

# ZULULAND DISTRICT MUNICIPALITY



## MONTHLY BUDGET STATEMENT AND SUPPORTING DOCUMENTATION FOR PERIOD ENDED

**31 DECEMBER 2022**

**MFMA S52 (d) REPORT**

**2022/2023 FINANCIAL YEAR**

**Table of Contents**

**GLOSSARY.....1**

**PART 1 – IN-YEAR REPORT .....3**

- 1.1. MAYORS REPORT ..... 3
- 1.2. COUNCIL RESOLUTION ..... 3
- 1.3. EXECUTIVE SUMMARY ..... 3
- 1.4. OPERATING REVENUE PERFORMANCE..... 5
- 1.5. OPERATING EXPENDITURE PERFORMANCE..... 8
- 1.6. CAPITAL EXPENDITURE AND FUNDING..... 12
- 1.7. IN-YEAR BUDGET TABLES..... 15
  - MBRR Table C2 – Monthly Budget Statement Financial Performance (revenue and expenditure by functional classification) ..... 17
  - MBRR Table C4 - Monthly Budget Statement Financial Performance (revenue and expenditure by source)..... 19
  - MBRR Table C5 - Monthly Budget Statement Capital Expenditure by vote, functional classification and funding source ..... 20
  - MBRR Table C6 - Monthly Budget Statement Financial Position ..... 21
  - MBRR Table C7 - Monthly Budget Statement Cash Flow Statement ..... 29

**PART 2 – SUPPORTING DOCUMENTATION .....32**

- 2.1. DEBTORS ANALYSIS ..... 32
- 2.2. CREDITORS ANALYSIS ..... 33
- 2.3. INVESTMENT PORTFOLIO ..... 33
- 2.4. ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE..... 34
- 2.5. COUNCILLOR AND BOARD MEMBER ALLOWENCES AND EMPLOYEE BENEFITS .... 37
- 2.6. MATERIAL VARIENCES TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN38
- 2.7. PARENT MUNICIPALITY FINANCIAL PERFORMANCE ..... 40
- 2.8. MUNICIPAL ENTITY FINANCIAL PERFORMANCE..... 40
- 2.9. CAPITAL PROGRAMME PERFORMANCE..... 40
- 2.10. OTHER SUPPORTING DOCUMENTS ..... 43
- 2.11. IN-YEAR REPORT OF MUNICIPAL ENTITIES..... 43
- 2.12 MUNICIPAL MANAGERS QUALITY CERTIFICATION..... 44

## **GLOSSARY**

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

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

**AFS** – Annual Financial Statements.

**Budget** – the financial plan of the municipality.

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

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

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

**CFO** – Chief Financial Officer

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

**DWAF** – Department of Water Affairs

**EPWP** – Expanded Public Works Program

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

**FMG** – Financial Management Grant

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

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

**MSCOA** – Municipal Standard Chart of Accounts

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

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

**LED** – Local Economic Development

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

**MIG** – Municipal Infrastructure Grant

**MSIG** – Municipal Systems Improvement Grant

**WSIG** – Water services Infrastructure Grant

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

**MWIG** – Municipal Water Infrastructure Grant

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

**R & M** – Repairs and Maintenance

**SCM** - Supply Chain Management

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

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

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

**Virement** – transfer of budget

**ZDM** – Zululand District Municipality

## **PART 1 – IN-YEAR REPORT**

### **1.1. MAYORS REPORT**

To be attached

### **1.2. COUNCIL RESOLUTION**

The Monthly budget statement review be noted.

### **1.3. EXECUTIVE SUMMARY**

#### **BUDGET PERFORMANCE ANALYSIS AS AT THE END OF QUARTER TWO**

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

#### **Summary Statement of Financial Performance**

	<b>APPROVED BUDGET</b>	<b>YTD ACTUAL</b>
Total Revenue By Source (Excluding Capital Transfers)	688 934 986	459 517 809
Total Operating Expenditure	626 160 559	358 467 569
<b>Surplus/(Deficit)</b>	<b>62 774 427</b>	<b>101 050 240</b>

#### **Operating Revenue Performance**

Total operating revenue generated by the Municipality as at **31 December 2022** is **R459.5 million** which is **67%** of the total operating revenue budget, the year-to-date budget is **R344.4 million** which is below year-to date actual, a variance of **R115.05 million** or **33%** is observed, this variance is a result of equitable share which is not received monthly but in trenches, three times a year as per approved transfer schedule. Operating revenue comprises of equitable share and other operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Operating revenue is explained by source in Section 1.4 Operating Revenue Performance.

The Municipality is largely dependent on government grants and partly service charges for its operations. Service charges revenue recognized from trading services is only **R27.5 million** which is **6%** of the total generated operating revenue. No amount has been recognized relating to the proposed flat rate of **R50**.

## Operating Expenditure Performance

Total Operating Expenditure as at **31 December 2022** is **R358.4 million** which is **57%** of the total operating expenditure budget, the year-to-date budget is **R314.2 million** which is below year-to-date actual, a variance of **R44.2 million** or **14%** is observed, there are line items such as inventory and debt impairment has either slow or no movement in previous months, on the other hand other expenditure is moving almost twice the year to date budget. Operating expenditure is explained by source in Section 1.5 Operating Expenditure Performance.

## Capital Expenditure and Funding

### Summary Statement of Capital Expenditure and Funding

	APPROVED BUDGET	YTD ACTUAL
Total Capital Expenditure	332 161 738	145 107 248
Total Capital Financing	332 161 738	145 107 248

Total Capital Expenditure as at **31 December 2022** is **R145.1 million** which is **44%** of the capital budget, the year-to-date budget is **R167.01 million** which is above year-to-date actual, a variance of **R21.9 million** or **13%** is observed. This may indicate that capital grants are not spent in a required pace. Capital expenditure is explained by source in Section 1.6 Capital Expenditure and Funding.

### Major Variances between actuals and year to date budget`

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

On Revenue there seem to be major variances between year-to-date budget and year to date actual, these variances are on interest on investments, Service charges, Fines, Penalties and forfeits, transfers and subsidies and other revenue. The variance on service charges, this is due to the delay in flat rate implementation, investment is low due to prioritization of payments of liabilities, transfers and subsidies variance is a result of grants which are not received monthly but in trenches as per approved transfer schedule.

Major variances on expenditure are on inventory consumed, debt impairment and other expenditure.

## 1.4. OPERATING REVENUE PERFORMANCE

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

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates								-		
Service charges - electricity revenue								-		
Service charges - water revenue		38 486	68 000	68 000	2 993	19 911	34 000	(14 089)	-41%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 169	7 683	6 250	1 433	23%	12 500
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	183	17	105	92	13	14%	183
Interest earned - external investments		3 705	6 000	6 000	24	1 487	3 000	(1 513)	-50%	6 000
Interest earned - outstanding debtors		288	85	85	21	94	42	52	122%	85
Dividends received								-		
Fines, penalties and forfeits		209	150	150	3	31	75	(44)	-59%	150
Licences and permits		-	-	-	1	25	-	25	#DIV/0!	-
Agency services								-		
Transfers and subsidies		537 979	601 306	601 306	198 549	429 571	300 653	128 918	43%	601 306
Other revenue		1 085	711	711	212	612	355	257	72%	711
Gains		40	-	-	-	-	-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>594 501</b>	<b>688 935</b>	<b>688 935</b>	<b>202 989</b>	<b>459 518</b>	<b>344 467</b>	<b>115 050</b>	<b>33%</b>	<b>688 935</b>

The year-to-date actual indicates operating revenue of **R459.5 million** for **six months**, the year-to-date budget is **R344.4 million**. A variance of **R115.05 million** or **33%** is observed. The total revenue to-date represents **67%** of the operating revenue budget. Included in operating revenue is an amount of revenue recognized on operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR).

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

### Service charges – Water revenue

This is the amounts billed on customers for water used, the year-to-date actual is **R19.9 million**, which is below year-to-date budget of **R34 million**. A variance of **R14.08 million** or **41%** is observed. No amount has been recognized relating to the proposed flat rate of **R50 to date**, this is causing under billing of the variance mentioned above.

The municipality may have to adjust downward revenue projection in the adjustment budget. The municipality must fast track the billing of **R50** flat rate to ensure that the budget target is met.

### Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is **R7.6 million** which is above year to date budget of **R6.2 million**. A variance of **R1.4 million** or **23%** is observed.

The billing is above the target, the municipality may have to adjust upwards in the adjustment budget.

### **Rent of facilities**

Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual is **R105 thousand** which is above year-to-date budget of **R92 thousand**. A variance of **R13 thousand** or **14%** is observed.

The billing is above the target, the municipality may have to adjust upwards in the adjustment budget.

### **Interest on investment**

Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is **R1.4 million**, which is below year-to-date budget of **R3 million**. A variance of **R1.5 million** or **50%** is observed, Investment is low due to prioritization of payments of liabilities.

The interest on investment is below target, the municipality may have to revise its investment strategy to ensure budget target is met or may have to adjust downwards in the adjustment budget.

### **Interest earned - outstanding debtors**

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is **R94 thousand**, which is above to year-to-date budget of **R42 thousand**. variance of **R52 thousand** or **122%** is observed. This is due to low collection rate on businesses which are charged interest as per the municipal policy.

Interest earned on outstanding debtors is above target, the municipality must improve collection to ensure less consumers are charged interest. The municipality may have to adjust upwards in the adjustment budget.

### **Fines, penalties and forfeits**

Fines, penalties and forfeits are mainly amounts charged on illegal connections, the year-to-date actual is **R31 thousand**, which is below the year-to-date budget of **R75 thousand**. A variance of **R44 thousand** or **59%** is observed. This is a positive indication that less consumers are illegally connected.

Municipality must keep up disconnection of illegal connections. The municipality may have to adjust downwards in the adjustment budget.



### **Licences and permits**

This amount is for health certificates issued, the year-to-date actual is **R25 thousand**, the year-to-date budget is **R0 thousand**. A variance of **R25 thousand** or is observed.

There was no allocated budget in this revenue stream, the budget will be allocated in the adjustment budget.

### **Transfers and subsidies**

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

Transfers and subsidies year to date actual is **R429.5 million**, which is above year-to-date budget of **R300.6 million**. A variance of **R128.9 million** or **43%** is observed.

This variance is mainly a result of equitable share which is not received monthly but in trenches three times a year as per approved transfer schedule.

Transfers and subsidies depend on the transfer schedule and cannot be benchmarked against the year-to-date budget.

### **Other revenue**

Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual is **R612 thousand**, which is above year-to-date budget of **R355 thousand**. A variance of **R257 thousand** or **72%** is observed.

The other revenue depends on the sale of tender documents and skills development levy refund which are seasonal and cannot be benchmarked against the year-to-date budget.

## 1.5. OPERATING EXPENDITURE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Expenditure By Type</b>										
Employee related costs		263 669	268 152	268 152	23 166	136 117	134 077	2 040	2%	268 152
Remuneration of councillors		8 616	8 771	8 771	722	4 530	4 385	144	3%	8 771
Debt impairment		20 001	14 000	14 000	-	-	7 000	(7 000)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	14 252	47 585	40 000	7 585	19%	80 000
Finance charges		399	-	88	-	88	22	66	300%	88
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		22 023	33 320	25 675	631	9 947	15 833	(5 887)	-37%	25 675
Contracted services		318 040	106 388	124 878	30 930	73 358	58 137	15 221	26%	124 878
Transfers and subsidies		11 295	3 070	4 228	2 000	2 504	1 169	1 335	114%	4 228
Other expenditure		131 178	112 460	103 442	21 471	84 339	53 578	30 761	57%	103 442
Losses		2 627	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>878 966</b>	<b>626 161</b>	<b>629 234</b>	<b>93 172</b>	<b>358 468</b>	<b>314 202</b>	<b>44 266</b>	<b>14%</b>	<b>629 234</b>

The year-to-date actual indicates spending of **R358.4 million** for **six months**, which is above the year-to-date budget of **R314.2 million**, a variance of **R44.2 million** or **14%** is observed. The total expenditure to-date represents **57%** of the approved operational budget.

### Employee Related Costs

Employee related costs year to date actual is **R136.1 million**, which is above the year-to-date budget of **R134.07 million**, a variance of **R2 million** or **2%** is observed. Employee related cost is a little bit above year-to-date budget, this variance is caused by overtime, standby allowance, acting allowance and long service bonus.

The above variance is not major therefore does not warrant remedy.

### Remuneration of Councillors

Remuneration of Councillors year to date actual is **R4.5 million**, which is above the year-to-date budget of **R4.3 million**, a variance of **R144 thousand** or **3%** is observed. The upper limits have been effected therefore the municipality back paid councillors.

The revised budget allocation is recommended in the next adjustment budget.

### Debt impairment

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

Municipality calculate debt impairment once at year end.

### Depreciation

This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is **R47 million**, which is above year-to-date budget of **R40 million**. A variance of **R7.5 million** or **19%** is observed.

The revised budget allocation is recommended in the next adjustment budget.

### **Bulk purchases - electricity**

The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity. The purchase of electricity is under section other expenditure below.

### **Inventory Consumed**

Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable stores (cleaning materials, stationery, water stock and materials and supplies), the year-to-date actual is **R9.9 million**, which is below the year-to-date budget of **R15.8 million**, a variance of **R5.8 million** or **37%** is observed. The variance may be caused by non-payments of bulk water and late capturing of requisition.

It is recommended that the municipality record all expenditure relating to bulk water and consumable stores in time.

### **Contracted services**

Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is **R73.3 million** which is above the year-to-date budget of **R58.1 million**, a variance of **R15.2 million** or **10%** is observed.

The municipality need to review SLA and reconcile it with the budget for contracted services and adjust in the next adjustment if need be.

### **Transfers and subsidies paid**

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual is **R2.5 million**, which is below the year-to-date budget of **R1.1 million**, a variance of **R1.3 million** or **114%** is observed.

This expenditure item is seasonal therefore expenditure cannot be benchmarked on a straight-line method.

### **Other expenditure**

Other expenditure year to date actual is **R84.3 million**, which is above the year-to-date budget of **R53.5 million**, a variance of **R30.7 million** or **57%** is observed. Other expenditure includes monthly cost of electricity for water supply plants and other seasonal/once off expenditure items.

It is recommended that the municipality monitor closely this expenditure item and implement strategies to reduce costs.

## Operating Grants Expenditure Performance as at end of quarter two

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

<b>CONDITIONAL OPERATING GRANTS EXPENDITURE</b>	<b>APPROVED BUDGET</b>	<b>YTD ACTUAL</b>
Finance Management grant	1 200 000	224 960
EPWP Incentive	8 517 000	8 517 000
Art centre Subsisies (Indonsa Grant)	1 911 000	1 062 824
Aviation Strategy	500 000	-
Municipal Systems Improvement Grant	2 787 000	-
<b>Total Operating Grant Expenditure</b>	<b>14 915 000</b>	<b>9 804 783</b>

# Summary of Revenue and Operational Expenditure Performance

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

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates										
Service charges - electricity revenue										
Service charges - water revenue		38 486	68 000	68 000	2 993	19 911	34 000	(14 089)	-41%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 169	7 683	6 250	1 433	23%	12 500
Service charges - refuse revenue										
Rental of facilities and equipment		195	183	183	17	105	92	13	14%	183
Interest earned - external investments		3 705	6 000	6 000	24	1 487	3 000	(1 513)	-50%	6 000
Interest earned - outstanding debtors		288	85	85	21	94	42	52	122%	85
Dividends received										
Fines, penalties and forfeits		209	150	150	3	31	75	(44)	-59%	150
Licences and permits		-	-	-	1	25	-	25	#DIV/0!	-
Agency services										
Transfers and subsidies		537 979	601 306	601 306	198 549	429 571	300 653	128 918	43%	601 306
Other revenue		1 085	711	711	212	612	355	257	72%	711
Gains		40	-	-	-	-	-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>594 501</b>	<b>688 935</b>	<b>688 935</b>	<b>202 989</b>	<b>459 518</b>	<b>344 467</b>	<b>115 050</b>	<b>33%</b>	<b>688 935</b>
<b>Expenditure By Type</b>										
Employee related costs		263 669	268 152	268 152	23 166	136 117	134 077	2 040	2%	268 152
Remuneration of councillors		8 616	8 771	8 771	722	4 530	4 385	144	3%	8 771
Debt impairment		20 001	14 000	14 000	-	-	7 000	(7 000)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	14 252	47 585	40 000	7 585	19%	80 000
Finance charges		399	-	88	-	88	22	66	300%	88
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		22 023	33 320	25 675	631	9 947	15 833	(5 887)	-37%	25 675
Contracted services		318 040	106 388	124 878	30 930	73 358	58 137	15 221	26%	124 878
Transfers and subsidies		11 295	3 070	4 228	2 000	2 504	1 169	1 335	114%	4 228
Other expenditure		131 178	112 460	103 442	21 471	84 339	53 578	30 761	57%	103 442
Losses		2 627	-	-	-	-	-	-		-
<b>Total Expenditure</b>		<b>878 966</b>	<b>626 161</b>	<b>629 234</b>	<b>93 172</b>	<b>358 468</b>	<b>314 202</b>	<b>44 266</b>	<b>14%</b>	<b>629 234</b>
<b>Surplus/(Deficit)</b>		<b>(284 466)</b>	<b>62 774</b>	<b>59 701</b>	<b>109 817</b>	<b>101 050</b>	<b>30 265</b>	<b>70 785</b>	<b>0</b>	<b>59 701</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	372 306	51 825	159 407	186 153	(26 746)	(0)	372 306
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)										
Transfers and subsidies - capital (in-kind - all)		24 307	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>			<b>432 007</b>
Taxation										
<b>Surplus/(Deficit) after taxation</b>		<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>			<b>432 007</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>			<b>432 007</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>			<b>432 007</b>

## 1.6. CAPITAL EXPENDITURE AND FUNDING AS AT END OF QUARTER TWO

The Capital Expenditure Report reflected has been prepared based on the format required by National Treasury and is categorized by municipal vote. The capital expenditure is funded from Government Grants and internally Generated Funds

The summary report indicates the following: -

	APPROVED BUDGET	YTD ACTUAL
Total Capital Expenditure	332 161 738	145 107 248
Total Capital Financing	332 161 738	145 107 248

The capital expenditure amounts to **R145.1 million** which is **44%** of the capital budget, after a period of **six months**.

CAPITAL EXPENDITURE BY SOURCE EXCLUSIVE OF VAT	APPROVED BUDGET	YTD ACTUAL
Municipal Infrastructure Grant (MIG)	225 678 261	96 205 587
Regional Bulk Infrastructure (RBIG)	13 258 261	13 550 558
Water services infrastructure Grant (WSIG)	82 608 696	28 908 806
Rural Roads Asset Managemnt Systems Grant	2 199 130	-
Kwamajomela Manuafacturing Centre Grant	1 641 817	1 302 978
Indonsa Grant	26 087	-
Other Assets	8 391 303	5 139 319
<b>Total Operating Expenditure</b>	<b>333 803 555</b>	<b>145 107 248</b>

No expenditure on RRAMS to date.

### Capital Grant Expenditure as per MFMA circular no. 58

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

CAPITAL GRANTS EXPENDITURE (INCLUDING VAT AS PER MFMA CIRCULAR NO. 58)	APPROVED BUDGET	YTD ACTUAL
Municipal Infrastructure Grant (MIG)	259 530 000	109 709 257
Regional Bulk Infrastructure (RBIG)	15 247 000	15 177 775
Water services infrastructure Grant (WSIG)	95 000 000	33 021 689
Rural Roads Asset Managemnt Systems Grant	2 529 000	-
Kwamajomela Manuafacturing Centre Grant	1 641 817	1 498 424
Indonsa Grant	26 087	-
<b>Total Capital Grant Expenditure</b>	<b>373 973 904</b>	<b>159 407 146</b>

Overall capital grant expenditure is sitting at **43%** of the approved capital budget, **MIG** is sitting at **42%**, **RBIG** at **100%**, **WSIG** at **35%**, **RAMS** at **0%**, **KwaMajomela Manufacturing Centre** at **91%** and **Indonsa Art Centre** at **0%**.

# Capital budget summary

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

Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Council		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Council		6 594	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		3 746	3 261	3 318	24	89	1 652	(1 563)	-95%	3 318
Vote 03 - Finance		2 918	478	478	-	20	239	(219)	-92%	478
Vote 04 - Community Development		7 451	26	2 657	582	2 525	841	1 684	200%	2 657
Vote 05 - Planning & Wsa		464 144	327 657	328 299	45 578	142 302	163 916	(21 613)	-13%	328 299
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	348	548	172	172	224	(52)	-23%	548
Vote 08 - Water Distribution		-	391	191	-	-	146	(146)	-100%	191
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	484 853	332 162	335 492	46 356	145 107	167 017	(21 909)	-13%	335 492
<b>Total Capital Expenditure</b>		484 853	332 162	335 492	46 356	145 107	167 017	(21 909)	-13%	335 492
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		13 258	3 652	3 709	24	109	1 847	(1 739)	-94%	3 709
Executive and council		6 594	-	-	-	-	-	-	-	-
Finance and administration		6 664	3 652	3 709	24	109	1 847	(1 739)	-94%	3 709
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		485	70	1 273	582	1 222	387	835	216%	1 273
Community and social services		485	70	1 273	582	1 222	387	835	216%	1 273
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		6 965	6 112	7 515	-	4 940	3 524	1 417	40%	7 515
Planning and development		6 965	6 112	7 515	-	4 940	3 524	1 417	40%	7 515
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		464 144	322 284	322 951	45 749	138 837	161 237	(22 401)	-14%	322 951
Energy sources		-	-	-	-	-	-	-	-	-
Water management		464 144	322 284	322 951	45 749	138 837	161 237	(22 401)	-14%	322 951
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	43	43	-	-	22	(22)	-100%	43
<b>Total Capital Expenditure - Functional Classification</b>	3	484 853	332 162	335 492	46 356	145 107	167 017	(21 909)	-13%	335 492
<b>Funded by:</b>										
National Government		464 144	323 744	324 386	45 578	138 665	161 959	(23 294)	-14%	324 386
Provincial Government		7 451	26	1 428	-	1 303	480	823	171%	1 428
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		471 595	323 770	325 814	45 578	139 968	162 439	(22 471)	-14%	325 814
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		13 258	8 391	9 678	778	5 139	4 577	562	12%	9 678
<b>Total Capital Funding</b>		484 853	332 162	335 492	46 356	145 107	167 017	(21 909)	-13%	335 492



## 1.7. IN-YEAR BUDGET TABLES

The following part of in-year reporting presented below focuses on monthly budget statement tables as required in terms of regulation 28 of the Municipal Budget and Reporting Regulations. These tables clearly outline the municipality's 2022/2023 budget, actual financial performance, actual capital expenditure, actual financial position, and actual cashflow as implemented by the accounting officer in terms of S62 of the MFMA.

Below are tables as per Schedule C for **the period being reported**.

# MBRR Table C1 – Monthly Budget Statement Summary

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

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	–	–	–	–	–	–	–	–	–
Service charges	50 999	80 500	80 500	4 161	27 594	40 250	(12 656)	-31%	80 500
Investment revenue	3 705	6 000	6 000	24	1 487	3 000	(1 513)	-50%	6 000
Transfers and subsidies	537 979	601 306	601 306	198 549	429 571	300 653	128 918	43%	601 306
Other own revenue	1 817	1 129	1 129	254	866	564	302	53%	1 129
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>594 501</b>	<b>688 935</b>	<b>688 935</b>	<b>202 989</b>	<b>459 518</b>	<b>344 467</b>	<b>115 050</b>	<b>33%</b>	<b>688 935</b>
Employee costs	263 669	268 152	268 152	23 166	136 117	134 077	2 040	2%	268 152
Remuneration of Councillors	8 616	8 771	8 771	722	4 530	4 385	144	3%	8 771
Depreciation & asset impairment	101 119	80 000	80 000	14 252	47 585	40 000	7 585	19%	80 000
Finance charges	399	–	88	–	88	22	66	300%	88
Inventory consumed and bulk purchases	22 023	33 320	22 675	631	9 947	15 833	(5 887)	-37%	22 675
Transfers and subsidies	11 295	3 070	4 228	2 000	2 504	1 169	1 335	114%	4 228
Other expenditure	471 845	232 848	245 320	52 401	157 697	118 715	38 982	33%	245 320
<b>Total Expenditure</b>	<b>878 966</b>	<b>626 161</b>	<b>629 234</b>	<b>93 172</b>	<b>358 468</b>	<b>314 202</b>	<b>44 266</b>	<b>14%</b>	<b>629 234</b>
<b>Surplus/(Deficit)</b>	<b>(284 466)</b>	<b>62 774</b>	<b>59 701</b>	<b>109 817</b>	<b>101 050</b>	<b>30 265</b>	<b>70 785</b>	<b>234%</b>	<b>59 701</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	611 248	372 306	372 306	51 825	159 407	186 153	### ### ..	-14%	372 306
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)	24 307	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>	<b>44 039</b>	<b>20%</b>	<b>432 007</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>	<b>44 039</b>	<b>20%</b>	<b>432 007</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>484 853</b>	<b>332 162</b>	<b>335 492</b>	<b>46 356</b>	<b>145 107</b>	<b>167 017</b>	<b>(21 909)</b>	<b>-13%</b>	<b>335 492</b>
Capital transfers recognised	471 595	323 770	325 814	45 578	139 968	162 439	(22 471)	-14%	325 814
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	13 258	8 391	9 678	778	5 139	4 577	562	12%	9 678
<b>Total sources of capital funds</b>	<b>484 853</b>	<b>332 162</b>	<b>335 492</b>	<b>46 356</b>	<b>145 107</b>	<b>167 017</b>	<b>(21 909)</b>	<b>-13%</b>	<b>335 492</b>
<b>Financial position</b>									
Total current assets	1 446 071	338 914	338 914		187 734				338 914
Total non current assets	4 601 310	4 188 965	4 192 295		4 698 835				4 192 295
Total current liabilities	355 836	224 332	224 332		269 971				224 332
Total non current liabilities	42 112	33 904	33 904		41 810				33 904
Community wealth/Equity	<b>4 378 271</b>	<b>3 834 563</b>	<b>3 834 563</b>		<b>4 575 798</b>				<b>3 834 563</b>
<b>Cash flows</b>									
Net cash from (used) operating	466 705	549 645	549 645	383 948	429 278	274 822	(154 456)	-56%	549 645
Net cash from (used) investing	(505 782)	(332 162)	(332 162)	(46 356)	(145 107)	(166 081)	(20 974)	13%	(332 162)
Net cash from (used) financing	–	–	–	(86)	(432)	–	432	#DIV/0!	–
<b>Cash/cash equivalents at the month/year end</b>	<b>(19 019)</b>	<b>290 159</b>	<b>290 159</b>	<b>–</b>	<b>234 449</b>	<b>181 418</b>	<b>(53 031)</b>	<b>-29%</b>	<b>168 193</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	5 105	5 777	4 217	3 954	3 389	3 199	22 850	144 540	193 030
<b>Creditors Age Analysis</b>									
Total Creditors	17 750	6 502	1 526	–	–	–	–	–	25 779

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

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		530 987	594 535	594 535	194 957	425 744	297 267	128 476	43%	594 535
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration	530 987	530 987	594 535	594 535	194 957	425 744	297 267	128 476	43%	594 535
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		2 011	2 011	2 011	14	92	1 005	(914)	-91%	2 011
Community and social services		2 011	1 911	1 911	13	77	956	(878)	-92%	1 911
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	100	100	1	15	50	(35)	-70%	100
<i><b>Economic and environmental services</b></i>		9 606	5 316	5 316	-	1 498	2 658	(1 160)	-44%	5 316
Planning and development		9 606	5 316	5 316	-	1 498	2 658	(1 160)	-44%	5 316
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		686 941	458 879	458 879	59 843	191 591	229 439	(37 848)	-16%	458 879
Energy sources		-	-	-	-	-	-	-	-	-
Water management		674 336	446 379	446 379	58 672	183 877	223 189	(39 312)	-18%	446 379
Waste water management		12 605	12 500	12 500	1 171	7 714	6 250	1 464	23%	12 500
Waste management		-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>	4	511	500	500	-	-	250	(250)	-100%	500
<b>Total Revenue - Functional</b>	2	1 230 055	1 061 241	1 061 241	254 814	618 925	530 620	88 305	17%	1 061 241
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		255 470	225 404	229 250	29 150	130 395	114 210	16 185	14%	229 250
Executive and council		61 104	47 846	53 025	8 771	36 212	25 689	10 523	41%	53 025
Finance and administration		194 366	177 558	176 225	20 379	94 183	88 520	5 663	6%	176 225
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		24 796	25 580	26 485	2 129	13 752	13 104	647	5%	26 485
Community and social services		13 211	13 202	14 107	1 020	7 336	6 915	421	6%	14 107
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		11 586	12 378	12 378	1 109	6 416	6 189	227	4%	12 378
<i><b>Economic and environmental services</b></i>		24 502	23 962	24 647	2 994	9 925	11 901	(1 976)	-17%	24 647
Planning and development		24 502	23 962	24 647	2 994	9 925	11 901	(1 976)	-17%	24 647
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		566 315	337 266	335 829	58 410	199 900	168 154	31 746	19%	335 829
Energy sources		-	-	-	-	-	-	-	-	-
Water management		558 489	332 231	330 794	57 840	196 987	165 637	31 351	19%	330 794
Waste water management		7 826	5 035	5 035	570	2 913	2 517	395	16%	5 035
Waste management		-	-	-	-	-	-	-	-	-
<i><b>Other</b></i>		7 882	13 948	13 023	489	4 496	6 832	(2 337)	-34%	13 023
<b>Total Expenditure - Functional</b>	3	878 966	626 161	629 234	93 172	358 468	314 202	44 266	14%	629 234
<b>Surplus/ (Deficit) for the year</b>		351 089	435 080	432 007	161 642	260 457	216 418	44 039	20%	432 007

**MBRR Table C2 – Monthly Budget Statement Financial Performance (revenue and expenditure by functional classification)**

Table C2 is a view of the actual financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional and the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on table C4.

**DC26 Zululand - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December**

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 01 - Council		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		448	850	850	38	74	425	(351)	-82.6%	850
Vote 03 - Finance		530 539	594 185	594 185	194 919	425 670	297 092	128 577	43.3%	594 185
Vote 04 - Community Development		10 481	2 011	2 011	14	1 590	1 005	585	58.2%	2 011
Vote 05 - Planning & Wsa		603 289	383 610	383 610	55 658	163 872	191 805	(27 933)	-14.6%	383 610
Vote 06 - Technical Services		9 612	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		63 082	68 085	68 085	3 014	20 005	34 042	(14 037)	-41.2%	68 085
Vote 09 - Waste Water		12 605	12 500	12 500	1 171	7 714	6 250	1 464	23.4%	12 500
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - ,		-	-	-	-	-	-	-	-	-
Vote 13 - ,		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>1 230 055</b>	<b>1 061 241</b>	<b>1 061 241</b>	<b>254 814</b>	<b>618 925</b>	<b>530 620</b>	<b>88 305</b>	<b>16.6%</b>	<b>1 061 241</b>
<b>Expenditure by Vote</b>	1									
Vote 01 - Council		61 104	47 846	53 025	8 771	36 212	25 689	10 523	41.0%	53 025
Vote 02 - Corporate Services		124 394	98 375	97 030	10 703	55 956	48 945	7 011	14.3%	97 030
Vote 03 - Finance		70 809	79 473	80 102	7 440	31 476	39 917	(8 441)	-21.1%	80 102
Vote 04 - Community Development		43 410	49 413	49 437	7 024	30 265	24 588	5 677	23.1%	49 437
Vote 05 - Planning & Wsa		62 982	23 285	23 310	1 669	9 846	11 657	(1 811)	-15.5%	23 310
Vote 06 - Technical Services		29 532	5 992	6 112	798	4 482	3 031	1 451	47.9%	6 112
Vote 07 - Water Purification		48 620	36 762	36 762	4 375	25 724	18 381	7 343	39.9%	36 762
Vote 08 - Water Distribution		430 289	279 979	278 421	51 821	161 594	139 476	22 118	15.9%	278 421
Vote 09 - Waste Water		7 826	5 035	5 035	570	2 913	2 517	395	15.7%	5 035
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - ,		-	-	-	-	-	-	-	-	-
Vote 13 - ,		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>878 966</b>	<b>626 161</b>	<b>629 234</b>	<b>93 172</b>	<b>358 468</b>	<b>314 202</b>	<b>44 266</b>	<b>14.1%</b>	<b>629 234</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>	<b>44 039</b>	<b>20.3%</b>	<b>432 007</b>

**MBRR Table C3 - Monthly Budget Statement Financial Performance (revenue and expenditure by municipal vote)**

Table C3 is a view of the actual financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

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

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates							-			
Service charges - electricity revenue							-			
Service charges - water revenue		38 486	68 000	68 000	2 993	19 911	34 000	(14 089)	-41%	68 000
Service charges - sanitation revenue		12 513	12 500	12 500	1 169	7 683	6 250	1 433	23%	12 500
Service charges - refuse revenue								-		
Rental of facilities and equipment		195	183	183	17	105	92	13	14%	183
Interest earned - external investments		3 705	6 000	6 000	24	1 487	3 000	(1 513)	-50%	6 000
Interest earned - outstanding debtors		288	85	85	21	94	42	52	122%	85
Dividends received								-		
Fines, penalties and forfeits		209	150	150	3	31	75	(44)	-59%	150
Licences and permits		-	-	-	1	25	-	25	#DIV/0!	-
Agency services								-		
Transfers and subsidies		537 979	601 306	601 306	198 549	429 571	300 653	128 918	43%	601 306
Other revenue		1 085	711	711	212	612	355	257	72%	711
Gains		40	-	-	-	-	-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>594 501</b>	<b>688 935</b>	<b>688 935</b>	<b>202 989</b>	<b>459 518</b>	<b>344 467</b>	<b>115 050</b>	<b>33%</b>	<b>688 935</b>
<b>Expenditure By Type</b>										
Employee related costs		263 669	268 152	268 152	23 166	136 117	134 077	2 040	2%	268 152
Remuneration of councillors		8 616	8 771	8 771	722	4 530	4 385	144	3%	8 771
Debt impairment		20 001	14 000	14 000	-	-	7 000	(7 000)	-100%	14 000
Depreciation & asset impairment		101 119	80 000	80 000	14 252	47 585	40 000	7 585	19%	80 000
Finance charges		399	-	88	-	88	22	66	300%	88
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		22 023	33 320	25 675	631	9 947	15 833	(5 887)	-37%	25 675
Contracted services		318 040	106 388	124 878	30 930	73 358	58 137	15 221	26%	124 878
Transfers and subsidies		11 295	3 070	4 228	2 000	2 504	1 169	1 335	114%	4 228
Other expenditure		131 178	112 460	103 442	21 471	84 339	53 578	30 761	57%	103 442
Losses		2 627	-	-	-	-	-	-		-
<b>Total Expenditure</b>		<b>878 966</b>	<b>626 161</b>	<b>629 234</b>	<b>93 172</b>	<b>358 468</b>	<b>314 202</b>	<b>44 266</b>	<b>14%</b>	<b>629 234</b>
<b>Surplus/(Deficit)</b>		<b>(284 466)</b>	<b>62 774</b>	<b>59 701</b>	<b>109 817</b>	<b>101 050</b>	<b>30 265</b>	<b>70 785</b>	<b>0</b>	<b>59 701</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		611 248	372 306	372 306	51 825	159 407	186 153	(26 746)	(0)	372 306
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)								-		
Transfers and subsidies - capital (in-kind - all)		24 307	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>			<b>432 007</b>
Taxation								-		
<b>Surplus/(Deficit) after taxation</b>		<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>			<b>432 007</b>
Attributable to minorities										
<b>Surplus/(Deficit) attributable to municipality</b>		<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>			<b>432 007</b>
Share of surplus/ (deficit) of associate										
<b>Surplus/ (Deficit) for the year</b>		<b>351 089</b>	<b>435 080</b>	<b>432 007</b>	<b>161 642</b>	<b>260 457</b>	<b>216 418</b>			<b>432 007</b>

**MBRR Table C4 - Monthly Budget Statement Financial Performance (revenue and expenditure by source)**

Table C4 indicates the actual revenue and expenditure by source, and the calculated surplus which will be used to fund Capital Expenditure on table C5.

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

Vote Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 01 - Council		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	-	-	-	-	-	-	-	-
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Council		6 594	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		3 746	3 261	3 318	24	89	1 652	(1 563)	-95%	3 318
Vote 03 - Finance		2 918	478	478	-	20	239	(219)	-92%	478
Vote 04 - Community Development		7 451	26	2 657	582	2 525	841	1 684	200%	2 657
Vote 05 - Planning & Wsa		464 144	327 657	328 299	45 578	142 302	163 916	(21 613)	-13%	328 299
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	348	548	172	172	224	(52)	-23%	548
Vote 08 - Water Distribution		-	391	191	-	-	146	(146)	-100%	191
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	484 853	332 162	335 492	46 356	145 107	167 017	(21 909)	-13%	335 492
<b>Total Capital Expenditure</b>		484 853	332 162	335 492	46 356	145 107	167 017	(21 909)	-13%	335 492
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		13 258	3 652	3 709	24	109	1 847	(1 739)	-94%	3 709
Executive and council		6 594	-	-	-	-	-	-	-	-
Finance and administration		6 664	3 652	3 709	24	109	1 847	(1 739)	-94%	3 709
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		485	70	1 273	582	1 222	387	835	216%	1 273
Community and social services		485	70	1 273	582	1 222	387	835	216%	1 273
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		6 965	6 112	7 515	-	4 940	3 524	1 417	40%	7 515
Planning and development		6 965	6 112	7 515	-	4 940	3 524	1 417	40%	7 515
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		464 144	322 284	322 951	45 749	138 837	161 237	(22 401)	-14%	322 951
Energy sources		-	-	-	-	-	-	-	-	-
Water management		464 144	322 284	322 951	45 749	138 837	161 237	(22 401)	-14%	322 951
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	43	43	-	-	22	(22)	-100%	43
<b>Total Capital Expenditure - Functional Classification</b>	3	484 853	332 162	335 492	46 356	145 107	167 017	(21 909)	-13%	335 492
<b>Funded by:</b>										
National Government		464 144	323 744	324 386	45 578	138 665	161 959	(23 294)	-14%	324 386
Provincial Government		7 451	26	1 428	-	1 303	480	823	171%	1 428
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		471 595	323 770	325 814	45 578	139 968	162 439	(22 471)	-14%	325 814
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		13 258	8 391	9 678	778	5 139	4 577	562	12%	9 678
<b>Total Capital Funding</b>		484 853	332 162	335 492	46 356	145 107	167 017	(21 909)	-13%	335 492

**MBRR Table C5 - Monthly Budget Statement Capital Expenditure by vote, functional classification and funding source**

Table C5 indicates Actual capital Expenditure by Municipal Vote and functional classification, the budgeted amount is funded from grants and own funds, the funding is taken from table B4 surplus.

**DC26 Zululand - Table C6 Monthly Budget Statement - Financial Position - M06 December**

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		1 809 057	240 335	240 335	(24 346)	240 335
Call investment deposits		(480 000)	–	–	100 000	–
Consumer debtors		32 918	67 333	67 333	49 251	67 333
Other debtors		81 540	28 773	28 773	59 981	28 773
Current portion of long-term receivables		–	–	–	–	–
Inventory		2 556	2 473	2 473	2 848	2 473
<b>Total current assets</b>		<b>1 446 071</b>	<b>338 914</b>	<b>338 914</b>	<b>187 734</b>	<b>338 914</b>
<b>Non current assets</b>						
Long-term receivables		–	–	–	–	–
Investments						
Investment property						
Investments in Associate						
Property, plant and equipment		4 593 488	4 188 952	4 192 282	4 691 016	4 192 282
Biological						
Intangible		15	13	13	12	13
Other non-current assets		7 807	–	–	7 807	–
<b>Total non current assets</b>		<b>4 601 310</b>	<b>4 188 965</b>	<b>4 192 295</b>	<b>4 698 835</b>	<b>4 192 295</b>
<b>TOTAL ASSETS</b>		<b>6 047 381</b>	<b>4 527 879</b>	<b>4 531 209</b>	<b>4 886 569</b>	<b>4 531 209</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		902	–	–	470	–
Consumer deposits		3 621	3 633	3 633	3 618	3 633
Trade and other payables		348 935	218 944	218 944	263 505	218 944
Provisions		2 378	1 755	1 755	2 378	1 755
<b>Total current liabilities</b>		<b>355 836</b>	<b>224 332</b>	<b>224 332</b>	<b>269 971</b>	<b>224 332</b>
<b>Non current liabilities</b>						
Borrowing		1 092	–	–	1 092	–
Provisions		41 020	33 904	33 904	40 718	33 904
<b>Total non current liabilities</b>		<b>42 112</b>	<b>33 904</b>	<b>33 904</b>	<b>41 810</b>	<b>33 904</b>
<b>TOTAL LIABILITIES</b>		<b>397 948</b>	<b>258 236</b>	<b>258 236</b>	<b>311 781</b>	<b>258 236</b>
<b>NET ASSETS</b>	2	<b>5 649 433</b>	<b>4 269 643</b>	<b>4 272 973</b>	<b>4 574 788</b>	<b>4 272 973</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		4 378 271	3 834 563	3 834 563	4 575 798	3 834 563
Reserves		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4 378 271</b>	<b>3 834 563</b>	<b>3 834 563</b>	<b>4 575 798</b>	<b>3 834 563</b>

**MBRR Table C6 - Monthly Budget Statement Financial Position**

Table A6 is consistent with international standards of good financial management practice and improves the understanding ability of Councilors and management of the impact of the budget on the statement of financial position (balance sheet).

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

## **CURRENT ASSETS**

### **Cash**

Cashbook balance as at 31 December 2022 indicate bank overdraft of **R24.3 million**

### **Call Investments Deposits**

Call investments as at 31 December 2022 is **R100 million**

### **Consumer debtors**

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R49.2 million**. Debtors age analysis as per section 2.1 debtors' analysis is **R193 million**. Consumer debtors amounts to **R187.7 million** and the balance of **R5.2 million** is for shared services casted in Other Debtors.

Gross Consumer debtors	R187.7 million
Less Impairment	(R138.6 million)
<b>Net Consumer Debtors</b>	<b>R49.2 million</b>

### **Classification of Consumer Debtors per Service type**

Water Debtors	R40.2 million
Sanitation Debtors	R8.9 million
Property Rentals Debtors	R54.4 thousand
Other Consumer debtors	R4.2 thousand
<b>Total</b>	<b>R49.2 million</b>

#### ➤ **Water Debtors**

Net Water debtors after considering provision for bad debts amount to **R40.2 million**. Water debtors are amounts owed by consumers for water services billed.

Gross Water Debtors	R146.1 million
Less Impairment	(105.9 million)
<b>Net Water Debtors</b>	<b>R40.2 million</b>

#### ➤ **Sanitation Debtors**

Net Sanitation debtors after considering provision for bad debts amount to **R8.9 million**. Sanitation debtors are amounts owed by consumers for sewer services billed.

Gross Sanitation Debtors	R41.6 million
Less Impairment	(R32.7 million)
<b>Net Sanitation Debtors</b>	<b>R8.9 million</b>



➤ **Property Rentals Debtors**

These are debtors accumulated from property rentals amounts to **R54.4 thousand**

➤ **Other Consumer debtors**

Other consumer debtors' amount to **R4.2 thousand**, these are sundry debtors.

Gross Other Debtors	R4.2 thousand
Less Impairment	(R0 thousand)
<b>Net Other Debtors</b>	<b>R4.2 thousand</b>

**Classification of Consumer Debtors per Customer group**

Households	R159.01 million
Commercial/Businesses	R12.3 million
Organs of State (excl shared services of R5.2 mill)	R15.8 million
<b>Total</b>	<b>R187.7 million</b>

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

Gross Households debtors	R159.01 million
Less Impairment	(R138.6 million)
<b>Net Household debtors</b>	<b>R20.4 million</b>

**Other debtors**

Other debtors are debtors that arise from non-exchange transactions, the balance for the reporting period is **R59.9 million**.

VAT Receivable	R33.04 million
Deposits Made	R16.7 million
Refunds & under/over banking	R7.2 million
Overpayments/Accrued Income/UIFW Expenditure	R2.3 million
Prepaid Expenses	R564 thousand
Insurance claims	R15.2 thousand
Salary advance	R125.7 thousand
<b>Total</b>	<b>R59.9 million</b>

➤ **VAT Receivable**

VAT Receivable amount to **R33.04 million**, this is the amount raised when input VAT is recognized less output VAT collected as per VAT reconciliation.

➤ **Deposits Made**

Deposits made amount to **R16.7 million**, this amount include Eskom deposits, Federal Air Deposits and Stowell Deposits.

Eskom Deposits	R16.2 million
Stowell Deposit	R200 thousand
Vryheid office	R2 thousand
Andrew Miller & Associates	R200 thousand

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

Andrew Miller & Associates is the amount paid as a security deposit when they were first contracted.

➤ **Refunds & under/over banking**

Refunds & under/over banking amount to **R7.2 million**, these are shared services debtors to be collected or refunded from Local Municipalities, and small differences caused by under/over banking.

Shared services debtors	R5.2 million
Under/over banking	R2 million

Shared services debtors are debtors for the five local municipalities under the district, The District Municipality pays for the shared service on behalf of the Local municipalities, then recover these monies from the respective municipalities. Under/over banking is the unidentified debit orders pending their finalization.

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

Overpayments/Accrued Income/UIFW Expenditure amount to **R2.27 million**, these are payments made by the Municipality to be recovered and income expected to be received by the Municipality.

Overpayments	R906.9 thousand
Fruitless Expenditure to be recovered	R1.33 million
Accrued Income – Asset Disposal	R36.9 thousand

Overpayments include an amount of R4.7 million which has been provided for impairment because they are likely to be irrecoverable, those amounts are for Department of Water and

sanitation amounting to R2.7 million, Amanzi Ichweba amounting to R1.4 million, BP Drakensburg amounting to R136.8 thousand, Tracker amounting to R134.2 thousand, World Focus amounting to R284.2 thousand. The balance for overpayments of R785.3 thousand is for Enduneni Constructors (R783 thousand), human resources (R116.8 thousand), Water purification – Ulundi (R4.7 thousand) and Lindani Catering (R1.9 thousand).

Fruitless expenditure to be recovered amounting to R1.33 million resulted from a claim of standing time due to consultant negligence.

Accrued Income – Asset Disposal is the amount of R36.9 thousand to be received from the actioner of assets disposed by the Municipality.

➤ **Prepaid Expense**

Prepaid Expense amounts to **R564 thousand**. Prepaid expense is made up of prepaid electricity.

➤ **Insurance Claims**

Insurance Claims amounts to **R15.9 thousand**. This amount consists of an outstanding claim.

➤ **Salary advance**

Salary advances amounts to **R125.7 thousand**. This amount consists of advanced employee costs.

## **Inventory**

The current level of inventory is **R2.8 million**. Inventories include water stock and consumable stores.

## **NON-CURRENT ASSETS**

### **Long term receivables**

The Municipality does not have long term receivables as per MSCOA classification.

### **Property plant and equipment**

Property plant and equipment is the infrastructure and immovable assets owned by the municipality which the municipality uses to provide services to communities. The balance of Property plant and equipment include current year capital acquisition from table C5 and depreciation from table C4, the carrying value of all assets owned by the municipality is **R4.7 billion**.

<b>Opening balance</b>	<b>R4.7 billion</b>
Additions	R145.1 million
Depreciation	(R47.5 million)
<b>Closing Balance</b>	<b>R4.7 billion</b>

### **Intangible**

Intangible assets include software licenses owned by the Municipality; the current balance of intangible assets is **R12.3 thousand**.

Opening balance	<b>R12.3 thousand</b>
Additions	R 0
Depreciation	(R0)
Closing Balance	<b>R12.3 thousand</b>

### **Other non-current assets**

Other non-current assets comprise of heritage assets of **R7.8 million**.

## **CURRENT LIABILITIES**

### **Borrowings**

This is the current portion of the finance lease agreement the Municipality entered into to procure laptops amounting to **R469.6 thousand**.

Opening balance	<b>R901.7 thousand</b>
Payment	(R432.1 thousand)
Closing Balance	<b>R469.6 thousand</b>

## Consumer deposits

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

## Trade and other payables

Trade and other payables are amounts owed by the municipality to service providers. This amount includes unspent conditional grants. Trade and other payables are **R263.5 million**.

Trade Creditors	(R243.4 thousand)
Unspent Conditional Grants	R131.6 million
Retention	R44 million
Sessions	R3.03 million
Department of Water & Sanitation	R21.7 million
Output VAT	R9.3 million
Leave accrued	R19. million
Bonus	R5.4 million
Employee related cost	R1.8 million
Advance Payments	R3.5 million
Fleet Suspense account	(R16.5 thousand)
Salary Suspense Accounts	R399.1 thousand
Other Suspense account	(R54.8 thousand)
Water tankers	R19.1 million
Unallocated Deposits	(R 467 hundred)
Other trade creditors	R63.9 thousand
Zanamanzi	R5.3 million
<b>Closing Balance</b>	<b>R263.5 million</b>

## Current Provisions

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

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

## **NON-CURRENT LIABILITIES**

### **Borrowings**

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

The municipality is in lease contract with BCX, the contract is for the laptops that the municipality will use for the agreed period and will be handed over to the Municipality at the end of the contract.

The municipality is paying monthly installments to service the lease agreement.

### **Non-current Provisions**

Non-current Provisions amounts to **R40.7 million**, this provision is for post-retirement benefit (Medical aid) and Long Service award.

Post Retirement benefit (Medical aid)	R27.1 million
Long Service award	R13.5 million

### **Accumulated surplus**

Accumulated surplus is the net worth of the Municipality, sitting at **R4.5 billion**

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

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates										
Service charges		46 532	60 574	60 574	1 220	12 479	30 287	(17 808)	-59%	60 574
Other revenue		1 070 817	80 905	80 905	274 132	511 868	40 453	471 415	1165%	80 905
Transfers and Subsidies - Operational		536 834	601 306	601 306	199 208	431 230	300 653	130 577	43%	601 306
Transfers and Subsidies - Capital		636 186	372 306	372 306	55 000	287 017	186 153	100 864	54%	372 306
Interest		3 705	6 000	6 000	24	600	3 000	(2 400)	-80%	6 000
Dividends										
<b>Payments</b>										
Suppliers and employees		(1 827 370)	(571 446)	(571 446)	(145 637)	(813 916)	(285 723)	528 193	-185%	(571 446)
Finance charges										
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>466 705</b>	<b>549 645</b>	<b>549 645</b>	<b>383 948</b>	<b>429 278</b>	<b>274 822</b>	<b>(154 456)</b>	<b>-56%</b>	<b>549 645</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE										
Decrease (increase) in non-current receivables										
Decrease (increase) in non-current investments										
<b>Payments</b>										
Capital assets		(505 782)	(332 162)	(332 162)	(46 356)	(145 107)	(166 081)	(20 974)	13%	(332 162)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(505 782)</b>	<b>(332 162)</b>	<b>(332 162)</b>	<b>(46 356)</b>	<b>(145 107)</b>	<b>(166 081)</b>	<b>(20 974)</b>	<b>13%</b>	<b>(332 162)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
<b>Payments</b>										
Repayment of borrowing					(86)	(432)		432	#DIV/0!	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(86)</b>	<b>(432)</b>	<b>-</b>	<b>432</b>	<b>#DIV/0!</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(39 077)</b>	<b>217 483</b>	<b>217 483</b>	<b>337 505</b>	<b>283 739</b>	<b>108 741</b>			<b>217 483</b>
Cash/cash equivalents at beginning:		20 058	72 676	72 676	124 944	(49 290)	72 676			(49 290)
Cash/cash equivalents at month/year end:		(19 019)	290 159	290 159		234 449	181 418			168 193

**MBRR Table C7 - Monthly Budget Statement Cash Flow Statement**

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

## CASHFLOW FROM OPERATING ACTIVITIES

### Service charges

The Municipality has budgeted to collect **R60.5 million** on service charges, the estimated collection amount is based on the 65% collection rate. The collection rate is also based on previous years actual collection and initiatives the Municipality has taken to improve collection. The Municipality has collected **R12.4 million** to date, which is **20%** of the budgeted collection. From the year-to-date billing of **R27.5 million** on table C4 **45%** has been collected to date.

The municipality has also taken the following initiatives to boost collection rate:

- The municipality is not only collecting the current billing but also the debtors from previous financial years.
- The municipality has a revised revenue enhancement strategy
- The municipality has an external debt collector to assist with the collection
- The Municipality has replaced and installed new meters to ensure billing is accurate and not estimated.
- Municipality has adopted an indigent policy and is in a process to write off indigent households.
- The municipality has adopted a flat rate of R50 to unmetered households

### Other Revenue

Other revenue includes receipts from tender fees, hall hiring, fines and forfeits, and office space rental receipts. The population of other revenue is higher than expected and not credible, the Municipality is a continuous engagement with the system vendor to resolve population of this line item. Other revenue on table C4 is **R612 thousand**.

### Transfers and subsidies – Operational

Transfers and subsidies - Operational are expected to be received as per DoRA, and as per transfer schedule issued by National Treasury. Operating grants have been received as scheduled. Transfers and subsidies operational are to date are **R431.2 million**. This amount includes FMG, Equitable share and EPWP which were received thus far under Transfers and subsidies – Operational.

Equitable share	R423.3 million
Finance Management Grant	R1.2 million
Expanded public works program	R5.9 million
Aviation Strategy	R500 thousand
Amafa research	R180 thousand
<b>TOTAL</b>	<b>R431.2 million</b>



## Transfers and subsidies – Capital

Transfers and subsidies - Capital are expected to be received as per DoRA, and as per transfer schedule issued by National Treasury. Capital grants have been received to date, Transfers and subsidies Capital are **R287.01 million**. This amount includes RBIG, MIG, RRAMS and WSIG which were received thus far under Transfers and subsidies - Capital.

Municipal Infrastructure Grant	R 220 million
Regional Bulk Infrastructure Grant	R 15.2 million
Water services Infrastructure grant	R 50 million
Rural Road asset Management grant	R 1.7 million
<b>TOTAL</b>	<b>R287.01 million</b>

## Interest

Interest on investment is budgeted at **R6 million**, this estimate is based on previous year interest income, the interest includes interest on investments made and interest on bank balance. Year to date actual Interest is **R600 thousand**. Interest on investment revenue on table C4 is **R1.4 million**, the difference does not populate because of the system technicality and will be corrected.

The interest on investment is below target, the municipality may have to revise its investment strategy to ensure budget target is met.

## Payments - Suppliers and employees

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

## CASHFLOW FROM INVESTING ACTIVITIES

### Payments - Capital Assets

Capital expenditure to date is **R145.1 million**, the capital expenditure is excluding VAT portion, MFMA MSCOA circular number 11 issued 04 December 2020 highlighted the VAT issue and corrections are being developed.

### Cash and cash equivalents at the end

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

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1. DEBTORS ANALYSIS

#### Debtors age analysis as at 31 December 2022

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

Description	NT Code	Budget Year 2022/23									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total			
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	3 818	4 556	3 297	2 963	2 552	2 406	14 328	111 671	145 592	133 921	-	105 905
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	1 256	1 191	793	762	750	781	3 530	32 553	41 616	38 376	-	32 710
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	9	11	9	9	6	0	9	-	54	25	-	-
Interest on Arrear Debtor Accounts	1810	21	18	16	15	12	11	227	245	566	510	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	102	204	69	-	4 756	71	5 202	5 100	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>5 105</b>	<b>5 777</b>	<b>4 217</b>	<b>3 954</b>	<b>3 389</b>	<b>3 199</b>	<b>22 850</b>	<b>144 540</b>	<b>193 030</b>	<b>177 931</b>	<b>-</b>	<b>138 614</b>
<b>2021/22 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	1 764	2 158	1 368	1 017	1 035	1 002	7 717	5 577	21 639	16 348	-	-
Commercial	2300	873	585	433	375	275	245	1 604	7 983	12 373	10 482	-	-
Households	2400	2 468	3 033	2 416	2 562	2 080	1 951	13 529	130 980	159 018	151 101	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>5 105</b>	<b>5 777</b>	<b>4 217</b>	<b>3 954</b>	<b>3 389</b>	<b>3 199</b>	<b>22 850</b>	<b>144 540</b>	<b>193 030</b>	<b>177 931</b>	<b>-</b>	<b>-</b>

Total debtors' amount to **R193 million**, which is an increase of **R3.3 million** from the closing balance of **R189.8 million** in previous month. The debtors over 90 days amount to **R177.9 million**. This is concerning and needs intervention since debtors above 60 days should be restricted in terms of the Municipality's credit control policy.

## 2.2. CREDITORS ANALYSIS

### Creditors age analysis as at 31 December 2022

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

Description	NT Code	Budget Year 2022/23									Prior year totals for chart (same period)	
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total		
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	8 875	3 251	763	-	-	-	-	-	-	12 889	
Bulk Water	0200										-	
PAYE deductions	0300										-	
VAT (output less input)	0400										-	
Pensions / Retirement deductions	0500										-	
Loan repayments	0600										-	
Trade Creditors	0700	8 875	3 251	763	-	-	-	-	-	-	12 889	
Auditor General	0800										-	
Other	0900										-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>17 750</b>	<b>6 502</b>	<b>1 526</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25 779</b>	<b>-</b>

## 2.3. INVESTMENT PORTFOLIO

### Investments as at 31 December 2022

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
<b>Municipality</b>														
Zululand District Municipality		30	Call Account	Yes	Variable	0.0615	N/A	N/A	N/A	25 000	126	-	-	25 000
Zululand District Municipality		91	Call Account	Yes	Variable	0.061	N/A	N/A	N/A	25 000	380	-	25 000	50 000
Zululand District Municipality		30	Short term	Yes	Variable	0.06425	N/A	N/A	N/A	50 000	132	-	25 000	75 000
Zululand District Municipality		62	Short term	Yes	Variable	0.06425	N/A	N/A	N/A	75 000	273	-	25 000	100 000
Zululand District Municipality		0	Balance b/d	Yes	Variable	Available	N/A	N/A	N/A	100 000	-	50 000	-	50 000
Zululand District Municipality-ABSA		30	Call Account	Yes	Variable	0.0505	N/A	N/A	N/A	50 000	42	-	10 000	60 000
Zululand District Municipality		0	Balance b/d	Yes	Variable	Available	N/A	N/A	N/A	60 000	-	-	-	60 000
Zululand District Municipality-Std Bank		0	Short term	Yes	Variable	Available	N/A	N/A	N/A	60 000	-	25 000	-	35 000
Zululand District Municipality		0	Call account	Yes	Variable	Available	N/A	N/A	N/A	35 000	-	10 000	-	25 000
Zululand District Municipality		0	Balance b/d	Yes	Variable	Available	N/A	N/A	N/A	25 000	-	25 000	-	-
Zululand District Municipality		30	Call account	Yes	Variable	0.0505	N/A	N/A	N/A	-	125	-	30 000	30 000
Zululand District Municipality		3	Call account	Yes	Variable	0.0505	N/A	N/A	N/A	30 000	-	10 000	-	20 000
Zululand District Municipality		23	Call account	Yes	Variable	0.0505	N/A	N/A	N/A	20 000	-	20 000	-	-
Zululand District Municipality-Std Bank		30	Call account	Yes	Variable	0.0765	N/A	N/A	N/A	-	660	-	105 000	105 000
Zululand District Municipality-Std Bank		6	Call account	Yes	Variable	0.0765	N/A	N/A	N/A	105 000	-	25 000	-	80 000
Zululand District Municipality-Std Bank		11	Call account	Yes	Variable	0.0765	N/A	N/A	N/A	80 000	-	30 000	-	50 000
Zululand District Municipality-Std Bank		62	Call account	Yes	Variable	0.08075	N/A	N/A	N/A	50 000	125 163	-	25 000	75 000
Zululand District Municipality-Std Bank		90	Call account	Yes	Variable	0.08275	N/A	N/A	N/A	75 000	186 188	-	25 000	100 000
<b>Municipality sub-total</b>										<b>30 000</b>	<b>313 088</b>	<b>195 000</b>	<b>295 000</b>	<b>-</b>
<b>Entities</b>														
														-
														-
<b>Entities sub-total</b>										<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTERES</b>	<b>2</b>									<b>30 000</b>	<b>313 088</b>	<b>195 000</b>	<b>295 000</b>	<b>-</b>

## 2.4. ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

### Grants Receipts

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

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		535 457	598 895	598 895	198 549	429 571	299 447	130 124	43.5%	598 895
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		524 645	586 391	586 391	194 695	423 387	293 195	130 192	44.4%	586 391
Expanded Public Works Programme Integrated Grant		9 612	8 517	8 517	3 833	5 963	4 259	1 705	40.0%	8 517
Local Government Financial Management Grant		1 200	1 200	1 200	21	221	600	(379)	-63.2%	1 200
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	3	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	2 787	2 787	-	-	1 394	(1 394)	-100.0%	2 787
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		2 522	2 411	2 411	-	-	1 205	(1 205)	-100.0%	2 411
Capacity Building and Other Grants		2 522	2 411	2 411	-	-	1 205	(1 205)	-100.0%	2 411
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
KwazuluNatal Provincial Planning and Development Commission		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	537 979	601 306	601 306	198 549	429 571	300 653	128 918	42.9%	601 306
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		603 289	372 306	372 306	51 825	157 909	186 153	(28 244)	-15.2%	372 306
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		269 111	259 530	259 530	35 275	109 709	129 765	(20 056)	-15.5%	259 530
Regional Bulk Infrastructure Grant		222 531	15 247	15 247	4 964	15 178	7 623	7 554	99.1%	15 247
Rural Road Asset Management Systems Grant		1 647	2 529	2 529	-	-	1 265	(1 265)	-100.0%	2 529
Water Services Infrastructure Grant		110 000	95 000	95 000	11 586	33 022	47 500	(14 478)	-30.5%	95 000
<b>Provincial Government:</b>		32 266	-	-	-	1 498	-	1 498	-	-
Infrastructure Grant		32 266	-	-	-	1 498	-	1 498	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	635 555	372 306	372 306	51 825	159 407	186 153	(26 746)	-14.4%	372 306
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	1 173 534	973 612	973 612	250 374	588 978	486 806	102 172	21.0%	973 612

Grants are received as per transfer schedule and have been received as such, Grants are recognized as revenue as when the condition is been met.

# Grant Expenditure

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

Description	Ref	2021/22	Budget Year 2022/23							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		765 037	551 382	554 455	79 299	313 391	276 696	36 696	13.3%	554 455
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		674 775	541 665	544 713	76 756	300 028	271 829	28 199	10.4%	544 713
Expanded Public Works Programme Integrated Grant		24 299	8 517	8 517	2 517	13 142	4 259	8 884	208.6%	8 517
Local Government Financial Management Grant		1 200	1 200	1 200	25	221	600	(379)	-63.2%	1 200
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		41 379	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		1 022	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		1 433	-	25	-	-	8	(8)	-100.0%	25
Water Services Infrastructure Grant		20 929	-	-	-	-	-	-	-	-
Provincial Government:		1 866	2 381	2 381	25	1 063	1 308	(245)	-18.7%	2 381
Capacity Building and Other Grants		1 866	2 381	2 381	25	1 063	1 308	(245)	-18.7%	2 381
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>KwazuluNatal Provincial Planning and Development Commission</i>		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		<b>766 903</b>	<b>553 763</b>	<b>556 836</b>	<b>79 324</b>	<b>314 454</b>	<b>278 003</b>	<b>36 451</b>	<b>13.1%</b>	<b>556 836</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		464 144	323 744	324 386	45 578	138 665	161 959	(23 294)	-14.4%	324 386
Municipal Infrastructure Grant		194 381	225 678	225 678	30 848	96 206	112 839	(16 633)	-14.7%	225 678
Regional Bulk Infrastructure Grant		194 437	13 258	13 925	4 589	13 551	6 724	6 826	101.5%	13 925
Rural Road Asset Management Systems Grant		-	2 199	2 174	-	-	1 091	(1 091)	-100.0%	2 174
Water Services Infrastructure Grant		75 326	82 609	82 609	10 141	28 909	41 304	(12 396)	-30.0%	82 609
Provincial Government:		7 451	26	1 428	-	1 303	480	823	171.3%	1 428
Infrastructure Grant		7 451	26	1 428	-	1 303	480	823	171.3%	1 428
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>471 595</b>	<b>323 770</b>	<b>325 814</b>	<b>45 578</b>	<b>139 968</b>	<b>162 439</b>	<b>(22 471)</b>	<b>-13.8%</b>	<b>325 814</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>1 238 498</b>	<b>877 534</b>	<b>882 651</b>	<b>124 902</b>	<b>454 422</b>	<b>440 443</b>	<b>13 980</b>	<b>3.2%</b>	<b>882 651</b>

Most conditional grants actual year-to-date expenditure are below year-to-date budget, with exception of EPWP and RBIG year-to-date actual expenditure is above year to year-to-date budget.

## Roll-overs Expenditure

The Municipality has two rolled over grants:

- Rural Road Asset Management Subsidy
- KwaMajomela manufacturing grant

ROLLED OVER GRANTS FROM 2021/2022	APPROVED BUDGET	YTD ACTUAL
Rural Road Asset Management Subsidy	768 977	-
Kwamajomela Manufacturing Centre Grant	1 641 817	1 498 424
<b>Total Operating Grant Expenditure</b>	<b>2 410 795</b>	<b>1 498 424</b>

The municipality has only KwaMajomela Manufacturing Centre Grant approved to be rolled over so far and expenditure amount above is inclusive of VAT as per **MFMA circular no. 58**.

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

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

## 2.5. COUNCILLOR AND BOARD MEMBER ALLOWENCES AND EMPLOYEE BENEFITS

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

Summary of Employee and Councillor remuneration	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		514	661	661	40	255	331	(75)	-23%	661
Medical Aid Contributions		44	-	-	5	27	-	27	#DIV/0!	-
Motor Vehicle Allowance		1 727	1 805	1 805	149	928	902	25	3%	1 805
Cellphone Allowance		649	653	653	54	340	326	14	4%	653
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		5 682	5 652	5 652	474	2 980	2 826	154	5%	5 652
<b>Sub Total - Councillors</b>		<b>8 616</b>	<b>8 771</b>	<b>8 771</b>	<b>722</b>	<b>4 530</b>	<b>4 385</b>	<b>144</b>	<b>3%</b>	<b>8 771</b>
<b>% increase</b>	4		<b>1.8%</b>	<b>1.8%</b>						<b>1.8%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	5 121	6 555	6 555	414	2 359	3 277	(918)	-28%	6 555
Pension and UIF Contributions		11	55	55	1	5	28	(23)	-82%	55
Medical Aid Contributions		48	57	57	-	-	29	(29)	-100%	57
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	249	249	-	249	#DIV/0!	-
Motor Vehicle Allowance		1 210	1 592	1 592	110	603	796	(193)	-24%	1 592
Cellphone Allowance		191	210	210	17	92	105	(13)	-12%	210
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		203	225	225	20	150	113	38	34%	225
Payments in lieu of leave		354	-	-	-	185	-	185	#DIV/0!	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>7 138</b>	<b>8 695</b>	<b>8 695</b>	<b>810</b>	<b>3 644</b>	<b>4 347</b>	<b>(703)</b>	<b>-16%</b>	<b>8 695</b>
<b>% increase</b>	4		<b>21.8%</b>	<b>21.8%</b>						<b>21.8%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		172 378	185 935	185 935	16 038	92 953	92 968	(15)	0%	185 935
Pension and UIF Contributions		22 997	25 886	25 886	2 072	12 320	12 943	(623)	-5%	25 886
Medical Aid Contributions		13 624	13 597	13 597	1 219	7 221	6 798	423	6%	13 597
Overtime		7 099	4 619	4 619	522	3 093	2 309	784	34%	4 619
Performance Bonus		11 678	12 786	12 786	1 025	6 515	6 393	121	2%	12 786
Motor Vehicle Allowance		8 704	9 561	9 561	871	5 057	4 780	277	6%	9 561
Cellphone Allowance		663	670	670	66	396	335	61	18%	670
Housing Allowances		1 379	1 379	1 379	117	880	690	190	28%	1 379
Other benefits and allowances		8 505	524	524	349	1 856	262	1 593	607%	524
Payments in lieu of leave		3 223	-	-	19	1 074	-	1 074	#DIV/0!	-
Long service awards		2 506	-	-	55	1 109	-	1 109	#DIV/0!	-
Post-retirement benefit obligations	2	3 775	4 500	4 500	-	-	2 250	(2 250)	-100%	4 500
<b>Sub Total - Other Municipal Staff</b>		<b>256 532</b>	<b>259 457</b>	<b>259 457</b>	<b>22 356</b>	<b>132 473</b>	<b>129 729</b>	<b>2 744</b>	<b>2%</b>	<b>259 457</b>
<b>% increase</b>	4		<b>1.1%</b>	<b>1.1%</b>						<b>1.1%</b>
<b>Total Parent Municipality</b>		<b>272 286</b>	<b>276 923</b>	<b>276 923</b>	<b>23 888</b>	<b>140 647</b>	<b>138 462</b>	<b>2 185</b>	<b>2%</b>	<b>276 923</b>

The municipality has no active entity

## 2.6. MATERIAL VARIENCES TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

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

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	<b>Revenue By Source</b>			
	Property rates			
	Service charges - electricity revenue			
	Service charges - water revenue	-41%	This is the amounts billed on customers for water used, the year-to-date actual is R19.9 million, which is below year-to-date budget of R34 million. A variance of R14.08 million or 41% is observed. No amount has been recognized relating to the proposed flat rate of R50 to date, this is causing under billing of the variance mentioned above.	The municipality may have to adjust downward revenue projection in the adjustment budget. The municipality must fast track the billing of R50 flat rate to ensure that the budget target is met.
	Service charges - sanitation revenue	23%	This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R7.6 million which is above year to date budget of R6.2 million. A variance of R1.4 million or 23% is observed.	The billing is above the target, the municipality may have to adjust upwards in the adjustment budget.
	Service charges - refuse revenue			
	Rental of facilities and equipment	14%	Rental of facilities is amounts billed to WSSA, Avis and Waphatha Group for office space used. The year-to-date actual is R105 thousand which is above year-to-date budget of R92 thousand. A variance of R13 thousand or 14% is observed.	The billing is above the target, the municipality may have to adjust upwards in the adjustment budget.
	Interest earned - external investments	-50%	Interest on investment is interest received when the Municipality makes cash investments. The year-to-date actual is R1.4 million, which is below year-to-date budget of R3 million. A variance of R1.5 million or 50% is observed, Investment is low due to prioritization of payments of liabilities.	The interest on investment is below target, the municipality may have to revise its investment strategy to ensure budget target is met or may have to adjust downwards in the adjustment budget.
	Interest earned - outstanding debtors	122%	Interest earned - outstanding debtors is charged on businesses for accounts in arrears. The year-to-date actual is R94 thousand, which is above to year-to-date budget of R42 thousand. variance of R52 thousand or 122% is observed. This is due to low collection rate on businesses which are charged interest as per the municipal policy.	Interest earned on outstanding debtors is above target, the municipality must improve collection to ensure less consumers are charged interest. The municipality may have to adjust upwards in the adjustment budget.
	Dividends received			
	Fines, penalties and forfeits	-59%	Fines, penalties and forfeits are mainly amounts charged on illegal connections, the year-to-date actual is R31 thousand, which is below the year-to-date budget of R75 thousand. A variance of R44 thousand or 59% is observed. This is a positive indication that less consumers are illegally connected.	Municipality must keep up disconnection of illegal connections. The municipality may have to adjust downwards in the adjustment budget.
	Licences and permits		This amount is for health certificates issued, the year-to-date actual is R25 thousand, the year-to-date budget is R0 thousand. A variance of R25 thousand or is observed.	There was no allocated budget in this revenue stream, the budget will be allocated in the adjustment budget.
	Agency services			
	Transfers and subsidies	43%	Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2022; and provincial gazette, Transfers and subsidies is revenue recognized as operating conditional grants in terms of Municipal Budget and Reporting Regulations (MBRR). Transfers and subsidies (Grants) are recognised/recorded as revenue when condition has been met, except for equitable share, which is not a conditional grant.	Transfers and subsidies year to date actual is R429.5 million, which is above year-to-date budget of R300.6 million. A variance of R128.9 million or 43% is observed. This variance is mainly a result of equitable share which is not received monthly but in trenches three times a year as per approved transfer schedule.
	Other revenue	72%	Other revenue includes amounts for tender fees and any other revenue the Municipality may be entitled to receive, the year-to-date actual is R612 thousand, which is above year-to-date budget of R355 thousand. A variance of R257 thousand or 72% is observed.	Transfers and subsidies depend on the transfer schedule and cannot be benchmarked against the year-to-date budget. The other revenue depends on the sale of tender documents and skills development levy refund which are seasonal and cannot be benchmarked against the year-to-date budget.
	Gains			



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

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
2	<b>Expenditure By Type</b>			
	Employee related costs	2%	Employee related costs year to date actual is R136.1 million, which is above the year-to-date budget of R134.07 million, a variance of R2 million or 2% is observed. Employee related cost is a little bit above year-to-date budget, this variance is caused by overtime, standby allowance, acting allowance and long service bonus.	The above variance is not major therefore does not warrant remedy.
	Remuneration of councillors	3%	Remuneration of Councillors year to date actual is R4.5 million, which is above the year-to-date budget of R4.3 million, a variance of R144 thousand or 3% is observed. The upper limits have been effected therefore the municipality back paid councillors.	The revised budget allocation is recommended in the next adjustment budget.
	Debt impairment	-100%	Debt impairment is the amount for provision for non-collection as per council policy. provision for non-collection assessment and calculation is done at year end. National treasury recommend that the assessment and calculations be done monthly.	Municipality calculate debt impairment once at year end.
	Depreciation & asset impairment	19%	This is non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R47 million, which is above year-to-date budget of R40 million. A variance of R7.5 million or 19% is observed.	The revised budget allocation is recommended in the next adjustment budget.
	Finance charges	300%		
	Bulk purchases - electricity		The Municipality does not incur bulk purchases electricity since the Municipality does not sell electricity. The purchase of electricity is under section other expenditure below.	
	Inventory consumed	-37%	Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable stores (cleaning materials, stationery, water stock and materials and supplies), the year-to-date actual is R9.9 million, which is below the year-to-date budget of R15.8 million, a variance of R5.8 million or 37% is observed. The variance may be caused by non-payments of bulk water and late capturing of requisition.	It is recommended that the municipality record all expenditure relating to bulk water and consumable stores in time.
	Contracted services	26%	Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R73.3 million which is above the year-to-date budget of R58.1 million, a variance of R15.2 million or 10% is observed.	The municipality need to review SLA and reconcile it with the budget for contracted services and adjust in the next adjustment if need be.
	Transfers and subsidies	114%	Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support businesses. The year-to-date actual is R2.5 million, which is below the year-to-date budget of R1.1 million, a variance of R1.3 million or 114% is observed.	This expenditure item is seasonal therefore expenditure cannot be benchmarked on a straight-line method.
	Other expenditure	57%	Other expenditure year to date actual is R84.3 million, which is above the year-to-date budget of R53.5 million, a variance of R30.7 million or 57% is observed. Other expenditure includes monthly cost of electricity for water supply plants and other seasonal/once off expenditure items.	It is recommended that the municipality monitor closely this expenditure item and implement strategies to reduce costs.
	Losses			

## 2.7. PARENT MUNICIPALITY FINANCIAL PERFORMANCE

The Municipality does not have any entities.

## 2.8. MUNICIPAL ENTITY FINANCIAL PERFORMANCE

The Municipality does not have any active entities.

## 2.9. CAPITAL PROGRAMME PERFORMANCE

### Capital Expenditure by month

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

Month	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
<b>R thousands</b>									
<b>Monthly expenditure performance trend</b>									
July	40 404	27 680	27 680	5 503	5 503	27 680	22 178	80.1%	2%
August	40 404	27 680	27 680	14 273	19 776	55 360	35 585	64.3%	6%
September	40 404	27 680	27 683	32 995	52 771	83 044	30 273	36.5%	16%
October	40 404	27 680	27 910	27 335	80 106	110 954	30 847	27.8%	24%
November	40 404	27 680	27 984	18 645	98 752	138 938	40 186	28.9%	30%
December	40 404	27 680	28 079	46 356	145 107	167 017	21 909	13.1%	44%
January	40 404	27 680	28 079	-	-	195 096	-	-	-
February	40 404	27 680	28 079	-	-	223 175	-	-	-
March	40 404	27 680	28 079	-	-	251 254	-	-	-
April	40 404	27 680	28 079	-	-	279 333	-	-	-
May	40 404	27 680	28 079	-	-	307 413	-	-	-
June	40 404	27 680	28 079	-	-	335 492	-	-	-
<b>Total Capital expenditure</b>	<b>484 853</b>	<b>332 162</b>	<b>335 492</b>	<b>145 107</b>					

The actual capital expenditure is less than year-to-date budget.

# Summary of Capital Expenditure by asset class and sub-class

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

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		464 144	327 657	328 299	45 578	142 302	163 916	21 613	13.2%	328 299
Roads Infrastructure		-	6 112	6 087	-	3 637	3 048	(590)	-19.3%	6 087
Roads		-	6 112	6 087	-	3 637	3 048	(590)	-19.3%	6 087
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-		-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		-	-	-	-	-	-	-		-
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		464 144	321 545	295 699	38 870	118 391	147 826	29 434	19.9%	295 699
Dams and Weirs										
Boreholes		8 702	-	51 400	5 419	15 056	24 996	9 940	39.8%	51 400
Reservoirs		-	-	21 304	2 681	5 408	11 245	5 837	51.9%	21 304
Pump Stations		-	-	-	-	-	-	-		-
Water Treatment Works		74 910	-	34 783	9 829	22 121	17 391	(4 730)	-27.2%	34 783
Bulk Mains		220 648	321 545	125 470	16 776	55 216	62 497	7 281	11.6%	125 470
Distribution		159 884	-	62 742	4 165	20 590	31 371	10 781	34.4%	62 742
Distribution Points		-	-	-	-	-	325	325	100.0%	-
PRV Stations										
Capital Spares										
Sanitation Infrastructure		-	-	26 513	6 707	20 274	13 042	(7 232)	-55.4%	26 513
Pump Station										
Reticulation		-	-	26 513	6 707	20 274	13 042	(7 232)	-55.4%	26 513
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		-	-	-	-	-	-	-		-
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		-	-	-	-	-	-	-		-
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		-	-	-	-	-	-	-		-
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		-	-	-	-	-	-	-		-
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

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

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Community Assets</b>		6 965	–	1 428	–	1 303	476	(827)	-173.8%	1 428
Community Facilities		6 965	–	1 428	–	1 303	476	(827)	-173.8%	1 428
Halls										
Centres		6 965	–	1 428	–	1 303	476	(827)	-173.8%	1 428
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria										
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Indoor Facilities										
Outdoor Facilities		–	–	–	–	–	–	–	–	–
Capital Spares										
<b>Heritage assets</b>		6 594	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art		6 594	–	–	–	–	–	–	–	–
Conservation Areas										
Other Heritage										
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
<b>Other assets</b>		–	391	191	–	–	146	146	100.0%	191
Operational Buildings		–	391	191	–	–	146	146	100.0%	191
Municipal Offices		–	391	191	–	–	146	146	100.0%	191
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
<b>Intangible Assets</b>		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		–	–	–	–	–	–	–	–	–
Load Settlement Software Applications										
Unspecified										
<b>Computer Equipment</b>		6 572	2 609	2 609	–	–	1 304	1 304	100.0%	2 609
Computer Equipment		6 572	2 609	2 609	–	–	1 304	1 304	100.0%	2 609
<b>Furniture and Office Equipment</b>		92	1 043	1 301	196	260	593	333	56.1%	1 301
Furniture and Office Equipment		92	1 043	1 301	196	260	593	333	56.1%	1 301
<b>Machinery and Equipment</b>		485	461	1 664	582	1 242	582	(659)	-113.2%	1 664
Machinery and Equipment		485	461	1 664	582	1 242	582	(659)	-113.2%	1 664
<b>Transport Assets</b>		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
<b>Land</b>		–	–	–	–	–	–	–	–	–
Land		–	–	–	–	–	–	–	–	–
<b>Zoo's, Marine and Non-biological Animals</b>		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure on new assets</b>	1	484 853	332 162	335 492	46 356	145 107	167 017	21 909	13.1%	335 492

## **2.10. OTHER SUPPORTING DOCUMENTS**

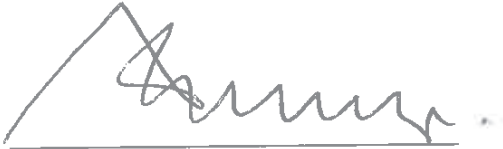
No other financial information outside of information contained in Schedule C is available

## **2.11. IN-YEAR REPORT OF MUNICIPAL ENTITIES**

The Municipality does not have any entities.

## 2.10 MUNICIPAL MANAGERS QUALITY CERTIFICATION

I, **R.N. Hlongwa**, Municipal Manager of Zululand District Municipality, hereby certify that the section 52(d)/ Quarterly Budget Statement has been prepared in accordance with the Municipal Finance Management Act, and the regulations made under the Act.



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

Date: 2023/01/16