

ZULULAND DISTRICT MUNICIPALITY



MONTHLY BUDGET STATEMENT AND SUPPORTING DOCUMENTATION FOR PERIOD ENDED

31 AUGUST 2023

MFMA S71 REPORT

2023/2024 FINANCIAL YEAR

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GLOSSARY

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

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

AFS – Annual Financial Statements.

Budget – the financial plan of the municipality.

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

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

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

CFO – Chief Financial Officer

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

DWAF – Department of Water Affairs

EPWP – Expanded Public Works Program

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

FMG – Financial Management Grant

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

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

MSCOA – Municipal Standard Chart of Accounts

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

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

LED – Local Economic Development

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

MIG – Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

WSIG – Water services Infrastructure Grant

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

MWIG – Municipal Water Infrastructure Grant

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

R & M – Repairs and Maintenance

SCM - Supply Chain Management

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

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

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

Virement – transfer of budget

ZDM – Zululand District Municipality

PART 1 – 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

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

	APPROVED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %	YTD ACTUAL EXPENDITURE %
Total Revenue By Source (Excluding Capital Transfers)	718 247 500	325 635 209	124 061 716	201 573 493	162%	45%
Total Operating Expenditure	722 102 135	143 557 288	124 676 888	18 880 400	15%	20%
Surplus/(Deficit)	-3 854 635	182 077 921	-615 171	182 693 092		

Operating Revenue Performance

Total operating revenue generated by the Municipality as at **31 August 2023** is **R325.6 million** which is **45%** of the approved operating revenue budget. The **R325.6 million** year to date actual is **above** the **two month** baseline projection or year-to-date budget of **R124.06 million**, a variance of **R201.5 million** or **162%** is observed.

The Municipality is largely dependent on government grants and partly service charges for its operations. Service charges revenue recognized from exchange revenue is only **R12.1 million** which is **18%** of the total budgeted exchange revenue.

Major Variances between actuals and year to date budget on Operating Revenue

Reasons for variances can be attributed to Service charges water revenue, interest on external investments which has moved at a slower pace than year to date budget; Transfers and subsidies, service charges sanitation revenue, interest on outstanding debtors, fines, penalties and forfeits and other revenue which are moving at a pace slower than year to date budget.

Operating revenue is explained by source in detail on Section 1.4 Operating Revenue Performance.

Operating Expenditure Performance

Total Operating Expenditure as at **31 August 2023** is **R143.5 million** which is **20%** of the approved operating expenditure budget. The **R143.5 million** year to date actual is **above** the **two** month baseline projection or year-to-date budget of **R124.6 million**, a variance of **R18.8 million** or **15%** is observed.

Major Variances between actuals and year to date budget on Operating Expenditure

Reasons for variances can be attributed to inventory consumed which is moving at a slower pace than year to date budget; debt impairment which has no movement yet; depreciation, contracted services and other expenditure which are moving at a pace slower than year to date budget; transfers and subsidies is occasional.

Operating expenditure is explained by source in detail on Section 1.5 Operating Expenditure Performance.

Capital Expenditure and Funding

Summary Statement of Capital Expenditure and Funding

	APPROVED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %	YTD ACTUAL EXPENDITURE %
Total Capital Expenditure	790 494 351	57 911 289	131 764 541	-73 853 253	-56%	7%
Total Capital Financing	790 494 351	57 911 289	131 764 541	-73 853 253	-56%	7%

Total Capital Expenditure as at **31 August 2023** is **R57.9 million** which is **7%** of the approved capital budget. The **R57.9 million** year to date actual is **below** the **two** month baseline projection or year-to-date budget of **R131.7 million**, a variance of **R73.8 million** or **56%** of the received grants is observed.

Capital expenditure is explained by source in detail on section 1.6 Capital Expenditure and Funding.

Major Variances between actuals and year to date budget on Grants expenditure

Reasons for variances can be attributed to capital grants not being spent at similar pace as year to date budget. **MIG** is at **6%**, **RBIG** is at **12%**, **WSIG** is at **23%** **RRAMG** is at **0%**, **Art Centre Subsidies** is at **0%**.

Financial Position Framework

Summary of Statement of Financial position:

FINANCIAL POSITION	APPROVED BUDGET	YTD ACTUAL	%
Total current assets	480 491 843	285 156 131	59
Total non current assets	6 247 524 827	5 044 416 331	81
Total current liabilities	352 992 453	396 022 493	112
Total non current liabilities	128 340 000	44 688 738	35
TOTAL COMMUNITY WEALTH/ EQUITY	5 445 411 852	4 944 529 060	90.8%

The current assets year to date actual is **R285.1 million** which is **59%** of the approved budget. **Non - Current assets** year to date actual is **R5 billion** which is **81%** of the approved budget. **Current Liabilities** year to date actual is **R396.02 million** which is **112%** of the approved budget. **Non - Current Liabilities** year to date is **R44.6 million** which is **35%** of the approved budget. **Accumulated surplus** year to date actual is **R4.9 billion** which is **90.8%** of the approved budget.

Current assets amount to **R285.1million**, included in current assets is bank overdraft of **R40.9 million**.

Current liabilities amount to **R396.02 million**, this includes unspent conditional grants amounting to **R147.01 million**.

The Current ratio is 0.72:1 [**285.1 million/396.02 million**], the current ratio norm is **2:1**

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

1.4. OPERATING REVENUE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity								-		
Service charges - Water		39 170	51 532	51 532	2 906	9 619	8 589	1 030	12%	51 532
Service charges - Waste Water Management		14 831	16 406	16 406	1 334	2 502	2 734	(233)	-9%	16 406
Service charges - Waste management								-		
Sale of Goods and Rendering of Services		1 426	1 001	1 001	-	45	167	(122)	-73%	1 001
Agency services								-		
Interest								-		
Interest earned from Receivables		75	521	521	39	39	87	(47)	-55%	521
Interest from Current and Non Current Assets		7 433	3 000	3 000	574	574	500			3 000
Dividends								-		
Rent on Land								-		
Rental from Fixed Assets		181	500	500	45	79	83	(4)	-5%	500
Licence and permits		88	60	60	11	16	10	6	63%	60
Operational Revenue		563	369	369	2	3	61	(58)	-95%	369
Non-Exchange Revenue										
Property rates								-		
Surcharges and Taxes		-	-	-	-	-	-	-		-
Fines, penalties and forfeits		910	1 000	1 000	64	84	167	(83)		1 000
Licence and permits								-		
Transfers and subsidies - Operational		658 830	643 859	691 751	49 480	312 676	111 664	201 013		691 751
Interest								-		
Fuel Levy								-		
Operational Revenue								-		
Gains on disposal of Assets		2 894	-	-	-	-	-	-		-
Other Gains		4 385	-	-	(2)	(2)	-	(2)		-
Discontinued Operations								-		
Total Revenue (excluding capital transfers and contributions)		730 785	718 248	766 140	54 453	325 635	124 062	201 573	162%	766 140

The year-to-date actual indicates operating revenue of **R325.6 million** for **two month**, The **R325.6 million** year to date actual is **above** the **two month** baseline projection or year-to-date budget of **R124.06 million**, a variance of **R201.5 million** or **162%** is observed. The total revenue to-date represents **45%** 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 **R9.6 million** which is **19%** of the approved budget. the **R9.6 million** year to date actual is **above** the **two month** baseline projection or year-to-date budget of **R8.5 million**. A variance of **R1 million** or **12%** is observed.

Service charges – Sanitation revenue

This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is **R2.5 million** which is **15%** of the approved budget. the **R2.5 million** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R2.7 million**. A variance of **R233 thousand** or **9%** is observed.

Sale of goods and rendering of service

This is the amount on sale of goods and rendering of services, the year-to-date actual is **R45 thousands** which is **5%** of the approved budget. the **R45 thousands** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R167 thousand**. A variance of **R122 thousand** or **73%** is observed.

Rent of facilities

Rental of facilities is amounts billed for office space leased out, the year-to-date actual is **R79 thousand** which is **8%** of the approved budget. the **R79 thousand** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R83 thousand**. A variance of **R4 thousand** or **5%** is observed.

Interest on investment

Interest on investment is interest received when the Municipality makes cash investments, the year-to-date actual is **R574 thousand** which is **19%** of the approved budget. The **R574 thousand** year to date actual is **above** the **two month** baseline projection or year-to-date budget of **R500 thousand**. A variance of **R74 thousand** or **15%** is observed.

Reasons for variances can be attributed fact that there was no cash available to be invested.

Interest earned - outstanding debtors

Interest earned - outstanding debtors is charged on businesses for accounts in arrears. the year-to-date actual is **R39 thousand** which is **8%** of the approved budget. The **R39 thousand** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R87 thousand**. A variance of **R47 thousand** or **55%** is observed.

Reasons for variances can be attributed to businesses nonadherence to payment terms, the municipality must implement stringent measures to ensure businesses pay on time.

Fines, penalties, and forfeits

Fines, penalties, and forfeits are mainly amounts charged on illegal connections. the year-to-date actual is **R84 thousand** which is **8%** of the approved budget. the **R84 thousand** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R167 thousand**. A variance of **R83 thousand** or **50%** is observed.

Reasons for variances can be attributed to a negative indication that more consumers are illegally connected or a negative indication that some illegally connected consumers are not yet discovered. Municipality must keep up the disconnection of illegal connections.

Licences and Permits

Licences and permits year-to-date actual is **R16 thousand** which is **27%** of the approved budget. the **R16 thousand** year to date actual is **above two month** baseline projection or year-to-date budget of **R10 thousand**. A variance of less than **R6 hundred** or **63%** is observed.

Operational revenue

Operational revenue year-to-date actual is **R3 thousand** which is **1%** of the approved budget. the **R3 thousand** year to date actual is **below two month** baseline projection or year-to-date budget of **R61 thousand**. A variance of **R58 thousand** or **95%** is observed.

Transfers and subsidies

Transfers and subsidies (grants) are amounts gazetted as per Division of Revenue act (DoRA), 2023; 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 **R312.6 million** which is **49%** of the approved budget. The **R312.6 million** year to date actual is **above two month** baseline projection or year-to-date budget of **R111.6 million**. A variance of **R201.01 million** or **180%** is observed.

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

1.5. OPERATING EXPENDITURE PERFORMANCE

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		286 176	290 728	290 728	25 169	49 940	48 455	1 484	3%	290 728
Remuneration of councillors		9 276	9 486	9 486	758	1 486	1 581	(95)	-6%	9 486
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-
Inventory consumed		51 978	42 130	45 495	118	208	7 557	(7 348)		45 495
Debt impairment		9 369	10 000	10 000	-	-	1 667	(1 667)	-100%	10 000
Depreciation and amortisation		100 249	90 000	90 000	13 333	13 333	15 000	(1 667)	-11%	90 000
Interest		553	1 000	1 000	-	-	167	(167)	-100%	1 000
Contracted services		364 771	128 719	173 073	53 243	57 069	25 227	31 842	126%	173 073
Transfers and subsidies		4 683	6 000	2 549	49	49	423	(374)	-88%	2 549
Irrecoverable debts written off		2 192	-	-	-	28	-	28		-
Operational costs		163 020	144 039	147 410	16 558	21 443	24 600	(3 157)	-13%	147 410
Losses on Disposal of Assets		679	-	-	-	-	-	-		-
Other Losses		309	-	-	-	-	-	-		-
Total Expenditure		993 255	722 102	769 741	109 229	143 557	124 677	18 880	15%	769 741

The year-to-date actual indicate spending of **R143.5 million** for **two months**, which is **20%** of the approved operating expenditure budget. The **R143.5 million** year to date actual is **above** the **two month** baseline projection or year-to-date budget of **R124.6 million**, a variance of **R18.8 million** or **15%** is observed.

Employee Related Costs

Employee related costs are amounts paid for salaries, allowances, service-related benefits and contributions. The year-to-date actual is **R49.9 million** which is **17%** of the approved budget. The **R49.9 million** year to date actual is **above** the **two months** baseline projection or year-to-date budget of **R48.4 million**. A variance of **R1.4 million** or **3%** is observed.

The municipality will make sure that the salary bill is kept within the limits of the monthly projections.

Remuneration of Councillors

Remuneration of Councilors are amounts paid for councilors allowances, service-related benefits and contributions. The year-to-date actual is **R1.4 million** which is **16%** of the approved budget. The **R1.4 million** year to date actual is **below** the **two months** baseline projection or year-to-date budget of **R1.5 million**. A variance of **R95 thousand** or less than **1%** is observed.

This is the good indication that the municipality is trying to spend within the budget.

Inventory Consumed

Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable, materials and suppliers and water inventory. The year-to-date actual is **R208 thousand** which is less than 1% of the approved budget. the **R208 thousand** year to date actual is below the one-month baseline projection or year-to-date budget of **R7.5 million**. A variance of **R7.3 million** or **97%** is observed.

Debt impairment

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

Depreciation

This is a non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is **R13.3 million** which is **15%** of the approved budget. The **R13.3 million** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R15 million**. A variance of **R1.6 million** or **11%** is observed.

Finance charges

Finance charges are amounts for interest paid on overdue accounts and finance lease for laptops. The year-to-date actual is **R0** which is **0%** of the approved budget. the **R0** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R167 thousand**. A variance of **R167 thousand** or **100%** is observed.

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.

Contracted services

Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is **R57.06 million** which is **44%** of the approved budget. the **R57.06 million** year to date actual is **above** the **two month** baseline projection or year-to-date budget of **R25.2 million**. A variance of **R31.8 million** or **126%** is observed.

The municipality has tried to minimise the cost of contracted service

Transfers and subsidies paid.

Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support SMMES, and co-operatives. The year-to-date actual is **R49 thousand** which is **1%** of the approved budget. The **R49 thousand** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R423 thousand**. A variance of **R374 thousand** or **88%** is observed.

Irrecoverable debt written off

Irrecoverable debt written off year-to-date actual is **R28 thousand** which is **0%** of the approved budget. the **R28 thousand** year to date actual is **above two month** baseline projection or year-to-date budget of **R0**. A variance of **R28 thousand** or **0%** is observed

Operational costs

Operational costs are all other expenditure not classified above. The year-to-date actual is **R21.4 million** which is **15%** of the approved budget. The **R21.4 million** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R24.6 million**. A variance of **R3.1 million** or **13%** is observed.

The expenditure is monitored by the municipality and the expenditure is kept within the budget.

Operating Grants Expenditure Performance

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

CONDITIONAL OPERATING GRANTS EXPENDITURE	APPROVED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %	YTD ACTUAL EXPENDITURE %
Finance Management grant (FMG)	1 200 000	26 453	100 000	-73 547	-74%	2%
EPWP Incentive	7 077 000	1 143 047	589 750	553 297	94%	16%
Art centre Subsidies (Indonsa Grant)	1 911 000	-	159 250	-159 250	-100%	0%
Aviation Strategy	2 000 000	-	166 667	-166 667	-100%	0%
Total Operating Grant Expenditure	12 188 000	1 169 500	1 015 667	153 833	-2	10%

FMG **2%**, EPWP Incentive **13%**, Art center subsidies (Indonsa Grant) **0%** and Aviation Strategy **0%**.

Summary of Revenue and Operational Expenditure Performance

DC26 Zululand - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity							-			
Service charges - Water		39 170	51 532	51 532	2 906	9 619	8 589	1 030	12%	51 532
Service charges - Waste Water Management		14 831	16 406	16 406	1 334	2 502	2 734	(233)	-9%	16 406
Service charges - Waste management								-		
Sale of Goods and Rendering of Services		1 426	1 001	1 001	-	45	167	(122)	-73%	1 001
Agency services								-		
Interest								-		
Interest earned from Receivables		75	521	521	39	39	87	(47)	-55%	521
Interest from Current and Non Current Assets		7 433	3 000	3 000	574	574	500			3 000
Dividends								-		
Rent on Land								-		
Rental from Fixed Assets		181	500	500	45	79	83	(4)	-5%	500
Licence and permits		88	60	60	11	16	10	6	63%	60
Operational Revenue		563	369	369	2	3	61	(58)	-95%	369
Non-Exchange Revenue										
Property rates								-		
Surcharges and Taxes		-	-	-	-	-	-	-		-
Fines, penalties and forfeits		910	1 000	1 000	64	84	167	(83)		1 000
Licence and permits								-		
Transfers and subsidies - Operational		658 830	643 859	691 751	49 480	312 676	111 664	201 013		691 751
Interest								-		
Fuel Levy								-		
Operational Revenue								-		
Gains on disposal of Assets		2 894	-	-	-	-	-	-		-
Other Gains		4 385	-	-	(2)	(2)	-	(2)		-
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		730 785	718 248	766 140	54 453	325 635	124 062	201 573	162%	766 140
Expenditure By Type										
Employee related costs		286 176	290 728	290 728	25 169	49 940	48 455	1 484	3%	290 728
Remuneration of councillors		9 276	9 486	9 486	758	1 486	1 581	(95)	-6%	9 486
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		51 978	42 130	45 495	118	208	7 557	(7 348)		45 495
Debt impairment		9 369	10 000	10 000	-	-	1 667	(1 667)	-100%	10 000
Depreciation and amortisation		100 249	90 000	90 000	13 333	13 333	15 000	(1 667)	-11%	90 000
Interest		553	1 000	1 000	-	-	167	(167)	-100%	1 000
Contracted services		364 771	128 719	173 073	53 243	57 069	25 227	31 842	126%	173 073
Transfers and subsidies		4 683	6 000	2 549	49	49	423	(374)	-88%	2 549
Irrecoverable debts written off		2 192	-	-	-	-	-	28		-
Operational costs		163 020	144 039	147 410	16 558	21 443	24 600	(3 157)	-13%	147 410
Losses on Disposal of Assets		679	-	-	-	-	-	-		-
Other Losses		309	-	-	-	-	-	-		-
Total Expenditure		993 255	722 102	769 741	109 229	143 557	124 677	18 880	15%	769 741
Surplus/(Deficit)		(262 470)	(3 855)	(3 602)	(54 776)	182 078	(615)	182 693	(0)	(3 602)
Transfers and subsidies - capital (monetary allocations)		610 502	805 127	805 127	65 898	65 898	134 188	(68 289)	(0)	805 127
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		348 032	801 272	801 525	11 123	247 976	133 573			801 525
Income Tax										
Surplus/(Deficit) after income tax		348 032	801 272	801 525	11 123	247 976	133 573			801 525
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		348 032	801 272	801 525	11 123	247 976	133 573			801 525
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		348 032	801 272	801 525	11 123	247 976	133 573			801 525

1.6. CAPITAL EXPENDITURE AND FUNDING

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	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %	YTD ACTUAL EXPENDITURE %
Total Capital Expenditure	790 494 351	57 911 289	131 764 541	-73 853 253	-56%	7%
Total Capital Financing	790 494 351	57 911 289	131 764 541	-73 853 253	-56%	7%

The capital expenditure amounts to **R131.7** which is **7%** of the capital approved budget, after a period of **two month**.

Capital budget summary

DC26 Zululand - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August

Vote Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Multi-Year expenditure appropriation	2									
Vote 01 - Council		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	250	250	-	-	42	(42)	-100%	250
Vote 04 - Community Development		-	-	-	-	-	-	-	-	-
Vote 05 - Planning & Wsa		-	-	-	-	-	-	-	-	-
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	-	-	-	-	-	-	-	-
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	250	250	-	-	42	(42)	-100%	250
Single Year expenditure appropriation	2									
Vote 01 - Council		173	-	170	-	-	15	(15)	-100%	170
Vote 02 - Corporate Services		833	2 250	2 320	-	-	387	(387)	-100%	2 320
Vote 03 - Finance		2 064	400	400	-	-	67	(67)	-100%	400
Vote 04 - Community Development		2 878	457	457	-	-	76	(76)	-100%	457
Vote 05 - Planning & Wsa		491 521	700 110	700 110	57 911	57 911	116 685	(58 774)	-50%	700 110
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		474	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	86 957	86 957	-	-	14 493	(14 493)	-100%	86 957
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	497 942	790 174	790 414	57 911	57 911	131 723	(73 812)	-56%	790 414
Total Capital Expenditure		497 942	790 424	790 664	57 911	57 911	131 765	(73 853)	-56%	790 664
Capital Expenditure - Functional Classification										
Governance and administration		3 061	2 900	3 140	-	-	510	(510)	-100%	3 140
Executive and council		173	-	170	-	-	15	(15)	-100%	170
Finance and administration		2 888	2 900	2 970	-	-	495	(495)	-100%	2 970
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 152	457	457	-	-	76	(76)	-100%	457
Community and social services		1 152	457	457	-	-	76	(76)	-100%	457
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		1 726	2 208	2 208	-	-	368	(368)	-100%	2 208
Planning and development		1 726	2 208	2 208	-	-	368	(368)	-100%	2 208
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		491 995	784 859	784 859	57 911	57 911	130 810	(72 899)	-56%	784 859
Energy sources		-	-	-	-	-	-	-	-	-
Water management		491 995	784 859	784 859	57 911	57 911	130 810	(72 899)	-56%	784 859
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		9	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	497 942	790 424	790 664	57 911	57 911	131 765	(73 853)	-56%	790 664
Funded by:										
National Government		490 152	700 110	700 110	57 911	57 911	116 685	(58 774)	-50%	700 110
Provincial Government		2 797	457	457	-	-	76	(76)	-100%	457
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm		-	-	-	-	-	-	-	-	-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns,		-	-	-	-	-	-	-	-	-
Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		492 948	700 568	700 568	57 911	57 911	116 761	(58 850)	-50%	700 568
Borrowing	6	191	86 957	86 957	-	-	14 493	(14 493)	-100%	86 957
Internally generated funds		4 803	2 900	3 140	-	-	510	(510)	-100%	3 140
Total Capital Funding		497 942	790 424	790 664	57 911	57 911	131 765	(73 853)	-56%	790 664

Governance and administration

Governance and administration year-to-date actual is **R0** which is **0%** of the approved budget. the **R0** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R510 thousand**. A variance of **R510 thousand** or **100%** is observed.

Community and public safety

Community and public safety year-to-date actual is **R0** which is **0%** of the approved budget. the **R0** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R76 thousand**. A variance of **R76 thousand** or **100%** is observed.

Economic and environmental services

Economic and environmental services year-to-date actual is **R0 million** which is **0%** of the approved budget. the **R0** year to date actual is **below** the **two month** baseline projection or year-to-date budget of **R368 thousand**. A variance of **R368 thousand** or **100%** is observed.

Trading services

Trading services year-to-date actual is **R57.9 million** which is **7%** of the approved budget. the **R57.9 million** year to date actual is **below** the **two months** baseline projection or year-to-date budget of **R130.8 million**. A variance of **R72.8 million** or **56%** is observed.

CAPITAL EXPENDITURE BY SOURCE EXCLUSIVE OF VAT	APPROVED BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %	YTD ACTUAL EXPENDITURE %
Municipal Infrastructure Grant (MIG)	236 246 089	14 558 145	19 687 174	-5 129 028.68	-26%	6%
Regional Bulk Infrastructure (RBIG)	374 700 000	25 778 618	31 225 000	-5 446 381.62	-17%	12%
Water services infrastructure Grant (WSIG)	86 956 523	17 574 525	7 246 377	10 328 147.92	143%	23%
Rural Roads Asset Managemnt Systems Grant	2 207 826	-	183 986	-183 985.50	-100%	0%
Borrowings (Backup Generator)	86 956 522	-	7 246 377	-7 246 376.83	-100%	0%
Art centre Subsisies (Indonsa Grant)	457 391	-	38 116	-38 115.92	-100%	0%
Other Assets	2 970 000	-	247 500	-247 500.00	-100%	0%
Total Operating Expenditure	790 494 351	57 911 289	65 874 529	-7 963 241	-12%	11%

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	YTD BUDGET	YTD VARIANCE	YTD VARIANCE %	YTD ACTUAL EXPENDITURE %
Municipal Infrastructure Grant (MIG)	271 683 000	16 674 287	22 640 250	-5 965 963	-26%	6%
Regional Bulk Infrastructure (RBIG)	430 905 000	29 265 756	35 908 750	-6 642 994	-18%	7%
Water services infrastructure Grant (WSIG)	100 000 000	19 958 389	8 333 333	11 625 055	140%	20%
Rural Roads Asset Managemnt Systems Grant	2 539 000	-	211 583	-211 583	-100%	0%
Indonsa Grant	526 000	-	43 833	-43 833	-100%	0%
Total Capital Grant Expenditure	805 653 000	65 898 431	67 137 750	-1 239 319	-2%	11%

Overall capital grant expenditure is sitting at **11%** of the approved capital budget, **MIG** is sitting at **6%**, **RBIG** at **7%**, **WSIG** at **20%**, **RAMS** at **0%** and **Art Council Subsidy** at **0%**.

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 **2023/2024** 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 - M02 August

Description	Budget Year 2023/24								
	2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	–	–	–	–	–	–	–	–	–
Service charges	54 001	67 938	67 938	4 240	12 121	11 323	798	7%	67 938
Investment revenue	7 433	–	–	–	–	–	–	–	–
Transfers and subsidies - Operational	7 433	3 000	3 000	574	574	500	74	15%	3 000
Other own revenue	661 917	647 310	695 202	49 640	312 941	112 239	200 702	179%	–
Total Revenue (excluding capital transfers and contributions)	730 785	718 248	766 140	54 453	325 635	124 062	201 573	162%	766 140
Employee costs	286 176	290 728	290 728	25 169	49 940	48 455	1 484		290 728
Remuneration of Councillors	9 276	9 486	9 486	758	1 486	1 581	(95)		9 486
Depreciation and amortisation	100 249	90 000	90 000	13 333	13 333	15 000	(1 667)		90 000
Interest	553	1 000	1 000	–	–	167	(167)		1 000
Inventory consumed and bulk purchases	51 978	42 130	45 495	118	208	7 557	(7 348)		45 495
Transfers and subsidies	4 683	6 000	2 549	49	49	423	(374)	-88%	2 549
Other expenditure	540 340	282 758	330 484	69 801	78 540	51 494	27 046	53%	330 484
Total Expenditure	993 255	722 102	769 741	109 229	143 557	124 677	18 880	15%	769 741
Surplus/(Deficit)	(262 470)	(3 855)	(3 602)	(54 776)	182 078	(615)	182 693	-29698%	(3 602)
Transfers and subsidies - capital (monetary)	610 502	805 127	805 127	65 898	65 898	134 188	###	-51%	805 127
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	348 032	801 272	801 525	11 123	247 976	133 573	114 404	86%	801 525
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	348 032	801 272	801 525	11 123	247 976	133 573	114 404	86%	801 525
Capital expenditure & funds sources									
Capital expenditure	497 942	790 424	790 664	57 911	57 911	131 765	(73 853)	-56%	790 664
Capital transfers recognised	492 948	700 568	700 568	57 911	57 911	116 761	(58 850)	-50%	700 568
Borrowing	191	86 957	86 957	–	–	14 493	(14 493)	-100%	86 957
Internally generated funds	4 803	2 900	3 140	–	–	510	(510)	-100%	3 140
Total sources of capital funds	497 942	790 424	790 664	57 911	57 911	131 765	(73 853)	-56%	790 664
Financial position									
Total current assets	180 190	480 492	480 492		285 156				480 492
Total non current assets	4 999 838	6 247 525	6 247 765		5 044 416				6 247 765
Total current liabilities	501 396	352 992	352 992		396 022				352 992
Total non current liabilities	44 689	128 340	128 340		44 689				128 340
Community wealth/Equity	4 723 576	5 445 412	5 445 412		4 889 649				5 445 412
Cash flows									
Net cash from (used) operating	1 822 004	993 132	993 132	276 436	494 254	165 522	(328 733)	-199%	993 132
Net cash from (used) investing	(496 168)	(789 967)	(789 967)	(57 911)	(57 911)	(131 661)	(73 750)	56%	(789 967)
Net cash from (used) financing	(1 090)	90 000	90 000	–	–	15 000	15 000	100%	90 000
Cash/cash equivalents at the month/year end	1 345 214	466 282	466 282	–	463 770	221 978	(241 792)	-109%	320 591
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	12 609	4 467	3 083	3 385	3 349	3 872	18 050	161 058	209 873
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

DC26 Zululand - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		665 320	637 831	685 723	48 333	311 621	110 659	200 962	182%	685 723
Executive and council	8	-	-	-	-	-	-	-	-	-
Finance and administration	665 312	637 831	685 723	48 333	311 621	110 659	200 962	182%	685 723	
Internal audit	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 285	2 482	2 482	11	16	414	(397)	-96%	2 482
Community and social services	2 209	1 922	1 922	-	-	320	(320)	-100%	1 922	
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	76	560	560	11	16	93	(77)	-83%	560	
<i>Economic and environmental services</i>		4 171	2 539	2 539	-	-	423	(423)	-100%	2 539
Planning and development	4 171	2 539	2 539	-	-	423	(423)	-100%	2 539	
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		668 995	878 523	878 523	72 006	79 894	146 420	(66 526)	-45%	878 523
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	654 093	862 087	862 087	70 612	77 326	143 681	(66 356)	-46%	862 087	
Waste water management	14 903	16 436	16 436	1 394	2 569	2 739	(170)	-6%	16 436	
Waste management	-	-	-	-	-	-	-	-	-	-
<i>Other</i>	4	516	2 000	2 000	1	2	333	(331)	-99%	2 000
Total Revenue - Functional	2	1 341 287	1 523 375	1 571 267	120 351	391 534	258 250	133 284	52%	1 571 267
Expenditure - Functional										
<i>Governance and administration</i>		328 126	256 489	303 564	73 702	90 718	47 047	43 671	93%	303 564
Executive and council	63 257	45 360	45 242	9 074	15 399	7 553	7 846	104%	45 242	
Finance and administration	264 870	176 201	223 384	61 760	69 071	33 670	35 401	105%	223 384	
Internal audit	-	34 928	34 938	2 869	6 247	5 823	424	7%	34 938	
<i>Community and public safety</i>		27 553	28 878	28 893	2 372	4 404	4 815	(412)	-9%	28 893
Community and social services	14 564	8 257	8 267	429	898	1 378	(480)	-35%	8 267	
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	5 887	5 887	554	1 121	981	140	14%	5 887	
Housing	-	-	-	-	-	-	-	-	-	-
Health	12 989	14 734	14 739	1 389	2 385	2 456	(72)	-3%	14 739	
<i>Economic and environmental services</i>		22 711	28 742	29 102	1 500	3 214	4 794	(1 579)	-33%	29 102
Planning and development	22 711	28 742	29 102	1 500	3 214	4 794	(1 579)	-33%	29 102	
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		605 241	394 049	394 169	30 784	43 610	65 695	(22 085)	-34%	394 169
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	597 508	386 071	386 191	30 102	42 296	64 365	(22 069)	-34%	386 191	
Waste water management	7 733	7 978	7 978	682	1 314	1 330	(16)	-1%	7 978	
Waste management	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		9 624	13 944	14 014	870	1 611	2 326	(715)	-31%	14 014
Total Expenditure - Functional	3	993 255	722 102	769 741	109 229	143 557	124 677	18 880	15%	769 741
Surplus/ (Deficit) for the year		348 032	801 272	801 525	11 123	247 976	133 573	114 404	86%	801 525

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) - M02 August

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Council		8	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		61 142	2 350	50 242	47 556	47 556	4 745	42 811	902.1%	50 242
Vote 03 - Finance		604 660	637 481	637 481	778	264 067	106 247	157 820	148.5%	637 481
Vote 04 - Community Development		3 953	2 482	2 482	11	16	414	(397)	-96.1%	2 482
Vote 05 - Planning & Wsa		617 377	812 204	812 204	67 667	67 667	135 367	(67 700)	-50.0%	812 204
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		-	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		39 245	52 422	52 422	2 945	9 658	8 737	921	10.5%	52 422
Vote 09 - Waste Water		14 903	16 436	16 436	1 394	2 569	2 739	(170)	-6.2%	16 436
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 341 287	1 523 375	1 571 267	120 351	391 534	258 250	133 284	51.6%	1 571 267
Expenditure by Vote	1									
Vote 01 - Council		63 257	53 791	53 683	9 531	16 257	8 961	7 296	81.4%	53 683
Vote 02 - Corporate Services		188 064	149 411	197 341	57 407	65 337	29 262	36 075	123.3%	197 341
Vote 03 - Finance		70 099	61 343	60 985	6 599	9 185	10 164	(979)	-9.6%	60 985
Vote 04 - Community Development		55 021	50 380	50 425	4 318	7 691	8 405	(714)	-8.5%	50 425
Vote 05 - Planning & Wsa		61 591	21 391	21 411	1 519	3 432	3 569	(137)	-3.8%	21 411
Vote 06 - Technical Services		9 306	10 202	10 432	775	888	1 739	(850)	-48.9%	10 432
Vote 07 - Water Purification		52 109	43 820	43 820	4 065	8 105	7 303	801	11.0%	43 820
Vote 08 - Water Distribution		486 075	323 787	323 667	24 333	31 348	53 945	(22 597)	-41.9%	323 667
Vote 09 - Waste Water		7 733	7 978	7 978	682	1 314	1 330	(16)	-1.2%	7 978
Vote 10 - .		-	-	-	-	-	-	-	-	-
Vote 11 - .		-	-	-	-	-	-	-	-	-
Vote 12 - .		-	-	-	-	-	-	-	-	-
Vote 13 - .		-	-	-	-	-	-	-	-	-
Vote 14 - *		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	993 255	722 102	769 741	109 229	143 557	124 677	18 880	15.1%	769 741
Surplus/ (Deficit) for the year	2	348 032	801 272	801 525	11 123	247 976	133 573	114 404	85.6%	801 525

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) - M02 August

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity										
Service charges - Water		39 170	51 532	51 532	2 906	9 619	8 589	1 030	12%	51 532
Service charges - Waste Water Management		14 831	16 406	16 406	1 334	2 502	2 734	(233)	-9%	16 406
Service charges - Waste management										
Sale of Goods and Rendering of Services		1 426	1 001	1 001	-	45	167	(122)	-73%	1 001
Agency services										
Interest										
Interest earned from Receivables		75	521	521	39	39	87	(47)	-55%	521
Interest from Current and Non Current Assets		7 433	3 000	3 000	574	574	500			3 000
Dividends										
Rent on Land										
Rental from Fixed Assets		181	500	500	45	79	83	(4)	-5%	500
Licence and permits		88	60	60	11	16	10	6	63%	60
Operational Revenue		563	369	369	2	3	61	(58)	-95%	369
Non-Exchange Revenue										
Property rates										
Surcharges and Taxes		-	-	-	-	-	-	-		-
Fines, penalties and forfeits		910	1 000	1 000	64	84	167	(83)		1 000
Licence and permits										
Transfers and subsidies - Operational		658 830	643 859	691 751	49 480	312 676	111 664	201 013		691 751
Interest										
Fuel Levy										
Operational Revenue										
Gains on disposal of Assets		2 894	-	-	-	-	-	-		-
Other Gains		4 385	-	-	(2)	(2)	-	(2)		-
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		730 785	718 248	766 140	54 453	325 635	124 062	201 573	162%	766 140
Expenditure By Type										
Employee related costs		286 176	290 728	290 728	25 169	49 940	48 455	1 484	3%	290 728
Remuneration of councillors		9 276	9 486	9 486	758	1 486	1 581	(95)	-6%	9 486
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed		51 978	42 130	45 495	118	208	7 557	(7 348)		45 495
Debt impairment		9 369	10 000	10 000	-	-	1 667	(1 667)	-100%	10 000
Depreciation and amortisation		100 249	90 000	90 000	13 333	13 333	15 000	(1 667)	-11%	90 000
Interest		553	1 000	1 000	-	-	167	(167)	-100%	1 000
Contracted services		364 771	128 719	173 073	53 243	57 069	25 227	31 842	126%	173 073
Transfers and subsidies		4 683	6 000	2 549	49	49	423	(374)	-88%	2 549
Irrecoverable debts written off		2 192	-	-	-	28	-	28		-
Operational costs		163 020	144 039	147 410	16 558	21 443	24 600	(3 157)	-13%	147 410
Losses on Disposal of Assets		679	-	-	-	-	-	-		-
Other Losses		309	-	-	-	-	-	-		-
Total Expenditure		993 255	722 102	769 741	109 229	143 557	124 677	18 880	15%	769 741
Surplus/(Deficit)		(262 470)	(3 855)	(3 602)	(54 776)	182 078	(615)	182 693	(0)	(3 602)
Transfers and subsidies - capital (monetary allocations)		610 502	805 127	805 127	65 898	65 898	134 188	(68 289)	(0)	805 127
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions		348 032	801 272	801 525	11 123	247 976	133 573			801 525
Income Tax										
Surplus/(Deficit) after income tax		348 032	801 272	801 525	11 123	247 976	133 573			801 525
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		348 032	801 272	801 525	11 123	247 976	133 573			801 525
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		348 032	801 272	801 525	11 123	247 976	133 573			801 525

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) - M02 August

Vote Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Council		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 03 - Finance		-	250	250	-	-	42	(42)	-100%	250
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 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	250	250	-	-	42	(42)	-100%	250
Single Year expenditure appropriation	2									
Vote 01 - Council		173	-	170	-	-	15	(15)	-100%	170
Vote 02 - Corporate Services		833	2 250	2 320	-	-	387	(387)	-100%	2 320
Vote 03 - Finance		2 064	400	400	-	-	67	(67)	-100%	400
Vote 04 - Community Development		2 878	457	457	-	-	76	(76)	-100%	457
Vote 05 - Planning & Wsa		491 521	700 110	700 110	57 911	57 911	116 685	(58 774)	-50%	700 110
Vote 06 - Technical Services		-	-	-	-	-	-	-	-	-
Vote 07 - Water Purification		474	-	-	-	-	-	-	-	-
Vote 08 - Water Distribution		-	86 957	86 957	-	-	14 493	(14 493)	-100%	86 957
Vote 09 - Waste Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	497 942	790 174	790 414	57 911	57 911	131 723	(73 812)	-56%	790 414
Total Capital Expenditure		497 942	790 424	790 664	57 911	57 911	131 765	(73 853)	-56%	790 664
Capital Expenditure - Functional Classification										
Governance and administration		3 061	2 900	3 140	-	-	510	(510)	-100%	3 140
Executive and council		173	-	170	-	-	15	(15)	-100%	170
Finance and administration		2 888	2 900	2 970	-	-	495	(495)	-100%	2 970
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 152	457	457	-	-	76	(76)	-100%	457
Community and social services		1 152	457	457	-	-	76	(76)	-100%	457
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		1 726	2 208	2 208	-	-	368	(368)	-100%	2 208
Planning and development		1 726	2 208	2 208	-	-	368	(368)	-100%	2 208
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		491 995	784 859	784 859	57 911	57 911	130 810	(72 899)	-56%	784 859
Energy sources		-	-	-	-	-	-	-	-	-
Water management		491 995	784 859	784 859	57 911	57 911	130 810	(72 899)	-56%	784 859
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		9	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	497 942	790 424	790 664	57 911	57 911	131 765	(73 853)	-56%	790 664
Funded by:										
National Government		490 152	700 110	700 110	57 911	57 911	116 685	(58 774)	-50%	700 110
Provincial Government		2 797	457	457	-	-	76	(76)	-100%	457
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		492 948	700 568	700 568	57 911	57 911	116 761	(58 850)	-50%	700 568
Borrowing	6	191	86 957	86 957	-	-	14 493	(14 493)	-100%	86 957
Internally generated funds		4 803	2 900	3 140	-	-	510	(510)	-100%	3 140
Total Capital Funding		497 942	790 424	790 664	57 911	57 911	131 765	(73 853)	-56%	790 664

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 - M02 August

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		27 427	345 288	345 288	163 806	345 288
Trade and other receivables from exchange transactions		42 764	59 575	59 575	51 335	59 575
Receivables from non-exchange transactions		168	-	-	6 978	-
Current portion of non-current receivables		-	-	-	-	-
Inventory		2 824	2 556	2 556	2 656	2 556
VAT		80 458	50 650	50 650	34 467	50 650
Other current assets		26 549	22 422	22 422	25 915	22 422
Total current assets		180 190	480 492	480 492	285 156	480 492
Non current assets						
Investments						
Investment property						
Property, plant and equipment		4 991 970	6 247 523	6 247 763	5 036 550	6 247 763
Biological assets						
Living and non-living resources						
Heritage assets		7 817	-	-	7 817	-
Intangible assets		52	1	1	49	1
Trade and other receivables from exchange transactions						
Non-current receivables from non-exchange transactions						
Other non-current assets						
Total non current assets		4 999 838	6 247 525	6 247 765	5 044 416	6 247 765
TOTAL ASSETS		5 180 028	6 728 017	6 728 257	5 329 572	6 728 257
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		1 484	-	-	1 484	-
Consumer deposits		3 620	3 633	3 633	3 627	3 633
Trade and other payables from exchange transactions		487 185	338 908	338 908	234 506	338 908
Trade and other payables from non-exchange transactions		1 560	-	-	147 020	-
Provision		1 654	1 973	1 973	1 654	1 973
VAT		5 393	8 073	8 073	7 231	8 073
Other current liabilities		500	405	405	500	405
Total current liabilities		501 396	352 992	352 992	396 022	352 992
Non current liabilities						
Financial liabilities		1 202	90 000	90 000	1 202	90 000
Provision		43 487	38 340	38 340	43 487	38 340
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		44 689	128 340	128 340	44 689	128 340
TOTAL LIABILITIES		546 085	481 332	481 332	440 711	481 332
NET ASSETS	2	4 633 944	6 246 684	6 246 924	4 888 861	6 246 924
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		4 723 576	5 445 412	5 445 412	4 889 649	5 445 412
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	4 723 576	5 445 412	5 445 412	4 889 649	5 445 412

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 August 2023 indicate bank overdraft of **R40.9 million**

Call Investments Deposits

Call investments as at 31 August 2023 is **R204.8 million**.

Consumer debtors

Consumer debtors include debtors from water, sanitation services and rental of facilities, the balance for the reporting period is **R49.5 million**. Debtors age analysis as per section 2.1 debtors' analysis is **R209.8 million**. Consumer debtors' amount to **R204.2 million** and the balance of **R5.6 million** is for shared services cast in Other Debtors.

Gross Consumer debtors	R204.2 million
Less Impairment	(R154.7 million)
Net Consumer Debtors	R49.5 million

Classification of Consumer Debtors per Service type

Water Debtors	R40 million
Sanitation Debtors	R9.4 million
Property Rentals Debtors	R71.3 thousand
Other Consumer debtors	R16.6 thousand
Total	R49.5 million

➤ **Water Debtors**

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

Gross Water Debtors	R160.1 million
Less Impairment	(120.1 million)
Net Water Debtors	R40 million

➤ **Sanitation Debtors**

Net Sanitation debtors after considering provision for bad debts amount to **R9.4 million**. Sanitation debtors are amounts owed by consumers for sewer services billed.

Gross Sanitation Debtors	R43.9 million
Less Impairment	(R34.5 million)
Net Sanitation Debtors	R9.4 million

➤ **Property Rentals Debtors**

These are debtors accumulated from property rentals amounts to **R29.5 thousand**

Property Rental	R94.06 thousand
Less Impairment	(R22.6 thousand)
Net Property rental	R71.3 thousand

➤ **Other Consumer debtors**

Other consumer debtors' amount to **R106.7 thousand**, these are sundry debtors.

Gross Other Debtors	R32.8 thousand
Less Impairment	(R16.2 thousand)
Net Other Debtors	R16.6 thousand

Classification of Consumer Debtors per Customer group

Households	R170.8 million
Commercial/Businesses	R 14.4 million
Organs of State (excl shared services of R5.6 mill)	R 18.9 million
Total	R204.2 million

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

Gross Households debtors	R170 million
Less Impairment	(R154.7 million)
Net Household debtors	R15.3 million

Other debtors

Other debtors are debtors that arise from non-exchange transactions, the balance for the reporting period is **R78.8 million**.

VAT Receivable	R34.4 million
Deposits Made	R18.2 million
Refunds & under/over banking	R7.7 million
Overpayments/Accrued Income/UIFW Expenditure	R6.9 million
Prepaid Expenses	R1.8 million
Salary advance	R12.2 thousand
Total	R69.1 million

➤ **VAT Receivable**

VAT Receivable amount to **R34.4 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 **R18.2 million**, this amount include Eskom deposits, Federal Air Deposits and Stowell Deposits.

Eskom Deposits	R18 million
Stowell Deposits	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.

➤ **Refunds & under/over banking**

Refunds & under/over banking amount to **R7.7 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	R5.6 million
Under/over banking	R2.1 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.

Fruitless expenditure to be recovered amounting to **R6.9 million** resulted from a claim of standing time due to consultant negligence.

Accrued Income – Reversal 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.

➤ **Salary advance**

Salary advances amounts to **R9.3 thousand**. This amount consists of advanced employee costs.

Inventory

The current level of inventory is **R3 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 **R4.9 million**.

Opening balance	R5.03 billion
Additions	R57.9 million
Depreciation	(R13.3 million)
Closing Balance	R5.03 billion

Intangible

Intangible assets include software licenses owned by the Municipality; the current balance of intangible assets is **R49 thousand**.

Opening balance	R49 thousand
Additions	R 0
Depreciation	(R0)
Closing Balance	R49 thousand

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. The current balance owed amount to **R1.8 million**.

Opening balance	R1.8 million
Payment	(R0)
Closing Balance	R1.8 million

Consumer deposits

Consumer deposits are deposit amounts of customers that have accounts with the municipality, the current balance is **R3.6 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 **R388.7 million**.

Trade Creditors	R22.4 million
Unspent Conditional Grants	R147.01 million
Retention	R62.8 million
Department of Water & Sanitation	R62.6 million
Output VAT	R7.2 million
Leave accrued	R21.7 million
Bonus	R5.7 million
Employee related cost	R1.2 million
Advance Payments	R4.03 million
Salary Suspense Accounts	R1.7 million
Other Suspense account	R9.9 thousand
Water tankers	R24.9 million
Zanamanzi	R26.7 million
Fleet Suspense	R265 thousand
Unallocated Deposits	R2.8 thousand
Closing Balance	R388.7 million

Current Provision

Current provisions amount to **R2.1 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 500 thousand
Long service awards	R1.6 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 **R1.2 million**.

The municipality is in lease contract with Business Connections (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 **R43.4 million**, this provision is for post-retirement benefit (Medical aid) and Long Service award.

Post Retirement benefit (Medical aid)	R30.4 million
Long Service award	R13.06 million

Accumulated surplus

Accumulated surplus is the net worth of the Municipality, sitting at **R4.8 billion**

DC26 Zululand - Table C7 Monthly Budget Statement - Cash Flow - M02 August

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates								-		
Service charges		26 949	51 642	51 642	2 622	3 931	8 607	(4 676)	-54%	51 642
Other revenue		1 387 129	162 144	162 144	231 525	363 269	27 024	336 245	1244%	162 144
Transfers and Subsidies - Operational		661 838	643 859	643 859	2 969	269 121	107 310	161 811	151%	643 859
Transfers and Subsidies - Capital		610 306	805 127	805 127	150 800	254 800	134 188	120 612	90%	805 127
Interest		3 937	3 000	3 000	574	574	500	74	15%	3 000
Dividends								-		
Payments										
Suppliers and employees		(868 156)	(672 640)	(672 640)	(112 054)	(397 439)	(112 107)	285 333	-255%	(672 640)
Interest								-		
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 822 004	993 132	993 132	276 436	494 254	165 522	(328 733)	-199%	993 132
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(496 168)	(789 967)	(789 967)	(57 911)	(57 911)	(131 661)	(73 750)	56%	(789 967)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(496 168)	(789 967)	(789 967)	(57 911)	(57 911)	(131 661)	(73 750)	56%	(789 967)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing		-	100 000	100 000	-	-	16 667	(16 667)	-100%	100 000
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		(1 090)	(10 000)	(10 000)	-	-	(1 667)	(1 667)	100%	(10 000)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 090)	90 000	90 000	-	-	15 000	15 000	100%	90 000
NET INCREASE/ (DECREASE) IN CASH HELD		1 324 746	293 165	293 165	218 525	436 343	48 861			293 165
Cash/cash equivalents at beginning:		20 468	173 117	173 117	22 534	27 427	173 117			27 427
Cash/cash equivalents at month/year end:		1 345 214	466 282	466 282		463 770	221 978			320 591

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 **R51.6 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 **R3.9 million** to date. This is **8%** of budgeted collection and **32%** of year-to-date billing.

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 re visited the collection of flat rate strategy and decided to implement it next year.

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 in a process of developing an action plan to address these inefficiencies.

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 **R269.1 million**. This amount includes Aviation Strategy Equitable share and Art Centre Subsidy which were received thus far but does not include National Skills Fund under Transfers and subsidies – Operational.

Equitable share	R263.1 million
Indonsa Grant	R955 thousand
Aviation Strategy	R2 million
FMG	R1.2 million
EPWP	R1.7 million
TOTAL	R269.1 million

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 **R104 million**. This amount includes RBIG, MIG, RRAMS, TSUCM_COGTA Boreholes and WSIG which were received thus far under Transfers and subsidies - Capital.

Municipal Infrastructure Grant	R 64 million
Water Services Infrastructure Grant	R 40 million
Regional Bulk Infrastructure Grant	R 150 million
TOTAL	R254.8 million

Interest

Interest on investment budget is at **R3 million**, this estimate is based on the approved budget interest income, the interest includes interest on investments made and interest on bank balance. Year to date actual Interest is **R574 thousand**. Interest on investment revenue on table C4 is **R574 thousand**.

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 **R57.9 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. the Municipality is in a process of developing an action plan to address these inefficiencies.

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. Cash and cash equivalents to date is **R163.8 million** in the financial position but in the cash flow it is **R463.7 million**.

Municipality is in a process of developing an action plan to address these inefficiencies.

PART 2 – SUPPORTING DOCUMENTATION

2.1. DEBTORS ANALYSIS

Debtors age analysis as of 31 August 2023

DC26 Zululand - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2023/24									Total	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					
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	10 227	2 988	2 216	2 480	2 440	2 979	13 963	122 354	159 648	144 217	-	120 170	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	2 198	746	725	754	715	652	3 428	34 702	43 920	40 251	-	34 548	
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	
Interest on Arrear Debtor Accounts	1810	39	13	30	26	25	23	101	310	567	484	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	144	720	113	125	169	218	558	3 692	5 738	4 761	-	20	
Total By Income Source	2000	12 609	4 467	3 083	3 385	3 349	3 872	18 050	161 058	209 873	189 713	-	154 738	
2022/23 - totals only		5557779	4555696	4150138	3524460	3468482	3448876	21579173	134893077	181 178	166 914	0	138614150.4/7	
Debtors Age Analysis By Customer Group														
Organs of State	2200	4 196	1 377	728	866	773	822	3 642	12 136	24 540	18 238	-	-	
Commercial	2300	1 632	355	318	368	393	446	1 753	9 184	14 448	12 143	-	-	
Households	2400	6 782	2 734	2 038	2 151	2 183	2 604	12 655	139 738	170 885	159 331	-	154 738	
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	
Total By Customer Group	2600	12 609	4 467	3 083	3 385	3 349	3 872	18 050	161 058	209 873	189 713	-	154 738	

Total debtors' amount to **R209.8 million**, which is an increase of **R1.7 million** from the closing balance of **R208.1 million** in previous month. The debtors over 90 days amount to **R189.7 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 August 2023

DC26 Zululand - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	
Bulk Water	0200										
PAYE deductions	0300										
VAT (output less input)	0400										
Pensions / Retirement deductions	0500										
Loan repayments	0600										
Trade Creditors	0700										214 191
Auditor General	0800										
Other	0900										
Total By Customer Type	1000	-	-	-	-	-	-	-	-	-	214 191

2.3 INVESTMENT PORTFOLIO

Investments as at 31 August 2023

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
Municipality														
ABSA CALL ACCOUNT		0.008219178	CALL ACCOUNT	YES	VARIABLE	0.089	-	N/A	30 June 2024	-	47		64 000	64 047
ABSA CALL ACCOUNT		0.019178082	CALL ACCOUNT	YES	VARIABLE	0.089	-	N/A	30 June 2024	64 047	68		40 000	104 115
ABSA CALL ACCOUNT		0.032876712	CALL ACCOUNT	YES	VARIABLE	0.089	-	N/A	30 June 2024	104 115	439		150 000	254 554
ABSA CALL ACCOUNT		0.063013699	CALL ACCOUNT	YES	VARIABLE	0.089	-	N/A	30 June 2024	254 554		(30 000)		224 554
ABSA CALL ACCOUNT		0.063013699	CALL ACCOUNT	YES	VARIABLE	0.089	-	N/A	30 June 2024	224 554		(20 000)		204 554
														-
														-
Municipality sub-total										-	554	(50 000)	254 000	204 554
Entities														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									-		(50 000)	254 000	204 554

2.4 ALLOCATION OF GRANT RECEIPTS AND EXPENDITURE

Grants Receipts

DC26 Zululand - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		596 108	639 948	639 948	1 926	265 122	106 658	158 464	148.6%	639 948
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		586 391	631 671	631 671	-	263 196	105 279	157 918	150.0%	631 671
Expanded Public Works Programme Integrated Grant		8 517	7 077	7 077	1 769	1 769	1 180	590	50.0%	7 077
Local Government Financial Management Grant		1 200	1 200	1 200	157	157	200	(43)	-21.5%	1 200
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	3	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		2 631	3 911	3 911	-	-	652	(652)	-100.0%	3 911
Capacity Building and Other Grants		2 631	3 911	3 911	-	-	652	(652)	-100.0%	3 911
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		60 091	-	47 892	47 554	47 554	4 354	43 200	992.2%	47 892
Electricity Distribution Industry Holdings		-	-	-	-	-	-	-	-	-
KwazuluNatal Provincial Planning and Development Commission		-	-	-	-	-	-	-	-	-
Local Government Water and Related Service SETA		478	-	-	114	114	-	114	-	-
National Skills Fund		59 613	-	47 892	47 440	47 440	4 354	43 086	989.6%	47 892
Unspecified		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	658 830	643 859	691 751	49 480	312 676	111 664	201 013	180.0%	691 751
Capital Transfers and Grants										
National Government:		607 306	805 127	805 127	65 898	65 898	134 188	(68 289)	-50.9%	805 127
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		259 530	271 683	271 683	16 674	16 674	45 281	(28 606)	-63.2%	271 683
Regional Bulk Infrastructure Grant		250 247	430 905	430 905	29 266	29 266	71 818	(42 552)	-59.2%	430 905
Rural Road Asset Management Systems Grant		2 529	2 539	2 539	-	-	423	(423)	-100.0%	2 539
Water Services Infrastructure Grant		95 000	100 000	100 000	19 958	19 958	16 667	3 292	19.8%	100 000
Provincial Government:		3 196	-	-	-	-	-	-	-	-
Infrastructure Grant		3 196	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	610 502	805 127	805 127	65 898	65 898	134 188	(68 289)	-50.9%	805 127
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	1 269 332	1 448 986	1 496 878	115 379	378 575	245 851	132 723	54.0%	1 496 878

Grants are received as per transfer schedule and have been received as such with the exception of MSIG which has not been received. Grants are recognized as revenue as when the condition is met.

Grant Expenditure

DC26 Zululand - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		824 288	627 267	627 014	49 716	84 044	104 517	(20 473)	-19.6%	627 014
Energy Efficiency and Demand Side Management Grant		-	-	-	-	-	-	-	-	-
Equitable Share		773 115	618 990	618 737	48 345	81 504	103 138	(21 633)	-21.0%	618 737
Expanded Public Works Programme Integrated Grant		8 532	7 077	7 077	1 240	2 383	1 180	1 204	102.0%	7 077
Local Government Financial Management Grant		1 200	1 200	1 200	131	157	200	(43)	-21.5%	1 200
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		33 001	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		2 199	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		6 240	-	-	-	-	-	-	-	-
Provincial Government:		2 689	3 385	3 385	7	7	564	(558)	-98.8%	3 385
Capacity Building and Other Grants		2 689	3 385	3 385	7	7	564	(558)	-98.8%	3 385
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		59 798	-	47 892	47 440	47 440	4 354	43 086	989.6%	47 892
Electricity Distribution Industry Holdings		-	-	-	-	-	-	-	-	-
KwazuluNatal Provincial Planning and Development Commission		-	-	-	-	-	-	-	-	-
Local Government Water and Related Service SETA		478	-	-	-	-	-	-	-	-
National Skills Fund		59 320	-	47 892	47 440	47 440	4 354	43 086	989.6%	47 892
Total operating expenditure of Transfers and Grants:		886 774	630 652	678 292	97 163	131 491	109 435	22 056	20.2%	678 292
Capital expenditure of Transfers and Grants										
National Government:		490 152	700 110	700 110	57 911	57 911	116 685	(58 774)	-50.4%	700 110
Municipal Infrastructure Grant		194 387	236 246	236 246	14 558	14 558	39 374	(24 816)	-63.0%	236 246
Regional Bulk Infrastructure Grant		218 770	374 700	374 700	25 779	25 779	62 450	(36 671)	-58.7%	374 700
Rural Road Asset Management Systems Grant		-	2 208	2 208	-	-	368	(368)	-100.0%	2 208
Water Services Infrastructure Grant		76 994	86 957	86 957	17 575	17 575	14 493	3 082	21.3%	86 957
Provincial Government:		2 797	457	457	-	-	76	(76)	-100.0%	457
Capacity Building and Other Grants		-	-	-	-	-	-	-	-	-
Infrastructure Grant		2 797	457	457	-	-	76	(76)	-100.0%	457
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		492 948	700 568	700 568	57 911	57 911	116 761	(58 850)	-50.4%	700 568
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		1 379 723	1 331 220	1 378 859	155 074	189 402	226 197	(36 794)	-16.3%	1 378 859

Roll-overs Expenditure

The municipality has closing balance on National Skills Fund, LGSETA Fire and Rescue, Art Council SA: Help Desk, Aviation Strategy, Amafa Research and COGTA Boreholes that need to be approved by the council and the funder to be rolled over and expenditure amount will be inclusive of VAT as per **MFMA circular no. 58**.

DC26 Zululand - Supporting Table SC7(2) Monthly Budget Statement - Expenditure against approved rollovers - M02 August

Description	Ref	Budget Year 2023/24				
		Approved Rollover 2022/23	Monthly actual	YearTD actual	YTD variance	YTD variance %
R thousands						
EXPENDITURE						
<u>Operating expenditure of Approved Roll-overs</u>						
National Government:		-	-	-	-	
Provincial Government:		-	-	-	-	
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total operating expenditure of Approved Roll-overs		-	-	-	-	
<u>Capital expenditure of Approved Roll-overs</u>						
National Government:		-	-	-	-	
Provincial Government:		1 642	-	-	1 642	100.0%
Other Departments		1 642	-	-	(1 642)	-100.0%
District Municipality:		-	-	-	-	
Other grant providers:		-	-	-	-	
Total capital expenditure of Approved Roll-overs		1 642	-	-	1 642	100.0%
TOTAL EXPENDITURE OF APPROVED ROLL-OVERS		1 642	-	-	1 642	100.0%

2.5 COUNCILLOR AND BOARD MEMBER ALLOWENCES AND EMPLOYEE BENEFITS

DC26 Zululand - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August

Summary of Employee and Councillor remuneration	Ref	2022/23		Budget Year 2023/24						
		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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		509	512	512	39	77	85	(9)	-10%	512
Medical Aid Contributions		54	55	55	3	7	9	(2)	-25%	55
Motor Vehicle Allowance		1 889	1 962	1 962	164	322	327	(5)	-2%	1 962
Cellphone Allowance		681	694	694	58	116	116	-	-	694
Housing Allowances		360	180	180	15	30	30	-	-	180
Other benefits and allowances		5 782	6 084	6 084	479	935	1 014	(79)	-8%	6 084
Sub Total - Councillors		9 276	9 486	9 486	758	1 486	1 581	(95)	-6%	9 486
% increase	4		2.3%	2.3%						2.3%
Senior Managers of the Municipality										
Basic Salaries and Wages		6 237	6 191	6 191	594	1 239	1 032	207	20%	6 191
Pension and UIF Contributions		176	62	62	34	64	10	54	519%	62
Medical Aid Contributions		59	3	3	5	11	0	10	2213%	3
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		650	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 640	1 542	1 542	196	338	257	81	32%	1 542
Cellphone Allowance		257	238	238	29	51	40	12	30%	238
Housing Allowances		13	-	-	1	2	-	2	#DIV/0!	-
Other benefits and allowances		309	195	195	82	105	33	72	222%	195
Payments in lieu of leave		374	-	-	-	-	-	-	-	-
Long service awards		132	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		97	-	-	16	16	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		9 945	8 230	8 230	957	1 826	1 372	454	33%	8 230
% increase	4		-17.2%	-17.2%						-17.2%
Other Municipal Staff										
Basic Salaries and Wages		184 973	206 063	206 063	16 415	32 591	34 344	(1 752)	-5%	206 063
Pension and UIF Contributions		24 702	27 991	27 991	2 185	4 377	4 665	(288)	-6%	27 991
Medical Aid Contributions		14 860	15 496	15 496	1 336	2 675	2 583	92	4%	15 496
Overtime		6 703	5 448	5 448	534	1 126	908	218	24%	5 448
Performance Bonus		12 696	13 983	13 983	1 443	2 478	2 331	148	6%	13 983
Motor Vehicle Allowance		10 357	10 682	10 682	909	1 823	1 780	43	2%	10 682
Cellphone Allowance		740	828	828	60	132	138	(6)	-5%	828
Housing Allowances		1 669	1 724	1 724	135	271	287	(16)	-6%	1 724
Other benefits and allowances		4 065	282	282	368	706	47	659	1402%	282
Payments in lieu of leave		5 523	-	-	658	1 415	-	1 415	#DIV/0!	-
Long service awards		3 358	-	-	94	376	-	376	#DIV/0!	-
Post-retirement benefit obligations		5 393	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		1 191	-	-	76	143	-	143	#DIV/0!	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		276 230	282 498	282 498	24 213	48 114	47 083	1 031	2%	282 498
% increase	4		2.3%	2.3%						2.3%
Total Parent Municipality		295 452	300 214	300 214	25 927	51 426	50 036	1 390	3%	300 214

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 - M02 August

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	Revenue			
	Service charges – Water revenue	12%	This is the amounts billed on customers for water used, the year-to-date actual is R9.6 million which is 19% of the approved budget. the R9.6 million year to date actual is above the two month baseline projection or year-to-date budget of R8.5 million. A variance of R1 million or 12% is observed.	
	Service charges – Sanitation revenue	9%	This is the amounts billed on customers that are connected to the sewer system, the year-to-date actual is R2.5 million which is 15% of the approved budget. the R2.5 million year to date actual is below the two month baseline projection or year-to-date budget of R2.7 million. A variance of R233 thousand or 9% is observed	
	Sale of goods and rendering of service	73%	This is the amount on sale of goods and rendering of services, the year-to-date actual is R45 thousands which is 5% of the approved budget. the R45 thousands year to date actual is below the two month baseline projection or year-to-date budget of R167 thousand. A variance of R122 thousand or 73% is observed.	
	Rent of facilities	5%	Rental of facilities is amounts billed for office space leased out, the year-to-date actual is R79 thousand which is 8% of the approved budget. the R79 thousand year to date actual is below the two month baseline projection or year-to-date budget of R83 thousand. A variance of R4 thousand or 5% is observed.	
	Interest on investment	15%	Interest on investment is interest received when the Municipality makes cash investments, the year-to-date actual is R574 thousand which is 19% of the approved budget. The R574 thousand year to date actual is above the two month baseline projection or year-to-date budget of R500 thousand. A variance of R74 thousand or 15% is observed.	
	Interest earned - outstanding debtors	55%	Interest earned - outstanding debtors is charged on businesses for accounts in arrears. the year-to-date actual is R39 thousand which is 8% of the approved budget. The R39 thousand year to date actual is below the two month baseline projection or year-to-date budget of R87 thousand. A variance of R47 thousand or 55% is observed. Reasons for variances can be attributed to businesses nonadherence to payment terms, the municipality must implement stringent measures to ensure businesses pay on time.	
	Fines, penalties, and forfeits	50%	Fines, penalties, and forfeits are mainly amounts charged on illegal connections. the year-to-date actual is R84 thousand which is 8% of the approved budget. the R84 thousand year to date actual is below the two month baseline projection or year-to-date budget of R167 thousand. A variance of R83 thousand or 50% is observed. Reasons for variances can be attributed to a negative indication that more consumers are illegally connected or a negative indication that some illegally connected consumers are not yet discovered. Municipality must keep up the disconnection of illegal connections	
	Licences and Permits	63%	Licences and permits year-to-date actual is R16 thousand which is 27% of the approved budget. the R16 thousand year to date actual is above two month baseline projection or year-to-date budget of R10 thousand. A variance of less than R6 hundred or 63% is observed.	
	Operational revenue	95%	Operational revenue year-to-date actual is R3 thousand which is 1% of the approved budget. the R3 thousand year to date actual is below two month baseline projection or year-to-date budget of R61 thousand. A variance of R58 thousand or 95% is observed.	
	Transfers and subsidies	180%	Transfers and subsidies year to date actual is R312.6 million which is 49% of the approved budget. The R312.6 million year to date actual is above two month baseline projection or year-to-date budget of R111.6 million. A variance of R201.01 million or 180% is observed. Reasons for variances can be attributed to the nature of transfers and subsidies which depend on the transfer schedule and cannot be benchmarked against the year-to-date budget. Grants are not received monthly but in trenches as per approved transfer schedule	

2	Expenditure By Type		
	Employee Related Costs	3%	Employee related costs are amounts paid for salaries, allowances, service-related benefits and contributions. The year-to-date actual is R49.9 million which is 17% of the approved budget. The R49.9 million year to date actual is above the two months baseline projection or year-to-date budget of R48.4 million. A variance of R1.4 million or 3% is observed.
	Remuneration of Councillors	6%	Remuneration of Councillors are amounts paid for councillors allowances, service-related benefits and contributions. The year-to-date actual is R1.4 million which is 16% of the approved budget. The R1.4 million year to date actual is below the two months baseline projection or year-to-date budget of R1.5 million. A variance of R95 thousand or less than 1% is observed.
	Inventory Consumed	97%	Inventory Consumed are expenses incurred in terms of GRAP 12 such as consumable, materials and suppliers and water inventory. The year-to-date actual is R208 thousand which is less than 1% of the approved budget. the R208 thousand year to date actual is below the one-month baseline projection or year-to-date budget of R7.5 million. A variance of R7.3 million or 97% is observed.
	Depreciation	11%	This is a non-cash item budgeted for as per the stipulation of the accounting standards. The year-to-date actual is R13.3 million which is 15% of the approved budget. The R13.3 million year to date actual is below the two month baseline projection or year-to-date budget of R15 million. A variance of R1.6 million or 11% is observed.
	Finance charges	100%	Finance charges are amounts for interest paid on overdue accounts and finance lease for laptops. The year-to-date actual is R0 which is 0% of the approved budget. the R0 year to date actual is below the two month baseline projection or year-to-date budget of R167 thousand. A variance of R167 thousand or 100% is observed.
	Debt impairment	0%	Debt impairment is the amount for provision for non-collection as per council policy. Provision for non-collection assessment and calculation is done at year end. National treasuries recommend that the assessment and calculations be done monthly.
	Bulk purchases – electricity	0%	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.
	Contracted services	126%	Contracted services include Outsourced services, Consultants and professional fees, and Contractors. The year-to-date actual is R57.06 million which is 44% of the approved budget. the R57.06 million year to date actual is above the two month baseline projection or year-to-date budget of R25.2 million. A variance of R31.8 million or 126% is observed.
	Transfers and subsidies paid.	88%	Transfers and subsidies are amounts paid as subsidies to the communities for poverty alleviation and transfers to support SMMES, and co-operatives. The year-to-date actual is R49 thousand which is 1% of the approved budget. The R49 thousand year to date actual is below the two month baseline projection or year-to-date budget of R423 thousand. A variance of R374 thousand or 88% is observed.
	Irrecoverable debt written off	0%	Irrecoverable debt written off year-to-date actual is R28 thousand which is 0% of the approved budget. the R28 thousand year to date actual is above two month baseline projection or year-to-date budget of R0. A variance of R28 thousand or 0% is observed
	Operational costs	13%	Operational costs are all other expenditure not classified above. The year-to-date actual is R21.4 million which is 15% of the approved budget. The R21.4 million year to date actual is below the two month baseline projection or year-to-date budget of R24.6 million. A variance of R3.1 million or 13% is observed.
3	Capital Expenditure		
	Governance and administration	100%	Governance and administration year-to-date actual is R0 which is 0% of the approved budget. the R0 year to date actual is below the two month baseline projection or year-to-date budget of R510 thousand. A variance of R510 thousand
	Community and public safety	100%	Community and public safety year-to-date actual is R0 which is 0% of the approved budget. the R0 year to date actual is below the two month baseline projection or year-to-date budget of R76 thousand. A variance of R76 thousand or 100% is observed.

Economic and environmental services	100%	Economic and environmental services year-to-date actual is R0 million which is 0% of the approved budget. the R0 year to date actual is below the two month baseline projection or year-to-date budget of R368 thousand. A variance of R368 thousand
Trading services	56%	Trading services year-to-date actual is R57.9 million which is 7% of the approved budget. the R57.9 million year to date actual is below the two months baseline projection or year-to-date budget of R130.8 million. A variance of R72.8 million

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 - M02 August

Month	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
<u>Monthly expenditure performance trend</u>									
July	5 503	65 875	65 875	-	-	65 875	65 875	100.0%	0%
August	14 273	65 890	65 890	57 911	57 911	131 765	73 853	56.0%	7%
September	32 995	65 890	65 890	-	-	197 655	197 655	100.0%	0%
October	27 335	65 890	65 890	-	-	263 545	263 545	100.0%	0%
November	18 645	65 890	65 890	-	-	329 435	329 435	100.0%	0%
December	46 356	65 890	65 890	-	-	395 325	395 325	100.0%	0%
January	7 250	65 890	65 890	-	-	461 215	461 215	100.0%	0%
February	13 944	65 890	65 890	-	-	527 105	527 105	100.0%	0%
March	27 728	65 890	65 890	-	-	592 995	592 995	100.0%	0%
April	70 518	65 890	65 890	-	-	658 885	658 885	100.0%	-
May	127 629	65 890	65 890	-	-	724 775	724 775	100.0%	-
June	105 765	65 890	65 890	-	-	790 664	790 664	100.0%	-
Total Capital expenditure	497 942	790 664	790 664	57 911					

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 - M02 August

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		491 521	700 110	700 110	57 911	57 911	116 685	58 774	50.4%	700 110
Roads Infrastructure		-	2 208	2 208	-	-	368	368	100.0%	2 208
Roads		-	2 208	2 208	-	-	368	368	100.0%	2 208
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		491 521	693 120	692 468	57 911	57 911	115 461	57 549	49.8%	692 468
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		68 814	79 130	72 907	8 910	8 910	12 623	3 713	29.4%	72 907
Reservoirs		11 062	15 086	10 178	-	-	2 068	2 068	100.0%	10 178
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		63 564	66 957	79 913	2 005	2 005	12 337	10 332	83.7%	79 913
Bulk Mains		311 748	508 469	497 710	45 019	45 019	83 767	38 748	46.3%	497 710
Distribution		36 333	23 478	31 760	1 977	1 977	4 666	2 689	57.6%	31 760
Distribution Points		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	4 783	5 435	-	-	856	856	100.0%	5 435
Pump Station		-	-	-	-	-	-	-	-	-
Reticulation		-	4 783	5 435	-	-	856	856	100.0%	5 435
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Community Assets		1 726	-	-	-	-	-	-	-	-
Community Facilities		1 726	-	-	-	-	-	-	-	-
Centres		1 726	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Works of Art		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Municipal Offices		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		51	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		51	-	-	-	-	-	-	-	-
Computer Software and Applications		51	-	-	-	-	-	-	-	-
Computer Equipment		2 158	2 350	2 580	-	-	418	418	100.0%	2 580
Computer Equipment		2 158	2 350	2 580	-	-	418	418	100.0%	2 580
Furniture and Office Equipment		1 085	550	560	-	-	93	93	100.0%	560
Furniture and Office Equipment		1 085	550	560	-	-	93	93	100.0%	560
Machinery and Equipment		1 210	87 414	87 414	-	-	14 569	14 569	100.0%	87 414
Machinery and Equipment		1 210	87 414	87 414	-	-	14 569	14 569	100.0%	87 414
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living resources		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Policing and Protection		-	-	-	-	-	-	-	-	-
Zoological plants and animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1	497 751	790 424	790 664	57 911	57 911	131 765	73 853	56.0%	790 664

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 doesn't have any entities.

2.12 MUNICIPAL MANAGERS QUALITY CERTIFICATION

I, **R.N. Hlongwa**, Municipal Manager of Zululand District Municipality, hereby certify that the Monthly 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: 14/09/2023