



**DR NKOSAZANA DLAMINI-ZUMA
LOCAL MUNICIPALITY
PRESENTS
2020/21 ADJUSTMENT BUDGET**

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1. PURPOSE OF THE REPORT

The purpose of the report is to revise an approved budget through special adjustment budget in order to attend to the reduced allocation and inclusion of additional allocation of equitable share and there have been changes on anticipated revenue collection and expenditure due nationwide lockdown.

2. BASIS AND BACKGROUND ON THE PREPARATION OF ADJUSTMENT BUDGET

Special Adjustment Budget

The 2020 National Supplementary Budget was delivered by the Minister of Finance in Parliament on the 24 June 2020. The 2020 Supplementary Budget responds to the COVID-19 pandemic and its impact on the economy. In assisting to fund the Covid-19 expenditure an additional equitable share allocation for Dr NDZ Municipality is R 25, 6million. The municipality must.

The COVID-19 pandemic has had a profound impact on the global economy. Governments across the world had to implement necessary measures to contain the spread of the coronavirus such that the capacity of the health system is not overwhelmed by the rate of transmission. A direct impact of this was a restriction of movement globally that had an adverse impact of the global economy and capacity utilization of the tourism sector.

South Africa as is the case in the global economy has been thrown into crisis by the COVID19 pandemic, putting thousands of businesses and jobs at risk. The priority for the government is to resume operations as early as it is safe to do so, but re-opening will just be the start of a difficult recovery.

The Dr Nkosazana Dlamini Zuma Municipality has developed it COVID-19 recovery plan to address all the distress caused by COVID-19. The plan has to be adopted by council, amongst the projects in the plan are Underberg CBD Infrastructure Upgrade, Creighton CBD Infrastructure Upgrade and Bulwer CBD Infrastructure Upgrade that that believed to revive the economy within the Dr NDZ Municipality as the main focus is to make our towns beautiful because beautiful towns will attract tourist. When vacation time comes around again for some people, they forget about those big cities with their stress-inducing crowds and hubbub. Instead, consider

spending their time off in one of these little towns that are small in size yet big in appeal.

In terms of Section 28(2)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and Section 23(3) of the Municipal Budget and Reporting Requirements (MBRR), municipalities must adjust their 2020/21 MTREF budgets to account for the revised funding allocations that were made available. municipalities should use this adjustments budget to reprioritize the 2020/21 budget to respond to the impact of the COVID-19 pandemic on the budget

It is for the above reasons that Municipalities have been given an additional opportunity to pass an adjustments budget. Municipalities are permitted to pass a special adjustment to their 2020/21 budgets. These have to be tabled by 30 September 2020. This enables municipalities to legalise expenditure related to COVID-19 which had not been catered for in their 2020/21 budget.

In line with the MFMA, the 2020/21 approved Budget has now been adjusted. The adjustment has been mainly necessitated as a result of the following:

- To appropriate the increase of revenues that have been added from the annual budget, but only to revise spending programmes already budgeted for
- A disruption on the implementation of capital program due to COVIC-19.
- An adjustment budget is necessary due to the material anticipation of under collection of revenue as a result of the COVID 19 pandemic as well as to attend to the decrease in grants that were received from National and Provincial Treasury into the budget
- The Adjustments Budget reaffirms the Municipality's commitment to achieve the service delivery targets and performance indicators as reflected in the approved service delivery and budget implementation plan.

The process of budget adjustment also allows us to assess the state of our finances, reflect on the current challenges and design therapeutic measures that will turn around the finances of Dr Nkosazana Dlamini Zuma Municipality.

The Circular 9 issued by National Treasury gives emphasis to the use of the additional equitable share to fund COVID-19 pandemic related projects. Therefore, capital adjustments are also made in conjunction with the municipality's COVID-19 recovery plan that detailed the projects that the municipality believes will help to revive economy within the Dr Nkosazana Dlamini Zuma 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 2020/21 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 COVID-19 pandemic has had a profound impact on the global economy. Governments across the world had to implement necessary measures to contain the spread of the coronavirus such that the capacity of the health system is not overwhelmed by the rate of transmission. A direct impact of this was a restriction of movement globally that had an adverse impact of the global economy and capacity utilization of the tourism sector.

South Africa as is the case in the global economy has been thrown into crisis by the COVID19 pandemic, putting thousands of businesses and jobs at risk. The priority for the government is to resume operations as early as it is safe to do so, but re-opening will just be the start of a difficult recovery. Dr Nkosazana Dlamini Zuma local

municipality is one of the municipalities that have been impacted negatively due to a loss of revenue streams as businesses, households and communities reel from the economic fallout caused by COVID-19. Dr Nkosazana Dlamini Zuma local municipality is under pressure to grant some form of relief to consumers, such as rates holidays, etc.

The Dr Nkosazana Dlamini Zuma Municipality has developed its COVID-19 recovery plan to address all the distress caused by COVID-19. The plan has to be adopted by council, amongst the projects in the plan are Underberg CBD Infrastructure Upgrade, Creighton CBD Infrastructure Upgrade and Bulwer CBD Infrastructure Upgrade that is believed to revive the economy, uplift development of the towns and tourism within the Dr NDZ Municipality as the main focus is to make our towns beautiful because beautiful towns will attract tourists. When vacation time comes around again for some people, they forget about those big cities with their stress-inducing crowds and hubbub. Instead, consider spending their time off in one of these little towns that are small in size yet big in appeal.

It is for the above reasons that Municipalities have been given an additional opportunity to pass an adjustments budget. Municipalities are permitted to pass a Special Adjustment to their 2020/21 budgets. These have to be tabled by 30 September 2020. This enables municipalities to legalise expenditure related to COVID-19 which had not been catered for in their 2020/21 budgets.

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. The 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.
- Rearranged seating of staff to accommodate for social distancing

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. Two Municipal allocations have been reduced as per the supplementary budget that was delivered by the Minister of finance in Parliament on the 24 of June 2020. The supplementary budget responds COVID-19 pandemic and its impact on the economy. The affected grants are Integrated National Electrification Grant (INEP) and Tittle Deeds Restoration Grant.

Lastly, acknowledge our stakeholders in the midst of the Covid-19 pandemic, our municipalities have continued to function and that basic services have been delivered to our communities, whose welfare depends on the regular provision of water, electricity, refuse removal and the like.

Considering the above explanation, I hereby recommend that the council may approve the 2020/2021 Adjustment Budget.

I thank you.

Honourable Mayor
Councillor P.N Mncwabe

1.2 RESOLUTIONS

It is recommended that the council:

- Notes and adopt the Adjustment Budget for 2020/2021 financial year.
- Approves the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget.

1.3 EXECUTIVE SUMMARY

The 2020/2021 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 2020/2021 Special Adjustments Budget is to align the expenditure to the anticipated revenue and ensure that the budget is adequately funded. The Budget also responds to the COVID-19 pandemic and its impact on the economy.

- 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.

Operating Revenue

The revenue of the municipality has increased from R203, 9million to R 214, 4million in the special adjustment budget when compared to the approved budget that was adopted by Council in May 2020. The contributing factor to this increase is the equitable share adjustment.

Property rates that has decrease by 17%, from R 32, 3million to R 28 ,6million when compared to the approved original budget as a result of additional rebate that will be given to customers of business and commercial, tourism and hospitality and residential categories due to COVID-19 pandemic. The amendments will be included on the rates policy with the application process and procedure as it will not be a free for all.

Rental of facilities - No adjustment was made

Rental of facilities has decreased from R862 000 to R831 382 when compared to the adjustment budget due to decrease in demand of renting out of community facilities.

Licences and Permits – No Adjustment was made

Licenses and permits show an increase of R 33 785 when compared to the 2019/20 Adjustment Budget, the current year performance was considered and a percentage (8.5%) of the agency services that the municipality receives for performing services for the department of transport.

Other Revenue – No adjustment was made

Other revenue for 2020/2021 financial year increased by 2% when compared to the 2019/20 Adjustment Budget. An increase was applied after taking into consideration the previous year's actual performance as at the end of April 2020.

Interest Earned on External Investment

There is no adjustment made for Interest earned.

Gains on disposal of PPE

Gains on disposal of PPE has decrease from R 8, 5million to R 1, 2million, the revenue was going to be injected through the sale of the municipal land of which we foresee a decrease in the future purchase of land due to COVID-19. The municipality left the one that has already received an offer which has been accepted by the

municipality of R 1, 2million for the sale of land used by Department of Health as Underberg Clinic

Operating Expenditure

The overall operating expenditure has increased from R 203 ,2million to R207 ,5million in the special adjustment budget and that is 2% increase when compared to the originally approved budget. The contributing factors are as follows:

Employee Related Costs

No adjustment was made

Councilors Remuneration

No adjustment was made

Other Materials

No adjustment was made

Contracted Services

Contracted services have increased from R33, 6million to R 38, 2million the increase is mainly as a result of the electrification projects that are funded internally due reduction to the INEP Grant and the Covid-19 items to be procured.

Other Expenditure

Other expenditure comprises of various line items relating to the daily operations of the municipality. An upward adjustment was made. Operating expenditure increased from R 28, 3million to R 28, 6million when compared to the original budget due to Covid-19 items to be procured.

Finance charges

No Adjustments was made

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

KZN436 Dr Nkosazana Dlamini Zuma - Table B1 Adjustments Budget Summary - 29/09/2020

Description	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	34 425	34 425	-	-	-	-	(5 776)	(5 776)	28 649	36 009	37 665
Service charges	3 608	3 608	-	-	-	-	-	-	3 608	3 774	3 947
Investment revenue	8 090	8 090	-	-	-	-	-	-	8 090	8 462	8 851
Transfers recognised - operational	143 638	143 638	-	-	-	-	24 635	24 635	168 273	149 268	157 121
Other own revenue	14 221	14 221	-	-	-	-	(8 381)	(8 381)	5 839	5 899	6 170
Total Revenue (excluding capital transfers and contributions)	203 982	203 982	-	-	-	-	10 477	10 477	214 459	203 412	213 755
Employee costs	70 219	70 219	-	-	-	-	-	-	70 219	73 455	76 828
Remuneration of councillors	11 901	11 901	-	-	-	-	-	-	11 901	12 449	13 021
Depreciation & asset impairment	41 625	41 625	-	-	-	-	-	-	41 625	32 291	35 439
Finance charges	291	291	-	-	-	-	-	-	291	305	319
Materials and bulk purchases	3 998	3 998	-	-	-	-	(300)	(300)	3 698	3 869	4 047
Transfers and grants	1 990	1 990	-	-	-	-	-	-	1 990	2 082	2 178
Other expenditure	73 251	73 251	-	-	-	-	4 565	4 565	77 815	74 175	77 137
Total Expenditure	203 276	203 276	-	-	-	-	4 265	4 265	207 541	198 625	208 968
Surplus/(Deficit)	706	706	-	-	-	-	6 212	6 212	6 918	4 787	4 787
Transfers recognised - capital	26 989	26 989	-	-	-	-	-	-	26 989	29 050	30 559
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	27 695	27 695	-	-	-	-	6 212	6 212	33 907	33 837	35 346
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	27 695	27 695	-	-	-	-	6 212	6 212	33 907	33 837	35 346
Capital expenditure & funds sources											
Capital expenditure	101 077	101 077	-	-	-	-	18 593	18 593	119 671	41 203	43 272
Transfers recognised - capital	27 074	27 074	-	-	-	-	(85)	(85)	26 989	29 050	30 559
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	74 003	74 003	-	-	-	-	18 678	18 678	92 682	12 153	12 713
Total sources of capital funds	101 077	101 077	-	-	-	-	18 593	18 593	119 671	41 203	43 272
Financial position											
Total current assets	96 446	96 446	-	-	-	-	21 231	21 231	117 676	88 194	120 675
Total non current assets	503 685	503 685	-	-	-	-	18 593	18 593	522 278	505 832	507 903
Total current liabilities	51 123	51 123	-	-	-	-	745	745	51 868	59 005	67 514
Total non current liabilities	17 397	17 397	-	-	-	-	-	-	17 397	17 397	17 397
Community wealth/Equity	531 610	531 610	-	-	-	-	39 079	39 079	570 689	517 624	543 668
Cash flows											
Net cash from (used) operating	66 006	66 006	-	-	-	-	14 871	14 871	80 877	65 793	68 961
Net cash from (used) investing	(92 496)	(92 496)	-	-	-	-	(25 975)	(25 975)	(118 471)	(41 203)	(43 272)
Net cash from (used) financing	(678)	(678)	-	-	-	-	-	-	(678)	(678)	(678)
Cash/cash equivalents at the year end	62 183	62 183	-	-	-	-	21 231	21 231	83 414	107 325	132 337
Cash backing/surplus reconciliation											
Cash and investments available	62 183	62 183	-	-	-	-	21 231	21 231	83 414	47 823	72 834
Application of cash and investments	43 903	43 903	-	-	-	-	1 235	1 235	45 138	30 940	34 488
Balance - surplus (shortfall)	18 280	18 280	-	-	-	-	19 996	19 996	38 276	16 883	38 346
Asset Management											
Asset register summary (WDV)	483 291	483 291	-	-	-	-	18 593	18 593	501 884	485 436	487 505
Depreciation & asset impairment	41 625	41 625	-	-	-	-	-	-	41 625	32 291	35 439
Renewal of Existing Assets	15 320	15 320	-	-	-	-	-	-	15 320	-	-
Repairs and Maintenance	11 918	11 918	-	-	-	-	-	-	11 918	12 467	13 113
Free services											
Cost of Free Basic Services provided	242	242	-	-	-	-	-	-	242	255	269
Revenue cost of free services provided	19 364	19 364	-	-	-	-	5 776	5 776	25 140	20 255	21 186
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

Table B2 Adjustment Budget Financial Performance

Table B2 presents expenditure by standard classification presents the adjustment expenditures by the departments.

KZN436 Dr Nkosazana Dlamini Zuma - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2020/21									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, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
Governance and administration		191 341	191 341	-	-	-	-	11 461	11 461	202 802	194 062	203 961
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		191 341	191 341	-	-	-	-	11 461	11 461	202 802	194 062	203 961
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		6 397	6 397	-	-	-	-	(984)	(984)	5 413	5 447	5 712
Community and social services		3 804	3 804	-	-	-	-	-	-	3 804	3 973	4 170
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		2 154	2 154	-	-	-	-	(745)	(745)	1 409	1 474	1 542
Housing		439	439	-	-	-	-	(239)	(239)	200	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		29 625	29 625	-	-	-	-	-	-	29 625	29 179	30 694
Planning and development		123	123	-	-	-	-	-	-	123	129	135
Road transport		29 502	29 502	-	-	-	-	-	-	29 502	29 050	30 559
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		3 608	3 608	-	-	-	-	-	-	3 608	3 774	3 947
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		3 608	3 608	-	-	-	-	-	-	3 608	3 774	3 947
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	230 971	230 971	-	-	-	-	10 477	10 477	241 448	232 462	244 314
Expenditure - Functional												
Governance and administration		125 209	125 209	-	-	-	-	100	100	125 309	120 216	126 958
Executive and council		22 265	22 265	-	-	-	-	-	-	22 265	23 290	24 361
Finance and administration		101 411	101 411	-	-	-	-	100	100	101 511	95 324	100 921
Internal audit		1 532	1 532	-	-	-	-	-	-	1 532	1 603	1 676
Community and public safety		27 265	27 265	-	-	-	-	165	165	27 430	27 375	28 629
Community and social services		16 336	16 336	-	-	-	-	300	300	16 636	17 088	17 874
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		10 169	10 169	-	-	-	-	(148)	(148)	10 021	9 952	10 404
Housing		760	760	-	-	-	-	(239)	(239)	521	335	351
Health		-	-	-	-	-	-	252	252	252	-	-
Economic and environmental services		39 982	39 982	-	-	-	-	-	-	39 982	39 715	41 542
Planning and development		17 661	17 661	-	-	-	-	-	-	17 661	18 997	19 871
Road transport		22 320	22 320	-	-	-	-	-	-	22 320	20 718	21 671
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		6 711	6 711	-	-	-	-	4 000	4 000	10 711	7 019	7 342
Energy sources		-	-	-	-	-	-	4 000	4 000	4 000	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		6 711	6 711	-	-	-	-	-	-	6 711	7 019	7 342
Other		4 110	4 110	-	-	-	-	-	-	4 110	4 299	4 496
Total Expenditure - Functional	3	203 276	203 276	-	-	-	-	4 265	4 265	207 541	198 625	208 968
Surplus/ (Deficit) for the year		27 695	27 695	-	-	-	-	6 212	6 212	33 907	33 837	35 346

The revenue of the municipality has increased by 7% from R 230 ,9million originally approved budget to R 247, 8million. The increase arises from the increase in equitable share.

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 <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2020/21									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2021/22	+2 2022/23
R thousands												
Revenue by Vote	1											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		191 236	191 236	-	-	-	-	11 461	11 461	202 697	193 953	203 847
Vote 3 - Corporate Services		105	105	-	-	-	-	-	-	105	109	114
Vote 4 - Community Services		9 566	9 566	-	-	-	-	(745)	(745)	8 821	9 221	9 659
Vote 5 - Public Works and Basic Services		29 941	29 941	-	-	-	-	(239)	(239)	29 702	29 050	30 559
Vote 6 - Planning and Development		123	123	-	-	-	-	-	-	123	129	135
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]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	230 971	230 971	-	-	-	-	10 477	10 477	241 448	232 462	244 314
Expenditure by Vote	1											
Vote 1 - Executive and Council		23 798	23 798	-	-	-	-	-	-	23 798	24 892	26 038
Vote 2 - Budget and Treasury		77 154	77 154	-	-	-	-	-	-	77 154	69 455	74 385
Vote 3 - Corporate Services		24 257	24 257	-	-	-	-	-	-	24 257	25 868	26 535
Vote 4 - Community Services		34 292	34 292	-	-	-	-	504	504	34 796	35 708	37 345
Vote 5 - Public Works and Basic Services		38 939	38 939	-	-	-	-	3 761	3 761	42 700	37 643	39 374
Vote 6 - Planning and Development		4 835	4 835	-	-	-	-	-	-	4 835	5 058	5 291
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]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	203 276	203 276	-	-	-	-	4 265	4 265	207 541	198 625	208 968
Surplus/ (Deficit) for the year	2	27 695	27 695	-	-	-	-	6 212	6 212	33 907	33 837	35 346

The table above show the difference between revenue and expenditure by municipal vote when comparing the original budget adopted by Council in May 2020 and special adjustment budget by municipal vote. The total revenue by vote increase from R 230, 9million to R 241 ,4million and total expenditure by vote increased from R 203 ,3million to R 207, 5million when compared to the original budget. This increase is largely attributed to Public Works and Basic Services which is responsible for the electrification projects funded internally.

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 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
		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	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	34 425	34 425	-	-	-	-	(5 776)	(5 776)	28 649	36 009	37 665
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3 608	3 608	-	-	-	-	-	-	3 608	3 774	3 947
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		831	831	-	-	-	-	-	-	831	870	910
Interest earned - external investments		8 090	8 090	-	-	-	-	-	-	8 090	8 462	8 851
Interest earned - outstanding debtors		2 294	2 294	-	-	-	-	-	-	2 294	2 399	2 509
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		726	726	-	-	-	-	-	-	726	759	794
Licences and permits		753	753	-	-	-	-	-	-	753	787	823
Agency services		32	32	-	-	-	-	-	-	32	34	35
Transfers and subsidies		143 638	143 638	-	-	-	-	24 635	24 635	168 273	149 268	157 121
Other revenue	2	1 004	1 004	-	-	-	-	-	-	1 004	1 050	1 098
Gains on disposal of PPE		8 581	8 581	-	-	-	-	(8 381)	(8 381)	200	-	-
Total Revenue (excluding capital transfers and contributions)		203 982	203 982	-	-	-	-	10 477	10 477	214 459	203 412	213 755
Expenditure By Type												
Employee related costs		70 219	70 219	-	-	-	-	-	-	70 219	73 455	76 828
Remuneration of councillors		11 901	11 901	-	-	-	-	-	-	11 901	12 449	13 021
Debt impairment		11 060	11 060	-	-	-	-	-	-	11 060	11 569	12 101
Depreciation & asset impairment		41 625	41 625	-	-	-	-	-	-	41 625	32 291	35 439
Finance charges		291	291	-	-	-	-	-	-	291	305	319
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-
Other materials		3 998	3 998	-	-	-	-	(300)	(300)	3 698	3 869	4 047
Contracted services		33 860	33 860	-	-	-	-	4 294	4 294	38 153	35 866	37 066
Transfers and subsidies		1 990	1 990	-	-	-	-	-	-	1 990	2 082	2 178
Other expenditure		28 331	28 331	-	-	-	-	271	271	28 602	26 740	27 970
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		203 276	203 276	-	-	-	-	4 265	4 265	207 541	198 625	208 968
Surplus/(Deficit)		706	706	-	-	-	-	6 212	6 212	6 918	4 787	4 787
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		26 989	26 989	-	-	-	-	-	-	26 989	29 050	30 559
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		27 695	27 695	-	-	-	-	6 212	6 212	33 907	33 837	35 346
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		27 695	27 695	-	-	-	-	6 212	6 212	33 907	33 837	35 346
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		27 695	27 695	-	-	-	-	6 212	6 212	33 907	33 837	35 346
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		27 695	27 695	-	-	-	-	6 212	6 212	33 907	33 837	35 346

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.

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

Description	Ref	Budget Year 2020/21									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 2021/22	+2 2022/23
		A	A1	B	C	D	E	F	G	H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted												
Vote 1 - Executive and Council	2	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporals Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	7 000	7 000	7 000	-	-
Vote 5 - Public Works and Basic Services		26 649	26 649	-	-	-	-	7 664	7 664	34 313	29 050	30 559
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]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	26 649	26 649	-	-	-	-	14 664	14 664	41 313	29 050	30 559
Single-year expenditure to be adjusted												
Vote 1 - Executive and Council	2	577	577	-	-	-	-	-	-	577	604	631
Vote 2 - Budget and Treasury		360	360	-	-	-	-	-	-	360	376	394
Vote 3 - Corporals Services		691	691	-	-	-	-	-	-	691	723	756
Vote 4 - Community Services		10 276	10 276	-	-	-	-	(3 407)	(3 407)	6 869	10 315	10 789
Vote 5 - Public Works and Basic Services		62 394	62 394	-	-	-	-	7 336	7 336	69 730	-	-
Vote 6 - Planning and Development		130	130	-	-	-	-	-	-	130	136	143
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]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		74 428	74 428	-	-	-	-	3 929	3 929	78 357	12 153	12 713
Total Capital Expenditure - Vote		101 077	101 077	-	-	-	-	18 593	18 593	119 671	41 203	43 272
Capital Expenditure - Functional												
Governance and administration		2 376	2 376	-	-	-	-	-	-	2 376	1 703	1 781
Executive and council		577	577	-	-	-	-	-	-	577	604	631
Finance and administration		1 799	1 799	-	-	-	-	-	-	1 799	1 099	1 150
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		10 826	10 826	-	-	-	-	3 593	3 593	14 419	10 315	10 789
Community and social services		1 816	1 816	-	-	-	-	-	-	1 816	979	1 024
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		9 010	9 010	-	-	-	-	3 593	3 593	12 603	9 335	9 765
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		87 876	87 876	-	-	-	-	15 000	15 000	102 876	29 186	30 702
Planning and development		83 384	83 384	-	-	-	-	15 000	15 000	98 384	29 186	30 702
Road transport		4 491	4 491	-	-	-	-	-	-	4 491	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	101 077	101 077	-	-	-	-	18 593	18 593	119 671	41 203	43 272
Funded by:												
National Government		26 989	26 989	-	-	-	-	-	-	26 989	29 050	30 559
Provincial Government		85	85	-	-	-	-	(85)	(85)	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	27 074	27 074	-	-	-	-	(85)	(85)	26 989	29 050	30 559
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		74 003	74 003	-	-	-	-	18 678	18 678	92 682	12 153	12 713
Total Capital Funding		101 077	101 077	-	-	-	-	18 593	18 593	119 671	41 203	43 272

Table B5 above gives an indication the of the municipality's adjustments budget on capital expenditure. The municipalities capital expenditure has been adjusted upwards by 16% in the adjustment budget when compare to the original budget that was approved by Council in May 2020, that is from R101million to R119, 6million. The contributing factors to such increase are the COVID-19 projects funded by additional equitable share.

TABLE B6 ADJUSTMENTS BUDGET FINANCIAL POSITION

Table C6 displays the adjustment budget financial position of the municipality

KZN436 Dr Nkosazana Dlamini Zuma - Table B6 Adjustments Budget Financial Position - 29/09/2020

Description	Ref	Budget Year 2020/21									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
ASSETS												
Current assets												
Cash		5 822	5 822	-	-	-	-	7 316	7 316	13 138	12 696	13 280
Call investment deposits	1	56 361	56 361	-	-	-	-	13 915	13 915	70 275	94 629	119 056
Consumer debtors	1	30 058	30 058	-	-	-	-	-	-	30 058	35 734	42 751
Other debtors		4 205	4 205	-	-	-	-	-	-	4 205	4 637	5 090
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-	-	-
Total current assets		96 446	96 446	-	-	-	-	21 231	21 231	117 676	147 696	180 177
Non current assets												
Long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		20 300	20 300	-	-	-	-	-	-	20 300	20 300	20 300
Investment in Associate		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	483 291	483 291	-	-	-	-	17 593	17 593	500 884	486 436	487 505
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-	-
Intangible		35	35	-	-	-	-	-	-	35	36	38
Other non-current assets		60	60	-	-	-	-	-	-	60	60	60
Total non current assets		503 685	503 685	-	-	-	-	17 593	17 593	521 279	505 832	507 903
TOTAL ASSETS		600 131	600 131	-	-	-	-	38 824	38 824	638 955	653 529	688 081
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Borrowing		678	678	-	-	-	-	-	-	678	678	678
Consumer deposits		6	6	-	-	-	-	-	-	6	6	6
Trade and other payables		44 027	44 027	-	-	-	-	745	745	44 772	51 381	59 337
Provisions		6 412	6 412	-	-	-	-	-	-	6 412	6 941	7 493
Total current liabilities		51 123	51 123	-	-	-	-	745	745	51 868	59 005	67 514
Non current liabilities												
Borrowing	1	540	540	-	-	-	-	-	-	540	540	540
Provisions	1	16 857	16 857	-	-	-	-	-	-	16 857	16 857	16 857
Total non current liabilities		17 397	17 397	-	-	-	-	-	-	17 397	17 397	17 397
TOTAL LIABILITIES		68 521	68 521	-	-	-	-	745	745	69 266	76 402	84 911
NET ASSETS	2	531 610	531 610	-	-	-	-	38 079	38 079	569 689	577 126	603 170
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		526 783	526 783	-	-	-	-	38 079	38 079	564 863	572 299	598 343
Reserves		4 827	4 827	-	-	-	-	-	-	4 827	4 827	4 827
Minorities' interests		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		531 610	531 610	-	-	-	-	38 079	38 079	569 689	577 126	603 170

TABLE B7 ADJUSTMENTS BUDGET CASH FLOWS

KZN436 Dr Nkosazana Dlamini Zuma - Table B7 Adjustments Budget Cash Flows - 29/09/2020

Description	Ref	Budget Year 2020/21									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 2021/22	+2 2022/23
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		24 575	24 575	-	-	-	-	(4 521)	(4 521)	20 054	20 977	21 942
Service charges		2 706	2 706	-	-	-	-	83	83	2 789	2 917	3 051
Other revenue		3 164	3 164	-	-	-	-	(131)	(131)	3 034	3 356	3 462
Government - operating	1	150 568	150 568	-	-	-	-	23 705	23 705	174 273	155 268	163 121
Government - capital	1	26 989	26 989	-	-	-	-	-	-	26 989	29 050	30 559
Interest		8 090	8 090	-	-	-	-	-	-	8 090	8 462	7 701
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(147 804)	(147 804)	-	-	-	-	(4 265)	(4 265)	(152 070)	(151 850)	(158 379)
Finance charges		(291)	(291)	-	-	-	-	-	-	(291)	(305)	(319)
Transfers and Grants	1	(1 990)	(1 990)	-	-	-	-	-	-	(1 990)	(2 082)	(2 178)
NET CASH FROM/(USED) OPERATING ACTIVITIES		66 006	66 006	-	-	-	-	14 871	14 871	80 877	65 793	68 961
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		8 581	8 581	-	-	-	-	(7 381)	(7 381)	1 200	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets		(101 077)	(101 077)	-	-	-	-	(18 593)	(18 593)	(119 671)	(41 203)	(43 272)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(92 496)	(92 496)	-	-	-	-	(25 975)	(25 975)	(118 471)	(41 203)	(43 272)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing		(678)	(678)	-	-	-	-	-	-	(678)	(678)	(678)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(678)	(678)	-	-	-	-	-	-	(678)	(678)	(678)
NET INCREASE/ (DECREASE) IN CASH HELD		(27 168)	(27 168)	-	-	-	-	(11 104)	(11 104)	(38 272)	23 912	25 011
Cash/cash equivalents at the year begin:	2	89 350	89 350	-	-	-	-	32 335	32 335	121 685	83 414	107 325
Cash/cash equivalents at the year end:	2	62 183	62 183	-	-	-	-	21 231	21 231	83 414	107 325	132 337

An adjustment budget in revenue collection is necessary due to the anticipation of material under collection of revenue as a result of the COVID -19 pandemic. Collection for property rates, service charges and proceeds on disposal of PPE are adjusted downward due to COVID -19.

TABLE B8 CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

KZN436 Dr Nkosazana Dlamini Zuma - Table B8 Cash backed reserves/accumulated surplus reconciliation - 29/09/2020

Description	Ref	Budget Year 2020/21									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 2021/22	+2 2022/23
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	62 183	62 183	-	-	-	-	21 231	21 231	83 414	107 325	132 337
Other current investments > 90 days		0	0	-	-	-	-	(0)	(0)	-	(59 502)	(59 502)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		62 183	62 183	-	-	-	-	21 231	21 231	83 414	47 823	72 834
Applications of cash and investments												
Unspent conditional transfers		(745)	(745)	-	-	-	-	745	745	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	19 701	19 701	-	-	-	-	490	490	20 191	26 113	29 662
Other provisions		20 120	20 120	-	-	-	-	-	-	20 120	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		4 827	4 827	-	-	-	-	-	-	4 827	4 827	4 827
Total Application of cash and investments:		43 903	43 903	-	-	-	-	1 235	1 235	45 138	30 940	34 488
Surplus(shortfall)		18 280	18 280	-	-	-	-	19 996	19 996	38 276	16 883	38 346

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 R203, 9million to R 214, 5million in the special adjustment budget because of the additional allocation of equitable share.

Operational expenditure has increased from R 203, 2million to R 207, 5million in the adjustment budget and that is 2% increase when compared to the originally approved budget. The operating expenditure also includes electrification project funded internally. The overall surplus after operating expenditure is R33,9million.

SUMMARY STATEMENT OF ADJUSTMENT BUDGET			
Description	2020/21 Original Budget	Special Adjustments	2020/21 Special Adjustment Budget
Total Operating Revenue	-203 982 154	-25 619 000,00	-214 459 365
Total Capital Revenue	-26 989 000	-	-26 989 000
Operating Expenditure	203 276 036	-	207 541 154
Surplus(Deficit) Before Capital	-27 695 118	-25 619 000	-33 907 211
Other Grant Revenue			
INEP Grant	-6 930 000	930 000,00	-6 000 000
Bhidla Housing Grant	-25 795 079	-	-

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.

That total revenue of 247.4million will be used to fund the operational expenditure of R207, 5million, Capital expenditure of R119, 7million and Electrification projects of R10million. 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 - 29/09/2020

Description	Ref	Budget Year 2020/21									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
		3	4	5	6	7	8	9	10	+1 2021/22	+2 2022/23	
R thousands	A	A1	B	C	D	E	F	G	H			
Cash and investments available												
Cash/cash equivalents at the year end	1	62 183	62 183	-	-	-	-	21 231	21 231	83 414	107 325	132 337
Other current investments > 90 days		0	0	-	-	-	-	(0)	(0)	-	(59 502)	(59 502)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		62 183	62 183	-	-	-	-	21 231	21 231	83 414	47 823	72 834
Applications of cash and investments												
Unspent conditional transfers		(745)	(745)	-	-	-	-	745	745	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	19 701	19 701	-	-	-	-	490	490	20 191	26 113	29 662
Other provisions		20 120	20 120	-	-	-	-	-	-	20 120	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		4 827	4 827	-	-	-	-	-	-	4 827	4 827	4 827
Total Application of cash and investments:		43 903	43 903	-	-	-	-	1 235	1 235	45 138	30 940	34 488
Surplus(shortfall)		18 280	18 280	-	-	-	-	19 996	19 996	38 276	16 883	38 346

2.3 Table SB 7 below provides details of the Government Grants and Subsidies differentiated between National & Provincial Governments

KZN436 Dr Nkosazana Dlamini Zuma - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Budget Year 2020/21							Budget Year	Budget Year
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F		
RECEIPTS:									
Operating Transfers and Grants									
National Government:	145 581	138 651	-	-	31 619	31 619	170 270	151 296	158 952
Operational Revenue:General Revenue:Equitable Share	134 138	134 138	-	-	25 619	25 619	159 757	143 296	150 952
Operational:Revenue:General Revenue:Fuel Levy	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities (Schedule 5B)	2 513	2 513	-	-	-	-	2 513	-	-
Khayelitsha Urban Renewal	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant (Schedule 5B)	2 000	2 000	-	-	-	-	2 000	2 000	2 000
Traditional Leaders - Imbizon	-	-	-	-	-	-	-	-	-
Department of Water and Sanitation Smart Living Handbook	6 930	-	-	-	6 000	6 000	6 000	6 000	6 000
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Provincial Government:	4 987	4 987	-	-	(984)	(984)	4 003	3 972	4 169
Infrastructure	-	-	-	-	-	-	-	-	-
Libraries, Archives and Museums	3 803	4 987	-	-	(1 184)	(1 184)	3 803	3 972	4 169
Other	1 184	-	-	-	200	200	200	-	-
Parent Municipality / Entity	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	150 568	143 638	-	-	30 635	30 635	174 273	155 268	163 121
Capital Transfers and Grants									
National Government:	26 989	26 989	-	-	-	-	26 989	29 050	30 559
Integrated National Electrification Programme (Municipal Grant) (Schedule 5B)	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (Schedule 5B)	26 989	26 989	-	-	-	-	26 989	29 050	30 559
Transfer from Operational Revenue	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	26 989	26 989	-	-	-	-	26 989	29 050	30 559
TOTAL RECEIPTS OF TRANSFERS & GRANTS	177 557	170 627	-	-	30 635	30 635	201 262	184 318	193 680

2.4 ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANTS PROGRAMMES

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

Description	Original Budget Allocations 2020/21	Adjustments	Special Adjustment Budget Allocations 2020/21
Municipal Finance Management Grant	2 000 000	-	2 000 000
Equitable Share	134 138 000	25 619 000	159 757 000
Provincialisation of Libraries Grant	2 714 000	-	2 714 000
Community Library Service Grant	1 089 000	-	1 089 000
Expanded Public Works Programme	2 513 000	-	2 513 000
Capital:MoMunicipal Infrastructure Grant	26 989 000	-	26 989 000
Intergrated National Electrification Programme	6 930 000	-930 000	6 000 000
Tittle Deeds Restoration Grant	439 000	-239 000	200 000
Municipal Disaster Relief Grant	745 000	-745 000,00	-
TOTAL GOVERNMENT GRANTS AND SUBSIDIES	177 557 000	23 705 000	201 262 000

There has been an increase and decrease on the municipal grants and subsidies allocation as DORA and Government Gazette the above table specify the details, Grants and Subsidies for 2020/2021 have increased from R 177, 5million to R 201, 2million. The following grants have been affected at Dr NDZ Municipality namely:

1. Increase in Equitable Share
2. Decrease in the Integrated National Electrification Grant.
3. Decrease in Tittle Deeds Restoration Grant
4. Reduction of Municipal Disaster Relief Grant

2.5 ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

The municipality does not have grants transfers paid out to other organs of the state or institutions. The amount of R 1, 9million appearing on Table B4 as Transfers and subsidies is for Free Basic Electricity paid to Eskom for indigents.

2.6 ADJUSTMENT TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

The remuneration for councilor allowances and employee benefits has not been adjusted.

2.7 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 to

include the additional projects that are related to COVID-19 and funded by equitable share as per the minister's announcement.

ELECTRIFICATION PROJECTS

Capital expenditure of the municipality does not include INEP funding since the municipality is not an electricity Service Provider but the community rely on the municipality to have electricity. The grant has been adjusted from R 6 ,9million to R 6million. After having done a cash flow management exercise the municipality identified some saving arising from the stopping of many programmes as a result of the COVID-19. The municipality decided to avail a budget of R 4million towards funding the electrification projects to continue providing service to community and also to cover for the grant downward adjustment of R 930 000.

2.8 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, N.C Vezi Municipal Manager of Dr Nkosazana Dlamini Zuma Municipality hereby certify that the Special Adjustment Budget for the year 2020/21 financial year 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: _____