



ADJUSTMENT BUDGET 2021-2022



**DC26 ZULULAND DISTRICT MUNICIPALITY
UMKHANDLU WESIFUNDA SASE ZULULAND**

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GLOSSARY

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

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

AFS – Annual Financial Statements.

Budget – the financial plan of the municipality.

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

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

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

CFO – Chief Financial Officer

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

DWAF – Department of Water Affairs

EPWP – Expanded Public Works Program

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

FMG – Financial Management Grant

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

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

MSCOA – Municipal Standard Chart of Accounts

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

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

LED – Local Economic Development

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

MIG – Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

WSIG – Water services Infrastructure Grant

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

MWIG – Municipal Water Infrastructure Grant

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

R & M – Repairs and Maintenance

SCM - Supply Chain Management

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

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

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

Virement – transfer of budget

ZDM – Zululand District Municipality

PART 1 – 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 2020/2021 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 honour for me, as we look towards the first year in this term of office, to present to you, the 2021/2022 and 2022/2023 2023/2024 multi-term budget. The Municipal Finance Management Act, No. 56 of 2003 continues to place enormous challenges to all of us as it aims to modernise budget and financial management practices by placing local government finances on a sustainable footing in order to maximise 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.

Honourable 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 have to push on the backlog. The majority 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).

Eradication of poverty is one key area. During the covid-19 pandemic social relief initiatives are in the right steps to assist our communities deal with the loss of income some have suffered.

District health has received a boost this year by ensuring that the municipal health by-laws are in place. Resources will be made available to enforce these by-laws.

Major drivers of all these services are our staff. To assist and improve efficiency, work study and finalisation of job evaluation processes will be embarked upon. The working culture and ethical behaviour is an area of concern in the institution. Intervention and strict performance monitoring will be prioritised. These include consequence management.

Honourable 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.

Honourable Speaker, it is my pleasure to announce that there has been higher expenditure increases in water tankers and maintenance, which resulted in the need to increase 2020/2021 Adjustment budget with very scarce funding, we have received additional equitable share funding to subsidise the increase.

Honourable Speaker, there has been no adjustment in capital grants and transfers; the expectation is the 100% expenditure and commitment for all these capital grants. Procurement plans are part and parcel of the adjustment budget process.

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

Honourable Speaker, in conclusion I would like to take this opportunity to express my sincere thanks to the Municipal Manager, Heads of Departments and staff involved, for their dedication and commitment to this adjustment budget process which was not planned in terms of the approved budget time table.

Lastly, Honourable Speaker, I wish to state that this adjustment Budget Speech represents an executive summary of our Municipality's adjustment budget 2021/2022 Financial Year.

I thank you.

1.2 COUNCIL RESOLUTIONS

The council resolves that:

2020/2021 adjustment budget be approved as set-out in the following tables:

Table B1 Budget Summary.

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

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

Table B4 Budgeted Financial Performance (revenue and expenditure).

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

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

Table B6 Budgeted Financial Position.

Table B7 Budgeted Cash Flows

Table B8 Cash backed reserves/accumulated surplus reconciliation

Table B9 Asset Management

Table B10 Basic service delivery measurements

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

The Quality Certificate be approved.

1.3 EXECUTIVE SUMMARY

MAIN BUDGET SUMMARY

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

| | ORIGINAL BUDGET2021/2022 | ADJUSTMENT | FIRST ADJUSTED BUDGET | ADJUSTMENT | SECOND ADJUSTMENT | BUDGET YEAR 2022/2023 | BUDGET YEAR 2023/2024 |
|--|-----------------------------|----------------------|-------------------------|----------------------|-------------------------|--------------------------|--------------------------|
| OPERATING REVENUE | 602 842 000,00 | 511 124,00 | 603 353 124,00 | 100 000,00 | 603 453 124,00 | 635 423 150,00 | 649 920 909,00 |
| CAPITAL GRANTS AND TRANSFERS | 574 058 000,00 | 9 600 320,00 | 583 658 320,00 | 30 000 000,00 | 613 658 320,00 | 522 065 000,00 | 625 448 000,00 |
| TOTAL BUDGET REVENUE | 1 176 900 000,00 | 10 111 444,00 | 1 187 011 444,00 | 30 100 000,00 | 1 217 111 444,00 | 1 157 488 150,00 | 1 275 368 909,00 |
| OPERATING EXPENDITURE | 596 623 000,00 | - 1 388 876,00 | 595 234 124,00 | 93 968 349,43 | 689 202 473,43 | 634 184 900,00 | 648 662 446,00 |
| CONTRIBUTION TO CAPITAL | 580 277 000,00 | 11 500 320,00 | 591 777 320,00 | - 50 151 172,17 | 541 626 147,83 | 522 065 000,00 | 625 448 000,00 |
| TOTAL BUDGET EXPENDITURE | 1 176 900 000,00 | 10 111 444,00 | 1 187 011 444,00 | 43 817 177,26 | 1 230 828 621,26 | 1 156 249 900,00 | 1 274 110 446,00 |
| CAPITAL EXPENDITURE - GRANTS AND TRANS | 574 058 000,00 | 9 600 320,00 | 583 658 320,00 | 30 000 000,00 | 613 658 320,00 | 522 899 000,00 | 626 282 000,00 |
| CAPITAL EXPENDITURE - INTERNAL FUNDED A | 6 219 000,00 | 1 900 000,00 | 8 119 000,00 | - | 8 119 000,00 | 404 250,00 | 424 463,00 |
| TOTAL CAPITAL EXPENDITURE | 580 277 000,00 | 11 500 320,00 | 591 777 320,00 | 30 000 000,00 | 621 777 320,00 | 523 303 250,00 | 626 706 463,00 |
| TOTAL BUDGET REVENUE | 1 176 900 000,00 | 10 111 444,00 | 1 187 011 444,00 | 30 100 000,00 | 1 217 111 444,00 | 1 157 488 150,00 | 1 275 368 909,00 |
| TOTAL BUDGET EXPENDITURE | 1 176 900 000,00 | 10 111 444,00 | 1 187 011 444,00 | 43 817 177,26 | 1 230 828 621,26 | 1 157 488 150,00 | 1 275 368 909,00 |
| SURPLUS/DEFICIT | - | - | - | - 13 717 177,26 | - 13 717 177,26 | - | - |

The Municipality is largely dependent on government grants for its operations and the small portion generated from service charges. The budget was identified as unfunded which means that the municipality should cut or decrease the budget so that the budget became funded. 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 R 43.8 million (R 43 817 177) from R1.187 billion (R1 187 011 444) to R1.230 billion (R1 230 828 621), the increase in the total budget is highlighted below.

Operating revenue Framework

Operating Revenue has increased by R 100 thousand (R 100 000) from R 603.3 million (R 603 353 124) to R604.3 million (R603 453 124), this increase is because of the following:

The municipality received a grant from the KwaZulu-Natal Amafa and Research Institute amounting to R 100 thousand (R 100 000).

Operating revenue Framework is explained in detail in section 1.4

Operating Expenditure Framework

Operating expenditure has increased by R 94 million (R 93 968 349), from R595.2 million (R 595 234 124) to R 634.1 million (R 634 184 900). This increase is because of the following.

The municipality allocated R 93 million toward expenses that demand more funding. The KwaZulu-Natal Amafa and Research Institute grant amounting to R100 thousand (R 100 000) has been allocated.

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 decreased by R 50.2 million (R 50 151 172) from R 591.7 million (R 591 177 320) to R 541.6 million (R 541 626 147), this decrease is because of the following:

MFMA mSCOA circular number 13 requires that capital expenditure be budgeted exclusive of VAT. An amount of R 80 million (R 80 151 172) has been reallocated from capital expenditure to the VAT vote.

The municipality has received an additional amount of R 30 million (R 30 000 000) for Municipal Infrastructure Grant from COGTA.

Capital Expenditure and funding is explained in section 1.6

1.4 OPERATING REVENUE FRAMEWORK

Following Table is a high-level summary of the 2021/2022 Adjusted budget, indicated is the budgeted revenue by source.

DC26 Zululand - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|------------------------|------------------------|
| | | 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 | | |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | 2 | 43 000 | - | - | - | - | - | (814) | (814) | 42 186 | 126 000 | 132 300 |
| Service charges - sanitation revenue | 2 | 11 000 | - | - | - | - | - | 1 305 | 1 305 | 12 305 | 29 500 | 30 975 |
| Service charges - refuse revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 210 | - | - | - | - | - | (27) | (27) | 183 | 183 | 183 |
| Interest earned - external investments | | 6 000 | - | - | - | - | - | - | - | 6 000 | 6 000 | 6 000 |
| Interest earned - outstanding debtors | | 85 | - | - | - | - | - | - | - | 85 | 85 | 85 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 638 | - | - | - | - | - | (590) | (590) | 48 | 150 | 155 |
| Licences and permits | | 10 | - | - | - | - | - | - | - | 10 | - | - |
| Agency services | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies | | 541 399 | - | - | - | - | - | 611 | 611 | 542 010 | 601 306 | 635 818 |
| Other revenue | 2 | 500 | - | - | - | - | - | 125 | 125 | 625 | 711 | 711 |
| Gains | | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 602 842 | | | | | | 611 | 611 | 603 453 | 763 935 | 806 227 |

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

Service charges – Water revenue

This is the amounts billed on customers for water used, the year-to-date actual as at end of April is **R 31.7 million**, which is below year-to-date budget of **R 35.3 million**. A variance of **R 3.6 million** or **-10%** is observed.

Municipality has installed meters and majority of customers are billed on actual and not average. The Municipality is in the process of correcting the average billing to actual billing as there are new meters installed. Therefore, the budget will remain at **R42.2 million**.

Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual as at end of April is **R 10.1 million** which is above year to date budget of **R 9.9 million**. A variance of **R 242 thousand** or **2 %** is observed.

As per midyear assessment recommendation, this overbilling is due to sewer access charged on businesses when they use more than 40kl of water per month. The municipality has observed that the budget will remain the same at **R 12.3 million**.

Rent of facilities

Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual as at end of April is **R 159 thousand** which is below year-to-date budget of **R 159 thousand**. A variance of **R 6 thousand** or **-4 %** is observed. the variance is material.

The original amount budgeted under this item included VAT portion, an adjustment of **27 thousand** to remove Vat portion is made and only include revenue under this item. Therefore, rental income will remain at **R183 486**.

Interest on investment

Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual as at end of April is **R 2.7 million**, which is below year-to-date budget of **R 5 million**. A variance of **R 2.3 million** or **-46%** is observed.

This is due to accelerated implementation of capital programmes which reduces period when cash is available for investment. There are no transfers expected that will add to our investment. Therefore, there will be no adjustment.

Interest earned - outstanding debtors

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual as at end of April is **R90 thousand**, which is above to year-to-date budget of **R71 thousand**. variance of **R19 thousand** or **27%** is observed.

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

The original budget for Interest earned - outstanding debtors is **R85 thousand**, based on the year-to-date actual of **R90 thousand**, which is above the year-to-date budget of **R71 Thousand**. A variance of **R19 thousand** or **27%** is observed. No revised allocation is recommended since the Municipality will ensure businesses pay on time. a budget of R85 thousand will remain.

Fines, penalties, and forfeits

Fines, penalties, and forfeits are mainly amounts charged on illegal connections. The year-to-date actual as at end of April is **R122 thousand**, the year-to-date budget is **R178 thousand**. A variance of **R55 thousand** or **-31%** is observed.

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

Licenses and permits

This amount is for health certificates issued, the year-to-date actual is **R0**, the year-to-date budget as at end of April is **R8 thousand**. A variance of **R8 thousand** or **100%** is observed but we are still hoping permit requests will still happen, therefore, no adjustment will be made.

Transfers and subsidies

Transfers and subsidies (grants) include amounts gazetted as per Division of Revenue act (DoRA), 2020, Transfers and subsidies is revenue recognized as operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Transfers and subsidies (Grants) are recognised/recorded as revenue when condition has been met, except for equitable share, which is not a conditional grant.

The municipality received a grant from the KwaZulu-Natal Amafa and Research Institute amounting to R 100 thousand (R 100 000).

Other revenue

Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual as at end of April is **R495 thousand**, which is above year-to-date budget of **R492 thousand**. A variance of **R3 thousand** or **1%** is observed. As part of other revenue, we have skills development levy refund and sale of tender document. No adjustment will be made.

1.5 OPERATING EXPENDITURE FRAMEWORK

Following Table is a high-level summary of the 2021/2022 Adjusted budget, indicated is the budgeted expenditure by source.

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
|---------------------------------|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|------------------------|------------------------|
| | | 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 |
| | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | |
| R thousands | 1 | A | A1 | B | C | D | E | F | G | H | | |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | | 255 269 | - | - | - | - | - | - | - | 255 269 | 268 152 | 281 560 |
| Remuneration of councillors | | 8 537 | - | - | - | - | - | 500 | 500 | 9 037 | 8 771 | 9 209 |
| Debt impairment | | 9 000 | - | - | - | - | - | - | - | 9 000 | 14 000 | 14 000 |
| Depreciation & asset impairment | | 71 620 | - | - | - | - | - | (1 016) | (1 016) | 70 603 | 80 000 | 84 000 |
| Finance charges | | - | - | - | - | - | - | - | - | - | - | - |
| Bulk purchases - electricity | | - | - | - | - | - | - | - | - | - | - | - |
| Inventory consumed | | 24 194 | - | - | - | - | - | 1 948 | 1 948 | 26 142 | 33 370 | 35 032 |
| Contracted services | | 139 336 | - | - | - | - | - | 57 885 | 57 885 | 197 221 | 106 423 | 111 118 |
| Transfers and subsidies | | 11 950 | - | - | - | - | - | (454) | (454) | 11 496 | 3 070 | 3 224 |
| Other expenditure | | 76 716 | - | - | - | - | - | 33 726 | 33 726 | 110 442 | 112 375 | 112 697 |
| Losses | | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 596 623 | - | - | - | - | - | 92 587 | 92 587 | 689 210 | 626 161 | 650 840 |

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

Employee Related Costs

Employee related costs year to date actual is **R212.8 million**, the year-to-date budget as at end of April is **R212.9 million**, a variance of **R122 thousand** or less than **1%** is observed. The budget of **255.3 million** will remain the same.

Remuneration of Councillors

Remuneration of Councillors year to date actual is **R7.2 million**, the year-to-date budget as at end of April is **R7.4 million**, a variance of **R172 thousand** or **-2%** is observed. The municipality has considered the upper limits on payment of councillor's allowance budget. No adjustment will be made.

Debt impairment

This is the provision for doubtful debts because of non-collection. No provision for doubtful debts has been recorded, Assessment and provision for bad debts is done at year end. Debt impairment is the amount for provision for bad debts as per council policy. Provision for bad debts assessment and calculation is done at year end.

Depreciation

This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual as at end of April is **R73.7 million**. The year-to-date budget is **R59.7 million**. A variance of **R14 million** or **23%** is observed. The municipality has considered the depreciation of up to month 10 months of the year. The budget for depreciation will not increase.

Bulk purchases

Bulk purchases - electricity

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

Inventory Consumed

Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable stores (cleaning materials, stationery, water stock and materials and supplies), the year-to-date actual as at end of April is **R24.3 million**, the year-to-date budget is **R18.7 million**, a variance of **R5.6 million** or **30%** is observed. The municipality have increased budget to **R 26.1 million**.

Contracted services

Contracted services include Outsourced services, consultants and professional fees, and contractors. The year-to-date actual as at end of April is **R185.5 million** and the year-to-date budget is **R121.6 million**, a variance of **R64 million** or **53%** is observed. An adjustment of **R57.9 million** made.

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

Municipality has taken decision to stop any new contract and the issue of orders until the end of the financial year. Municipality will pay only existing SLA's and have reallocated budget from identified savings to cater for SLA's. therefore, contracted services are adjusted up to **R 197.2 million**.

Transfers and subsidies paid

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual as at end of April is **R11.3 million**, the year-to-date budget is **R9.3 million**, a variance of **R2 million** or **21%** is observed.

The municipality has reallocated budget to be **R 11.5 million** on Transfers and subsidies.

Other expenditure

Other expenditure year to date actual is **R101.6 million**, the year-to-date budget as at end of April is **R59.8 million**, a variance of **R41.8 million** or **70%** is observed. An adjustment budget has been made up to **R 110.4 million** was made.

Considering the above, the municipality has taken a decision to limit non-priority projects and do away with expenditure items that do not impact service delivery. This will help reduce cost so that the municipality spends within the limits of the budget.

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.

DC26 Zululand - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | 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 2022/23 | +2 2023/24 |
| R thousands | | A | 5 A1 | 6 B | 7 C | 8 D | 9 E | 10 F | 11 G | 12 H | | |
| Capital Expenditure - Functional | | | | | | | | | | | | |
| Governance and administration | | 3 885 | - | - | - | - | - | 3 360 | 3 360 | 7 245 | 3 652 | 3 835 |
| Executive and council | | 3 500 | - | - | - | - | - | 3 200 | 3 200 | 6 700 | - | - |
| Finance and administration | | 385 | - | - | - | - | - | 160 | 160 | 545 | 3 652 | 3 835 |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 834 | - | - | - | - | - | (109) | (109) | 725 | 70 | 72 |
| Community and social services | | 834 | - | - | - | - | - | (109) | (109) | 725 | 70 | 72 |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - | - |
| Public safety | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 2 416 | - | - | - | - | - | 8 025 | 8 025 | 10 441 | 6 112 | 2 208 |
| Planning and development | | 2 416 | - | - | - | - | - | 8 025 | 8 025 | 10 441 | 6 112 | 2 208 |
| Road transport | | - | - | - | - | - | - | - | - | - | - | - |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - |
| Trading services | | 573 142 | - | - | - | - | - | (49 935) | (49 935) | 523 207 | 322 284 | 350 861 |
| Energy sources | | - | - | - | - | - | - | - | - | - | - | - |
| Water management | | 573 142 | - | - | - | - | - | (49 935) | (49 935) | 523 207 | 322 284 | 350 861 |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | | - | - | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - | 43 | 46 |
| Total Capital Expenditure - Functional | 3 | 580 277 | - | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 |
| Funded by: | | | | | | | | | | | | |
| National Government | | 574 058 | - | - | - | - | - | (48 798) | (48 798) | 525 260 | 323 744 | 352 293 |
| Provincial Government | | 834 | - | - | - | - | - | 8 239 | 8 239 | 9 073 | 26 | 26 |
| District Municipality | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions) | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 574 892 | - | - | - | - | - | (40 559) | (40 559) | 534 333 | 323 770 | 352 319 |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | 5 385 | - | - | - | - | - | 1 900 | 1 900 | 7 285 | 8 391 | 4 702 |
| Total Capital Funding | | 580 277 | - | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 |

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

| CAPITAL EXPENDITURE BY SOURCE | APPROVED BUDGET 2021/2022 | ADJUSTED BUDGET 2021/2122 |
|--------------------------------------|----------------------------------|----------------------------------|
| Grants | 574 892 000 | 613 658 320 |
| Other Assets | 5 385 000 | 8 119 000 |
| Total Operating Expenditure | 580 277 000 | 621 777 320 |

Projects to be Implemented as per Capital budget

| 2021/2022 CAPITAL GRANTS INCL VATAS PER CIRCULAR NO. 58 | APPROVED BUDGET | ADJUSTED BUDGET |
|--|------------------------|------------------------|
| Municipal Infrastructure Grant (MIG) | 239 111 000 | 269 111 000 |
| Regional Bulk Infrastructure (RBIG) | 222 531 000 | 222 531 000 |
| Water services infrastructure Grant (WSIG) | 110 000 000 | 110 000 000 |
| Rural Roads Asset Managemnt Systems Grant | 2 416 000 | 2 416 000 |
| KwaMajomela Manufacturing | | 9 600 320 |
| Total Capital Funding | 574 892 000 | 614 492 320 |

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:

- Computers R 273 450
 - Furniture R 151 550
 - Statue R 6 700 000
 - ICT Infrastructure R 160 000
 - Equipment R 834 000
- Total Other Asset R 8 119 000**

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 2021/2022 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 - 22/06/2022

| Description | Budget Year 2021/22 | | | | | | | | | 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 | 1 A1 | 2 B | 3 C | 4 D | 5 E | 6 F | 7 G | 8 H | +1 2022/23 | +2 2023/24 |
| Financial Performance | | | | | | | | | | | |
| Property rates | - | - | - | - | - | - | - | - | - | - | - |
| Service charges | 54 000 | - | - | - | - | - | 491 | 491 | 54 491 | 80 500 | 84 525 |
| Investment revenue | 6 000 | - | - | - | - | - | - | - | 6 000 | 6 000 | 6 000 |
| Transfers recognised - operational | 541 399 | - | - | - | - | - | 611 | 611 | 542 010 | 601 306 | 635 818 |
| Other own revenue | 1 443 | - | - | - | - | - | (491) | (491) | 952 | 1 129 | 1 134 |
| Total Revenue (excluding capital transfers and contributions) | 602 842 | - | - | - | - | - | 611 | 611 | 603 453 | 688 935 | 727 477 |
| Employee costs | 255 269 | - | - | - | - | - | - | - | 255 269 | 268 152 | 281 560 |
| Remuneration of councillors | 8 537 | - | - | - | - | - | 500 | 500 | 9 037 | 8 771 | 9 209 |
| Depreciation & asset impairment | 71 620 | - | - | - | - | - | (1 016) | (1 016) | 70 603 | 80 000 | 84 000 |
| Finance charges | - | - | - | - | - | - | - | - | - | - | - |
| Inventory consumed and bulk purchases | 24 194 | - | - | - | - | - | 1 948 | 1 948 | 26 142 | 33 370 | 35 032 |
| Transfers and grants | 11 950 | - | - | - | - | - | (454) | (454) | 11 496 | 3 070 | 3 224 |
| Other expenditure | 225 053 | - | - | - | - | - | 91 610 | 91 610 | 316 663 | 232 798 | 237 815 |
| Total Expenditure | 596 623 | - | - | - | - | - | 92 587 | 92 587 | 689 210 | 626 161 | 650 840 |
| Surplus/(Deficit) | 6 219 | - | - | - | - | - | (91 976) | (91 976) | (85 757) | 62 774 | 76 637 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | 574 058 | - | - | - | - | - | 39 600 | 39 600 | 613 658 | 372 306 | 405 137 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all) | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | 580 277 | - | - | - | - | - | (52 376) | (52 376) | 527 901 | 435 080 | 481 774 |
| Share of surplus/ (deficit) of associate | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | 580 277 | - | - | - | - | - | (52 376) | (52 376) | 527 901 | 435 080 | 481 774 |
| Capital expenditure & funds sources | | | | | | | | | | | |
| Capital expenditure | 580 277 | - | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 |
| Transfers recognised - capital | 574 892 | - | - | - | - | - | (40 559) | (40 559) | 534 333 | 323 770 | 352 319 |
| Borrowing | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | 5 385 | - | - | - | - | - | 1 900 | 1 900 | 7 285 | 8 391 | 4 702 |
| Total sources of capital funds | 580 277 | - | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 |
| Financial position | | | | | | | | | | | |
| Total current assets | 213 923 | - | - | - | - | - | (68 905) | (68 905) | 145 018 | 339 914 | 551 982 |
| Total non current assets | 5 150 898 | - | - | - | - | - | 274 102 | 274 102 | 5 425 000 | 4 188 965 | 4 129 825 |
| Total current liabilities | 185 415 | - | - | - | - | - | 35 061 | 35 061 | 220 477 | 225 332 | 226 297 |
| Total non current liabilities | 47 047 | - | - | - | - | - | (13 143) | (13 143) | 33 904 | 33 904 | 33 904 |
| Community wealth/Equity | 5 132 359 | - | - | - | - | - | (760 876) | (760 876) | 4 371 482 | 4 269 643 | 4 421 605 |
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 639 282 | - | - | - | - | - | 73 653 | 73 653 | 712 934 | 550 645 | 607 885 |
| Net cash from (used) investing | (580 277) | - | - | - | - | - | 38 659 | 38 659 | (541 618) | (332 162) | (357 021) |
| Net cash from (used) financing | 13 | - | - | - | - | - | (13) | (13) | (0) | - | - |
| Cash/cash equivalents at the year end | 134 221 | - | - | - | - | - | 57 159 | 57 159 | 191 380 | 291 159 | 492 199 |
| Cash backing/surplus reconciliation | | | | | | | | | | | |
| Cash and investments available | 134 211 | - | - | - | - | - | (61 534) | (61 534) | 72 676 | 241 335 | 438 646 |
| Application of cash and investments | 134 072 | - | - | - | - | - | (141 592) | (141 592) | (7 520) | 43 786 | 11 418 |
| Balance - surplus (shortfall) | 139 | - | - | - | - | - | 80 058 | 80 058 | 80 197 | 197 549 | 427 228 |
| Asset Management | | | | | | | | | | | |
| Asset register summary (WDV) | 4 228 870 | - | - | - | - | - | 156 293 | 156 293 | 4 385 163 | 3 149 128 | 3 089 988 |
| Depreciation | 71 620 | - | - | - | - | - | (1 016) | (1 016) | 70 603 | 80 000 | 84 000 |
| Renewal and Upgrading of Existing Assets | - | - | - | - | - | - | - | - | - | - | - |
| Repairs and Maintenance | 69 150 | - | - | - | - | - | 8 093 | 8 093 | 77 243 | 71 146 | 74 698 |
| Free services | | | | | | | | | | | |
| Cost of Free Basic Services provided | 3 000 | - | - | - | - | - | - | - | 3 000 | 3 000 | 3 150 |
| Revenue cost of free services provided | - | - | - | - | - | - | - | - | - | - | - |
| Households below minimum service level | | | | | | | | | | | |
| Water: | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | - | - | - | - | - | - | - | - | - | 7 | 6 |
| Energy: | - | - | - | - | - | - | - | - | - | - | - |
| Refuse: | - | - | - | - | - | - | - | - | - | - | - |

DC26 Zululand - Table B2 Adjustments Budget Financial Performance (functional classification) - 22/06/2022

| Standard Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year | |
|--|-----|---------------------|----------|--------|------------|----------|---------------|----------|----------|-----------|-------------|-------------|--|
| | | Original | Prior | Accum. | Multi-year | Unfore. | Nat. or Prov. | Other | Total | Adjusted | Adjusted | Adjusted | |
| | | Budget | Adjusted | Funds | capital | Unavoid. | Govt | Adjus. | Adjus. | Budget | Budget | Budget | |
| R thousands | 1.4 | A | A1 | B | C | D | E | F | G | H | | | |
| Revenue - Functional | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 536 634 | - | - | - | - | - | 99 | 99 | 536 733 | 594 535 | 638 471 | |
| Executive and council | | - | - | - | - | - | - | - | - | - | - | - | |
| Finance and administration | | 536 634 | - | - | - | - | - | 99 | 99 | 536 733 | 594 535 | 638 471 | |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Community and public safety</i> | | 2 511 | - | - | - | - | - | (490) | (490) | 2 021 | 2 011 | 2 016 | |
| Community and social services | | 1 911 | - | - | - | - | - | 100 | 100 | 2 011 | 1 911 | 1 911 | |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - | - | |
| Public safety | | - | - | - | - | - | - | - | - | - | - | - | |
| Housing | | - | - | - | - | - | - | - | - | - | - | - | |
| Health | | 600 | - | - | - | - | - | (590) | (590) | 10 | 100 | 105 | |
| <i>Economic and environmental services</i> | | 2 416 | - | - | - | - | - | 9 600 | 9 600 | 12 016 | 5 316 | 4 919 | |
| Planning and development | | 2 416 | - | - | - | - | - | 9 600 | 9 600 | 12 016 | 5 316 | 4 919 | |
| Road transport | | - | - | - | - | - | - | - | - | - | - | - | |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Trading services</i> | | 635 339 | - | - | - | - | - | 30 491 | 30 491 | 665 830 | 458 879 | 487 208 | |
| Energy sources | | - | - | - | - | - | - | - | - | - | - | - | |
| Water management | | 624 339 | - | - | - | - | - | 29 186 | 29 186 | 653 525 | 446 379 | 474 083 | |
| Waste water management | | 11 000 | - | - | - | - | - | 1 305 | 1 305 | 12 305 | 12 500 | 13 125 | |
| Waste management | | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Other</i> | | - | - | - | - | - | - | 511 | 511 | 511 | 500 | - | |
| Total Revenue - Functional | 2 | 1 176 900 | - | - | - | - | - | 40 211 | 40 211 | 1 217 111 | 1 061 241 | 1 132 614 | |
| Expenditure - Functional | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 180 684 | - | - | - | - | - | 43 714 | 43 714 | 224 398 | 225 404 | 230 664 | |
| Executive and council | | 43 476 | - | - | - | - | - | 9 109 | 9 109 | 52 585 | 47 846 | 44 989 | |
| Finance and administration | | 137 208 | - | - | - | - | - | 34 605 | 34 605 | 171 813 | 177 558 | 185 676 | |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Community and public safety</i> | | 24 007 | - | - | - | - | - | 1 525 | 1 525 | 25 532 | 25 580 | 26 765 | |
| Community and social services | | 12 000 | - | - | - | - | - | 1 656 | 1 656 | 13 656 | 13 202 | 13 769 | |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - | - | |
| Public safety | | - | - | - | - | - | - | - | - | - | - | - | |
| Housing | | - | - | - | - | - | - | - | - | - | - | - | |
| Health | | 12 007 | - | - | - | - | - | (131) | (131) | 11 876 | 12 378 | 12 997 | |
| <i>Economic and environmental services</i> | | 28 693 | - | - | - | - | - | (1 064) | (1 064) | 27 630 | 23 962 | 25 160 | |
| Planning and development | | 28 693 | - | - | - | - | - | (1 064) | (1 064) | 27 630 | 23 962 | 25 160 | |
| Road transport | | - | - | - | - | - | - | - | - | - | - | - | |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Trading services</i> | | 355 280 | - | - | - | - | - | 47 991 | 47 991 | 403 271 | 337 266 | 354 129 | |
| Energy sources | | - | - | - | - | - | - | - | - | - | - | - | |
| Water management | | 350 523 | - | - | - | - | - | 47 961 | 47 961 | 398 485 | 332 231 | 348 843 | |
| Waste water management | | 4 757 | - | - | - | - | - | 30 | 30 | 4 787 | 5 035 | 5 286 | |
| Waste management | | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Other</i> | | 7 958 | - | - | - | - | - | 422 | 422 | 8 380 | 13 948 | 14 121 | |
| Total Expenditure - Functional | 3 | 596 623 | - | - | - | - | - | 92 587 | 92 587 | 689 210 | 626 161 | 650 840 | |
| Surplus/ (Deficit) for the year | | 580 277 | - | - | - | - | - | (52 376) | (52 376) | 527 901 | 435 080 | 481 774 | |

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) - 21/06/2022

| Vote Description <i>[Insert departmental structure etc]</i> | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|--|-----|---------------------|----------|--------|------------|----------|-----------------|-----------------|------------------|------------------|------------------|-------------|
| | | Original | Prior | Accum. | Multi-year | Unfore. | Nat. or Prov. | Other | Total | Adjusted | +1 2022/23 | +2 2023/24 |
| | | Budget | Adjusted | Funds | capital | Unavoid. | Govt | Adjusts. | Adjusts. | Budget | Adjusted | Adjusted |
| R thousands | A | A1 | B | C | D | E | F | G | H | | | |
| Revenue by Vote | 1 | | | | | | | | | | | |
| Vote 01 - Council | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 02 - Corporate Services | | - | - | - | - | - | 315 | 315 | 315 | 315 | 850 | 350 |
| Vote 03 - Finance | | 536 634 | - | - | - | - | (216) | (216) | 536 418 | 594 185 | 638 121 | |
| Vote 04 - Community Development | | 2 511 | - | - | - | - | 9 621 | 9 621 | 12 132 | 2 011 | 2 016 | |
| Vote 05 - Planning & Wsa | | 583 670 | - | - | - | - | 30 000 | 30 000 | 613 670 | 383 610 | 407 517 | |
| Vote 06 - Technical Services | | - | - | - | - | - | - | - | - | - | - | |
| Vote 07 - Water Purification | | - | - | - | - | - | - | - | - | - | - | |
| Vote 08 - Water Distribution | | 43 085 | - | - | - | - | (814) | (814) | 42 271 | 126 085 | 132 385 | |
| Vote 09 - Waste Water | | 11 000 | - | - | - | - | 1 305 | 1 305 | 12 305 | 29 500 | 30 975 | |
| Vote 10 - . | | - | - | - | - | - | - | - | - | - | - | |
| Vote 11 - . | | - | - | - | - | - | - | - | - | - | - | |
| Vote 12 - . | | - | - | - | - | - | - | - | - | - | - | |
| Vote 13 - . | | - | - | - | - | - | - | - | - | - | - | |
| Vote 14 - * | | - | - | - | - | - | - | - | - | - | - | |
| Vote 15 - Other | | - | - | - | - | - | - | - | - | - | - | |
| Total Revenue by Vote | 2 | 1 176 900 | - | - | - | - | 40 211 | 40 211 | 1 217 111 | 1 136 241 | 1 211 364 | |
| Expenditure by Vote | 1 | | | | | | | | | | | |
| Vote 01 - Council | | 43 476 | - | - | - | - | 9 109 | 9 109 | 52 585 | 47 846 | 44 989 | |
| Vote 02 - Corporate Services | | 81 077 | - | - | - | - | 25 809 | 25 809 | 106 887 | 98 375 | 102 768 | |
| Vote 03 - Finance | | 59 575 | - | - | - | - | 5 865 | 5 865 | 65 440 | 79 473 | 82 687 | |
| Vote 04 - Community Development | | 42 485 | - | - | - | - | 4 023 | 4 023 | 46 508 | 49 413 | 51 790 | |
| Vote 05 - Planning & Wsa | | 23 884 | - | - | - | - | 174 | 174 | 24 058 | 23 285 | 24 450 | |
| Vote 06 - Technical Services | | 2 549 | - | - | - | - | (20) | (20) | 2 529 | 5 992 | 6 292 | |
| Vote 07 - Water Purification | | 36 662 | - | - | - | - | 3 137 | 3 137 | 39 800 | 36 762 | 38 600 | |
| Vote 08 - Water Distribution | | 302 157 | - | - | - | - | 44 461 | 44 461 | 346 618 | 298 182 | 313 091 | |
| Vote 09 - Waste Water | | 4 757 | - | - | - | - | 30 | 30 | 4 787 | 19 630 | 20 611 | |
| Vote 10 - . | | - | - | - | - | - | - | - | - | - | - | |
| Vote 11 - . | | - | - | - | - | - | - | - | - | - | - | |
| Vote 12 - . | | - | - | - | - | - | - | - | - | - | - | |
| Vote 13 - . | | - | - | - | - | - | - | - | - | - | - | |
| Vote 14 - * | | - | - | - | - | - | - | - | - | - | - | |
| Vote 15 - Other | | - | - | - | - | - | - | - | - | - | - | |
| Total Expenditure by Vote | 2 | 596 623 | - | - | - | - | 92 587 | 92 587 | 689 210 | 658 958 | 685 277 | |
| Surplus/ (Deficit) for the year | 2 | 580 277 | - | - | - | - | (52 376) | (52 376) | 527 901 | 477 283 | 526 087 | |

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 organisational 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) - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|-----------------|-----------------|-----------------|------------------------|------------------------|
| | | 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 | | |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | 2 | 43 000 | - | - | - | - | - | (814) | (814) | 42 186 | 126 000 | 132 300 |
| Service charges - sanitation revenue | 2 | 11 000 | - | - | - | - | - | 1 305 | 1 305 | 12 305 | 29 500 | 30 975 |
| Service charges - refuse revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 210 | - | - | - | - | - | (27) | (27) | 183 | 183 | 183 |
| Interest earned - external investments | | 6 000 | - | - | - | - | - | - | - | 6 000 | 6 000 | 6 000 |
| Interest earned - outstanding debtors | | 85 | - | - | - | - | - | - | - | 85 | 85 | 85 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | 638 | - | - | - | - | - | (590) | (590) | 48 | 150 | 155 |
| Licences and permits | | 10 | - | - | - | - | - | - | - | 10 | - | - |
| Agency services | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies | | 541 399 | - | - | - | - | - | 611 | 611 | 542 010 | 601 306 | 635 818 |
| Other revenue | 2 | 500 | - | - | - | - | - | 125 | 125 | 625 | 711 | 711 |
| Gains | | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 602 842 | | | | | | 611 | 611 | 603 453 | 763 935 | 806 227 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | | 255 269 | - | - | - | - | - | - | - | 255 269 | 294 950 | 309 697 |
| Remuneration of councillors | | 8 537 | - | - | - | - | - | 500 | 500 | 9 037 | 8 771 | 9 209 |
| Debt impairment | | 9 000 | - | - | - | - | - | - | - | 9 000 | 14 000 | 14 000 |
| Depreciation & asset impairment | | 71 620 | - | - | - | - | - | (1 016) | (1 016) | 70 603 | 80 000 | 84 000 |
| Finance charges | | - | - | - | - | - | - | - | - | - | - | - |
| Bulk purchases - electricity | | - | - | - | - | - | - | - | - | - | - | - |
| Inventory consumed | | 24 194 | - | - | - | - | - | 1 948 | 1 948 | 26 142 | 33 370 | 35 032 |
| Contracted services | | 139 336 | - | - | - | - | - | 57 913 | 57 913 | 197 249 | 112 238 | 117 418 |
| Transfers and subsidies | | 11 950 | - | - | - | - | - | (454) | (454) | 11 496 | 3 070 | 3 224 |
| Other expenditure | | 76 716 | - | - | - | - | - | 33 697 | 33 697 | 110 414 | 112 560 | 112 697 |
| Losses | | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 596 623 | | | | | | 92 587 | 92 587 | 689 210 | 658 958 | 685 277 |
| Surplus/(Deficit) | | 6 219 | | | | | | (91 976) | (91 976) | (85 757) | 104 977 | 120 950 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 574 058 | - | - | - | - | - | 39 600 | 39 600 | 613 658 | 372 306 | 405 137 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) before taxation | | 580 277 | | | | | | (52 376) | (52 376) | 527 901 | 477 283 | 526 087 |
| Taxation | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 580 277 | | | | | | (52 376) | (52 376) | 527 901 | 477 283 | 526 087 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 580 277 | | | | | | (52 376) | (52 376) | 527 901 | 477 283 | 526 087 |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | | 580 277 | | | | | | (52 376) | (52 376) | 527 901 | 477 283 | 526 087 |

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 - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|--|-----|---------------------|----------|--------|------------|----------|---------------|----------|----------|---------------|---------------|-------------|
| | | Original | Prior | Accum. | Multi-year | Unfore. | Nat. or Prov. | Other | Total | Adjusted | Adjusted | Adjusted |
| | | Budget | Adjusted | Funds | capital | Unavoid. | Govt | Adjusts. | Adjusts. | Budget | Budget | Budget |
| R thousands | A | 5 A1 | 6 B | 7 C | 8 D | 9 E | 10 F | 11 G | 12 H | +1 2022/23 | +2 2023/24 | |
| Capital Expenditure - Functional | | | | | | | | | | | | |
| Governance and administration | | 3 885 | - | - | - | - | 3 360 | 3 360 | 7 245 | 3 652 | 3 835 | |
| Executive and council | | 3 500 | - | - | - | - | 3 200 | 3 200 | 6 700 | - | - | |
| Finance and administration | | 385 | - | - | - | - | 160 | 160 | 545 | 3 652 | 3 835 | |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | |
| Community and public safety | | 834 | - | - | - | - | (109) | (109) | 725 | 70 | 72 | |
| Community and social services | | 834 | - | - | - | - | (109) | (109) | 725 | 70 | 72 | |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - | |
| Public safety | | - | - | - | - | - | - | - | - | - | - | |
| Housing | | - | - | - | - | - | - | - | - | - | - | |
| Health | | - | - | - | - | - | - | - | - | - | - | |
| Economic and environmental services | | 2 416 | - | - | - | - | 8 025 | 8 025 | 10 441 | 6 112 | 2 208 | |
| Planning and development | | 2 416 | - | - | - | - | 8 025 | 8 025 | 10 441 | 6 112 | 2 208 | |
| Road transport | | - | - | - | - | - | - | - | - | - | - | |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | |
| Trading services | | 573 142 | - | - | - | - | (49 935) | (49 935) | 523 207 | 322 284 | 350 861 | |
| Energy sources | | - | - | - | - | - | - | - | - | - | - | |
| Water management | | 573 142 | - | - | - | - | (49 935) | (49 935) | 523 207 | 322 284 | 350 861 | |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | |
| Waste management | | - | - | - | - | - | - | - | - | - | - | |
| Other | | - | - | - | - | - | - | - | - | 43 | 46 | |
| Total Capital Expenditure - Functional | 3 | 580 277 | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 | |
| Funded by: | | | | | | | | | | | | |
| National Government | | 574 058 | - | - | - | - | (48 798) | (48 798) | 525 260 | 323 744 | 352 293 | |
| Provincial Government | | 834 | - | - | - | - | 8 239 | 8 239 | 9 073 | 26 | 26 | |
| District Municipality | | - | - | - | - | - | - | - | - | - | - | |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions) | | - | - | - | - | - | - | - | - | - | - | |
| Transfers recognised - capital | 4 | 574 892 | - | - | - | - | (40 559) | (40 559) | 534 333 | 323 770 | 352 319 | |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | |
| Internally generated funds | | 5 385 | - | - | - | - | 1 900 | 1 900 | 7 285 | 8 391 | 4 702 | |
| Total Capital Funding | | 580 277 | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 | |

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 - 22/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | 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 2022/23 | +2 2023/24 |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| ASSETS | | | | | | | | | | | | |
| Current assets | | | | | | | | | | | | |
| Cash | | 134 211 | - | - | - | - | - | (61 534) | (61 534) | 72 676 | 241 335 | 438 646 |
| Call investment deposits | 1 | - | - | - | - | - | - | - | - | - | - | - |
| Consumer debtors | 1 | 37 620 | - | - | - | - | - | 2 544 | 2 544 | 40 164 | 67 333 | 80 990 |
| Other debtors | | 37 768 | - | - | - | - | - | (9 914) | (9 914) | 27 854 | 28 773 | 29 873 |
| Current portion of long-term receivables | | - | - | - | - | - | - | - | - | - | - | - |
| Inventory | | 4 324 | - | - | - | - | - | - | - | 4 324 | 2 473 | 2 473 |
| Total current assets | | 213 923 | - | - | - | - | - | (68 905) | (68 905) | 145 018 | 339 914 | 551 982 |
| Non current assets | | | | | | | | | | | | |
| Long-term receivables | | - | - | - | - | - | - | - | - | - | - | - |
| Investments | | - | - | - | - | - | - | - | - | - | - | - |
| Investment property | | - | - | - | - | - | - | - | - | - | - | - |
| Investment in Associate | | - | - | - | - | - | - | - | - | - | - | - |
| Property, plant and equipment | 1 | 5 147 398 | - | - | - | - | - | 270 855 | 270 855 | 5 418 253 | 4 188 952 | 4 129 827 |
| Biological | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible | | - | - | - | - | - | - | 46 | 46 | 46 | 13 | (3) |
| Other non-current assets | | 3 500 | - | - | - | - | - | 3 200 | 3 200 | 6 700 | - | - |
| Total non current assets | | 5 150 898 | - | - | - | - | - | 274 102 | 274 102 | 5 425 000 | 4 188 965 | 4 129 825 |
| TOTAL ASSETS | | 5 364 821 | - | - | - | - | - | 205 197 | 205 197 | 5 570 018 | 4 528 879 | 4 681 806 |
| LIABILITIES | | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | | |
| Bank overdraft | | - | - | - | - | - | - | - | - | - | - | - |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Consumer deposits | | 3 620 | - | - | - | - | - | 13 | 13 | 3 633 | 3 633 | 3 633 |
| Trade and other payables | | 180 518 | - | - | - | - | - | 34 571 | 34 571 | 215 088 | 219 944 | 220 909 |
| Provisions | | 1 278 | - | - | - | - | - | 477 | 477 | 1 755 | 1 755 | 1 755 |
| Total current liabilities | | 185 415 | - | - | - | - | - | 35 061 | 35 061 | 220 477 | 225 332 | 226 297 |
| Non current liabilities | | | | | | | | | | | | |
| Borrowing | 1 | - | - | - | - | - | - | - | - | - | - | - |
| Provisions | 1 | 47 047 | - | - | - | - | - | (13 143) | (13 143) | 33 904 | 33 904 | 33 904 |
| Total non current liabilities | | 47 047 | - | - | - | - | - | (13 143) | (13 143) | 33 904 | 33 904 | 33 904 |
| TOTAL LIABILITIES | | 232 462 | - | - | - | - | - | 21 918 | 21 918 | 254 381 | 259 236 | 260 201 |
| NET ASSETS | 2 | 5 132 359 | - | - | - | - | - | 183 279 | 183 279 | 5 315 637 | 4 269 643 | 4 421 605 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 5 132 359 | - | - | - | - | - | (760 876) | (760 876) | 4 371 482 | 4 269 643 | 4 421 605 |
| Reserves | | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL COMMUNITY WEALTH/EQUITY | | 5 132 359 | - | - | - | - | - | (760 876) | (760 876) | 4 371 482 | 4 269 643 | 4 421 605 |

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 **R 72.6 million**. This represents a decrease of **R61.5 million** from **R134 million** as per original budget, this is because of a decrease in cash and cash equivalents at the beginning. Cash at the beginning was based on the 2020/2021 adjusted budget of **R75 million**. Cash at the beginning decreased by an amount of **R55 million** to an amount of **R20 million** based on the 2020/2021 audited AFS. The cash surplus is due to cash outflow relief from non-cash items such as depreciation and debt impairment.

Consumer debtors

Consumer debtors include debtors from water and sanitation services, the expected balance at the end of the financial year is **R 40.1 million**

Consumer debtors are calculated as follows:

| | |
|---|---------------------|
| Opening balance (Actual June 2021 balance | R 153 567 732 |
| Current year billing | R 62 664 679 |
| Collection | (R 50 131 743) |
| Provision | (R 125 939 152) |
| Debtors Balance | R 40 163 516 |

Other debtors

Other debtors consist of debtor other than consumer debtors, which include Security deposits, VAT Receivable, Prepayments, Overpayments, etc. The expected balance at the end of the financial year is **R 27.8 million**.

Other debtors are calculated as follows:

| | |
|--------------------------|---------------------|
| VAT | R 4 400 000 |
| Deposit made | R 16 296 203 |
| Insurance Claims | R 80 488 |
| Accrued Debtors | R 1 277 835 |
| Third Party Refunds | R 4 710 623 |
| UWIF | R 1 333 903 |
| Over under Banking | R 8 180 |
| Employee Salary Advances | R 25 255 |
| Overpayments | R 794 423 |
| Prepaid Payments | R 1 152 321 |
| | R 30 079 233 |

Inventory

The inventory is assumed to be **R 4.3 million** by the end of the financial year. Inventories consist of water stock and consumable stores.

| | |
|-------------------------------|--------------------|
| Opening balance | R 4 324 358 |
| Bulk water purchases | R 20 080 000 |
| Bulk water Billed | R (20 080 000) |
| Consumable stores Acquisition | R 1 204 727 |
| Consumable stores Issues | R (1 204 727) |
| Closing balance | R 4 324 358 |

Non-Current Assets

Long term receivables

The Municipality does not have long term receivables.

Property plant and equipment

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

Intangible

The intangible will has been adjusted to **R46 thousand**.

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 **R 3.6 million**

Trade and other payables

Trade and other payables are amounts owed by the municipality to service providers. Trade and other payables are based on the 20/21 audited Annual financial statements (AFS), creditors amount of **R210.3 million**. 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

| | |
|---|----------------------|
| Retention | R 44 167 770 |
| Leave Accrual | R 17 991 112 |
| Bonus | R 4 674 806 |
| Creditors Control | R 132 494 186 |
| DWS | R 8 400 000 |
| Unallocated Deposits | R 130 817 |
| Advance payments | R 2 497 886 |
| Closing balance as at 30 June 2022 | R 210 356 577 |

Provisions

Current provisions have been estimated to R 1.8

Accumulated surplus

Accumulated surplus is the net worth of the Municipality, sitting at **R 5.3 billion**

DC26 Zululand - Table B7 Adjustments Budget Cash Flows - 22/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | 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 2022/23 | +2 2023/24 |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Property rates | | | | | | | | | - | - | | |
| Service charges | | 32 800 | - | - | - | - | - | 17 732 | 17 732 | 50 532 | 60 574 | 68 463 |
| Other revenue | | 1 358 | - | - | - | - | - | 125 708 | 125 708 | 127 066 | 80 905 | 84 618 |
| Transfers and Subsidies - Operational | 1 | 541 399 | - | - | - | - | - | - | - | 541 399 | 601 306 | 635 818 |
| Transfers and Subsidies - Capital | 1 | 574 058 | - | - | - | - | - | 37 821 | 37 821 | 611 879 | 372 306 | 405 137 |
| Interest | | 6 000 | - | - | - | - | - | - | - | 6 000 | 6 000 | 6 000 |
| Dividends | | | | | | | | | | - | | |
| Payments | | | | | | | | | | | | |
| Suppliers and employees | | (516 333) | - | - | - | - | - | (107 608) | (107 608) | (623 941) | (570 446) | (592 150) |
| Finance charges | | | | | | | | | | - | | |
| Transfers and Grants | 1 | - | - | - | - | - | - | - | - | - | - | - |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 639 282 | - | - | - | - | - | 73 653 | 73 653 | 712 934 | 550 645 | 607 885 |
| 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 | | (580 277) | - | - | - | - | - | 38 659 | 38 659 | (541 618) | (332 162) | (357 021) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (580 277) | - | - | - | - | - | 38 659 | 38 659 | (541 618) | (332 162) | (357 021) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | | |
| Receipts | | | | | | | | | | | | |
| Short term loans | | | | | | | | | | - | | |
| Borrowing long term/refinancing | | | | | | | | | | - | | |
| Increase (decrease) in consumer deposits | | 13 | - | - | - | - | - | (13) | (13) | (13) | - | - |
| Payments | | | | | | | | | | | | |
| Repayment of borrowing | | | | | | | | | | - | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | 13 | - | - | - | - | - | (13) | (13) | (13) | - | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 59 018 | - | - | - | - | - | 112 298 | 112 298 | 171 303 | 218 483 | 250 864 |
| Cash/cash equivalents at the year begin: | 2 | 75 203 | - | - | - | - | - | (55 139) | (55 139) | 20 064 | 72 676 | 241 335 |
| Cash/cash equivalents at the year end: | 2 | 134 221 | - | - | - | - | - | 57 159 | 57 159 | 191 367 | 291 159 | 492 199 |

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 **R 50.5 million** on service charges is based on the 80% collection rate, the collection rate is based on the year-to-date collection level against budget.

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

- The municipality is not only collecting the current billing but also the debtors from previous financial years.
- The municipality has a revised revenue enhancement strategy
- The municipality has an external debt collector to assist with the collection
- 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

Transfers and subsidies – Operational

Transfers and subsidies - Operational are expected to be received as per DoRA, **R 541 million**

Transfers and subsidies – Capital

Transfers and subsidies - Capital are expected to be received as per DORA. An adjustment to **R 611 million**.

Interest

Interest on investment of **R 6 million** is based on the trend and the investments and expected transfers to come, the interest includes interest on investments made and interest on bank balance.

Payments

Suppliers and employees

The municipality is expecting to spend 100% of what has been budgeted on 2021-2022 Table B4 but excluding non-cash items such as depreciation and debt impairment. **R 623.9 million** will be paid.

Transfers and grants paid

Transfers and grants are expected to be 100% spent, these cash payment are included on 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, **R 541.6 million**, this amount excludes VAT.

Cash and cash equivalents at the end

Cash and cash equivalents are expected to be **R 191.3 million** and this is what is available to apply on working capital on table A8. This amount should be less by Vat from capital payments of **R118 million**

DC26 Zululand - Table B8 Cash backed reserves/accumulated surplus reconciliation - 22/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|---|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|------------------|------------------|-----------------|-----------------|-----------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | A | A1 | B | C | D | E | F | G | H | | |
| Cash and investments available | | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 134 221 | - | - | - | - | - | 57 159 | 57 159 | 191 380 | 291 159 | 492 199 |
| Other current investments > 90 days | | (11) | - | - | - | - | - | (118 693) | (118 693) | (118 704) | (49 824) | (53 553) |
| Non current assets - Investments | 1 | - | - | - | - | - | - | - | - | - | - | - |
| Cash and investments available: | | 134 211 | - | - | - | - | - | (61 534) | (61 534) | 72 676 | 241 335 | 438 646 |
| Applications of cash and investments | | | | | | | | | | | | |
| Unspent conditional transfers | | - | - | - | - | - | - | - | - | - | - | - |
| Unspent borrowing | | | | | | | | | | | | |
| Statutory requirements | | | | | | | | | | | | |
| Other working capital requirements | 2 | 134 072 | - | - | - | - | - | (141 592) | (141 592) | (7 520) | 43 786 | 11 418 |
| Other provisions | | | | | | | | | | | | |
| Long term investments committed | | - | - | - | - | - | - | - | - | - | - | - |
| Reserves to be backed by cash/investments | | - | - | - | - | - | - | - | - | - | - | - |
| Total Application of cash and investments: | | 134 072 | - | - | - | - | - | (141 592) | (141 592) | (7 520) | 43 786 | 11 418 |
| Surplus(shortfall) | | 139 | - | - | - | - | - | 80 058 | 80 058 | 80 197 | 197 549 | 427 228 |

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

Two key observations can be deduced from table B8

- Table B8 shows that the 2021/2022 Adjusted budget is **unfunded**.
- There is no cash surplus, and the Municipality finds itself moving into cash shortfall, from a cash surplus of **R139 thousand** to a cash shortfall of **R80 million**.

The causes of the unfunded position are discussed below.

- The cause of the unfunded position is that the municipality has a large volume of creditors accumulated from previous financial years. Trade and other payables have increased by **R51 million** from **R180 million** to **R215 million**
- The following opening balances under trade and other payables have increased affecting the net movement of working capital.

The provision is made up of the following items.

- Bonus provision
 - Leave provision
- Cash at the beginning has decreased by **R55 million** which was based on the 2021/2022 adjustment budget.

Corrective steps and remedial actions taken by the municipality.

- The Municipality has revised 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
 - Utilisation of VAT refunds from capital grants

DC26 Zululand - Table B9 Asset Management - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | 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 | +1 2022/23 | +2 2023/24 |
| R thousands | | | | | | | | | | | | |
| CAPITAL EXPENDITURE | | | | | | | | | | | | |
| Total New Assets to be adjusted | 1 | 580 277 | - | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 |
| Roads Infrastructure | | 2 416 | - | - | - | - | - | (323) | (323) | 2 093 | 6 112 | 2 208 |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | 534 655 | - | - | - | - | - | (48 799) | (48 799) | 485 856 | 321 545 | 350 085 |
| Sanitation Infrastructure | | 36 987 | - | - | - | - | - | 324 | 324 | 37 311 | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 574 058 | - | - | - | - | - | (48 798) | (48 798) | 525 260 | 327 657 | 352 293 |
| Community Facilities | | - | - | - | - | - | - | 8 348 | 8 348 | 8 348 | - | - |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | - | - | - | - | - | 8 348 | 8 348 | 8 348 | - | - |
| Heritage Assets | | 3 500 | - | - | - | - | - | 3 200 | 3 200 | 6 700 | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | - | - | - | - | - | - | - | 391 | 411 |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 6 | - | - | - | - | - | - | - | - | - | 391 | 411 |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | 17 | 17 | 17 | - | - |
| Intangible Assets | | - | - | - | - | - | - | 17 | 17 | 17 | - | - |
| Computer Equipment | | 135 | - | - | - | - | - | 298 | 298 | 433 | 2 609 | 2 739 |
| Furniture and Office Equipment | | 250 | - | - | - | - | - | (98) | (98) | 152 | 1 043 | 1 096 |
| Machinery and Equipment | | 2 334 | - | - | - | - | - | (1 626) | (1 626) | 708 | 461 | 483 |
| Transport Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |

DC26 Zululand - Table B9 Asset Management - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|--|-----|---------------------|----------|--------|------------|----------|---------------|----------|---------|----------|-------------|-------------|
| | | Original | Prior | Accum. | Multi-year | Unfore. | Nat. or Prov. | Other | Total | Adjusted | Adjusted | Adjusted |
| | | Budget | Adjusted | Funds | capital | Unavoid. | Govt | Adjus. | Adjus. | Budget | Budget | Budget |
| R thousands | A | 7 A1 | 8 B | 9 C | 10 D | 11 E | 12 F | 13 G | 14 H | | | |
| Total Renewal of Existing Assets to be adjusted | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Roads Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Community Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Heritage Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 6 | - | - | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Transport Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |
| Total Upgrading of Existing Assets to be adjusted | 2a | - | - | - | - | - | - | - | - | - | - | - |
| Roads Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Community Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Heritage Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | - | - | - | - | - | - | - | - | - | - | - |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | 6 | - | - | - | - | - | - | - | - | - | - | - |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | - | - |
| Transport Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure to be adjusted | 4 | 580 277 | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 | |
| Roads Infrastructure | | 2 416 | - | - | - | - | (323) | (323) | 2 093 | 6 112 | 2 208 | |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | |
| Water Supply Infrastructure | | 534 655 | - | - | - | - | (48 799) | (48 799) | 485 856 | 321 545 | 350 085 | |
| Sanitation Infrastructure | | 36 987 | - | - | - | - | 324 | 324 | 37 311 | - | - | |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | |
| Infrastructure | | 574 058 | - | - | - | - | (48 798) | (48 798) | 525 260 | 327 657 | 352 293 | |
| Community Facilities | | - | - | - | - | - | 8 348 | 8 348 | 8 348 | - | - | |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - | - | |
| Community Assets | | - | - | - | - | - | 8 348 | 8 348 | 8 348 | - | - | |
| Heritage Assets | | 3 500 | - | - | - | - | 3 200 | 3 200 | 6 700 | - | - | |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | |
| Operational Buildings | | - | - | - | - | - | - | - | - | 391 | 411 | |
| Housing | | - | - | - | - | - | - | - | - | - | - | |
| Other Assets | | - | - | - | - | - | - | - | - | 391 | 411 | |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | |
| Licences and Rights | | - | - | - | - | - | 17 | 17 | 17 | - | - | |
| Intangible Assets | | - | - | - | - | - | 17 | 17 | 17 | - | - | |
| Computer Equipment | | 135 | - | - | - | - | 298 | 298 | 433 | 2 609 | 2 739 | |
| Furniture and Office Equipment | | 250 | - | - | - | - | (98) | (98) | 152 | 1 043 | 1 096 | |
| Machinery and Equipment | | 2 334 | - | - | - | - | (1 626) | (1 626) | 708 | 461 | 483 | |
| Transport Assets | | - | - | - | - | - | - | - | - | - | - | |
| Land | | - | - | - | - | - | - | - | - | - | - | |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | |
| TOTAL CAPITAL EXPENDITURE to be adjusted | 4 | 580 277 | - | - | - | - | (38 659) | (38 659) | 541 618 | 332 162 | 357 021 | |

DC26 Zululand - Table B9 Asset Management - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | 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 | +1 2022/23 | +2 2023/24 |
| R thousands | | | | | | | | | | | | |
| ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 4 228 870 | - | - | - | - | - | (787 862) | (787 862) | 3 441 008 | 4 272 908 | 4 690 946 |
| Roads Infrastructure | | 2 416 | - | - | - | - | - | 13 963 | 13 963 | 16 379 | 5 474 | 1 538 |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | 894 | 894 | 894 | (32) | (34) |
| Water Supply Infrastructure | | 4 130 652 | - | - | - | - | - | (856 323) | (856 323) | 3 274 328 | 4 207 391 | 4 634 996 |
| Sanitation Infrastructure | | 36 987 | - | - | - | - | - | 44 162 | 44 162 | 81 149 | (1 812) | (1 903) |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 4 170 055 | - | - | - | - | - | (797 305) | (797 305) | 3 372 750 | 4 211 021 | 4 634 598 |
| Community Assets | | 36 839 | - | - | - | - | - | (24 244) | (24 244) | 12 595 | 33 061 | 29 879 |
| Heritage Assets | | 3 500 | - | - | - | - | - | 3 200 | 3 200 | 6 700 | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | - | - | - | - | - | - | 28 136 | 28 136 | 28 136 | (822) | (863) |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | 46 | 46 | 46 | 16 | 16 |
| Computer Equipment | | 268 | - | - | - | - | - | 1 156 | 1 156 | 1 424 | 3 715 | 4 917 |
| Furniture and Office Equipment | | (2 102) | - | - | - | - | - | 513 | 513 | (1 589) | 7 789 | 11 386 |
| Machinery and Equipment | | 6 205 | - | - | - | - | - | (881) | (881) | 5 324 | 5 076 | 4 268 |
| Transport Assets | | 14 105 | - | - | - | - | - | 1 516 | 1 516 | 15 622 | 13 051 | 6 746 |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | 5 | 4 228 870 | - | - | - | - | - | (787 862) | (787 862) | 3 441 008 | 4 272 908 | 4 690 946 |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | | | |
| Depreciation & asset impairment | | 71 620 | - | - | - | - | - | (1 016) | (1 016) | 70 603 | 80 000 | 84 000 |
| Repairs and Maintenance by asset class | 3 | 69 150 | - | - | - | - | - | 8 091 | 8 091 | 77 241 | 77 146 | 80 998 |
| Roads Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Water Supply Infrastructure | | 64 950 | - | - | - | - | - | 7 263 | 7 263 | 72 213 | 69 392 | 72 861 |
| Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Rail Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | - | - |
| Infrastructure | | 64 950 | - | - | - | - | - | 7 263 | 7 263 | 72 213 | 69 392 | 72 861 |
| Community Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Sport and Recreation Facilities | | - | - | - | - | - | - | - | - | - | - | - |
| Community Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Heritage Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Non-revenue Generating | | - | - | - | - | - | - | - | - | - | - | - |
| Investment properties | | - | - | - | - | - | - | - | - | - | - | - |
| Operational Buildings | | 2 000 | - | - | - | - | - | 7 | 7 | 2 007 | 6 150 | 6 458 |
| Housing | | - | - | - | - | - | - | - | - | - | - | - |
| Other Assets | | 2 000 | - | - | - | - | - | 7 | 7 | 2 007 | 6 150 | 6 458 |
| Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Servitudes | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and Rights | | - | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | - | - | - | - | - | - | - | - | - |
| Computer Equipment | | 100 | - | - | - | - | - | (78) | (78) | 22 | 420 | 441 |
| Furniture and Office Equipment | | 100 | - | - | - | - | - | (100) | (100) | - | 100 | 100 |
| Machinery and Equipment | | - | - | - | - | - | - | - | - | - | 34 | 36 |
| Transport Assets | | 2 000 | - | - | - | - | - | 1 000 | 1 000 | 3 000 | 1 050 | 1 103 |
| Land | | - | - | - | - | - | - | - | - | - | - | - |
| Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURE OTHER ITEMS to be adjusted | 6 | 140 770 | - | - | - | - | - | 7 075 | 7 075 | 147 845 | 157 146 | 164 998 |
| 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 | | 1.6% | 0.0% | | | | | | | 2.2% | 1.8% | 1.7% |
| Renewal and upgrading and R&M as a % of PPE | | 1.6% | 0.0% | | | | | | | 2.2% | 1.8% | 1.7% |

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 - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year +1 2022/23 | Budget Year +2 2023/24 |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|------------------------|------------------------|
| | | 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 | 0 |
| Piped water inside yard (but not in dwelling) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10840 | 9756 |
| Using public tap (at least min.service level) | 2 | | | | | | | | | | | |
| Other water supply (at least min.service level) | | 7267 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 8 | 8 |
| <i>Minimum Service Level and Above sub-total</i> | | 7 | - | - | - | - | - | - | - | 7 | 18 | 18 |
| 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 | 7 | - | - | - | - | - | - | - | 7 | 18 | 18 |
| Sanitation/sewerage: | | | | | | | | | | | | |
| Flush toilet (connected to sewerage) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Flush toilet (with septic tank) | | | | | | | | | | | | |
| Chemical toilet | | | | | | | | | | | | |
| Pit toilet (ventilated) | | | | | | | | | | | | |
| Other toilet provisions (> min.service level) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - | - | - | - |
| Bucket toilet | | | | | | | | | | | | |
| Other toilet provisions (< min.service level) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 6990 | 6320 |
| No toilet provisions | | | | | | | | | | | | |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - | 6 990 | 6 320 |
| Total number of households | 5 | - | - | - | - | - | - | - | - | - | 6 990 | 6 320 |
| 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 |
| Sanitation (free minimum level service) | | | | | | | | | | | | |
| Electricity/other energy (50kwh per household per month) | | | | | | | | | | | | |
| Refuse (removed at least once a week) | | | | | | | | | | | | |
| Cost of Free Basic Services provided (R'000) | 16 | | | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | | 3 000 | - | - | - | - | - | - | - | 3 000 | 3 000 | 3 150 |
| 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 | - | - | - | - | - | - | - | 3 000 | 3 000 | 3 150 |
| 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 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 2020/2021. 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 prioritise service delivery programs.

2.2 ADJUSTMENTS TO BUDGET FUNDING

The funding of the adjustment budget is structured as following

| 2021/2022 OPERATING REVENUE | APPROVED BUDGET | ADJUSTMENT | ADJUSTED BUDGET |
|--|------------------------|-------------------|------------------------|
| Transfers and subsidies | 541 399 000 | 611 124 | 542 010 124 |
| Other Revenue | 500 000 | 125 489 | 625 489 |
| Service charges - water & sanitation revenue | 54 000 000 | 491 025 | 54 491 025 |
| Rental of facilities and equipment | 210 000 | - 26 514 | 183 486 |
| Interest earned - external & investments | 6 000 000 | - | 6 000 000 |
| Fines and Penalties, forfeits: Collection | 638 000 | - 590 000 | 48 000 |
| Licences and permits | 10 000 | - | 10 000 |
| Interest on Outstanding Debtors | 85 000 | - | 85 000 |
| Total Operating Revenue excl. Capital Transfers | 602 842 000 | 611 124 | 603 453 124 |

| 2021/2022 CAPITAL EXPENDITURE | APPROVED BUDGET | ADJUSTMENT | ADJUSTED BUDGET |
|--|------------------------|-------------------|------------------------|
| Municipal Infrastructure Grant (MIG) | 239 111 000 | 30 000 000 | 269 111 000 |
| Regional Bulk Infrastructure (RBIG) | 222 531 000 | - | 222 531 000 |
| Water services infrastructure Grant (WSIG) | 110 000 000 | - | 110 000 000 |
| Rural Roads Asset Managemnt Systems Grant | 2 416 000 | - | 2 416 000 |
| KwaMajomela Manufacturing | | - | 9 600 320 |
| Indonsa Grant | 834 000 | - | 834 000 |
| Internally generated funding | 5 385 000 | - | 7 285 000 |
| Total Capital Funding | 580 277 000 | 30 000 000 | 621 777 320 |

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 - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | Budget Year | Budget Year | |
|--|-----|---------------------|----------------|--------------------|--------------------|--------------|--------------|-----------------|-----------------|------------|
| | | Original Budget | Prior Adjusted | Multi-year capital | Nat. or Prov. Govt | Other Adjus. | Total Adjus. | Adjusted Budget | Adjusted Budget | |
| R thousands | | A | 2 A1 | 3 B | 4 C | 5 D | 6 E | 7 F | +1 2022/23 | +2 2023/24 |
| EXPENDITURE ON TRANSFERS AND GRANT PROGRAM: | 1 | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 514 926 | - | - | - | 101 804 | 101 804 | 616 730 | 584 180 | 607 379 |
| Local Government Equitable Share | | | | | | | | | | |
| Equitable Share | | 500 083 | - | - | - | 101 561 | 101 561 | 601 644 | 574 463 | 597 236 |
| Expanded Public Works Programme Integrated Grant | | 9 612 | - | - | - | 183 | 183 | 9 795 | 8 517 | 8 943 |
| Local Government Financial Management Grant | | 1 200 | - | - | - | 0 | 0 | 1 200 | 1 200 | 1 200 |
| Municipal Disaster Relief Grant | | - | - | - | - | - | - | - | - | - |
| Municipal Infrastructure Grant | | - | - | - | - | - | - | - | - | - |
| Municipal Systems Improvement Grant | | 4 031 | - | - | - | 52 | 52 | 4 083 | - | - |
| Rural Road Asset Management Systems Grant | | - | - | - | - | 8 | 8 | 8 | - | - |
| Water Services Infrastructure Grant | | - | - | - | - | - | - | - | - | - |
| Provincial Government: | | 1 077 | - | - | - | 800 | 800 | 1 877 | 2 381 | 1 881 |
| Art Centres Subsidies | | - | - | - | - | - | - | - | - | - |
| Capacity Building and Other Grants | | 1 077 | - | - | - | 800 | 800 | 1 877 | 2 381 | 1 881 |
| Development Planning and Shared Services | | - | - | - | - | - | - | - | - | - |
| Environmental Grant | | - | - | - | - | - | - | - | - | - |
| Tourism Events | | - | - | - | - | - | - | - | - | - |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| <i>KwazuluNatal Provincial Planning and Development Commission</i> | | - | - | - | - | - | - | - | - | - |
| Total operating expenditure of Transfers and Grants: | | 516 003 | - | - | - | 102 604 | 102 604 | 618 607 | 586 561 | 609 260 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 574 058 | - | - | - | (48 798) | (48 798) | 525 260 | 323 744 | 352 293 |
| Local Government Financial Management Grant | | - | - | - | - | - | - | - | - | - |
| Municipal Infrastructure Grant | | 239 111 | - | - | - | (5 101) | (5 101) | 234 010 | 225 678 | 236 277 |
| Regional Bulk Infrastructure Grant | | 222 531 | - | - | - | (29 026) | (29 026) | 193 505 | 13 258 | 26 087 |
| Rural Road Asset Management Systems Grant | | 2 416 | - | - | - | (323) | (323) | 2 093 | 2 199 | 2 208 |
| Water Services Infrastructure Grant | | 110 000 | - | - | - | (14 348) | (14 348) | 95 652 | 82 609 | 87 722 |
| Provincial Government: | | 834 | - | - | - | 8 239 | 8 239 | 9 073 | 26 | 26 |
| Infrastructure Grant | | 834 | - | - | - | 8 239 | 8 239 | 9 073 | 26 | 26 |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| Total capital expenditure of Transfers and Grants | | 574 892 | - | - | - | (40 559) | (40 559) | 534 333 | 323 770 | 352 319 |
| Total capital expenditure of Transfers and Grants | | 1 090 895 | - | - | - | 62 045 | 62 045 | 1 152 940 | 910 332 | 961 579 |

2.4 ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY

Please refer to Supporting Table SB10 Transfers and grants made by the municipality.

The Municipality subsidises households and business through its relief programme

DC26 Zululand - Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality - 21/06/2022

| Description | Ref | Budget Year 2021/22 | | | | | | | | | Budget Year | Budget Year |
|---|-----|---------------------|----------|--------|------------|----------|---------------|----------|----------------|----------|-------------|-------------|
| | | Original | Prior | Accum. | Multi-year | Unfore. | Nat. or Prov. | Other | Total Adjusts. | Adjusted | Adjusted | Adjusted |
| | | Budget | Adjusted | Funds | capital | Unavoid. | Govt | Adjusts. | 12 | Budget | Budget | Budget |
| R thousands | A | 6 | 7 | 8 | 9 | 10 | 11 | G | H | | | |
| | | A1 | B | C | D | E | F | | | | | |
| 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 | 4 | | | | | | | | | | | |
| <i>Ts_O_Ik_Np_Ins_Unspecified</i> | | - | - | - | - | - | - | - | - | - | - | - |
| <i>Non Prof. Unspecified</i> | | - | - | - | - | - | - | - | - | - | - | - |
| <i>Ts_O_Ik_Np_Ins_Unspecified</i> | | 9 450 | - | - | - | - | - | (267) | (267) | 9 183 | 2 670 | 2 804 |
| TOTAL NON-CASH TRANSFERS TO OTHER ORGANISATIONS: | | 9 450 | - | - | - | - | - | (267) | (267) | 9 183 | 2 670 | 2 804 |
| TOTAL NON-CASH TRANSFERS | 5 | 9 450 | - | - | - | - | - | (267) | (267) | 9 183 | 2 670 | 2 804 |
| TOTAL TRANSFERS | | 9 450 | - | - | - | - | - | (267) | (267) | 9 183 | 2 670 | 2 804 |

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 - 21/06/2022

| Summary of remuneration | Ref | Budget Year 2021/22 | | | | | | | | | % change |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|-------------|
| | | Original Budget | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | |
| R thousands | | A | 5 A1 | 6 B | 7 C | 8 D | 9 E | 10 F | 11 G | 12 H | |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | | |
| Basic Salaries and Wages | | - | - | - | - | - | - | - | - | - | - |
| Pension and UIF Contributions | | 416 | - | - | - | - | - | - | - | 416 | 0.0% |
| Medical Aid Contributions | | 206 | - | - | - | - | - | - | - | 206 | 0.0% |
| Motor Vehicle Allowance | | 1 867 | - | - | - | - | - | - | - | 1 867 | 0.0% |
| Cellphone Allowance | | 694 | - | - | - | - | - | - | - | 694 | |
| Housing Allowances | | - | - | - | - | - | - | - | - | - | |
| Other benefits and allowances | | 5 355 | - | - | - | - | - | 500 | 500 | 5 855 | |
| Sub Total - Councillors | | 8 537 | - | - | - | - | - | 500 | 500 | 9 037 | 5.9% |
| % increase | | | (0) | | | | | | | 0 | |
| Senior Managers of the Municipality | | | | | | | | | | | |
| Basic Salaries and Wages | | 6 570 | - | - | - | - | - | - | - | 6 570 | 0.0% |
| Pension and UIF Contributions | | 66 | - | - | - | - | - | - | - | 66 | 0.0% |
| Medical Aid Contributions | | 57 | - | - | - | - | - | - | - | 57 | 0.0% |
| Overtime | | - | - | - | - | - | - | - | - | - | |
| Performance Bonus | | - | - | - | - | - | - | - | - | - | |
| Motor Vehicle Allowance | | 1 592 | - | - | - | - | - | - | - | 1 592 | 0.0% |
| Cellphone Allowance | | 71 | - | - | - | - | - | - | - | 71 | 0.0% |
| Housing Allowances | | - | - | - | - | - | - | - | - | - | |
| Other benefits and allowances | | 215 | - | - | - | - | - | - | - | 215 | |
| Payments in lieu of leave | | - | - | - | - | - | - | - | - | - | |
| Long service awards | | - | - | - | - | - | - | - | - | - | |
| Post-retirement benefit obligations | 5 | - | - | - | - | - | - | - | - | - | |
| Sub Total - Senior Managers of Municipality | | 8 571 | - | - | - | - | - | - | - | 8 571 | 0.0% |
| % increase | | | (0) | | | | | | | - | |
| Other Municipal Staff | | | | | | | | | | | |
| Basic Salaries and Wages | | 175 275 | - | - | - | - | - | - | - | 175 275 | 0.0% |
| Pension and UIF Contributions | | 22 634 | - | - | - | - | - | - | - | 22 634 | 0.0% |
| Medical Aid Contributions | | 13 569 | - | - | - | - | - | - | - | 13 569 | 0.0% |
| Overtime | | 1 130 | - | - | - | - | - | - | - | 1 130 | 0.0% |
| Performance Bonus | | 11 670 | - | - | - | - | - | - | - | 11 670 | |
| Motor Vehicle Allowance | | 7 578 | - | - | - | - | - | - | - | 7 578 | 0.0% |
| Cellphone Allowance | | 706 | - | - | - | - | - | - | - | 706 | 0.0% |
| Housing Allowances | | 1 256 | - | - | - | - | - | - | - | 1 256 | |
| Other benefits and allowances | | 11 781 | - | - | - | - | - | - | - | 11 781 | |
| Payments in lieu of leave | | - | - | - | - | - | - | - | - | - | |
| Long service awards | | - | - | - | - | - | - | - | - | - | |
| Post-retirement benefit obligations | 5 | 1 100 | - | - | - | - | - | - | - | 1 100 | 0.0% |
| Sub Total - Other Municipal Staff | | 246 698 | - | - | - | - | - | - | - | 246 698 | 0.0% |
| % increase | | | | | | | | | | - | |
| Total Parent Municipality | | 263 807 | - | - | - | - | - | 500 | 500 | 264 307 | 0.2% |

DC26 Zululand - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 21/06/2022

| Summary of remuneration | Ref | Budget Year 2021/22 | | | | | | | | | % 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 | | | | | | | | | | | | |
| Board Members of Entities | | | | | | | | | | | | |
| Basic Salaries and Wages | | | | | | | | | - | - | | |
| Pension and UIF Contributions | | | | | | | | | - | - | | |
| Medical Aid Contributions | | | | | | | | | - | - | | |
| Overtime | | | | | | | | | - | - | | |
| Performance Bonus | | | | | | | | | - | - | | |
| Motor Vehicle Allowance | | | | | | | | | - | - | | |
| Cellphone Allowance | | | | | | | | | - | - | | |
| Housing Allowances | | | | | | | | | - | - | | |
| Other benefits and allowances | | | | | | | | | - | - | | |
| Board Fees | | | | | | | | | - | - | | |
| Payments in lieu of leave | | | | | | | | | - | - | | |
| Long service awards | | | | | | | | | - | - | | |
| Post-retirement benefit obligations | 5 | | | | | | | | - | - | | |
| Sub Total - Board Members of Entities | | - | - | - | - | - | - | - | - | - | | |
| % increase | | | | | | | | | | | | |
| Senior Managers of Entities | | | | | | | | | | | | |
| Basic Salaries and Wages | | | | | | | | | - | - | | |
| Pension and UIF Contributions | | | | | | | | | - | - | | |
| Medical Aid Contributions | | | | | | | | | - | - | | |
| Overtime | | | | | | | | | - | - | | |
| Performance Bonus | | | | | | | | | - | - | | |
| Motor Vehicle Allowance | | | | | | | | | - | - | | |
| Cellphone Allowance | | | | | | | | | - | - | | |
| Housing Allowances | | | | | | | | | - | - | | |
| Other benefits and allowances | | | | | | | | | - | - | | |
| Payments in lieu of leave | | | | | | | | | - | - | | |
| Long service awards | | | | | | | | | - | - | | |
| Post-retirement benefit obligations | 5 | | | | | | | | - | - | | |
| Sub Total - Senior Managers of Entities | | - | - | - | - | - | - | - | - | - | | |
| % increase | | | | | | | | | | | | |
| Other Staff of Entities | | | | | | | | | | | | |
| Basic Salaries and Wages | | | | | | | | | - | - | | |
| Pension and UIF Contributions | | | | | | | | | - | - | | |
| Medical Aid Contributions | | | | | | | | | - | - | | |
| Overtime | | | | | | | | | - | - | | |
| Performance Bonus | | | | | | | | | - | - | | |
| Motor Vehicle Allowance | | | | | | | | | - | - | | |
| Cellphone Allowance | | | | | | | | | - | - | | |
| Housing Allowances | | | | | | | | | - | - | | |
| Other benefits and allowances | | | | | | | | | - | - | | |
| Payments in lieu of leave | | | | | | | | | - | - | | |
| Long service awards | | | | | | | | | - | - | | |
| Post-retirement benefit obligations | 5 | | | | | | | | - | - | | |
| Sub Total - Other Staff of Entities | | - | - | - | - | - | - | - | - | - | | |
| % increase | | | | | | | | | | | | |
| Total Municipal Entities | | - | - | - | - | - | - | - | - | - | | |
| TOTAL SALARY, ALLOWANCES & BENEFITS | | 263 807 | - | - | - | - | - | 500 | 500 | 264 307 | 0.2% | |
| % increase | | | | | | | | | | | | |
| TOTAL MANAGERS AND STAFF | | 255 269 | - | - | - | - | - | - | - | 255 269 | 0.0% | |

2.6 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

There are adjustments towards service delivery and budget implementation, since the budget has increased with, 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:

| 2021/2022 CAPITAL EXPENDITURE | APPROVED BUDGET | ADJUSTMENT | ADJUSTED BUDGET |
|--|------------------------|-------------------|------------------------|
| Municipal Infrastructure Grant (MIG) | 239 111 000 | 30 000 000 | 269 111 000 |
| Regional Bulk Infrastructure (RBIG) | 222 531 000 | - | 222 531 000 |
| Water services infrastructure Grant (WSIG) | 110 000 000 | - | 110 000 000 |
| Rural Roads Asset Managemnt Systems Grant | 2 416 000 | - | 2 416 000 |
| KwaMajomela Manufacturing | | - | 9 600 320 |
| Indonsa Grant | 834 000 | - | 834 000 |
| Internally generated funding | 5 385 000 | - | 7 285 000 |
| Total Capital Funding | 580 277 000 | 30 000 000 | 621 777 320 |

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

The municipal budget has been prepared as per mSCOA regulations, the municipality is transacting in an mSCOA environment, the Municipality transacts in all seven mSCOA segments, except for costing segment which is currently default as per National treasury current recommendation since it has not been fully flagged or rolled out.

The Municipal budget is prepared directly from the financial system through the mSCOA budget module. All schedules are generated directly from the financial system.

The municipality can generate data strings directly from the financial system. Data strings are submitted/uploaded on the portal monthly within 10 working days in compliance with MFMA S71.

The municipality is keeping up to date with all mSCOA updates through circulars issued by treasury.

On-going challenges experienced by the municipality amongst others include certain line items not being available in the mSCOA chart to accommodate all possible transaction the municipality might incur. With new mSCOA chart versions issued annually the municipality hopes this challenge will be resolved.

Using of movement accounts for cashflow population has not fully been sorted.

Alignment of cash flow on table C7 is still a challenge to the Municipality, populating Schedule A and B does not have an alignment problem, but schedule C has an alignment problem. The Municipality is of the view that since monthly data strings and schedule C are both generated from one financial system there should be perfect alignment. In the process to resolve this challenge, we identified that the challenge is not the mapping on table C7 but the transacting on the financial system, some transactions are not aligned with the treasury recommended movement accounting. Consultations with the system provider are underway to resolve this challenge.

The mSCOA circular, circular no.11 issued on 04 December 2020 addresses some of the challenges identified, such as on table C7 the duplication of capital asset payments, capital asset payments not including VAT.

CASHFLOW BUDGETING AND TRANSACTING REQUIREMENTS

Guidelines issued by treasury were taken to consideration and system vendor provided a guideline based on treasury guidelines on how to budget/transact on the financial system for mSCOA compliance purposes.

The municipality complied with movement accounting for cashflow purposes in the Original and adjusted budget.

At the beginning of the financial year the municipality experienced challenges when it came to movement accounting actual transacting. The municipality identified shortcomings and they are being resolved.

MSCOA ROADMAP IN TERMS OF CIRCULAR NO.98

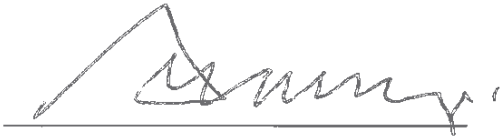
MFMA circular no.98 indicate the following: all municipalities should:

- Have acquired, upgraded, and maintain the hardware, software and licences required to be and remain mSCOA compliant.
- Budget, transact and report on all seven (7) legislated mSCOA segments and directly on the core financial system and submit the required data strings directly from this system to the Local Government Portal.
- Lock down the budget adopted by Council on the core municipal financial system before submitting the budget (ORGB) data string to the local government portal.
- Closed the core financial system at month-end as required in terms of the MFMA before submitting the monthly data string to the local government portal.
- Generate regulated Schedules (A, B, C) directly from the core municipal financial systems.

The municipality has/is complying with all the above requirements

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: 27/05/2022

R.N. Hlongwa

Acting Municipal Manager

Zululand District Municipality (DC26)