



**DR NKOSAZANA DLAMINI-ZUMA  
LOCAL MUNICIPALITY  
PRESENTS  
2019/20 ADJUSTMENT BUDGET**

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## **1. PURPOSE OF THE REPORT**

The purpose of the report is to revise an approved budget through a special adjustment budget as there have been changes on anticipated revenue and expenditure due nationwide lockdown.

## **2. BASIS AND BACKGROUND ON THE PREPARATION OF SPECIAL ADJUSTMENT BUDGET**

Municipalities and municipal entities have been exempted from the timeline provisions in the MFMA, until such time that the national state of disaster declaration is lifted by the Minister of Cooperative Governance and Traditional Affairs. The exemption is conditional in that “any action that was required to be taken in terms of the MFMA must be taken within 30 days after the national state of disaster lapsed or is terminated”. This exemption therefore enables municipalities and municipal entities to undertake their financial management responsibilities including their budget preparation processes in a manner taking cognisance of the challenges experienced as a result of the announcement of the national state of disaster and the nationwide lockdown. It also provides for a special adjustments budget to address any expenditure relating to COVID-19 for the current municipal financial year ending 30 June 2020.

In response to the impact of COVID-19, municipalities are compelled to consider the reprioritisation of their funding allocations for the 2019/20 and 2020/21 financial year. Given the prevailing circumstances, municipalities may be under pressure to grant some form of relief to consumers, such as rates holidays, which is yet to be assessed by Dr Nkosazana Dlamini Zuma Local municipality.

## **PART 1 – ADJUSTMENT BUDGET**

### **1.1 MAYOR'S REPORT**

Honorable Speaker,  
Councillors,  
Ondabezitha,  
Management and Staff,

I am pleased to officially present an overview of 2019/20 Special Adjustment Budget in terms of MFMA. The MFMA states that “a municipality may revise an approved annual budget through an adjustments budget” (a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year; (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;

Honorable Speaker, the economic impacts of COVID-19 are already shaping up to be significant, yet uneven, across the country. Not only are workers and businesses affected, but so too is the fiscal capacity of governments that rely on a healthy economy for their revenue. As the crisis unfolds, the impact on municipalities' bottom line will be driven not only by overall economic conditions but specifically the parts of the economy where revenue is generated: retail sales, tourism and holidays, income and wages, and real estate. Dr Nkosazana Dlamini Zuma local municipality is one of the municipalities that have been and will be impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by COVID-19.

Given the prevailing circumstances, like all other municipalities, Dr Nkosazana Dlamini Zuma local municipality is and will be under pressure to grant some form of relief to consumers, such as rates holidays, etc. However, at this stage our municipality cannot make assumptions about the ability of consumers to pay under these circumstances and prematurely grant relief measures as this is not supported by the National Treasury and might be disastrous if not handled properly.

Many budget community programmes were affected by due to lockdown rules. For example, Arts and Culture, Sport Development, Operation Sukuma Sakhe and many more.

Essential service delivery, which is the core function of any municipality, has continued unabated throughout the lockdown period and I would like to salute the essential services officials for their heroic work during this time. From 1 June, Traffic Departments across the country were start reopening including our Traffic Department. Our safety measures have been put in place. The lockdown has caused a backlog at certain departments, especially community services and PWBS and I want to assure you that we are working hard to clear this backlog. The municipality have implemented strict measures to ensure the safety of officials, councillors and residents who visit our municipal offices. These include:

- Thermometers and sanitizers at the entrances to municipal buildings;
- Screening forms to be completed by staff and visitors daily;
- Protective gear such as face shields and masks are available to all councillors and officials;
- Workspaces, bathrooms, kitchens and vehicles are cleaned and sanitized continuously;
- Ward rooms, libraries remain closed to prevent face-to-face contact.

Our focus now is therefore driving efficiencies and doing more with less. Our core purpose remains service delivery and therefore the majority of our capital budget is invested in the maintenance, upgrading and expanding of our infrastructure to ensure quality service delivery to all our residents. Our Municipality received two (2) conditional grants i.e. Disaster management grant and Arts and Culture Grant which must be included in the budget.

The municipality have expanded its scope of basic services and free basic services to respond directly to the socio-economic impacts of the pandemic and prevent the transmission of communicable diseases i.e. cleaning of public places and so on.

It will be vital for the Council and Management to guide the municipality through a post-COVID-19 transition so it can continue to serve the community, minimize the negative economic impacts, and maximize economic recovery. The impacts COVID

– 19 will be assessed and a detailed report be made to Council. At this stage it is however vital that revenue streams be actively protected to mitigate the financial impact of COVID-19. Most business and households have felt the financial impact of COVID-19 (albeit to a varying degree) and will likely reprioritise their own spending patterns. All non-essential spending and programs have been curtailed to optimise savings that can in turn be applied for disaster relief. Municipal Departments were requested to realign their budgets and begin earmarking funds that can be used towards Covid-19 relief programmes.

Considering the above explanation, I hereby recommend that the council may approve the 2019/2020 special adjustment budget.

I thank you.

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**Honourable Mayor**  
**Councillor P.N Mncwabe**

## **1.2 RESOLUTIONS**

**It is recommended that the council:**

- Notes and adopt the Special Adjustment Budget for 2019/2020 financial year.

## **1.3 EXECUTIVE SUMMARY**

The 2019/2020 Special Adjustments Budget for Dr Nkosazana Dlamini Zuma Municipality has been prepared in terms of the guidelines contained in Section 28(2) of the MFMA and furthermore ensures that the municipality continues to deliver on its core mandate and identified priorities, achieves its strategic goals and entails prioritising all available resources towards addressing the basic needs of its citizens.

The aim for the compilation of the 2019/2020 special adjustments budget is to align the expenditure to the anticipated revenue and ensure that the budget is adequately funded. Heads of Departments were requested to identify areas where possible savings were identified in order to address those where additional funding was required. In compiling the adjustment budget for the 2019/2020 financial year, the under mentioned principles gave guidance to the compilation of the 2019/2020 adjustment budget;

- The budget must be funded as required by Section 18 of the MFMA, which states that, an annual budget may only be funded from –
  - a) realistically anticipated revenues to be collected;
  - b) cash-backed surpluses from previous years not committed for other purposes;and
  - c) borrowed funds, but only for the capital budget referred to in section 17(2).
- Revenue projections in the budget must be realistic, taking into account –
  - a) projected revenue for the year taking into account collection levels to date; and
  - b) actual revenue collected in the previous financial years.

#### **1.4 ADJUSTMENTS BUDGET TABLES**

##### **TABLE B 1 ADJUSTMENT BUDGET SUMMARY**

Table B1 below is a summary of Adjustment budget tables extracted from B Schedule. For more information on Adjustment Budget Tables, B Schedule version 6.3 extracted from financial system is attached on the



report.

KZN436 Dr Nkosazana Dlamini Zuma - Table B1 Adjustments Budget Summary -

| Description  | Budget Year 2019/20 |                        |                      |                            |                          |                            |                        |                     |                         | Budget Year<br>+1 2020/21 | Budget Year<br>+2 2021/22 |
|--|---------------------|------------------------|----------------------|----------------------------|--------------------------|----------------------------|------------------------|---------------------|-------------------------|---------------------------|---------------------------|
|  | Original<br>Budget  | Prior<br>Adjusted<br>1 | Accum.<br>Funds<br>2 | Multi-year<br>capital<br>3 | Unfore.<br>Unavoid.<br>4 | Nat. or Prov.<br>Govt<br>5 | Other<br>Adjusts.<br>6 | Total Adjusts.<br>7 | Adjusted<br>Budget<br>8 | Adjusted<br>Budget        | Adjusted<br>Budget        |
| R thousands  | A                   | A1                     | B                    | C                          | D                        | E                          | F                      | G                   | H                       |                           |                           |
| <b>Financial Performance</b>   |                     |                        |                      |                            |                          |                            |                        |                     |                         |                           |                           |
| Property rates   | 37 561              | 32 380                 | -                    | -                          | -                        | -                          | -                      | -                   | 32 380                  | 32 277                    | 34 860                    |
| Service charges  | 3 800               | 3 800                  | -                    | -                          | -                        | -                          | -                      | -                   | 3 800                   | 4 005                     | 4 221                     |
| Investment revenue   | 7 741               | 7 741                  | -                    | -                          | -                        | -                          | -                      | -                   | 7 741                   | 8 159                     | 8 600                     |
| Transfers recognised - operational                                   | 135 407             | 135 578                | -                    | -                          | -                        | -                          | 745                    | 745                 | 136 323                 | 140 050                   | 149 447                   |
| Other own revenue  | 6 547               | 10 293                 | -                    | -                          | -                        | -                          | -                      | -                   | 10 293                  | 6 900                     | 7 258                     |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>191 056</b>      | <b>189 792</b>         | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>745</b>             | <b>745</b>          | <b>190 537</b>          | <b>191 392</b>            | <b>204 387</b>            |
| Employee costs   | 63 965              | 60 690                 | -                    | -                          | -                        | -                          | -                      | -                   | 60 690                  | 64 021                    | 67 479                    |
| Remuneration of councillors  | 12 627              | 12 627                 | -                    | -                          | -                        | -                          | -                      | -                   | 12 627                  | 13 309                    | 14 028                    |
| Depreciation & asset impairment                                      | 34 654              | 27 801                 | -                    | -                          | -                        | -                          | -                      | -                   | 27 801                  | 29 303                    | 30 885                    |
| Finance charges  | 425                 | 375                    | -                    | -                          | -                        | -                          | -                      | -                   | 375                     | 448                       | 472                       |
| Materials and bulk purchases   | 4 604               | 5 007                  | -                    | -                          | -                        | -                          | (750)                  | (750)               | 4 257                   | 4 853                     | 5 115                     |
| Transfers and grants   | 1 905               | 1 905                  | -                    | -                          | -                        | -                          | -                      | -                   | 1 905                   | 2 008                     | 2 116                     |
| Other expenditure  | 69 859              | 81 376                 | -                    | -                          | -                        | -                          | 750                    | 750                 | 82 126                  | 73 209                    | 81 163                    |
| <b>Total Expenditure</b>   | <b>188 039</b>      | <b>189 781</b>         | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>-</b>               | <b>-</b>            | <b>189 781</b>          | <b>187 151</b>            | <b>201 257</b>            |
| <b>Surplus/(Deficit)</b>   | <b>3 018</b>        | <b>11</b>              | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>745</b>             | <b>745</b>          | <b>756</b>              | <b>4 241</b>              | <b>3 130</b>              |
| Transfers recognised - capital                                       | 27 149              | 27 149                 | -                    | -                          | -                        | -                          | 6 500                  | 6 500               | 33 649                  | 28 486                    | 30 409                    |
| Contributions recognised - capital & contributed assets              | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>30 167</b>       | <b>27 160</b>          | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>7 245</b>           | <b>7 245</b>        | <b>34 405</b>           | <b>32 727</b>             | <b>33 539</b>             |
| Share of surplus/ (deficit) of associate                             | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| <b>Surplus/ (Deficit) for the year</b>                               | <b>30 167</b>       | <b>27 160</b>          | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>7 245</b>           | <b>7 245</b>        | <b>34 405</b>           | <b>32 727</b>             | <b>33 539</b>             |
| <b>Capital expenditure &amp; funds sources</b>                       |                     |                        |                      |                            |                          |                            |                        |                     |                         |                           |                           |
| <b>Capital expenditure</b>   | <b>68 644</b>       | <b>90 037</b>          | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>(1 237)</b>         | <b>(1 237)</b>      | <b>88 800</b>           | <b>62 765</b>             | <b>66 539</b>             |
| Transfers recognised - capital                                       | 27 149              | 27 149                 | -                    | -                          | -                        | -                          | 6 585                  | 6 585               | 33 734                  | 28 486                    | 30 409                    |
| Public contributions & donations                                     | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| Borrowing  | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| Internally generated funds   | 41 495              | 62 888                 | -                    | -                          | -                        | -                          | (7 822)                | (7 822)             | 55 066                  | 34 279                    | 36 130                    |
| <b>Total sources of capital funds</b>                                | <b>68 644</b>       | <b>90 037</b>          | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>(1 237)</b>         | <b>(1 237)</b>      | <b>88 800</b>           | <b>62 765</b>             | <b>66 539</b>             |
| <b>Financial position</b>  |                     |                        |                      |                            |                          |                            |                        |                     |                         |                           |                           |
| Total current assets   | 149 561             | 4 628                  | -                    | -                          | -                        | -                          | 124 740                | 124 740             | 129 368                 | 124 831                   | 129 902                   |
| Total non current assets   | 33 990              | 90 037                 | -                    | -                          | -                        | -                          | 352 958                | 352 958             | 442 995                 | 444 762                   | 448 536                   |
| Total current liabilities  | 153 385             | (119 564)              | -                    | -                          | -                        | -                          | 176 068                | 176 068             | 56 504                  | (43 886)                  | (53 308)                  |
| Total non current liabilities  | -                   | -                      | -                    | -                          | -                        | -                          | 17 397                 | 17 397              | 17 397                  | 17 397                    | 17 397                    |
| <b>Community wealth/Equity</b>                                       | <b>-</b>            | <b>-</b>               | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>493 702</b>         | <b>493 702</b>      | <b>493 702</b>          | <b>464 057</b>            | <b>464 057</b>            |
| <b>Cash flows</b>  |                     |                        |                      |                            |                          |                            |                        |                     |                         |                           |                           |
| Net cash from (used) operating                                       | 223 368             | 7 517                  | -                    | -                          | -                        | -                          | -                      | -                   | 7 517                   | 8 853                     | 14 630                    |
| Net cash from (used) investing                                       | (68 644)            | (90 037)               | -                    | -                          | -                        | -                          | 1 237                  | 1 237               | (88 800)                | (62 765)                  | (66 539)                  |
| Net cash from (used) financing                                       | -                   | 678                    | -                    | -                          | -                        | -                          | 678                    | 678                 | 1 355                   | 678                       | 678                       |
| <b>Cash/cash equivalents at the year end</b>                         | <b>154 724</b>      | <b>39 842</b>          | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>123 601</b>         | <b>123 601</b>      | <b>163 443</b>          | <b>68 451</b>             | <b>70 454</b>             |
| <b>Cash backing/surplus reconciliation</b>                           |                     |                        |                      |                            |                          |                            |                        |                     |                         |                           |                           |
| Cash and investments available                                       | 136 883             | 33 000                 | -                    | -                          | -                        | -                          | 64 273                 | 64 273              | 97 273                  | 130 889                   | 136 685                   |
| Application of cash and investments                                  | 127 705             | (106 302)              | -                    | -                          | -                        | -                          | 643 321                | 643 321             | 537 019                 | 425 573                   | 417 042                   |
| <b>Balance - surplus (shortfall)</b>                                 | <b>9 177</b>        | <b>139 302</b>         | <b>-</b>             | <b>-</b>                   | <b>-</b>                 | <b>-</b>                   | <b>(579 048)</b>       | <b>(579 048)</b>    | <b>(439 746)</b>        | <b>(294 684)</b>          | <b>(280 356)</b>          |
| <b>Asset Management</b>  |                     |                        |                      |                            |                          |                            |                        |                     |                         |                           |                           |
| Asset register summary (WDV)   | 33 990              | 90 037                 | -                    | -                          | -                        | -                          | 352 958                | 352 958             | 442 995                 | 444 762                   | 448 536                   |
| Depreciation & asset impairment                                      | 34 654              | 27 801                 | -                    | -                          | -                        | -                          | -                      | -                   | 27 801                  | 29 303                    | 30 885                    |
| Renewal of Existing Assets   | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| Repairs and Maintenance  | 9 404               | 9 344                  | -                    | -                          | -                        | -                          | -                      | -                   | 9 344                   | 9 911                     | 10 447                    |
| <b>Free services</b>   |                     |                        |                      |                            |                          |                            |                        |                     |                         |                           |                           |
| Cost of Free Basic Services provided                                 | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| Revenue cost of free services provided                               | 19 586              | 13 860                 | -                    | -                          | -                        | -                          | -                      | -                   | 13 860                  | 19 988                    | 21 068                    |
| <b>Households below minimum service level</b>                        |                     |                        |                      |                            |                          |                            |                        |                     |                         |                           |                           |
| Water:   | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| Sanitation/sewerage:   | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| Energy:  | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |
| Refuse:  | -                   | -                      | -                    | -                          | -                        | -                          | -                      | -                   | -                       | -                         | -                         |

**TABLE B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE**

This table below provides information on the adjustment revenue by source and adjustment operational expenditures by type.

**KZN436 Dr Nkosazana Dlamini Zuma - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -**

| Description  | Ref | Budget Year 2019/20 |                |              |                    |                  |                    |                |                |                 | Budget Year     | Budget Year     |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|-----------------|-----------------|
|  |     | Original Budget     | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands  | 1   | A                   | A1             | B            | C                  | D                | E                  | F              | G              | H               |                 |                 |
| <b>Revenue By Source</b>   |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| Property rates   | 2   | 37 561              | 32 380         | -            | -                  | -                | -                  | -              | -              | 32 380          | 32 277          | 34 860          |
| Service charges - electricity revenue  | 2   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| Service charges - water revenue  | 2   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| Service charges - sanitation revenue   | 2   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| Service charges - refuse revenue   | 2   | 3 800               | 3 800          | -            | -                  | -                | -                  | -              | -              | 3 800           | 4 005           | 4 221           |
| Service charges - other  |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| Rental of facilities and equipment   |     | 1 144               | 862            | -            | -                  | -                | -                  | -              | -              | 862             | 1 206           | 1 271           |
| Interest earned - external investments   |     | 7 741               | 7 741          | -            | -                  | -                | -                  | -              | -              | 7 741           | 8 159           | 8 600           |
| Interest earned - outstanding debtors  |     | 1 800               | 2 195          | -            | -                  | -                | -                  | -              | -              | 2 195           | 1 897           | 2 000           |
| Dividends received   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| Fines, penalties and forfeits  |     | 665                 | 695            | -            | -                  | -                | -                  | -              | -              | 695             | 701             | 739             |
| Licences and permits   |     | 998                 | 720            | -            | -                  | -                | -                  | -              | -              | 720             | 1 052           | 1 094           |
| Agency services  |     | -                   | 31             | -            | -                  | -                | -                  | -              | -              | 31              | -               | -               |
| Transfers and subsidies  |     | 135 407             | 135 578        | -            | -                  | -                | -                  | 745            | 745            | 136 323         | 140 050         | 149 447         |
| Other revenue  | 2   | 1 595               | 986            | -            | -                  | -                | -                  | -              | -              | 986             | 1 681           | 1 772           |
| Gains on disposal of PPE   |     | 345                 | 4 804          | -            | -                  | -                | -                  | -              | -              | 4 804           | 364             | 383             |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   |     | <b>191 056</b>      | <b>189 792</b> | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>745</b>     | <b>745</b>     | <b>190 537</b>  | <b>191 392</b>  | <b>204 387</b>  |
| <b>Expenditure By Type</b>   |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| Employee related costs   |     | 63 965              | 60 690         | -            | -                  | -                | -                  | -              | -              | 60 690          | 64 021          | 67 479          |
| Remuneration of councillors  |     | 12 627              | 12 627         | -            | -                  | -                | -                  | -              | -              | 12 627          | 13 309          | 14 028          |
| Debt impairment  |     | 6 478               | 6 478          | -            | -                  | -                | -                  | -              | -              | 6 478           | 6 828           | 7 196           |
| Depreciation & asset impairment  |     | 34 654              | 27 801         | -            | -                  | -                | -                  | -              | -              | 27 801          | 29 303          | 30 885          |
| Finance charges  |     | 425                 | 375            | -            | -                  | -                | -                  | -              | -              | 375             | 448             | 472             |
| Bulk purchases   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| Other materials  |     | 4 604               | 5 007          | -            | -                  | -                | -                  | (750)          | (750)          | 4 257           | 4 853           | 5 115           |
| Contracted services  |     | 34 214              | 44 501         | -            | -                  | -                | -                  | (51)           | (51)           | 44 450          | 35 535          | 37 454          |
| Transfers and subsidies  |     | 1 905               | 1 905          | -            | -                  | -                | -                  | -              | -              | 1 905           | 2 008           | 2 116           |
| Other expenditure  |     | 29 166              | 30 397         | -            | -                  | -                | -                  | 802            | 802            | 31 199          | 30 847          | 36 513          |
| Loss on disposal of PPE  |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| <b>Total Expenditure</b>   |     | <b>188 039</b>      | <b>189 781</b> | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>-</b>       | <b>-</b>       | <b>189 781</b>  | <b>187 151</b>  | <b>201 257</b>  |
| <b>Surplus/(Deficit)</b>   |     | <b>3 018</b>        | <b>11</b>      | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>745</b>     | <b>745</b>     | <b>756</b>      | <b>4 241</b>    | <b>3 130</b>    |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |     | 27 149              | 27 149         | -            | -                  | -                | -                  | 6 500          | 6 500          | 33 649          | 28 486          | 30 409          |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| Transfers and subsidies - capital (in-kind - all)  |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| <b>Surplus/(Deficit) before taxation</b>   |     | <b>30 167</b>       | <b>27 160</b>  | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>7 245</b>   | <b>7 245</b>   | <b>34 405</b>   | <b>32 727</b>   | <b>33 539</b>   |
| Taxation   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| <b>Surplus/(Deficit) after taxation</b>  |     | <b>30 167</b>       | <b>27 160</b>  | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>7 245</b>   | <b>7 245</b>   | <b>34 405</b>   | <b>32 727</b>   | <b>33 539</b>   |
| Attributable to minorities   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| <b>Surplus/(Deficit) attributable to municipality</b>  |     | <b>30 167</b>       | <b>27 160</b>  | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>7 245</b>   | <b>7 245</b>   | <b>34 405</b>   | <b>32 727</b>   | <b>33 539</b>   |
| Share of surplus/ (deficit) of associate   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -               | -               |
| <b>Surplus/ (Deficit) for the year</b>   |     | <b>30 167</b>       | <b>27 160</b>  | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>7 245</b>   | <b>7 245</b>   | <b>34 405</b>   | <b>32 727</b>   | <b>33 539</b>   |

## **Operating Revenue**

The revenue of the municipality has increased from R189 million to R 190, 5million in the special adjustment budget and that is R745 000 increase when compared to the adjustment budget that was adopted by Council in February 2020. The contributing factors to this increase are the two grants received by the municipality in the month of May 2020 i.e. Arts and Culture and Disaster Grant

## **Property Rates**

Property rates that has decrease by 14%, from R 37,5 million to R 32,3 million when compared to the approved original budget as a result of Supplementary Valuation Roll received by the municipality towards the end of the previous financial year after the 2019/2020 Budget has already been approved by the Council.

## **Rental of facilities**

Rental of facilities has decreased from R1 ,1million to R862 000 when compared to the adjustment budget due to decrease in demand of renting out of community facilities.

## **Licences and Permits**

Licenses and permit have decrease from R 998 000 to R 751 000 including the agency fee when compared to the original budget due to lockdown.

## **Other Revenue**

Other revenue sources have decrease from R 1, 6million to R986 000 due to lockdown

## **Interest Earned on External Investment**

There is no adjustment made for Interest earned.

## **Operating Expenditure**

The overall operating expenditure has increased from R188 million to R189 million in the adjustment budget and that is 1% increase when compared to the originally approved budget. The contributing factors are as follows:

## **Employee Related Costs**

It has decreased from R 63, 9million to R 60, 6million downwards from R 63,9 million and that is 5% decrease when compared to the original budget, due to vacant positions in the

first half of the financial year and unutilized staff benefits which were provided for in the 2019/2020 original budget.

### **Councilors Remuneration**

No adjustment was made

### **Other Materials**

They decreased from R 4,6 million to R 4, 5 million due to the savings on other line items.

### **Contracted Services**

Contracted services have increased from R34, 2 million to R 44, 4 million the increase is mainly as a result of the electrification projects that are funded internally due to the low allocation of the INEP Grant and the projects have already kickstarted.

### **Other Expenditure**

Other expenditure comprises of various line items relating to the daily operations of the municipality. An upward adjustment of an of R2, 3 million was made. Operating expenditure increased from R 29, 1million to R 30, 1million when compared to the original budget due to Covid items to be procured

### **Depreciation and Asset Impairment**

the budget decreased from R 34, 7 million to R 27, 8 million when compared to the original budget as a result of a delay in completion of projects due to lockdown.

**Finance charges** Finance charges decrease from R424,737 to R374,737 when compared to the original budget due to the correction of capital portion that was budget under operational during the original budget.

Table B3 presents the same information on the revenue and expenditure as the table above, the difference being that it's by Municipal vote.

KZN436 Dr Nkosazana Dlamini Zuma - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

| Vote Description<br><br><i>[Insert departmental structure etc]</i> | Ref | Budget Year 2019/20 |                   |                 |                       |                     |                       |                   |                |                    | Budget Year<br>+1 2020/21 | Budget Year<br>+2 2021/22 |
|--|-----|---------------------|-------------------|-----------------|-----------------------|---------------------|-----------------------|-------------------|----------------|--------------------|---------------------------|---------------------------|
|  |     | Original<br>Budget  | Prior<br>Adjusted | Accum.<br>Funds | Multi-year<br>capital | Unfore.<br>Unavoid. | Nat. or Prov.<br>Govt | Other<br>Adjusts. | Total Adjusts. | Adjusted<br>Budget | Adjusted<br>Budget        | Adjusted<br>Budget        |
| R thousands  |     | A                   | A1                | B               | C                     | D                   | E                     | F                 | G              | H                  |                           |                           |
| <b>Revenue by Vote</b>   | 1   |                     |                   |                 |                       |                     |                       |                   |                |                    |                           |                           |
| Vote 1 - Executive and Council                                     |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 2 - Budget and Treasury                                       |     | 178 758             | 177 888           | -               | -                     | -                   | -                     | -                 | -              | 177 888            | 181 460                   | 193 913                   |
| Vote 3 - Corporate Services  |     | 100                 | 100               | -               | -                     | -                   | -                     | -                 | -              | 100                | 105                       | 111                       |
| Vote 4 - Community Services  |     | 9 055               | 8 806             | -               | -                     | -                   | -                     | 7 245             | 7 245          | 16 051             | 9 550                     | 10 071                    |
| Vote 5 - Public Works and Basic Services                           |     | 29 530              | 29 530            | -               | -                     | -                   | -                     | -                 | -              | 29 530             | 28 486                    | 30 409                    |
| Vote 6 - Planning and Development                                  |     | 762                 | 617               | -               | -                     | -                   | -                     | -                 | -              | 617                | 277                       | 292                       |
| Vote 7 - [NAME OF VOTE 7]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 8 - [NAME OF VOTE 8]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 9 - [NAME OF VOTE 9]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 10 - [NAME OF VOTE 10]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 11 - [NAME OF VOTE 11]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 12 - [NAME OF VOTE 12]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 13 - [NAME OF VOTE 13]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 14 - [NAME OF VOTE 14]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 15 - [NAME OF VOTE 15]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| <b>Total Revenue by Vote</b>                                       | 2   | <b>218 205</b>      | <b>216 941</b>    | -               | -                     | -                   | -                     | <b>7 245</b>      | <b>7 245</b>   | <b>224 186</b>     | <b>219 878</b>            | <b>234 796</b>            |
| <b>Expenditure by Vote</b>   | 1   |                     |                   |                 |                       |                     |                       |                   |                |                    |                           |                           |
| Vote 1 - Executive and Council                                     |     | 25 784              | 25 741            | -               | -                     | -                   | -                     | (250)             | (250)          | 25 491             | 27 177                    | 28 644                    |
| Vote 2 - Budget and Treasury                                       |     | 64 724              | 57 101            | -               | -                     | -                   | -                     | -                 | -              | 57 101             | 60 838                    | 64 123                    |
| Vote 3 - Corporate Services  |     | 24 370              | 24 521            | -               | -                     | -                   | -                     | -                 | -              | 24 521             | 25 792                    | 31 184                    |
| Vote 4 - Community Services  |     | 33 286              | 31 885            | -               | -                     | -                   | -                     | (310)             | (310)          | 31 575             | 35 083                    | 35 867                    |
| Vote 5 - Public Works and Basic Services                           |     | 34 581              | 45 402            | -               | -                     | -                   | -                     | 560               | 560            | 45 962             | 33 209                    | 36 013                    |
| Vote 6 - Planning and Development                                  |     | 5 294               | 5 132             | -               | -                     | -                   | -                     | -                 | -              | 5 132              | 5 052                     | 5 425                     |
| Vote 7 - [NAME OF VOTE 7]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 8 - [NAME OF VOTE 8]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 9 - [NAME OF VOTE 9]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 10 - [NAME OF VOTE 10]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 11 - [NAME OF VOTE 11]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 12 - [NAME OF VOTE 12]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 13 - [NAME OF VOTE 13]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 14 - [NAME OF VOTE 14]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| Vote 15 - [NAME OF VOTE 15]  |     | -                   | -                 | -               | -                     | -                   | -                     | -                 | -              | -                  | -                         | -                         |
| <b>Total Expenditure by Vote</b>                                   | 2   | <b>188 039</b>      | <b>189 781</b>    | -               | -                     | -                   | -                     | -                 | -              | <b>189 781</b>     | <b>187 151</b>            | <b>201 257</b>            |
| <b>Surplus/ (Deficit) for the year</b>                             | 2   | <b>30 167</b>       | <b>27 160</b>     | -               | -                     | -                   | -                     | <b>7 245</b>      | <b>7 245</b>   | <b>34 405</b>      | <b>32 727</b>             | <b>33 539</b>             |

The table above show the difference between revenue and expenditure by municipal vote when comparing the adjustment adopted by Council in February 2020 and special adjustment budget by municipal vote. The total revenue by vote increase from R 216, 9million to R 224 ,1million and total expenditure by vote increased from R 188,039 million to R 189, 781million when compared to the original budget.

**TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING**

Table B5 below reports on the adjusted capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

Capital Expenditure has increased from R 68, 6million to 88, 7 million when compared to the adjustment budget to ensure that the municipality continues to delivers services to community.

KZN436 Dr Nkosazana Dlamini Zuma - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

| Description                                      | Ref | Budget Year 2019/20 |               |          |            |          |               |                |                |               | Budget Year   | Budget Year |
|--|-----|---------------------|---------------|----------|------------|----------|---------------|----------------|----------------|---------------|---------------|-------------|
|  |     | Original            | Prior         | Accum.   | Multi-year | Unfore.  | Nat. or Prov. | Other          | Total          | Adjusted      | Adjusted      | Adjusted    |
|  |     | Budget              | Adjusted      | Funds    | capital    | Unavoid. | Govt          | Adjusts.       | Adjusts.       | Budget        | Budget        | Budget      |
|  | 5   | 6                   | 7             | 8        | 9          | 10       | 11            | 12             |                |               |               |             |
|  | A   | A1                  | B             | C        | D          | E        | F             | G              | H              |               |               |             |
| <b>R thousands</b>                               |     |                     |               |          |            |          |               |                |                |               |               |             |
| <b>Capital expenditure - Vote</b>                |     |                     |               |          |            |          |               |                |                |               |               |             |
| <b>Multi-year expenditure to be adjusted</b>     |     |                     |               |          |            |          |               |                |                |               |               |             |
|  | 2   |                     |               |          |            |          |               |                |                |               |               |             |
| Vote 1 - Executive and Council                   |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 2 - Budget and Treasury                     |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 3 - Corporate Services                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 4 - Community Services                      |     | 2 000               | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 5 - Public Works and Basic Services         |     | 9 500               | 14 888        | -        | -          | -        | -             | (17)           | (17)           | 14 871        | 2 635         |             |
| Vote 6 - Planning and Development                |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 7 - [NAME OF VOTE 7]                        |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 8 - [NAME OF VOTE 8]                        |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 9 - [NAME OF VOTE 9]                        |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 10 - [NAME OF VOTE 10]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 11 - [NAME OF VOTE 11]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 12 - [NAME OF VOTE 12]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 13 - [NAME OF VOTE 13]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 14 - [NAME OF VOTE 14]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 15 - [NAME OF VOTE 15]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| <b>Capital multi-year expenditure sub-total</b>  | 3   | <b>11 500</b>       | <b>14 888</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>(17)</b>    | <b>(17)</b>    | <b>14 871</b> | <b>2 635</b>  |             |
| <b>Single-year expenditure to be adjusted</b>    |     |                     |               |          |            |          |               |                |                |               |               |             |
|  | 2   |                     |               |          |            |          |               |                |                |               |               |             |
| Vote 1 - Executive and Council                   |     | 612                 | 272           | -        | -          | -        | -             | -              | -              | 272           | 487           |             |
| Vote 2 - Budget and Treasury                     |     | 303                 | 403           | -        | -          | -        | -             | -              | -              | 403           | 319           |             |
| Vote 3 - Corporate Services                      |     | 412                 | 1 068         | -        | -          | -        | -             | -              | -              | 1 068         | 435           |             |
| Vote 4 - Community Services                      |     | 5 931               | 8 251         | -        | -          | -        | -             | 285            | 285            | 8 535         | 5 297         |             |
| Vote 5 - Public Works and Basic Services         |     | 49 766              | 65 035        | -        | -          | -        | -             | (1 505)        | (1 505)        | 63 531        | 53 466        |             |
| Vote 6 - Planning and Development                |     | 120                 | 120           | -        | -          | -        | -             | -              | -              | 120           | 126           |             |
| Vote 7 - [NAME OF VOTE 7]                        |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 8 - [NAME OF VOTE 8]                        |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 9 - [NAME OF VOTE 9]                        |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 10 - [NAME OF VOTE 10]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 11 - [NAME OF VOTE 11]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 12 - [NAME OF VOTE 12]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 13 - [NAME OF VOTE 13]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 14 - [NAME OF VOTE 14]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Vote 15 - [NAME OF VOTE 15]                      |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| <b>Capital single-year expenditure sub-total</b> |     | <b>57 144</b>       | <b>75 149</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>(1 220)</b> | <b>(1 220)</b> | <b>73 929</b> | <b>60 130</b> |             |
| <b>Total Capital Expenditure - Vote</b>          |     | <b>68 644</b>       | <b>90 037</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>(1 237)</b> | <b>(1 237)</b> | <b>88 800</b> | <b>62 765</b> |             |
| <b>Capital Expenditure - Functional</b>          |     |                     |               |          |            |          |               |                |                |               |               |             |
| <b>Governance and administration</b>             |     |                     |               |          |            |          |               |                |                |               |               |             |
| Executive and council                            |     | 612                 | 272           | -        | -          | -        | -             | -              | -              | 272           | 487           |             |
| Finance and administration                       |     | 1 215               | 1 896         | -        | -          | -        | -             | -              | -              | 1 896         | 1 281         |             |
| Internal audit                                   |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| <b>Community and public safety</b>               |     | <b>8 131</b>        | <b>8 451</b>  | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>285</b>     | <b>285</b>     | <b>8 735</b>  | <b>5 508</b>  |             |
| Community and social services                    |     | 3 525               | 1 110         | -        | -          | -        | -             | (450)          | (450)          | 660           | 669           |             |
| Sport and recreation                             |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Public safety                                    |     | 4 606               | 7 341         | -        | -          | -        | -             | 735            | 735            | 8 075         | 4 849         |             |
| Housing  |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Health   |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| <b>Economic and environmental services</b>       |     | <b>58 686</b>       | <b>79 419</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>(1 522)</b> | <b>(1 522)</b> | <b>77 897</b> | <b>55 489</b> |             |
| Planning and development                         |     | 53 936              | 77 034        | -        | -          | -        | -             | (1 322)        | (1 322)        | 75 712        | 51 273        |             |
| Road transport                                   |     | 4 750               | 2 385         | -        | -          | -        | -             | (200)          | (200)          | 2 185         | 4 216         |             |
| Environmental protection                         |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| <b>Trading services</b>                          |     | <b>-</b>            | <b>-</b>      | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>      |             |
| Energy sources                                   |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Water management                                 |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Waste water management                           |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Waste management                                 |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| <b>Other</b>                                     |     | <b>-</b>            | <b>-</b>      | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>      |             |
| <b>Total Capital Expenditure - Functional</b>    | 3   | <b>68 644</b>       | <b>90 037</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>(1 237)</b> | <b>(1 237)</b> | <b>88 800</b> | <b>62 765</b> |             |
| <b>Funded by:</b>                                |     |                     |               |          |            |          |               |                |                |               |               |             |
| National Government                              |     | 27 149              | 27 149        | -        | -          | -        | -             | -              | -              | 27 149        | 28 486        |             |
| Provincial Government                            |     | -                   | -             | -        | -          | -        | -             | 6 585          | 6 585          | 6 585         | -             |             |
| District Municipality                            |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| Other transfers and grants                       |     | -                   | -             | -        | -          | -        | -             | -              | -              | -             | -             |             |
| <b>Transfers recognised - capital</b>            | 4   | <b>27 149</b>       | <b>27 149</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>6 585</b>   | <b>6 585</b>   | <b>33 734</b> | <b>28 486</b> |             |
| <b>Public contributions &amp; donations</b>      |     | <b>-</b>            | <b>-</b>      | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>      |             |
| <b>Borrowing</b>                                 |     | <b>-</b>            | <b>-</b>      | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>      |             |
| <b>Internally generated funds</b>                |     | <b>41 495</b>       | <b>62 888</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>(7 822)</b> | <b>(7 822)</b> | <b>55 066</b> | <b>34 279</b> |             |
| <b>Total Capital Funding</b>                     |     | <b>68 644</b>       | <b>90 037</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>      | <b>(1 237)</b> | <b>(1 237)</b> | <b>88 800</b> | <b>62 765</b> |             |

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 ADJUSTMENTS TO BUDGET ASSUMPTIONS

#### **Adjustment budget on financial performance (revenue and expenditure)**

Table below provides a brief summary of the budget adjustment of the municipality in the revenue, operating and capital expenditure. The revenue has increased from R189 million to R 190,5 million in the special adjustment budget because of new allocations. The property rates have decrease by 14% due to Supplementary Valuation Roll.

Operational expenditure has increased from R188 million to R189 million in the adjustment budget and that is 1% increase when compared to the originally approved budget. The operating expenditure also includes electrification project funded internally. The overall surplus after operating expenditure is R34,4million.

| <b>SUMMARY STATEMENT OF ADJUSTMENT BUDGET</b> |                                      |  |                    |  |
|---|--------------------------------------|--|--------------------|--|
| <b>Description</b>                            | <b>2019/2020<br/>Original Budget</b> | <b>2019/2020<br/>Adjustment<br/>Budget</b> | <b>Adjustments</b> | <b>2019/2020<br/>Special<br/>Adjustment<br/>Budget</b> |
| Total Operating Revenue                       | -191 056 000                         | -189 792 419                               | -745 000,00        | -190 537 419   |
| Total Capital Revenue                         | -27 049 000                          | -27 149 000                                | -6 500 000         | -33 649 000  |
| Operating Expenditure                         | 188 039 000                          | 189 781 381                                | -                  | 189 781 381  |
| <b>Surplus /(Deficit) before capital</b>      | <b>-30 066 000</b>                   | <b>-27 160 038</b>                         | <b>-</b>           | <b>-34 405 038</b>                                     |
| Capital Expenditure                           | 68 644 000                           | 90 037 345                                 | -1 237 399         | 88 799 946   |
| <b>Other Grant Revenue</b>                    |                                      |  |                    |  |
| INEP Grant                                    | -8 000 000                           | -  | -                  | -8 000 000   |
| Bhidla Housing Grant                          | -50 447 590                          | -  | -24 652 512        | -25 795 078  |

### 2.2 ADJUSTMENTS TO BUDGET FUNDING

For Dr Nkosazana Dlamini Zuma Municipality to continue improving the quality of services provided to its citizens it needs to generate the more revenue. In these tough economic times, strong revenue and expenditure management is fundamental to the financial



sustainability of every municipality. The reality is that we are faced with developed backlogs and poverty.

The expenditure to be incurred to address these challenges will inevitably always exceed available funding, hence difficult choices must be made in relation to tariff increase and balancing expenditure against realistically anticipated revenue.

The operational and capital budget is funded by Grants and internal Funding. The municipality has a total budget of R 232,1 Million.

That revenue of 232.1 million will be used to fund the operational expenditure of R178 million, Capital expenditure of R88, 7million and Electrification projects of R19,7 million. The municipality has also used its own accumulated surplus to fund the expenditure difference as per the reconciliation of the accumulated surplus in table B8 of the adjusted budget tables below.

KZN436 Dr Nkosazana Dlamini Zuma - Table B8 Cash backed reserves/accumulated surplus reconciliation - 12/06/2020

| Description                                       | Ref | Budget Year 2019/20 |                  |          |            |          |            |               |               |                  | Budget Year      | Budget Year      |
|---|-----|---------------------|------------------|----------|------------|----------|------------|---------------|---------------|------------------|------------------|------------------|
|   |     | Original            | Prior            | Accum.   | Multi-year | Unfore.  | Nat. or    | Other         | Total         | Adjusted         | Adjusted         | Adjusted         |
|   |     | Budget              | Adjusted         | Funds    | capital    | Unavoid. | Prov. Govt | Adjusts.      | Adjusts.      | Budget           | Budget           | Budget           |
| R thousands                                       |     | 3                   | 4                | 5        | 6          | 7        | 8          | 9             | 10            |                  |                  |                  |
|   |     | A                   | A1               | B        | C          | D        | E          | F             | G             | H                |                  |                  |
| <b>Cash and investments available</b>             |     |                     |                  |          |            |          |            |               |               |                  |                  |                  |
| Cash/cash equivalents at the year end             | 1   | 56 033              | 89 350           | -        | -          | -        | -          | 9 905         | 9 905         | 99 256           | 104 150          | 113 248          |
| Other current investments > 90 days               |     | -                   | (0)              | -        | -          | -        | -          | 560           | 560           | 560              | (0)              | 0                |
| Non current assets - Investments                  | 1   | -                   | -                | -        | -          | -        | -          | -             | -             | -                | -                | -                |
| <b>Cash and investments available:</b>            |     | <b>56 033</b>       | <b>89 350</b>    | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>10 465</b> | <b>10 465</b> | <b>99 816</b>    | <b>104 150</b>   | <b>113 248</b>   |
| <b>Applications of cash and investments</b>       |     |                     |                  |          |            |          |            |               |               |                  |                  |                  |
| Unspent conditional transfers                     |     | 7 944               | 12 545           | -        | -          | -        | -          | -             | -             | 12 545           | 38 892           | 41 044           |
| Unspent borrowing                                 |     | -                   | -                | -        | -          | -        | -          | -             | -             | -                | -                | -                |
| Statutory requirements                            |     | -                   | -                | -        | -          | -        | -          | -             | -             | -                | -                | -                |
| Other working capital requirements                | 2   | 4 868               | 12 981           | -        | -          | -        | -          | -             | -             | 12 981           | 39 308           | 48 413           |
| Other provisions                                  |     | 20 120              | -                | -        | -          | -        | -          | -             | -             | -                | -                | -                |
| Long term investments committed                   |     | -                   | -                | -        | -          | -        | -          | -             | -             | -                | -                | -                |
| Reserves to be backed by cash/investments         |     | 472 702             | 501 431          | -        | -          | -        | -          | 3 315         | 3 315         | 504 746          | 458 336          | 460 330          |
| <b>Total Application of cash and investments:</b> |     | <b>505 634</b>      | <b>526 958</b>   | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>3 315</b>  | <b>3 315</b>  | <b>530 272</b>   | <b>536 536</b>   | <b>549 787</b>   |
| <b>Surplus(shortfall)</b>                         |     | <b>(449 601)</b>    | <b>(437 607)</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>7 151</b>  | <b>7 151</b>  | <b>(430 456)</b> | <b>(432 386)</b> | <b>(436 539)</b> |

### **2.3 ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANTS PROGRAMMES**

The following table indicates the municipality's adjustment on allocation and grants programmes.

| Description                                  | 2019/2020<br>Original Budget | 2019/2020<br>Adjustment<br>Budget | Adjustement      | 2019/2020<br>Special<br>Adjustment<br>Budget |
|--|------------------------------|-----------------------------------|------------------|--|
| Financial Management Grant                   | 3 000 000                    | 3 000 000                         | -                | 3 000 000                                    |
| Equitable Share                              | 125 869 000                  | 125 869 000                       | -                | 125 869 000                                  |
| Intergrated National electrification         | 8 000 000                    | 8 000 000                         | -                | 8 000 000                                    |
| Anti Corruption Grant                        | -                            | 171 343                           | -                | 171 343                                      |
| Provincialisation of Libraries               | 2 640 000                    | 2 640 000                         | -                | 2 640 000                                    |
| Community Library Grant                      | 1 017 000                    | 1 017 000                         | -                | 1 017 000                                    |
| Building Plan Inforamtion Management Ssystem | 500 000                      | 500 000                           | -                | 500 000                                      |
| Expanded Public Works Programme              | 2 381 000                    | 2 381 000                         | -                | 2 381 000                                    |
| Municipal Infrastructure Grant               | 27 147 000                   | 27 149 000                        | -                | 27 149 000                                   |
| Arts and Culture - Library Grant             |                              | -                                 | 6 500 000        | 6 500 000                                    |
| Municipal Disaster Management Grant          |                              | -                                 | 745 000          | 745 000                                      |
| <b>TOTAL</b>                                 | <b>170 554 000</b>           | <b>170 727 343</b>                | <b>7 245 000</b> | <b>177 972 343</b>                           |

The municipality received additional allocation as per the above table therefore, Grants and Subsidies for 2019/2020 have increased from 170,7 million to R 177,9 million. There are two additional grants allocated to Dr NDZ Municipality namely:

1. Municipal Disaster Relief Grant and
2. Art and Culture – Library Grant.

#### **2.4 ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY**

The municipality does not grants transfers paid out to other organs of the state or institutions. The amount of R 1, 905 000 appearing on Table B4 as Transfers and subsidies is for Free Basic Electricity paid to Eskom for indigents.

#### **2.5 ADJUSTMENT TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

The remuneration for councilors has not been adjusted.

Employee benefits has been adjusted downwards from R 63,9 million to R 60,6 million. The contributing factor to such decrease is because of the position that were vacant during the first half of the financial year and some of them will be filled towards the end of the financial year and some will be filled next financial year.

## **2.6 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

In order for the municipality to stick to its mandate of providing service delivery to its communities, it had to adjust its budget and targets on municipal programmes downwards and fund capital projects/ service delivery related projects.

## **2.7 ADJUSTMENTS TO CAPITAL EXPENDITURE**

Table B5 below indicates the summary of the municipality's adjustments budget on capital expenditure. The municipalities capital expenditure has been adjusted upwards by 23% in the adjustment budget when compare to the original budget that was approved, that is from R68,6 million to R88,7 million. The contributing factors to such increase are the project that were multi-year/ rolled over from previous financial year to the current financial year as it was indicated in the current Mid-Year budget and performance assessment that was presented to Council in January 2020. All those projects are being funded by accumulated surplus from 2018/19 financial year and other savings that the municipality has made from cutting down on some items in operating expenditure as the municipality had already received the allocation for 2019/20 financial year and it was not sufficient for the municipality to render services to its communities.

The municipality's capital expenditure shows an increase when compared to the 2018/19 budget but show a decrease when compared to the adjustment budget that was adopted by council in February 2020 because the municipality decreased it capital budget by 2% due to the identified projects that will not be completed by 30 June because of the disturbance caused by COVID 19.

KZN436 Dr Nkosazana Dlamini Zuma - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

| Description                                      | Ref | Budget Year 2019/20 |                |              |                    |                  |                    |                |                |                 | Budget Year   | Budget Year   |
|--|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|---------------|---------------|
|  |     | Original Budget     | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | +1 2020/21    | +2 2021/22    |
|  |     | A                   | 5              | 6            | 7                  | 8                | 9                  | 10             | 11             | 12              |               |               |
|  |     |                     | A1             | B            | C                  | D                | E                  | F              | G              | H               |               |               |
| <b>R thousands</b>                               |     |                     |                |              |                    |                  |                    |                |                |                 |               |               |
| <b>Capital expenditure - Vote</b>                |     |                     |                |              |                    |                  |                    |                |                |                 |               |               |
| <b>Multi-year expenditure to be adjusted</b>     |     |                     |                |              |                    |                  |                    |                |                |                 |               |               |
|  | 2   |                     |                |              |                    |                  |                    |                |                |                 |               |               |
| Vote 1 - Executive and Council                   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 2 - Budget and Treasury                     |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 3 - Corporate Services                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 4 - Community Services                      |     | 2 000               | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 5 - Public Works and Basic Services         |     | 9 500               | 14 888         | -            | -                  | -                | -                  | (17)           | (17)           | 14 871          | 2 635         | 2 777         |
| Vote 6 - Planning and Development                |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 7 - [NAME OF VOTE 7]                        |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 8 - [NAME OF VOTE 8]                        |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 9 - [NAME OF VOTE 9]                        |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 10 - [NAME OF VOTE 10]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 11 - [NAME OF VOTE 11]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 12 - [NAME OF VOTE 12]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 13 - [NAME OF VOTE 13]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 14 - [NAME OF VOTE 14]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 15 - [NAME OF VOTE 15]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Capital multi-year expenditure sub-total</b>  | 3   | <b>11 500</b>       | <b>14 888</b>  | -            | -                  | -                | -                  | <b>(17)</b>    | <b>(17)</b>    | <b>14 871</b>   | <b>2 635</b>  | <b>2 777</b>  |
| <b>Single-year expenditure to be adjusted</b>    |     |                     |                |              |                    |                  |                    |                |                |                 |               |               |
|  | 2   |                     |                |              |                    |                  |                    |                |                |                 |               |               |
| Vote 1 - Executive and Council                   |     | 612                 | 272            | -            | -                  | -                | -                  | -              | -              | 272             | 487           | 513           |
| Vote 2 - Budget and Treasury                     |     | 303                 | 403            | -            | -                  | -                | -                  | -              | -              | 403             | 319           | 337           |
| Vote 3 - Corporate Services                      |     | 412                 | 1 068          | -            | -                  | -                | -                  | -              | -              | 1 068           | 435           | 458           |
| Vote 4 - Community Services                      |     | 5 931               | 8 251          | -            | -                  | -                | -                  | 285            | 285            | 8 535           | 5 297         | 5 583         |
| Vote 5 - Public Works and Basic Services         |     | 49 766              | 65 035         | -            | -                  | -                | -                  | (1 505)        | (1 505)        | 63 531          | 53 466        | 56 738        |
| Vote 6 - Planning and Development                |     | 120                 | 120            | -            | -                  | -                | -                  | -              | -              | 120             | 126           | 133           |
| Vote 7 - [NAME OF VOTE 7]                        |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 8 - [NAME OF VOTE 8]                        |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 9 - [NAME OF VOTE 9]                        |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 10 - [NAME OF VOTE 10]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 11 - [NAME OF VOTE 11]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 12 - [NAME OF VOTE 12]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 13 - [NAME OF VOTE 13]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 14 - [NAME OF VOTE 14]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Vote 15 - [NAME OF VOTE 15]                      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Capital single-year expenditure sub-total</b> |     | <b>57 144</b>       | <b>75 149</b>  | -            | -                  | -                | -                  | <b>(1 220)</b> | <b>(1 220)</b> | <b>73 929</b>   | <b>60 130</b> | <b>63 762</b> |
| <b>Total Capital Expenditure - Vote</b>          |     | <b>68 644</b>       | <b>90 037</b>  | -            | -                  | -                | -                  | <b>(1 237)</b> | <b>(1 237)</b> | <b>88 800</b>   | <b>62 765</b> | <b>66 539</b> |
| <b>Capital Expenditure - Functional</b>          |     |                     |                |              |                    |                  |                    |                |                |                 |               |               |
| <b>Governance and administration</b>             |     |                     |                |              |                    |                  |                    |                |                |                 |               |               |
| Executive and council                            |     | 612                 | 272            | -            | -                  | -                | -                  | -              | -              | 272             | 487           | 513           |
| Finance and administration                       |     | 1 215               | 1 896          | -            | -                  | -                | -                  | -              | -              | 1 896           | 1 281         | 1 350         |
| Internal audit                                   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Community and public safety</b>               |     | <b>8 131</b>        | <b>8 451</b>   | -            | -                  | -                | -                  | <b>285</b>     | <b>285</b>     | <b>8 735</b>    | <b>5 508</b>  | <b>5 806</b>  |
| Community and social services                    |     | 3 525               | 1 110          | -            | -                  | -                | -                  | (450)          | (450)          | 660             | 659           | 694           |
| Sport and recreation                             |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Public safety                                    |     | 4 606               | 7 341          | -            | -                  | -                | -                  | 735            | 735            | 8 075           | 4 849         | 5 111         |
| Housing  |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Health   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Economic and environmental services</b>       |     | <b>58 686</b>       | <b>79 419</b>  | -            | -                  | -                | -                  | <b>(1 522)</b> | <b>(1 522)</b> | <b>77 897</b>   | <b>55 489</b> | <b>58 871</b> |
| Planning and development                         |     | 53 936              | 77 034         | -            | -                  | -                | -                  | (1 322)        | (1 322)        | 75 712          | 51 273        | 54 427        |
| Road transport                                   |     | 4 750               | 2 385          | -            | -                  | -                | -                  | (200)          | (200)          | 2 185           | 4 216         | 4 444         |
| Environmental protection                         |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Trading services</b>                          |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Energy sources                                   |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Water management                                 |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Waste water management                           |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Waste management                                 |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Other</b>                                     |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Total Capital Expenditure - Functional</b>    | 3   | <b>68 644</b>       | <b>90 037</b>  | -            | -                  | -                | -                  | <b>(1 237)</b> | <b>(1 237)</b> | <b>88 800</b>   | <b>62 765</b> | <b>66 539</b> |
| <b>Funded by:</b>                                |     |                     |                |              |                    |                  |                    |                |                |                 |               |               |
| National Government                              |     | 27 149              | 27 149         | -            | -                  | -                | -                  | -              | -              | 27 149          | 28 486        | 30 409        |
| Provincial Government                            |     | -                   | -              | -            | -                  | -                | -                  | 6 585          | 6 585          | 6 585           | -             | -             |
| District Municipality                            |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| Other transfers and grants                       |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Transfers recognised - capital</b>            | 4   | <b>27 149</b>       | <b>27 149</b>  | -            | -                  | -                | -                  | <b>6 585</b>   | <b>6 585</b>   | <b>33 734</b>   | <b>28 486</b> | <b>30 409</b> |
| <b>Public contributions &amp; donations</b>      |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Borrowing</b>                                 |     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -             | -             |
| <b>Internally generated funds</b>                |     | <b>41 495</b>       | <b>62 888</b>  | -            | -                  | -                | -                  | <b>(7 822)</b> | <b>(7 822)</b> | <b>55 066</b>   | <b>34 279</b> | <b>36 130</b> |
| <b>Total Capital Funding</b>                     |     | <b>68 644</b>       | <b>90 037</b>  | -            | -                  | -                | -                  | <b>(1 237)</b> | <b>(1 237)</b> | <b>88 800</b>   | <b>62 765</b> | <b>66 539</b> |

## **Electrification projects**

Capital expenditure of does not include INEP funding since the municipality is not an electricity Service Provider

### **2.8 MUNICIPAL MANAGER'S QUALITY CERTIFICATE**

I, N.C Vezi Municipal Manager of Dr Nkosazana Dlamini Zurna Municipality hereby certify that the Special Adjustment Budget for the year 2019/20 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the act. And that the Adjustment Budget and supporting documents are consistence with the Integrated Development Plan of the Municipality.

Print Name: N.C Vezi

Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality, KZN436

Signature: \_\_\_\_\_

Date: \_\_\_\_\_