

# **ADJUSTMENTS BUDGET OF UTHUKELA DISTRICT MUNICIPALITY**



**2022/23**

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## 1.1. Mayor's Report

UThukela District Municipality has seen great challenges in the 2021/22 financial year and remains under administration in terms of S139 of the MFMA. The national pandemic has further negatively impacted negatively on the financial and social well-being of the district as a whole. Consequentially service delivery has thus been affected. Political leadership changed during the month of November 2021, the new elected council will respond positively to the said challenges and will continue to support government interventions.

The budget remains unfunded and would be supported by means of a budget funding plan. Senior management has been advised to contribute to the funding plan.

The various capital projects budgeted for this financial year have commenced, going forward these projects will be under the strict monitoring and supervision of the new council.

All issues previously identified and highlighted in the S72 midyear report, have been considered for the review of the approved budget. This review will be aimed at improving our cash position and facilitate the improvement in cash flow constraints.

Water and sanitation charges have been decreased by a combined 15% based on the actuals realised at midyear, this decrease has impacted negatively on the funding position. The municipality has initiated the implementation of smart meters as part of the revenue turnaround strategy in order to improve revenue generation.

It must be noted that an amount of R 364 million has been received from the budgeted total of R485 million of the equitable share and an amount of R104 million has been received in respect of the MIG (municipal infrastructure grant), further to that an amount of R47 million relating to the same grant was received. in respect of MWSIG (municipal water services infrastructure grant) R55 million was received.

## 1.2 Council Resolutions

On 27 February 2023

the Council of UThukela District Municipality met in the board room of UThukela District Municipality to consider the adjustments budget of the municipality for the financial year 2022/23. The Council approved and adopted the following resolutions:

1. The UThukela District Local Municipality, acting in terms of section 72 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The adjustments budget of the municipality for the financial year 2022/23 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Adjustments Budget Financial Performance (revenue and expenditure by standard classification) as contained in Table B2

- 1.1.2. Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) as contained in Table B3
- 1.1.3. Adjustments Budget Summary as contained in Table B1
- 1.1.4. Adjustments Budget financial performance (revenue and expenditure) as contained in Table B4
  
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
  - 1.2.1. Adjustments Budget Financial Position as contained in Table B6
  - 1.2.2. Adjustments Budget Cash Flows as contained in Table B7
  - 1.2.3. Adjustments Budget Cash backed reserves and accumulated surplus reconciliation as contained in Table A8
  - 1.2.4. Adjustments Budget Asset management as contained in Table B9
  - 1.2.5. Adjustments Budget Basic service delivery measurement as contained in Table B10

### 1.3 Executive Summary

Section 72 of the Municipal Finance Management Act (MFMA) requires that municipalities review their financial results for the mid-year during January of each year

Section 72 indicates that the following information must be provided:

- the monthly statements referred to in section 71 for the first half of the financial year;
- the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
- the past year's annual report, and progress on resolving problems identified in the annual report

As part of the review the accounting officer must:

- make recommendations as to whether an adjustment budget is necessary and
- recommend revised projections for revenue and expenditure to the extent that this may be necessary

### Background

An Adjustment Budget must be table to council any time after the mid-year budget review have been tabled to council but no later than 28 February of the current year as per Municipal Budget Regulation Reporting 23(1).

The Mid- Year Budget Review Report has highlighted variances in terms of actual year to date income and expenditure versus year to date budgets. The variances were considered and where necessary adjustments were made.

Consideration of section 18 of MFMA was made, which states that:

*“An annual budget may only be funded from:*

- a) Realistic anticipated revenues to be collected;*
- b) Cash backed accumulated funds from previous year’s surpluses not committed for other purposes; and*
- c) borrowed funds, but only for the capital budget referred to in section 17(2)*

*(2) Revenue projections in the budget must be realistic, taking into account:*

- a) Projected revenue for the current year based on collection levels to date; and*
- b) Actual revenue collected in previous financial years.”*

Great emphasis has placed in ensuring that the budget the available resources are employed onto the municipality’s core function; further more adjustments have been made to votes impacting directly on service delivery.

## ADJUSTMENT BUDGET TABLES

**Adjustments Budget Financial Performance (functional classification) – [B2]**

Description	2021/2023 Financial Period			
	Previous Budget Funding Plan 2022/23	Adjustments Budget 2022/23	Adjustments	Munsoft Original Budget Data
<b>R thousands</b>				
<b>Revenue - Functional</b>				
<b><i>Municipal governance and administration</i></b>	<b>568 901</b>	<b>588 731</b>	<b>19 830</b>	<b>588 731</b>
Executive and council	-		-	-
Finance and administration	568 901	588 731	19 830	588 731
Internal audit	-		-	-
<b><i>Community and public safety</i></b>	<b>36</b>	<b>-</b>	<b>(36)</b>	<b>-</b>
Community and social services	-		-	-
Sport and recreation	-		-	-
Public safety	-		-	-
Housing	-		-	-
Health	36		(36)	-
<b><i>Economic and environmental services</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	-		-	-
Road transport	-		-	-
Environmental protection	-		-	-
<b><i>Trading services</i></b>	<b>597 358</b>	<b>579 829</b>	<b>(17 529)</b>	<b>579 829</b>
Energy sources	-		-	-
Water management	597 358	579 829	(17 529)	579 829
Waste water management	-		-	-
Waste management	-		-	-
<b><i>Other</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>	<b>1 166 296</b>	<b>1 168 560</b>	<b>2 264</b>	<b>1 168 560</b>
<b>Expenditure - Functional</b>				
<b><i>Municipal governance and administration</i></b>	<b>384 764</b>	<b>361 583</b>	<b>(23 181)</b>	<b>361 583</b>
Executive and council	61 326	60 148	(1 178)	60 148
Finance and administration	323 438	301 435	(22 003)	301 435
Internal audit	-		-	-
<b><i>Community and public safety</i></b>	<b>44 915</b>	<b>7 423</b>	<b>(37 492)</b>	<b>49 625</b>
Community and social services	7 126	7 423	297	7 423
Sport and recreation	-		-	-
Public safety	-		-	-
Housing	-		-	-
Health	37 789		(37 789)	42 203
<b><i>Economic and environmental services</i></b>	<b>27 350</b>	<b>23 476</b>	<b>(3 874)</b>	<b>23 476</b>
Planning and development	27 350	23 476	(3 874)	23 476
Road transport	-		-	-
Environmental protection	-		-	-
<b><i>Trading services</i></b>	<b>482 468</b>	<b>545 743</b>	<b>63 275</b>	<b>545 743</b>
Energy sources	-		-	-
Water management	482 468	545 743	63 275	545 743
Waste water management	-	-	-	-
Waste management	-		-	-
<b><i>Other</i></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Functional</b>	<b>939 496</b>	<b>938 225</b>	<b>(1 272)</b>	<b>980 427</b>
<b>Surplus/(Deficit)</b>	<b>226 800</b>	<b>230 336</b>	<b>3 536</b>	<b>188 133</b>

**Summary of Adjusted Revenue Classified by Main Revenue Source [B4]**

Description	2022/2023 Financial Period		
	Previous Budget Funding Plan 2022/23	Adjustments Budget 2022/23	Adjustments
<b>R thousands</b>			
<b>Revenue By Source</b>			
Property rates	-	-	-
Service charges - electricity revenue	-	-	-
Service charges - water revenue	234 344	234 344	-
Service charges - sanitation revenue	16 426	16 426	-
Service charges - refuse revenue		-	-
Rental of facilities and equipment		-	-
Interest earned - external investments	6 463	5 972	(491)
Interest earned - outstanding debtors	48 534	48 534	-
Dividends received		-	-
Fines, penalties and forfeits	10	36	26
Licences and permits		-	-
Agency services		-	-
Transfers and subsidies	576 150	586 665	10 515
Other revenue	1 982	33 145	31 163
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>883 909</b>	<b>925 123</b>	<b>41 213</b>

After the midyear review and the relevant feedback comments from treasury it was noted that a few adjustments to operating revenue and expenditure were required. Below is the discussion pertaining to the adjusted items.

**WATER& SANITATION SALES:**

Water and sanitation charges have been decreased from the original budget estimate which was overestimated. The newly computed billing figure of R250 million based on the actual billing figures at midyear was in line with the approved budget funding plan. No adjustments were necessary.

The municipality has assessed the water and sanitation sales for potential increases which would improve the generation of income. The estimated water and sanitation sales do not include the customer rebates granted during the first half of the year. These rebates have also negatively impacted the revenue recognised. The municipality also noted the impact of cuts in water supply on the sales generated, the consistency and improvement in water supply has been prioritised which will positively impact future water and sanitation sales.

**INTEREST FROM INVESTMENTS:**

The municipality has been unable to increase the investment of funds as per the budget funding plan, this is due to the fact that investments have been used in the settling of older debt which still weighs heavily on the municipality. The projection of interest earned from investments has been decreased by R491 million.

Unspent grants at mid-year were fully cash backed, the municipality has ensured to set aside investments pertaining to grants. This will prevent the misallocation of funds, and ensure the approval of any possible roll-overs.

**TRANSFERS AND SUBSIDIES:**

Transfers and Subsidies have been reduced by R12 million due to the unapproved rollovers. In December 2022 an amount of R12 million was withheld from the equitable share. The reduction in the equitable share has impacted negatively on the cash inflow and budget funding plan. A further R24 million of the Municipal Infrastructure Grant will be classified as an operating transfer, a contribution towards VIP toilets.

Transfers and Subsidies made up, 63% of the revenue basket. An indication that the municipality is grant reliant. The cut in revenue (equitable share) will need to be supported by an importunate revenue drive. The Revenue Section remains a priority within the department, furthermore there is additional support that has been provided by National Treasury by means of consultants.

**FINES AND PENALTIES:**

This line item relates specifically to fines issued by the Health department, the municipality has been unable to budget accurately for this line item in the past. The department has been requested to look into this line item as an additional revenue source for the upcoming 2024 draft budget. The municipality may have to allocate additional resources for the maximum recovery of fines.

**OTHER REVENUE:**

Other revenue has been increased by R31.8 million, this adjustment is due to the VAT income refunds that were claimed during the course of the year. The adjustment is based on the projection of VAT income recovered at midyear. The municipality has been conservative in the estimation based on the recovered amount at midyear. The municipality has however been able to recover amounts well over R70 million in the prior years. The municipality has also appointed VAT auditors who will ensure the maximum recovery of this revenue source.



**Summary of Adjusted Expenditure Classified by Line Item [B4]**

Description	2022/2023 Financial Period		
	Previous Budget Funding Plan 2022/23	Adjustments Budget 2022/23	Adjustments
<b>R thousands</b>			
<b>Expenditure By Type</b>			
Employee related costs	353 756	353 756	-
Remuneration of councillors	6 805	6 392	(413)
Debt impairment	149 066	149 066	-
Depreciation and asset impairment	81 300	81 300	-
Finance charges	1 085	1 085	-
Bulk purchases - electricity	-	-	-
Inventory consumed	44 025	34 076	(9 949)
Contracted services	109 859	159 478	49 618
Transfers and subsidies	3 120	3 120	-
Other expenditure	136 588	151 192	14 604
Loss on disposal of PPE	-	-	-
<b>Total Expenditure</b>	<b>885 604</b>	<b>939 465</b>	<b>53 861</b>

**EMPLOYEE REALATED COSTS:**

Employee related cost, has been adjusted by an amount of R7.3 million an adjustment which was approved on compilation of the budget funding plan. Cost saving have been achieved through the strict reduction of overtime, as per the approved budget funding plan.

**INVENTORY CONSUMED:**

The total incremental adjustment to inventory consumed is R10 million. The municipality has managed to achieve reduction in costs relating to fuel and oil, due to the improved controls in fleet management. The budget for chemicals has also been reduced the municipality has reviewed related contracts in order to gain competitive prices. The budget for water purchases has been reduced, based on the accumulated expenditure at midyear.

**CONTRACTED SERVICES:**

Contracted services have been increased by R49 million, this increase in services includes the following amongst other expenditure.

- Security R5 million
- VAT Audit Expenses R1 million
- Outsourced Transport Hire R200 thousand
- VIP Toilets R24.2 million
- Water Tanker Hiring R15 million

The municipality has prioritised the review of contracts, this has been prioritised as the primary cost saving strategy of our budget funding plan. The VAT Audit has been outsourced and was not previously budget for in the original budget, at midyear VAT income of R14 million had been recovered. The municipality had previously

budget to purchase vehicles, a later evaluation proved that the budget was not sufficient to purchase the immediate required number of vehicles, the budget has then been moved to cover the hiring thereof. The adjustment to VIP toilets is grant related and is a capital shift of funds within the MIG grant.

## ADJUSTMENTS TO THE CAPITAL BUDGET

### Adjustments Capital Expenditure Budget by vote and funding [B5]

Description	2021/2022 Financial Period		
	Previous Budget Funding Plan 2022/23	Adjustments Budget 2022/23	Adjustments
<b>R thousands</b>			
<b><u>Capital Expenditure - Functional</u></b>			
<b><i>Municipal governance and administration</i></b>	<b>1 150</b>	<b>1 150</b>	<b>-</b>
Executive and council	-	-	-
Finance and administration	1 150	1 150	-
Internal audit	-	-	-
<b><i>Community and public safety</i></b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-
Sport and recreation	-	-	-
Public safety	-	-	-
Housing	-	-	-
Health	-	-	-
<b><i>Economic and environmental services</i></b>	<b>-</b>	<b>-</b>	<b>-</b>
Planning and development	-	-	-
Road transport	-	-	-
Environmental protection	-	-	-
<b><i>Trading services</i></b>	<b>241 974</b>	<b>263 690</b>	<b>21 716</b>
Energy sources	-	-	-
Water management	183 644	263 690	80 046
Waste water management	58 330	-	(58 330)
Waste management	-	-	-
<b><i>Other</i></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>243 124</b>	<b>264 840</b>	<b>21 716</b>
<b><u>Funded by</u></b>			
National Government	263 689	241 174	(22 515)
Provincial Government	-	-	-
District Municipality	-	-	-
Other transfers and grants	-	-	-
<b>Transfers recognised - capital</b>	<b>263 689</b>	<b>241 174</b>	<b>(22 515)</b>
<b>Public contributions and donations</b>			
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internality generated funds</b>	<b>1 150</b>	<b>1 950</b>	<b>800</b>
<b>Total Capital Funding</b>	<b>264 839</b>	<b>243 124</b>	<b>(21 715)</b>

The capital budget was mainly affected by the reprioritisation of capital projects funded by infrastructure grants. Below are the capital projects listed per grant. An additional budget of R800 thousand was added for the purchase of vehicles for the revenue department which will be utilised for by the disconnection teams.

<b>SegmentDesc - Water Services Infrastructure Grant</b>	<b>Original Budget</b>	<b>Movement</b>	<b>ADJ Budget</b>
IE Reticulation Ennersdale Ephangwini Phase 4	15 971 880,00	- 11 334 016,00	4 637 864
SPRING PROTECTION DISTRICT WIDE	20 000 004,00	7 415 798,00	27 415 802
CE Wembezi Bulk & Reticulation Upgrade (WCDM) Project	21 000 000,00	- 4 200 000,00	16 800 000
CE Wembezi Bulk & Reticulation Upgrade (WCDM)	-	1 000 000,00	1 000 000
IE Ezakheni WCDM Project	18 999 996,00	- 17 999 996,00	1 000 000
CE Reticulation Ennersdale Ephangwini Phase 4	4 828 116,00	- 2 243 918,34	2 584 198
Loskop Magedandaba Water Reticulation Ward 4, phase 1		27 362 136,00	27 362 136
<b>Total</b>	<b>80 800 000,00</b>		<b>80 800 000,00</b>

<b>SegmentDesc - Municipal Infrastructure Grant</b>	<b>Original Budget</b>	<b>Movement</b>	<b>ADJB Budget</b>
IE Okhahlamba Ward 2;3;14 Bulk Water Supply & Reticulation	24 000 000,00	16 900 000,00	40 900 000
CE Weenen Ezitendeni Sanitation - Construction of WWTW	18 000 000,00	- 3 542 997,70	14 457 002
Ezakheni E Sanitation (650/750028)	-	1 681 975,85	1 681 976
COLENSO BULK AND RETICULATION UPGRADE	-	300 000,00	300 000
Fitty Park Umhlumayo Extensions	3 000 000,00	9 578 615,00	12 578 615
Bhekuzulu Ephangwini Water Supply (Phase 5;7;8)	14 400 000,00	- 10 215 647,82	4 184 352
CE Ntabamhlophe CWSS	4 800 000,00	2 098 064,92	6 898 065
Refurbishment and upgrade projects	24 000 000,00	- 13 000 000,00	11 000 000
CE Kwanobamba Water Supply- Weenen/Ezitendeni Reticulation	7 200 000,00	9 450 000,00	16 650 000
CE Langkloof WTW & Bulk Reticulation Network Project	30 002 008,00	- 23 441 349,80	6 560 658
CE Bergville WTW & Bulk Water Supply Phase 1	24 000 000,00	- 15 000 000,00	9 000 000
DC23 VIP Toilets project	23 595 000	24 265 309	47 860 309
Colenso-Roosboom Water Supply		1 153 705,72	1 153 706
Winterton Sanitation: Planning		9 030 882,64	9 030 883
KwaMhize Bulk Water & Reticulation		8 092 600,26	8 092 600
Fitty Park Tugela Estate Bulk water Upgrade		13 844 242,23	13 844 242
Emergency Repairs Disaster Floods		3 898 500,00	3 898 500
Top Slice			3 249 387
<b>Total</b>			<b>211 484 000</b>

# UTHUKELA DISTRICT MUNICIPALITY 2022

## Adjustments Budget Cash Flows – [B7]

Description	PBFP	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
R thousand	2023	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates	-										
Service charges	100 525	120 142	129 873	151 765	142 549	165 674	173 295	181 267	189 605	198 327	207 450
Other revenue	85 289	33 181	136 006	144 318	145 042	151 356	157 946	164 824	172 004	179 497	187 319
Government - operating	576 150	586 665	583 020	623 849	651 922	681 259	711 915	743 952	777 429	812 414	848 972
Government - capital	263 689	241 174	307 171	326 646	302 501	314 298	326 556	339 292	352 524	366 272	380 557
Interest	6 463	5 972	6 463	6 463	6 760	7 071	7 397	7 737	8 093	8 465	8 854
Dividends	-	-			-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees	(734 330)	(739 099)	(771 836)	(805 648)	(841 014)	(878 008)	(916 703)	(957 179)	(999 516)	(1 043 801)	(1 090 122)
Finance charges	(1 085)	(1 085)	(1 135)	(1 187)	(1 241)	(1 299)	(1 358)	(1 421)	(1 486)	(1 555)	(1 626)
Transfers and Grants	(3 120)	(3 120)	(3 264)	(3 414)	(3 571)	(3 735)	(3 907)	(4 086)	(4 274)	(4 471)	(4 677)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>293 581</b>	<b>266 345</b>	<b>344 096</b>	<b>397 469</b>	<b>355 577</b>	<b>387 104</b>	<b>403 390</b>	<b>420 296</b>	<b>437 844</b>	<b>456 060</b>	<b>474 968</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE	-										
Decrease (Increase) in non-current debtors	-										
Decrease (increase) other non-current receivables	-										
Decrease (increase) in non-current investments	-										
<b>Payments</b>											
Capital assets	(264 839)	(243 124)	(307 171)	(326 646)	(302 501)	(314 298)	(326 556)	(339 292)	(352 524)	(366 272)	(380 557)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(264 839)</b>	<b>(243 124)</b>	<b>(307 171)</b>	<b>(326 646)</b>	<b>(302 501)</b>	<b>(314 298)</b>	<b>(326 556)</b>	<b>(339 292)</b>	<b>(352 524)</b>	<b>(366 272)</b>	<b>(380 557)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans	-	-									
Borrowing long term/refinancing	-	-									
Increase (decrease) in consumer deposits	-	-	-	-							
<b>Payments</b>											
Repayment of borrowing	-	-									
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>28 742</b>	<b>23 221</b>	<b>36 925</b>	<b>70 823</b>	<b>53 076</b>	<b>72 806</b>	<b>76 834</b>	<b>81 004</b>	<b>85 320</b>	<b>89 788</b>	<b>94 411</b>
Cash/cash equivalents at the year begin:	18 336	18 336	41 557	78 482	149 306	202 382	275 188	352 022	433 026	518 346	608 134
Cash/cash equivalents at the year end:	47 078	41 557	78 482	149 306	202 382	275 188	352 022	433 026	518 346	608 134	702 545

**Table B8 Cash backed reserves/accumulated surplus reconciliation –[B8]**

Description	PBFP	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
R thousand		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	47 078	41 557	78 482	149 306	202 382	275 188	352 022	433 026	518 346	608 134	702 545
Other current investments > 90 days											
Non current assets - Investments											
<b>Cash and investments available:</b>	<b>47 078</b>	<b>41 557</b>	<b>78 482</b>	<b>149 306</b>	<b>202 382</b>	<b>275 188</b>	<b>352 022</b>	<b>433 026</b>	<b>518 346</b>	<b>608 134</b>	<b>702 545</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers	12 595	12 595	12 595	12 595	12 595	12 595	12 595	12 595	12 595	12 595	12 595
Unspent borrowing	-										
Statutory requirements	42 613	42 613	64 977	89 153	115 287	140 138	166 133	193 323	221 763	251 512	282 630
Other working capital requirements	342 237	342 237	326 511	315 632	303 871	282 050	269 053	255 458	241 238	226 363	252 725
Other provisions	51 331	51 331	51 331	51 331	51 331	51 331	51 331	51 331	51 331	51 331	51 331
Long term investments committed	-	-	-								
Reserves to be backed by cash/investments	-	-	-								
<b>Total Application of cash and investments:</b>	<b>448 776</b>	<b>448 776</b>	<b>455 414</b>	<b>468 711</b>	<b>483 085</b>	<b>486 115</b>	<b>499 112</b>	<b>512 707</b>	<b>526 927</b>	<b>541 802</b>	<b>599 280</b>
<b>Surplus(shortfall)</b>	<b>(401 699)</b>	<b>(407 219)</b>	<b>(376 932)</b>	<b>(319 405)</b>	<b>(280 703)</b>	<b>(210 927)</b>	<b>(147 090)</b>	<b>(79 681)</b>	<b>(8 581)</b>	<b>66 332</b>	<b>103 264</b>

The amount anticipated to be collected from service charges has also been reviewed in light of amounts collected as at the end of the second quarter. A collection rate of 48% has been applied to the projected water and sanitation sales as per our past three-month average collection rate. We are very optimistic that at year end this collection will have improved owing to the appointment of debt collectors and tightened internal controls relating to disconnections.

The total anticipated payments are R740 million, which includes the payments to uMngeni Water of R20 million as per payment plan, as well as the R600 thousand per month for the payment arrangement with DWA and R10 million for other expenditure.

B8 further emphasises that our budget is unfunded to the extent of a R407million deficit an increase from the budget funding plan which projected an unfunded position of R401 million.

Statutory requirements of R42.6 million is the provision for VAT payable. A further provision for unspent grant funding at year end of R12.5 million based on the unspent funds of the previous financial year. The municipality does anticipate to full spend all conditional grants in the current financial year.

## 2.1 Adjustments to budget funding:

### Revenue

Description	2022/2023 Financial Period		
	Previous Budget Funding Plan 2022/23	Adjustments Budget 2022/23	Adjustments
<b>R thousands</b>			
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>883 909</b>	<b>925 123</b>	<b>41 213</b>

The above table is an extract of table B4 of schedule B. The total decrease in operating revenue is R41 million. A detailed analysis of each line item can be seen in the explanatory notes to table B4 (an analysis of operating revenue).

### Cash and Investment particulars by maturity:

Bank Balances				
The following reflects bank balances at 31 January 2023				
DESCRIPTION	OCTOBER 2022	NOVEMBER 2022	DECEMBER 2022	JANUARY 2023
FNB MAIN ACCC	20,505,946.37	45,212,564.70	11,093,550.99	10,320,510.61
FNB WATER AC	0	0	0	0
	<b>20,505,946.37</b>	<b>45,212,564.70</b>	<b>0.00</b>	<b>10,320,510.61</b>
<b>Total cash held</b>	<b>10,320,510.61</b>			

DC23 Uthukela - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
<b>Municipality</b>														
FNB										42 696	171	(20 000)		22 867
NEDBANK										57 311	218	(36 000)		21 530
INVESTEC										1 059	6			1 065
ABSA										944	6			950
STANDARD BANK										997				997
														-
														-
														-
														-
														-
														-
														-
														-
<b>Municipality sub-total</b>										<b>103 006</b>	<b>402</b>	<b>(56 000)</b>	<b>-</b>	<b>47 408</b>

Cash on hand at the end of January 2023 was R10.3 million and investments were R47.4 million.



## 2.2 Expenditure on grants and reconciliations of unspent funds

### Adjustments budget – transfers and grant receipts – [SB7]

GRANT REGISTER - 2022/23								
Summary of Grants received, expenditure & Funds available as at 31 JANUARY 2023								
			Audited Balance as at	Roll-over Dissaproved	Budget Amount 2022/23	Received	Spent & transferred to income	Closing Balance/ Unspent
	Name of Grant owner	Grant Type	01/07/2022			2022/23	2022/23	2022/23
G3.101	NN KHUZWAYO	MUNICIPAL INFRASTRUCTURE GRANT	0,00		211 484 000,00	66 000 000,00	66 000 000,00	0,00
G3.102	NN KHUZWAYO	WATER & SANITATION INFRASTRUCTURE GRANT	15 224 050,00	-11 181 000,00	80 800 000,00	60 800 000,00	33 174 021,69	31 669 028,31
G3.105	NN KHUZWAYO	RURAL ROAD ASSET MANAGEMENT SYSTEM	0,00	-482 000,00	2 662 000,00	1 863 000,00	1 372 123,32	8 876,68
G3.106	NN KHUZWAYO	EPWP INTERGRATED GRANT			2 881 000,00	721 000,00	959 696,41	-238 696,41
G3.107	BB Sithole	FINANCE MANAGEMENT GRANT	58 288,00	-313 000,00	2 100 000,00	2 100 000,00	2 010 291,17	-165 003,17
G3.108	O Mnguni	LG SETA	391 624,89		0,00	332 323,33	405 192,12	318 756,10
G3.109	W Viljoen	NODAL PLAN GRANT	95 000,00			0,00	0,00	95 000,00
G3.110	W Viljoen	DISASTER MANAGEMENT GRANT	28 636,46			0,00	0,00	28 636,46
			15 797 599,35	-11 976 000,00	299 927 000,00	131 816 323,33	103 921 324,71	31 716 597,97

The unspent grants at the end of January 2023 was R31.7 million, these unspent funds were fully cash backed.

## 2.3 Adjustments to Councillor and employee benefits [SB11]

A total adjustment of R7,3million will be effected to employee related costs decreasing the salary bill to R354.7 million from the previously anticipated R361.1 million. Detailed explanation under discussion of table B4

## 2.4 Other Supporting Tables

(schedule B)

## 2.6 Municipal Manager's quality certificate



I **Mpumelelo Mnguni** Acting Municipal Manager of UThukela District Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with S72 of the Municipal Finance Management Act and the regulations made under this Act. In conjunction with National Treasury circular number 91.

**Print Name**                      **MB Mnguni**  
**Municipal Manager**

**Signature**

**Date**                                      **27 February 2023**