	Budget Year	
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	
		A	2 A1	3 B	4 C	5 D	6 E	7 F	+1 2023/24	+2 2024/25
R thousands										
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:										
Operating expenditure of Transfers and Grants										
National Government:		551 382	576 227	-	-	14 034	14 034	590 262	627 267	654 791
Local Government Equitable Share										
Equitable Share		541 665	566 458	-	-	7 871	7 871	574 328	618 990	653 649
Expanded Public Works Programme Integrated Grant		8 517	8 541	-	-	(24)	(24)	8 517	7 077	-
Local Government Financial Management Grant		1 200	1 204	-	-	(4)	(4)	1 200	1 200	1 141
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	25	-	-	(10)	(10)	15	-	-
Water Services Infrastructure Grant		-	-	-	-	6 202	6 202	6 202	-	-
Provincial Government:		2 381	2 581	-	-	54	54	2 635	3 385	1 385
Capacity Building and Other Grants		2 381	2 581	-	-	54	54	2 635	3 385	1 385
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	44 184	-	-	15 987	15 987	60 171	-	-
Electricity Distribution Industry Holdings		-	1 080	-	-	(1 080)	(1 080)	-	-	-
KwazuluNatal Provincial Planning and Development Commission		-	-	-	-	-	-	-	-	-
Local Government Water and Related Service SETA		-	-	-	-	478	478	478	-	-
National Skills Fund		-	43 104	-	-	16 589	16 589	59 693	-	-
Total operating expenditure of Transfers and Grants:		553 763	622 992	-	-	30 075	30 075	653 068	630 652	656 176
Capital expenditure of Transfers and Grants										
National Government:		323 744	528 067	-	-	(3 140)	(3 140)	524 927	700 110	480 842
Municipal Infrastructure Grant		225 678	225 678	-	-	1 300	1 300	226 978	236 246	247 491
Regional Bulk Infrastructure Grant		13 258	217 606	-	-	1 164	1 164	218 770	374 700	144 087
Rural Road Asset Management Systems Grant		2 199	2 174	-	-	10	10	2 184	2 208	2 307
Water Services Infrastructure Grant		82 609	82 609	-	-	(5 614)	(5 614)	76 994	86 957	86 957
Provincial Government:		26	4 036	-	-	30	30	4 066	457	457
Infrastructure Grant		26	4 036	-	-	30	30	4 066	457	457
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		323 770	532 103	-	-	(3 110)	(3 110)	528 993	700 568	481 299
Total capital expenditure of Transfers and Grants		877 534	1 155 096	-	-	26 965	26 965	1 182 061	1 331 220	1 137 475

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 subsidies households and business through its relief programme

DC26 Zululand - Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality - 30/06/2023

Description	Ref	Budget Year 2022/23										Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget	Budget
R thousands	A	6 A1	7 B	8 C	9 D	10 E	11 F	12 G	13 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	4 054	-	-	-	-	596	596	4 650	3 000	1 048	
TOTAL NON-CASH TRANSFERS TO OTHER ORGANISATIONS:		2 670	4 054	-	-	-	-	596	596	4 650	3 000	1 048	
TOTAL NON-CASH TRANSFERS	5	2 670	4 054	-	-	-	-	596	596	4 650	3 000	1 048	
TOTAL TRANSFERS		2 670	4 054	-	-	-	-	596	596	4 650	3 000	1 048	

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 - 30/06/2023

Summary of remuneration	Ref	Budget Year 2022/23									% change
		Original Budget A	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H	
R thousands											
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		-	-								
Pension and UIF Contributions		661	661							661	0.0%
Medical Aid Contributions		-	-							-	
Motor Vehicle Allowance		1 805	1 805							1 805	0.0%
Cellphone Allowance		653	653							653	
Housing Allowances		-	180							180	
Other benefits and allowances		5 652	5 722							5 722	
Sub Total - Councillors		8 771	9 021							9 021	2.9%
% increase			0								
Senior Managers of the Municipality											
Basic Salaries and Wages		6 555	6 555							6 555	0.0%
Pension and UIF Contributions		55	55							55	0.0%
Medical Aid Contributions		57	57							57	0.0%
Overtime		-	-							-	
Performance Bonus		-	-							-	
Motor Vehicle Allowance		1 592	1 592							1 592	0.0%
Cellphone Allowance		210	210							210	0.0%
Housing Allowances		-	-							-	
Other benefits and allowances		225	225							225	
Payments in lieu of leave		-	-							-	
Long service awards		-	-							-	
Post-retirement benefit obligations	5	-	-							-	
Entertainment		-	-							-	
Scarcity		-	-							-	
Acting and post related allowance		-	-							-	
In kind benefits		-	-							-	
Sub Total - Senior Managers of Municipality		8 695	8 695							8 695	0.0%
% increase			-								
Other Municipal Staff											
Basic Salaries and Wages		185 935	186 435					(113)	(113)	186 322	0.2%
Pension and UIF Contributions		25 886	25 886					(15)	(15)	25 871	-0.1%
Medical Aid Contributions		13 597	13 597					-	-	13 597	0.0%
Overtime		4 619	6 119					18	18	6 136	32.9%
Performance Bonus		12 786	12 786					-	-	12 786	
Motor Vehicle Allowance		9 561	9 561					6	6	9 567	0.1%
Cellphone Allowance		670	670					-	-	670	0.0%
Housing Allowances		1 379	1 379					-	-	1 379	
Other benefits and allowances		524	524					(7)	(7)	517	
Payments in lieu of leave		-	-					-	-	-	
Long service awards		-	1 500					-	-	1 500	#DIV/0!
Post-retirement benefit obligations	5	4 500	3 000					-	-	3 000	-33.3%
Entertainment		-	-					-	-	-	
Scarcity		-	-					-	-	-	
Acting and post related allowance		-	-					-	-	-	
In kind benefits		-	-					-	-	-	
Sub Total - Other Municipal Staff		259 457	261 457					(111)	(111)	261 347	0.7%
% increase			0.8%								
Total Parent Municipality		276 923	279 173					(111)	(111)	279 062	0.8%

DC26 Zululand - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 30/06/2023

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	5	6	7	8	9	10	11	12	
		A	A1	B	C	D	E	F	G	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								-	-	
Entertainment									-	-	
Scarcity									-	-	
Acting and post related allowance									-	-	
In kind benefits									-	-	
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								-	-	
Entertainment									-	-	
Scarcity									-	-	
Acting and post related allowance									-	-	
In kind benefits									-	-	
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								-	-	
Entertainment									-	-	
Scarcity									-	-	
Acting and post related allowance									-	-	
In kind benefits									-	-	
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-	
% increase											
Total Municipal Entities		-	-	-	-	-	-	-	-	-	
TOTAL SALARY, ALLOWANCES & BENEFITS											
		276 923	279 173	-	-	-	-	(111)	(111)	279 062	0.8%
% increase											
TOTAL MANAGERS AND STAFF		268 152	270 152	-	-	-	-	(111)	(111)	270 041	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, 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:

CAPITAL EXPENDITURE	ORIGINAL BUDGET	2nd ADJUSTMENTS	ADJUSTED BUDGET
MUNICIPAL INFRASTRUCTURE GRANT	225 678 261	1 299 799	226 978 060
REGIONAL BULK INFRASTRUCTURE GRANT	13 258 261	497 030	218 770 255
WATER SERVICES INFRASTRUCTURE GRANT	82 608 696	- 5 614 384	76 994 312
RURAL ROAD ASSET MANAGEMENT GRANT	2 199 130	- 14 881	2 184 249
KWAMAJOMELA ROLL OVER	-		1 427 676
INDONSA GRANT	26 087	3 913	30 000
ACCELERATED WATER INTERVENTION PROGRAM	-		2 608 696
INTERNALLY FUNDED ASSETS	8 391 303	411 087	10 049 252
TOTAL CAPITAL EXPENDITURE	332 161 738	- 3 417 436	539 042 500

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

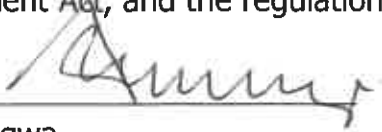
2.8 OTHER SUPPORTING DOCUMENTS

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.



Date: 29/02/2024

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