

**DRAFT BUDGET OF
MTHONJANENI LOCAL
MUNICIPALITY
2017/18**



**2017/18 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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1. DEFINITIONS

(1) In this Budget Report, unless the context indicates otherwise –

“accounting officer”

(a) in relation to a municipality, means the municipal official referred to in section 60 of the Municipal Finance Management Act, 2003; and include a person acting as the accounting officer;

“allocation”, in relation to a municipality, means -

- (a) a municipality’s share of the local government’s equitable share referred to in section 214(1)(a) of the Constitution;
- (b) an allocation of money to a municipality in terms of section 214(1)(c) of the Constitution;
- (c) an allocation of money to a municipality in terms of a provincial budget; or
- (d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

“annual Division of Revenue Act” means the Act of Parliament which must be enacted annually in terms of section 214 (1) of the Constitution;

“approved budget” means an annual budget -

- (a) Approved by a municipal council; or
- (b) Approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

“basic municipal service” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

“budget-related policy” means a policy of a municipality affecting or affected by the annual budget of the municipality, including -

- (a) The tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) The credit control and debt collection policy which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

“budget year” means the financial year for which an annual budget is to be approved in terms of section 16(1) of the Municipal Finance Management Act, 2003.;

“chief financial officer” means a person designated in terms of section 80(2)(a) of the Municipal Finance Management Act, 2003.

“councillor” means a member of a municipal council;

“CPI” means Consumer price Index.

“current year” means the financial year which has already commenced, but not yet ended;

“debt” means -

- (a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments; or
- (b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

“delegation”, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

“district municipality” means a municipality that has municipal executive and legislative authority in an area that includes more than one municipality, and which is described in section 155(1) of the Constitution as a category C municipality;

“COGTA” means Cooperative Governance and Traditional Affairs

“EXCO” means Executive Committee of the Council of the Municipality

“GFS” means General Financial Statistic.

“financial year” means a year ending on 30 June;

“IDP” means Integrated Development Plan

“In year reports, in relation to-

(a) a municipality means

- (i) a monthly budget statement of the municipality contemplated in section 71(1) of the MFMA
- (ii) a Quarterly report on the implementation of the budget and financial state of affairs of the municipality contemplated in section 52(d) of the act;
- (iii) a mid-year budget and performance assessment of the municipality contemplated in section 72 of the act.

“investment”, in relation to funds of a municipality, means -

(a) The placing on deposit of funds of a municipality with a financial institution; or

(b) The acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;

“lender”, in relation to a municipality, means a person who provides debt finance to a municipality;

“local community” has the meaning assigned to it in section 1 of the Municipal Systems Act;

“local municipality” means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;

“long-term debt” means debt repayable over a period exceeding one year;

“MANCO” means management committee of the municipality

“MFMA” Municipal Finance Management Act, No. 56 of 2003

“MFMA Regulations or (MBRR)” means regulations relating to Municipal Budget and Reporting

“MTEF” means Medium Term Expenditure Framework

“mayor”, in relation to -

(a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or

(b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act;

“month” means one of the 12 months of a calendar year;

“municipality” -

(a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

“municipal service” has the meaning assigned to it in section 1 of the Municipal Systems Act;

“Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

“municipal tariff” means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

“municipal tax” means property rates or other taxes, levies or duties that a municipality may impose;

“National Treasury” means the National Treasury established by section 5 of the Public Finance Management Act;

“past financial year” means the financial year preceding the current year;

“NER”, means the National Electricity Regulator;

“Provincial Treasury” means a treasury established in terms of section 17 of the Public Finance Management Act;

“quarter” means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

“Quality certificate”, in relation to

- (a) a municipality, means a certificate issued and signed by the municipal manager of the municipality confirming the accuracy and reliability of the contents of a document prepared or issued by the municipality

“SDBIP” means Service Delivery Budget Implementation Plan

“standards of generally recognised accounting practice” means an accounting practice complying with standards applicable to municipalities or municipal entities and issued in terms of Chapter 11 of the Public Finance Management Act;

“vote” means -

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

1 Part 1 – Draft Annual Budget

1.1 Mayor's Report

The Mayor's report will be included once the Honourable Mayor has presented his 2017/2018 final budget speech before Council in May 2017.

1.2 Council Resolutions

On 29 March 2017 the Council of Mthonjaneni Local Municipality met in the Council Chambers of Mthonjaneni Local Municipality to consider the draft annual budget of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1. The Council of Mthonjaneni Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual draft budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 8;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 7 ;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 3 ; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 9.
 - 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. Budgeted Financial Position as contained in Table ;
 - 1.2.2. Budgeted Cash Flows as contained in Table 11 ;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 12 ;
 - 1.2.4. Asset management as contained in Table ; and
 - 1.2.5. Basic service delivery measurement as contained in Table 14.
2. The Council of Mthonjaneni Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes the tariffs with effect from 1 July 2017:
 - 2.1. the tariffs for property rates,
 - 2.2. the tariffs for electricity
 - 2.3. the tariffs for solid waste services
3. The Council of Mthonjaneni Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes with effect from 1 July 2017 the tariffs for other services.

1.3 Executive Summary

The application of sound financial management principles for the compilation of Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality's current budget. Key areas where savings were realized were on telephone and internet usage, printing, workshops, overseas and national travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

MFMA Circulars No. 85 states that the 2017 Medium Term Budget Policy Statement emphasized that the global recovery from the 2008 financial crisis remains precarious, with growth forecast at 3.1 per cent in 2016 and 3.4 per cent in 2017. Countries that are highly reliant on foreign savings, such as South Africa, will remain vulnerable to global financial volatility and rapid capital outflows.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2017/18 and ***so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts.***

Municipalities should carefully consider affordability of tariff increases; especially as it relates to domestic consumer while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decision. ***Municipalities must implement cost containing measures as contained in MFMA Circular 82.***

1.4 Table 1 Operating Revenue Framework

Table 1

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source												
Property rates	2		7 506	8 040	10 451	9 321	10 462	10 462	–	13 165	13 955	14 947
Service charges - electricity revenue	2		17 987	19 449	19 167	22 702	22 257	22 257	–	23 815	25 482	27 266
Service charges - water revenue	2		–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2		–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2		1 132	1 128	1 354	1 086	1 086	1 086	–	1 164	1 245	1 333
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			245	366	247	507	235	235	–	252	269	288
Interest earned - external investments			4 210	2 901	3 284	3 146	3 146	3 146	–	3 335	3 535	3 747
Interest earned - outstanding debtors			–	–	–	–	–	–	–	–	–	–
Dividends received			–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits			15 884	18 232	24 309	20 000	20 003	20 003	–	21 400	22 898	24 501
Licences and permits			2 442	2 360	2 070	2 516	2 516	2 516	–	2 693	2 881	3 083
Agency services			–	–	–	–	–	–	–	–	–	–
Transfers and subsidies			21 447	37 767	44 680	77 172	71 851	71 851	–	84 584	82 169	91 120
Other revenue	2		1 463	4 911	964	1 867	17 792	17 792	–	3 545	3 277	3 500
Gains on disposal of PPE			43	–	416	608	1 438	1 438	–	–	–	–
Total Revenue (excluding capital transfers and contributions)			72 358	95 155	106 944	138 925	150 787	150 787	–	153 953	155 712	169 784

For Mthonjaneni Local Municipality to continue improving the quality of service provided to its citizens it needs to generate the required revenue. In these tough times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceeds available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Effective revenue management
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 Of 2004) (MPRA)

Table 1 Summary of revenue classified by main revenue source

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Interest comprises of; interest on primary bank account as well as interest earned from call investment accounts.

The Mthonjaneni Local Municipality's operating transfers and subsidies is informed by the 2017 Division of Revenue Act and the Provincial Allocations gazette for 2017/18. The above table shows the increase of R 12 703m from R 71 851m to R 84 554 and that translate to 17.6 per cent. .

Table 2 Operating Transfers and Grants Receipts

KZN285 Mthonjaneni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		20 575	36 783	43 957	76 022	71 113	71 113	83 813	81 359	90 274
Local Government Equitable Share		17 035	31 674	38 963	63 837	59 899	59 899	67 317	70 509	72 424
Finance Management		1 650	1 800	1 800	2 738	2 738	2 738	2 850	2 850	2 850
Municipal Systems Improvement		890	934	930	–	–	–	–	–	–
EPWP Incentive		1 000	2 375	2 264	2 161	2 161	2 161	2 222	–	–
Integrated National Electrification Programme		–	–	–	–	–	–	8 000	8 000	15 000
Municipal Dermacation Transitional Grant		–	–	–	7 286	6 315	6 315	3 424	–	–
Provincial Government:		634	661	723	738	738	738	771	810	846
Municipal Dermacation Transitional Grant		634	661	723	738	738	738	771	810	846
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	21 209	37 444	44 680	76 760	71 851	71 851	84 584	82 169	91 120

The above table shows the operating transfers and grants for Mthonjaneni Local Municipality as 2017 shown in the Division of Revenue Act and Provincial Gazette of transfers and of funds to municipalities. The municipality must ensure that it only budget for the transfers that are gazette.

The diagram below shows the revenue by source through pie chart in terms of how much percentages does each revenue source contribute to total operating revenue of Mthonjaneni Local Municipality for 2017/18 MTREF.

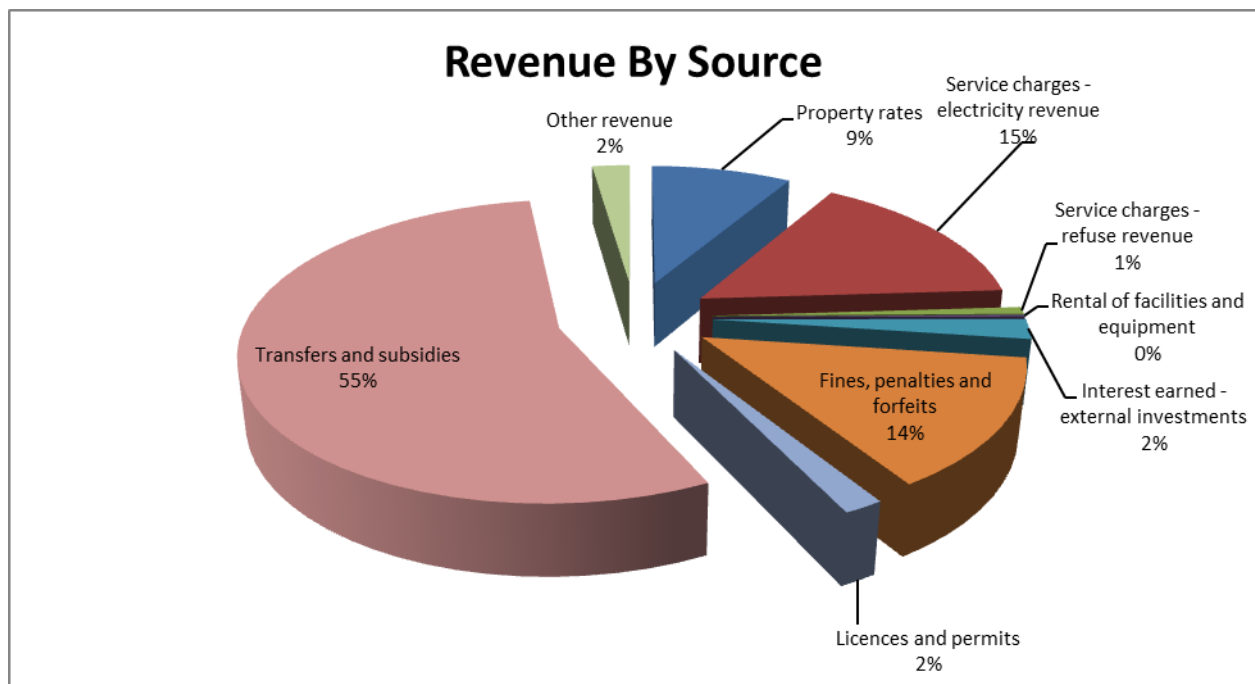


Figure 1 Main operational revenue categories for 2017/18 adjustments budget.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 201/18 budget and MTREF is informed by the following:

- Balanced budget constrains (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure)

Table 3 Summary of operating expenditure by Expenditure By Type.

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

KZN285 Mton/janeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type											
Employee related costs	2	19 649	23 722	24 982	42 317	42 332	42 332	–	45 927	48 683	51 604
Remuneration of councillors		2 843	2 944	3 168	6 107	6 910	6 910		8 212	8 787	9 402
Debt impairment	3	1 768	2 410	–	11 130	11 130	11 130		2 000	3 000	3 500
Depreciation & asset impairment	2	3 073	4 693	5 809	3 700	3 700	3 700	–	5 809	6 216	6 651
Finance charges		–	–	–	–	–	–	–	–	–	–
Bulk purchases	2	16 887	18 194	19 079	22 304	22 304	22 304	–	23 800	25 466	27 249
Other materials	8	2 115	2 766	7 776	10 131	10 446	10 446		5 837	6 455	6 917
Contracted services		4 041	2 366	2 159	3 073	5 231	5 231	–	4 684	4 203	4 503
Transfers and subsidies		–	–	–	1 189	1 140	1 140	–	1 440	1 541	1 649
Other expenditure	4, 5	35 860	27 151	44 560	38 948	47 594	47 594	–	21 034	24 875	25 878
Loss on disposal of PPE		–	1 124	–	–	–	–		–	–	–
Total Expenditure		86 236	85 369	107 533	138 900	150 787	150 787	–	118 743	129 226	137 353

The budgeted allocation for employee related costs for 2017/18 financial year totals to R 45 927m, which equals 38 per cent of the total operating expenditure.

The cost associated with the remuneration of councillors is determined by the minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the 2017/18 Municipality's budget.

Provision for depreciation has been informed by Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriation in this regard totals to R 5 809m for 2017/18 financial year of which it translate to 5 per cent of the total operating expenditure.

Other material comprises of amongst others the purchase of fuel and repairs for maintenance and it contributes .

Contracted services have been identified as cost saving area for the Municipality. As part of the compilation of the 2017/18 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following diagram shows how much of expenditure as a form of percentage contributes to operational expenditure for 2017/18 MTREF.

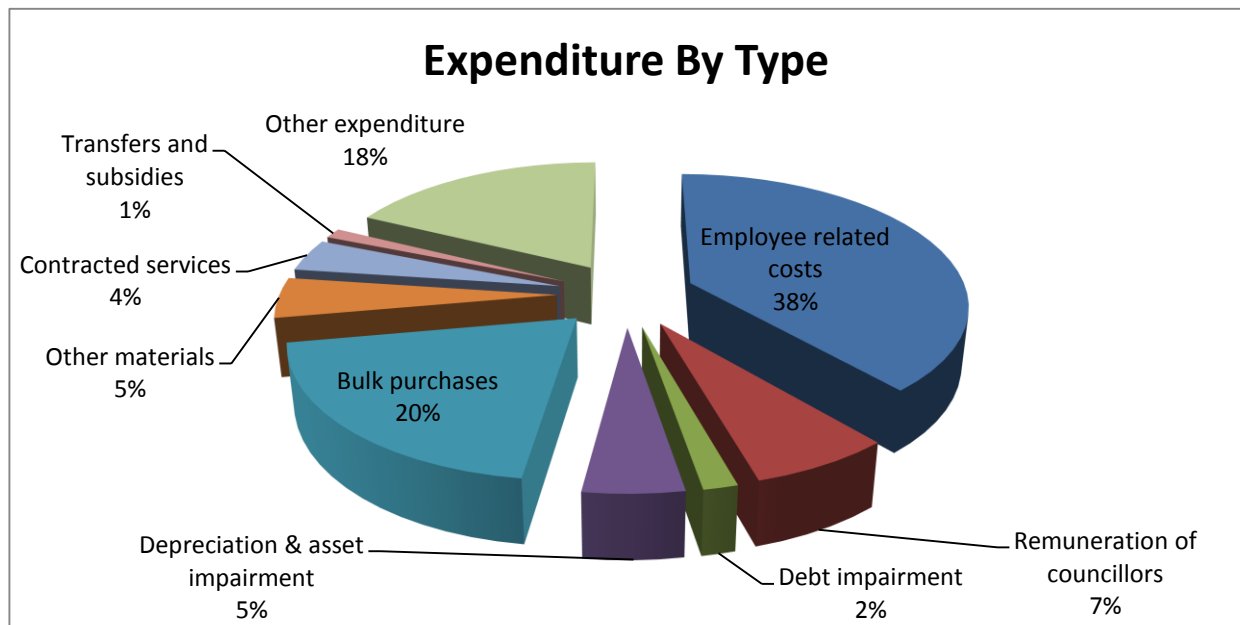


Figure 2 Main operational expenditure categories for the 2017/18 adjustments budget

Table 4 Operational repairs and maintenance

KZN285 Mthonjaneni - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - 2017/02/28

Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted 6 A1	Accum. Funds 7 B	Multi-year capital 8 C	Unfore. Unavoid. 9 D	Nat. or Prov. Govt 10 E	Other Adjusts. 11 F	Total Adjusts. 12 G	Adjusted Budget 13 H	Adjusted Budget	Adjusted Budget
R thousands		A		B	C	D	E	F	G	H		
Repairs and Maintenance	14											
Employee related costs									-	-		
Other materials		10 131						(295)	(295)	9 836	10 426	10 806
Contracted Services									-	-		
Other Expenditure									-	-		
Total Repairs and Maintenance Expenditure	15	10 131	-	-	-	-	-	(295)	(295)	9 836	10 426	10 806

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered as a direct expenditure driver but an outcome of certain other expenditure, such as remuneration, purchases of materials and contracted services. Mthonjaneni Local Municipality is aware of the Municipal Budget and Reporting Regulations which states that priority must be given to operational repairs and maintenance but because of its capacity and a small number of assets that the municipality owns the budgeted amount is reflected on the table above so small.

1.5.1 Free Basic Services

The free basic service assists households that are poor or face other circumstances that limit their ability to pay for services. To receive this service the households are required to register in terms of the Municipality's Indigent Policy. The qualification criterion in terms of the municipality's Indigent policy is that, the household joint gross income should not exceed two times the government old age pension grant.

1.6 Annual Budget Tables – Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as recommended to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 5 MBRR Table A1 – Budget Summary

KZN285 Mthonjaneni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	7 506	8 040	10 451	9 321	10 462	10 462	–	13 165	13 955	14 947
Service charges	19 119	20 577	20 522	23 788	23 343	23 343	–	24 979	26 728	28 599
Investment revenue	4 210	2 901	3 284	3 146	3 146	3 146	–	3 335	3 535	3 747
Transfers recognised - operational	21 447	37 767	44 680	77 172	71 851	71 851	–	84 584	82 169	91 120
Other own revenue	20 077	25 869	28 007	25 498	41 984	41 984	–	27 890	29 326	31 372
Total Revenue (excluding capital transfers and contributions)	72 358	95 155	106 944	138 925	150 787	150 787	–	153 953	155 712	169 784
Employee costs	19 649	23 722	24 982	42 317	42 332	42 332	–	45 927	48 683	51 604
Remuneration of councillors	2 843	2 944	3 168	6 107	6 910	6 910	–	8 212	8 787	9 402
Depreciation & asset impairment	3 073	4 693	5 809	3 700	3 700	3 700	–	5 809	6 216	6 651
Finance charges	–	–	–	–	–	–	–	–	–	–
Materials and bulk purchases	19 003	20 960	26 855	32 435	32 750	32 750	–	29 637	31 921	34 166
Transfers and grants	–	–	–	1 189	1 140	1 140	–	1 440	1 541	1 649
Other expenditure	41 668	33 051	46 719	53 152	63 956	63 956	–	27 718	32 079	33 881
Total Expenditure	86 236	85 369	107 533	138 900	150 787	150 787	–	118 743	129 226	137 353
Surplus/(Deficit)	(13 878)	9 785	(589)	25	(0)	(0)	–	35 210	26 486	32 431
Transfers and subsidies - capital (monetary allocation)	25 845	15 492	21 022	27 399	52 655	52 655	–	18 278	19 102	19 970
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	11 967	25 277	20 433	27 424	52 655	52 655	–	53 488	45 588	52 401
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	11 967	25 277	20 433	27 424	52 655	52 655	–	53 488	45 588	52 401
Capital expenditure & funds sources										
Capital expenditure	29 955	21 182	33 624	34 242	52 655	52 655	–	33 735	–	–
Transfers recognised - capital	12 487	15 610	20 904	27 399	27 399	27 399	–	18 278	19 102	19 970
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	17 468	5 572	12 720	6 843	25 256	25 256	–	15 457	–	–
Total sources of capital funds	29 955	21 182	33 624	34 242	52 655	52 655	–	33 735	19 102	19 970
Financial position										
Total current assets	58 464	69 181	67 309	123 032	76 561	76 561	–	–	–	–
Total non current assets	150 440	164 519	192 735	195 458	195 458	195 458	–	–	–	–
Total current liabilities	5 073	6 558	10 203	25 643	25 643	25 643	–	–	–	–
Total non current liabilities	6 912	4 946	4 946	2 746	2 746	2 746	–	–	–	–
Community wealth/Equity	196 920	222 196	244 895	290 100	243 630	243 630	–	–	–	–
Cash flows										
Net cash from (used) operating	8 828	24 304	26 839	27 424	27 671	27 671	–	17 743	9 543	12 824
Net cash from (used) investing	(29 746)	(21 182)	(33 628)	(34 242)	(50 075)	(50 075)	–	(33 735)	(51 460)	(28 245)
Net cash from (used) financing	14	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	46 136	49 259	42 470	35 652	20 066	20 066	20 066	4 074	(37 843)	(53 264)
Cash backing/surplus reconciliation										
Cash and investments available	46 137	49 259	42 470	55 500	33 989	33 989	–	–	–	–
Application of cash and investments	(4 463)	(7 463)	(3 164)	(65 096)	(19 453)	(19 453)	–	–	–	–
Balance - surplus (shortfall)	50 600	56 722	45 634	120 596	53 443	53 443	–	–	–	–
Asset management										
Asset register summary (WDV)	–	–	–	–	–	–	–	–	–	–
Depreciation	–	–	–	–	–	–	–	–	–	–
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	–	–	–	–
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	1 422	1 422	1 507	1 597
Households below minimum service level										
Water:	1	1	1	1	1	1	1	1	1	1
Sanitation/sewerage:	9	9	9	9	9	9	9	9	9	9
Energy:	0	0	0	0	0	0	0	0	0	0
Refuse:	13	13	13	13	13	13	13	13	13	13

Explanatory notes to MBRR Table A1 – Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspective (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic services delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. the operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources.

Table 6 MBRR Table A2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN285 Mthonjaneni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		38 685	53 257	59 673	90 797	124 309	124 309	90 700	90 985	94 107
Executive and council		–	–	–	7 286	6 315	6 315	–	–	–
Finance and administration		38 685	53 257	59 673	83 511	117 994	117 994	90 700	90 985	94 107
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		288	30	–	1 821	775	775	816	857	896
Community and social services		288	30	–	1 821	775	775	816	857	896
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		34 848	34 400	39 653	41 415	46 069	46 069	47 260	47 735	50 607
Planning and development		–	–	–	–	4 654	4 654	4 889	2 854	3 054
Road transport		34 848	34 400	39 653	41 415	41 415	41 415	42 371	44 881	47 554
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		24 382	22 959	28 640	32 290	32 290	32 290	33 455	35 237	44 144
Energy sources		23 250	21 831	27 286	31 202	31 202	31 202	32 291	33 992	42 811
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		1 132	1 128	1 354	1 088	1 088	1 088	1 164	1 245	1 333
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	98 203	110 646	127 966	166 324	203 442	203 442	172 231	174 814	189 754
Expenditure - Functional										
<i>Governance and administration</i>		24 230	29 058	44 912	67 079	76 629	76 629	49 857	53 239	57 584
Executive and council		7 400	7 574	10 284	22 659	27 037	27 037	15 754	16 857	18 037
Finance and administration		16 830	21 484	34 629	44 420	49 592	49 592	34 103	36 382	39 547
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		2 788	9 774	9 593	27 047	5 291	5 291	13 271	16 379	17 719
Community and social services		650	9 774	9 593	22 732	976	976	10 260	13 157	14 272
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		2 138	–	–	4 315	4 315	4 315	3 011	3 222	3 447
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		21 733	20 379	28 793	16 633	38 474	38 474	26 464	28 416	30 405
Planning and development		–	–	–	–	22 935	22 935	15 801	17 008	18 198
Road transport		21 733	20 379	28 793	16 633	15 540	15 540	10 662	11 409	12 207
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		37 485	26 158	24 235	28 141	30 391	30 391	29 152	31 192	31 644
Energy sources		35 756	24 224	22 394	26 259	28 439	28 439	27 277	29 187	29 498
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		1 729	1 934	1 842	1 882	1 952	1 952	1 874	2 006	2 146
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	86 236	85 369	107 533	138 900	150 786	150 786	118 743	129 226	137 353
Surplus/(Deficit) for the year		11 967	25 277	20 433	27 424	52 656	52 656	53 488	45 588	52 401

Explanatory notes to Table A2 – Budget Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.

Table 7: MBRR Table A3 – Budgeted Financial performance (revenue and expenditure by municipal vote)

KZN285 Mthonjaneni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		–	–	–	7 286	6 315	6 315	–	–	–
Vote 2 - Budget and Treasury Office		38 686	53 257	59 673	83 511	117 988	117 988	90 700	90 985	94 107
Vote 3 - Corporate		–	–	–	–	6	6	–	–	–
Vote 4 - Community		18 325	20 629	370	22 553	23 291	23 291	24 908	26 636	28 479
Vote 5 - Technical		41 192	36 761	67 924	52 974	55 842	55 842	56 622	57 193	67 167
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–
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	98 203	110 646	127 966	166 324	203 442	203 442	172 231	174 814	189 754
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		7 400	7 574	10 284	22 659	27 037	27 037	15 754	16 857	18 037
Vote 2 - Budget and Treasury Office		10 426	21 484	34 629	27 526	28 680	28 680	22 421	17 842	19 355
Vote 3 - Corporate		6 404	–	–	16 893	20 912	20 912	11 682	18 540	20 191
Vote 4 - Community		8 739	17 118	27 543	16 684	16 881	16 881	21 808	25 514	27 493
Vote 5 - Technical		53 268	39 193	35 078	55 137	57 276	57 276	47 078	50 473	52 275
Vote 6 - [NAME OF VOTE 6]		–	–	–	–	–	–	–	–	–
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	86 236	85 369	107 533	138 900	150 786	150 786	118 743	129 226	137 353
Surplus/(Deficit) for the year	2	11 967	25 277	20 433	27 424	52 656	52 656	53 488	45 588	52 401

Explanatory notes to MBRR Table A3 – Budgeted Financial Performance (revenue and expenditure per municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 8: MBRR Table A4 – Budgeted Financial Performance (revenue and expenditure)

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

KZN205 million/annum - Table A4 Budgeted Financial Performance (Revenue and expenditure)									2017/18 Medium Term Revenue & Expenditure Framework		
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				Budget Year	Budget Year	Budget Year
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2017/18	+1 2018/19	+2 2019/20
Revenue By Source											
Property rates	2	7 506	8 040	10 451	9 321	10 462	10 462	–	13 165	13 955	14 947
Service charges - electricity revenue	2	17 987	19 449	19 167	22 702	22 257	22 257	–	23 815	25 482	27 266
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 132	1 128	1 354	1 086	1 086	1 086	–	1 164	1 245	1 333
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		245	366	247	507	235	235	–	252	269	288
Interest earned - external investments		4 210	2 901	3 284	3 146	3 146	3 146	–	3 335	3 535	3 747
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		15 884	18 232	24 309	20 000	20 003	20 003	–	21 400	22 898	24 501
Licences and permits		2 442	2 360	2 070	2 516	2 516	2 516	–	2 693	2 881	3 083
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		21 447	37 767	44 680	77 172	71 851	71 851	–	84 584	82 169	91 120
Other revenue	2	1 463	4 911	964	1 867	17 792	17 792	–	3 545	3 277	3 500
Gains on disposal of PPE		43	–	416	608	1 438	1 438	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		72 358	95 155	106 944	138 925	150 787	150 787	–	153 953	155 712	169 784
Expenditure By Type											
Employee related costs	2	19 649	23 722	24 982	42 317	42 332	42 332	–	45 927	48 683	51 604
Remuneration of councillors		2 843	2 944	3 168	6 107	6 910	6 910	–	8 212	8 787	9 402
Debt impairment	3	1 768	2 410	–	11 130	11 130	11 130	–	2 000	3 000	3 500
Depreciation & asset impairment	2	3 073	4 693	5 809	3 700	3 700	3 700	–	5 809	6 216	6 651
Finance charges		–	–	–	–	–	–	–	–	–	–
Bulk purchases	2	16 887	18 194	19 079	22 304	22 304	22 304	–	23 800	25 466	27 249
Other materials	8	2 115	2 766	7 776	10 131	10 446	10 446	–	5 837	6 455	6 917
Contracted services		4 041	2 366	2 159	3 073	5 231	5 231	–	4 684	4 203	4 503
Transfers and subsidies		–	–	–	1 189	1 140	1 140	–	1 440	1 541	1 649
Other expenditure	4, 5	35 860	27 151	44 560	38 948	47 594	47 594	–	21 034	24 875	25 878
Loss on disposal of PPE		–	1 124	–	–	–	–	–	–	–	–
Total Expenditure		86 236	85 369	107 533	138 900	150 787	150 787	–	118 743	129 226	137 353
Surplus/(Deficit)		(13 878)	9 785	(589)	25	(0)	(0)	–	35 210	26 486	32 431
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		25 845	15 492	21 022	27 399	52 655	52 655	–	18 278	19 102	19 970
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		11 967	25 277	20 433	27 424	52 655	52 655	–	53 488	45 588	52 401
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		11 967	25 277	20 433	27 424	52 655	52 655	–	53 488	45 588	52 401
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		11 967	25 277	20 433	27 424	52 655	52 655	–	53 488	45 588	52 401
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		11 967	25 277	20 433	27 424	52 655	52 655	–	53 488	45 588	52 401

Explanatory notes to Table A4 – Budgeted Financial Performance (revenue and expenditure)

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Interest

comprises of; interest on primary bank account as well as interest earned from call investment accounts.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from operating statement, as inclusions of these revenue sources would distort the calculation of the operating surplus/deficit.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. Interest comprises of; interest on primary bank account as well as interest earned from call investment accounts.

The Mthonjaneni Local Municipality's operating transfers and subsidies is informed by the 2017 Division of Revenue Act and the Provincial Allocations gazette for 2017/18. The above table shows the increase of R 12 703m from R 71 851m to R 84 554 and that translate to 17.6 per cent. .

Table 9: MBRR Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding sources

KZN285 Mthonjaneni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community		-	-	-	-	-	-	-	-	-	-
Vote 5 - Technical		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
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	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		422	223	1 689	982	7 987	7 987	-	5 045	-	-
Vote 2 - Budget and Treasury Office		215	7	596	61	51	51	-	100	-	-
Vote 3 - Corporate		313	-	-	66	66	66	-	199	-	241
Vote 4 - Community		46	596	9 239	294	294	294	-	121	639	34
Vote 5 - Technical		28 959	20 356	22 099	32 839	44 257	44 257	-	28 270	22 102	19 970
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
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		29 955	21 182	33 624	34 242	52 655	52 655	-	33 735	22 960	20 245
Total Capital Expenditure - Vote		29 955	21 182	33 624	34 242	52 655	52 655	-	33 735	22 960	20 245
Capital Expenditure - Functional											
Governance and administration		637	230	2 286	1 206	8 201	8 201	-	5 344	219	241
Executive and council		422	223	1 689	982	7 987	7 987	-	5 045	-	-
Finance and administration		215	7	596	224	214	214	-	299	219	241
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		46	596	9 239	3 220	197	197	-	121	639	34
Community and social services		46	596	8 483	3 220	-	-	-	11	89	34
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	756	-	197	197	-	110	550	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		28 163	14 692	7 716	19 316	22 357	22 357	-	18 820	19 102	19 970
Planning and development		-	-	-	-	3 238	3 238	-	18 820	19 102	19 970
Road transport		28 163	14 692	7 716	19 316	19 119	19 119	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		796	5 664	14 383	10 500	21 900	21 900	-	9 450	3 000	-
Energy sources		796	5 664	14 383	8 800	20 800	20 800	-	8 200	3 000	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 700	1 100	1 100	-	1 250	-	-
Other		313	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	29 955	21 182	33 624	34 242	52 655	52 655	-	33 735	22 960	20 245
Funded by:											
National Government		12 487	15 610	20 904	27 399	27 399	27 399	-	18 278	19 102	19 970
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	12 487	15 610	20 904	27 399	27 399	27 399	-	18 278	19 102	19 970
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		17 468	5 572	12 720	6 843	25 256	25 256	-	15 457	3 858	275
Total Capital Funding	7	29 955	21 182	33 624	34 242	52 655	52 655	-	33 735	22 960	20 245

Explanatory notes to Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programs in relation to capital expenditure by municipal vote (multi – year and single – year appropriations); capital expenditure by standard classification; and funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The capital programs of Mthonjaneni Municipality is funded from national & provincial grants and subsidies and from accumulated cash backed reserves that are not committed for any other purposes.

Explanatory notes to Table A6 – Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet)
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets ready converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budget Financial Position.

Table 11: MBRR Table A7 – Budgeted Cash Flow Statement

KZN285 Mthonjaneni - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	7 185	6 331	9 901	7 125	7 125		7 125	7 552	8 005
Service charges		31 547	27 892	22 331	23 788	21 957	21 957		21 957	23 274	24 671
Other revenue		1 029	–	–	24 918	10 100	10 100		10 100	10 706	11 348
Government - operating	1	21 279	49 618	44 680	77 172	71 851	71 851		84 584	82 169	91 120
Government - capital	1	12 487	15 610	45 867	27 399	27 399	27 399		18 278	19 102	19 970
Interest		4 210	2 901	3 284	3 146	1 206	1 206		1 206	1 278	1 355
Dividends		–	–	–	–	–	–		–	–	–
Payments											
Suppliers and employees		(61 722)	(78 903)	(95 654)	(126 581)	(110 667)	(110 667)		(123 866)	(132 782)	(141 766)
Finance charges		–	–	–	(11 130)	–	–		–	–	–
Transfers and Grants	1	–	–	–	(1 189)	(1 300)	(1 300)		(1 642)	(1 757)	(1 879)
NET CASH FROM/(USED) OPERATING ACTIVITIES		8 828	24 304	26 839	27 424	27 671	27 671	–	17 743	9 543	12 824
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		208	–	–	–	2 230	2 230		–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–		–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–		–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–		–	–	–
Payments											
Capital assets		(29 955)	(21 182)	(33 628)	(34 242)	(52 305)	(52 305)		(33 735)	(51 460)	(28 245)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29 746)	(21 182)	(33 628)	(34 242)	(50 075)	(50 075)	–	(33 735)	(51 460)	(28 245)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–		–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–		–	–	–
Increase (decrease) in consumer deposits		14	–	–	–	–	–		–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–		–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		14	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(20 904)	3 122	(6 789)	(6 818)	(22 404)	(22 404)	–	(15 992)	(41 917)	(15 421)
Cash/cash equivalents at the year begin:	2	67 041	46 137	49 259	42 470	42 470	42 470	20 066	20 066	4 074	(37 843)
Cash/cash equivalents at the year end:	2	46 136	49 259	42 470	35 652	20 066	20 066	20 066	4 074	(37 843)	(53 264)

Table 12: MBRR Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN285 Mthonjaneni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	46 136	49 259	42 470	35 652	20 066	20 066	20 066	4 074	(37 843)	(53 264)
Other current investments > 90 days		1	0	0	19 848	13 923	13 923	(20 066)	(4 074)	37 843	53 264
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		46 137	49 259	42 470	55 500	33 989	33 989	–	–	–	–
Application of cash and investments											
Unspent conditional transfers		–	295	177	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	(4 463)	(7 758)	(3 341)	(65 096)	(19 453)	(19 453)	–	–	–	–
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		(4 463)	(7 463)	(3 164)	(65 096)	(19 453)	(19 453)	–	–	–	–
Surplus(shortfall)		50 600	56 722	45 634	120 596	53 443	53 443	–	–	–	–

Explanatory notes to Table A7 – Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in – flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Table 14: MBRR Table A10 – Basic service delivery measurement

KZN285 Mthonjaneni - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		2 817	2 817	2 817	2 817	2 817	2 817	2 817	2 817	2 817
Piped water inside yard (but not in dwelling)		5 394	5 394	5 394	5 394	5 394	5 394	5 394	5 394	5 394
Using public tap (at least min.service level)	2	807	807	807	807	807	807	807	807	807
Other water supply (at least min.service level)	4	47	47	47	47	47	47	47	47	47
<i>Minimum Service Level and Above sub-total</i>		9 065	9 065	9 065	9 065	9 065	9 065	9 065	9 065	9 065
Using public tap (< min.service level)	3	807	807	807	807	807	807	807	807	807
Other water supply (< min.service level)	4	47	47	47	47	47	47	47	47	47
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		854	854	854	854	854	854	854	854	854
Total number of households	5	9 919	9 919	9 919	9 919	9 919	9 919	9 919	9 919	9 919
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277	3 277
Flush toilet (with septic tank)		—	—	—	—	—	—	—	—	—
Chemical toilet		3 064	3 064	3 064	3 064	3 064	3 064	3 064	3 064	3 064
Pit toilet (ventilated)		8 131	8 131	8 131	8 131	8 131	8 131	8 131	8 131	8 131
Other toilet provisions (> min.service level)		1 273	1 273	1 273	1 273	1 273	1 273	1 273	1 273	1 273
<i>Minimum Service Level and Above sub-total</i>		15 745	15 745	15 745	15 745	15 745	15 745	15 745	15 745	15 745
Bucket toilet		1 273	1 273	1 273	1 273	1 273	1 273	1 273	1 273	1 273
Other toilet provisions (< min.service level)		8 131	8 131	8 131	8 131	8 131	8 131	8 131	8 131	8 131
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		9 404	9 404	9 404	9 404	9 404	9 404	9 404	9 404	9 404
Total number of households	5	25 149	25 149	25 149	25 149	25 149	25 149	25 149	25 149	25 149
Energy:										
Electricity (at least min.service level)		386	386	386	386	386	386	386	386	386
Electricity - prepaid (min.service level)		13 412	13 412	13 412	13 412	13 412	13 412	13 412	13 412	13 412
<i>Minimum Service Level and Above sub-total</i>		13 798	13 798	13 798	13 798	13 798	13 798	13 798	13 798	13 798
Electricity (< min.service level)		315	315	315	315	315	315	315	315	315
Electricity - prepaid (< min. service level)		—	—	—	—	—	—	—	—	—
Other energy sources		78	78	78	78	78	78	78	78	78
<i>Below Minimum Service Level sub-total</i>		393	393	393	393	393	393	393	393	393
Total number of households	5	14 191	14 191	14 191	14 191	14 191	14 191	14 191	14 191	14 191
Refuse:										
Removed at least once a week		3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273
<i>Minimum Service Level and Above sub-total</i>		3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273	3 273
Removed less frequently than once a week		58	58	58	58	58	58	58	58	58
Using communal refuse dump		1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417
Using own refuse dump		11 147	11 147	11 147	11 147	11 147	11 147	11 147	11 147	11 147
Other rubbish disposal		145	145	145	145	145	145	145	145	145
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		12 767	12 767	12 767	12 767	12 767	12 767	12 767	12 767	12 767
Total number of households	5	16 040	16 040	16 040	16 040	16 040	16 040	16 040	16 040	16 040
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free minimum level service)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed at least once a week)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (50kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (removed once a week for indigent households)		—	—	—	—	—	—	—	—	—
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		—	—	—	—	—	—	—	—	—
Total cost of FBS provided		—	—	—	—	—	—	—	—	—
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		—	—	—	—	—	—	1 422	1 507	1 597
Water (in excess of 6 kilolitres per indigent household per month)		—	—	—	—	—	—	—	—	—
Sanitation (in excess of free sanitation service to indigent households)		—	—	—	—	—	—	—	—	—
Electricity/other energy (in excess of 50 kwh per indigent household per month)		—	—	—	—	—	—	—	—	—
Refuse (in excess of one removal a week for indigent households)		—	—	—	—	—	—	—	—	—
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided	6	—	—	—	—	—	—	1 422	1 507	1 597

Part 2 – Supporting Documentation

Table Expenditure on allocations and grant programmes

KZN285 Mthonjaneni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		20 575	36 783	43 957	76 022	71 113	71 113	83 813	81 359	90 274
Local Government Equitable Share		17 035	31 674	38 963	63 837	59 899	59 899	67 317	70 509	72 424
Finance Management		1 650	1 800	1 800	2 738	2 738	2 738	2 850	2 850	2 850
Municipal Systems Improvement		890	934	930	–	–	–	–	–	–
EPWP Incentive		1 000	2 375	2 264	2 161	2 161	2 161	2 222	–	–
Integrated National Electrification Programme		–	–	–	–	–	–	8 000	8 000	15 000
Municipal Demarcation Transitional Grant		–	–	–	7 286	6 315	6 315	3 424	–	–
Provincial Government:		634	661	723	738	738	738	771	810	846
Municipal Demarcation Transitional Grant		634	661	723	738	738	738	771	810	846
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants		21 209	37 444	44 680	76 760	71 851	71 851	84 584	82 169	91 120
Capital expenditure of Transfers and Grants										
National Government:		12 487	15 610	20 904	27 399	27 399	27 399	18 278	19 102	19 970
Municipal Infrastructure Grant (MIG)		12 487	12 610	12 904	18 899	18 899	18 899	18 278	19 102	19 970
Integrated National Electrification Grant		–	3 000	8 000	8 500	8 500	8 500	–	–	–
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total capital expenditure of Transfers and Grants		12 487	15 610	20 904	27 399	27 399	27 399	18 278	19 102	19 970
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		33 696	53 054	65 584	104 159	99 250	99 250	102 862	101 271	111 090

Table 16: Summary councilor and staff benefits

KZN285 Mthonjaneni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2 558	2 698	2 900	3 733	4 000	4 000	5 603	5 995	6 415
Pension and UIF Contributions		286	246	268	756	600	600	-	-	-
Medical Aid Contributions		-	-	-	100	44	44	-	-	-
Motor Vehicle Allowance		-	-	-	800	1 548	1 548	1 868	1 998	2 138
Cellphone Allowance		-	-	-	718	570	570	570	610	653
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	147	147	171	183	196
Sub Total - Councillors		2 843	2 944	3 168	6 107	6 910	6 910	8 212	8 787	9 402
% increase	4		3.5%	7.6%	92.8%	13.1%	-	18.9%	7.0%	7.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 608	2 875	2 251	3 634	3 634	3 634	3 624	3 878	4 149
Pension and UIF Contributions		39	43	6	30	30	30	9	10	10
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	252	-	1 059	1 059	1 059	507	543	581
Motor Vehicle Allowance	3	641	591	523	705	705	705	710	760	813
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	29	76	76	76	37	40	43
Payments in lieu of leave		-	-	-	-	-	-	116	124	133
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		3 287	3 761	2 809	5 504	5 504	5 504	5 004	5 355	5 729
% increase	4		14.4%	(25.3%)	95.9%	-	-	(9.1%)	7.0%	7.0%
Other Municipal Staff										
Basic Salaries and Wages		11 892	14 443	16 089	23 815	23 815	23 815	27 951	29 908	32 001
Pension and UIF Contributions		1 697	1 945	2 108	2 996	2 996	2 996	3 655	3 911	4 185
Medical Aid Contributions		695	980	1 135	3 659	3 659	3 659	1 682	1 800	1 926
Overtime		848	1 017	1 100	1 046	1 046	1 046	1 392	1 489	1 593
Performance Bonus		-	140	189	1 802	1 802	1 802	2 034	2 176	2 328
Motor Vehicle Allowance	3	597	629	650	1 901	1 901	1 901	2 088	2 234	2 391
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	47	47	-	-	-	-	-	-
Other benefits and allowances	3	573	724	739	1 594	1 609	1 609	1 340	1 434	1 534
Payments in lieu of leave		-	-	-	-	-	-	781	836	894
Long service awards		60	37	118	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		16 362	19 961	22 173	36 813	36 828	36 828	40 923	43 787	46 852
% increase	4		22.0%	11.1%	66.0%	0.0%	-	11.1%	7.0%	7.0%
Total Parent Municipality		22 493	26 666	28 150	48 424	49 242	49 242	54 139	57 929	61 984

Municipal manager's quality certificate

I, municipal manager of Mthonjaneni Local Municipality hereby certify that the draft annual budget of 2017/18 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of _____

Signature _____

Date _____