

**ADJUSTMENTS BUDGET OF**

**MTHONJANENI LOCAL**

**MUNICIPALITY**



**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 – Annual Budget**

## **1.1 Mayor's Report**

Honourable Speaker, Amakhosi oselwa, Deputy Mayor, Members of the Executive Committee, Councillors, Officials and valuable members of our community. It gives me great pleasure to present to council the 201/2018 adjustment budget and the outer subsequent years. The mid-year budget and performance assessment gave us an opportunity to reflect back on the first six months of the year and take corrective measures to rectify shortfalls identified. Difficult economic conditions still exist. The municipality is not insulated to these events as we live in a global village. Ultimately the negative economic conditions impact the collection of revenue negatively and the prospect of enhancing the municipality's own revenue sources. The municipality is constantly compelled to do more with fewer resources.

As informed by the Mid-year budget and Performance assessment it was necessary for the municipality to prepare the adjustments budget in light of the material variances identified. Some votes where individual votes were materially underspent and others were projected to be overspent by year end hence it was imperative that an adjustments budget for the municipality be prepared.

The National Treasury adjustment budget has provided Mthonjaneni Municipality an additional amount of R 2 786 000 to be used for Municipal Transition grant purposes in terms of Division of Revenue Act ( DORA) and our budget has been adjusted accordingly in this regard.

In light of the aforementioned reasons, I recommend that Council approves the adjustments budget for 2017/18 financial year as well as the revision of the service delivery targets and performance indicators in the service delivery and budget and implementation plan taking into consideration the adjustments budget.

I thank you!. Ngiyabonga! Dankie!

**SBK BIYELA**

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**MAYOR**

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## 1.2 Council Resolutions

The Council of Mthonjaneni Local Municipality, acting in terms of section 28 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1. The adjustments budgets 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 Budgeted Financial performance (revenue and expenditure by standard classification) as contained in Table 6
    - 1.1.1 Budgeted Financial performance (revenue and expenditure by municipal vote) as contained in Table 7
    - 1.1.2 Budgeted Financial performance (revenue by source and expenditure by type) as contained in Table 8
    - 1.1.3 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 10;
    - 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 13;
    - 1.2.5 Basic service delivery measurement as contained in Table 14.
2. Comments from Provincial treasury on the Mid-Year Performance assessment report 2017/18 be noted.

### 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.

MFMA Circular No. 86 states that The 2017/18 Budget Review emphasised that, while the global economic growth outlook has improved, it is clouded by the prevailing policy uncertainty due to the increasing pressure within the world trading system. These factors may jeopardise South Africa's prudent macroeconomic and fiscal policies, which include inflation targeting and a flexible exchange rate, the local economy's ability to adjust to global volatility and the stable investment platform.

It is important to note that the 2017 projected Gross Domestic Product (GDP) growth forecast of 1.3 per cent in the 2017/18 budget was revised down to 0.7 percent.

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 approved by Cabinet to eliminate non – priority spending.***

National Treasury's MFMA Circular No. 85 & 86 were used to guide the compilation of the 2017/18 MTREF.

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;
- Wage increases for municipal staff that continues to exceed consumer inflation.

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

- The 2016/17 Adjustment Budget priorities and targets, as well as the base line allocations contained in that Adjustment Budget were adopted as 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;
- Property rate increases should be affordable and should generally not exceed inflation as measured by the CPI.
- 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.



## 1.4 Operating Revenue Framework

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)

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

**Table 1 Summary of revenue classified by main revenue source**

KZN285 Mthonjaneni - Table B1 Adjustments Budget Summary - 28 February

Description	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>Financial Performance</b>											
Property rates	13,165	-	-	-	-	-	-	-	13,165	13,955	14,947
Service charges	23,539	-	-	-	-	-	-	-	23,539	25,187	26,950
Investment revenue	3,335	-	-	-	-	-	-	-	3,335	3,535	3,747
Transfers recognised - operational	76,584	-	-	-	-	2,786	-	2,786	79,370	74,169	76,120
Other own revenue	27,890	-	-	-	-	-	-	-	27,890	29,836	31,918
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>144,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,786</b>	<b>-</b>	<b>2,786</b>	<b>147,299</b>	<b>146,682</b>	<b>153,682</b>
Employee costs	46,818	-	-	-	-	-	(2,302)	(2,302)	44,516	50,274	53,793
Remuneration of councillors	8,131	-	-	-	-	-	(457)	(457)	7,674	8,700	9,309
Depreciation & asset impairment	5,809	-	-	-	-	-	-	-	5,809	6,216	6,651
Finance charges	-	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	29,637	-	-	-	-	-	(3,886)	(3,886)	25,751	28,504	30,510
Transfers and grants	580	-	-	-	-	-	(580)	(580)	-	-	-
Other expenditure	30,960	-	-	-	-	-	11,096	11,096	42,055	49,315	53,523
<b>Total Expenditure</b>	<b>121,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,871</b>	<b>3,871</b>	<b>125,806</b>	<b>143,009</b>	<b>153,786</b>
<b>Surplus/(Deficit)</b>	<b>22,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>21,493</b>	<b>3,673</b>	<b>(104)</b>
Transfers recognised - capital	26,278	-	-	-	-	-	-	-	26,278	27,102	34,970
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>48,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>48,856</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>39,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,740</b>	<b>9,740</b>	<b>49,423</b>	<b>27,910</b>	<b>35,245</b>
Transfers recognised - capital	26,278	-	-	-	-	-	-	-	26,278	27,102	34,970
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	13,405	-	-	-	-	-	9,740	9,740	23,145	808	275
<b>Total sources of capital funds</b>	<b>39,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,740</b>	<b>9,740</b>	<b>49,423</b>	<b>27,910</b>	<b>35,245</b>
<b>Financial position</b>											
Total current assets	57,638	-	-	-	-	-	-	-	57,638	46,888	57,422
Total non current assets	192,735	-	-	-	-	-	-	-	192,735	164,519	150,440
Total current liabilities	10,203	-	-	-	-	-	-	-	10,203	6,558	5,073
Total non current liabilities	7,212	-	-	-	-	-	-	-	7,212	4,946	6,912
<b>Community wealth/Equity</b>	<b>232,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>232,958</b>	<b>199,903</b>	<b>195,878</b>
<b>Cash flows</b>											
Net cash from (used) operating	31,696	-	-	-	-	2,787	(17,608)	(14,821)	16,875	13,434	16,241
Net cash from (used) investing	(26,278)	-	-	-	-	-	(23,145)	(23,145)	(49,423)	(27,960)	(35,245)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>25,484</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,787</b>	<b>(34,822)</b>	<b>(32,035)</b>	<b>(6,551)</b>	<b>(21,077)</b>	<b>(40,081)</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	32,799	-	-	-	-	-	-	-	32,799	27,374	46,137
Application of cash and investments	(6,187)	-	-	-	-	-	4,107	4,107	(2,080)	(6,652)	(2,797)
<b>Balance - surplus (shortfall)</b>	<b>38,986</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,107)</b>	<b>(4,107)</b>	<b>34,880</b>	<b>34,026</b>	<b>48,934</b>
<b>Asset Management</b>											
Asset register summary (WDV)	192,736	-	-	-	-	-	-	-	192,736	-	-
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-	-
<b>Free services</b>											
Cost of Free Basic Services provided	1,440	-	-	-	-	-	-	-	1,440	1,541	1,649
Revenue cost of free services provided	1,422	-	-	-	-	-	-	-	1,422	1,507	1,597
<b>Households below minimum service level</b>											
Water:	854	-	-	-	-	-	(854)	(854)	-	-	-
Sanitation/sewerage:	9	-	-	-	-	-	(9)	(9)	-	-	-
Energy :	0	-	-	-	-	-	-	-	0	0	0
Refuse:	13	-	-	-	-	-	-	-	13	13	13

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 increase from Transfers recognized – operating was informed by the government gazette no. 41394 dated 23 January 2018 that talks about Equitable share transfers to municipalities in terms of section 38 (2) of the Division of Revenue Act, due to the demarcation process. It should be also noted that the total revenue (including capital transfers and contributions) increased from R 170, 790 million to R 173, 576 million mainly due to increase in the demarcation grant, to fund the additional expenditure that occurred during the adjustments budget.

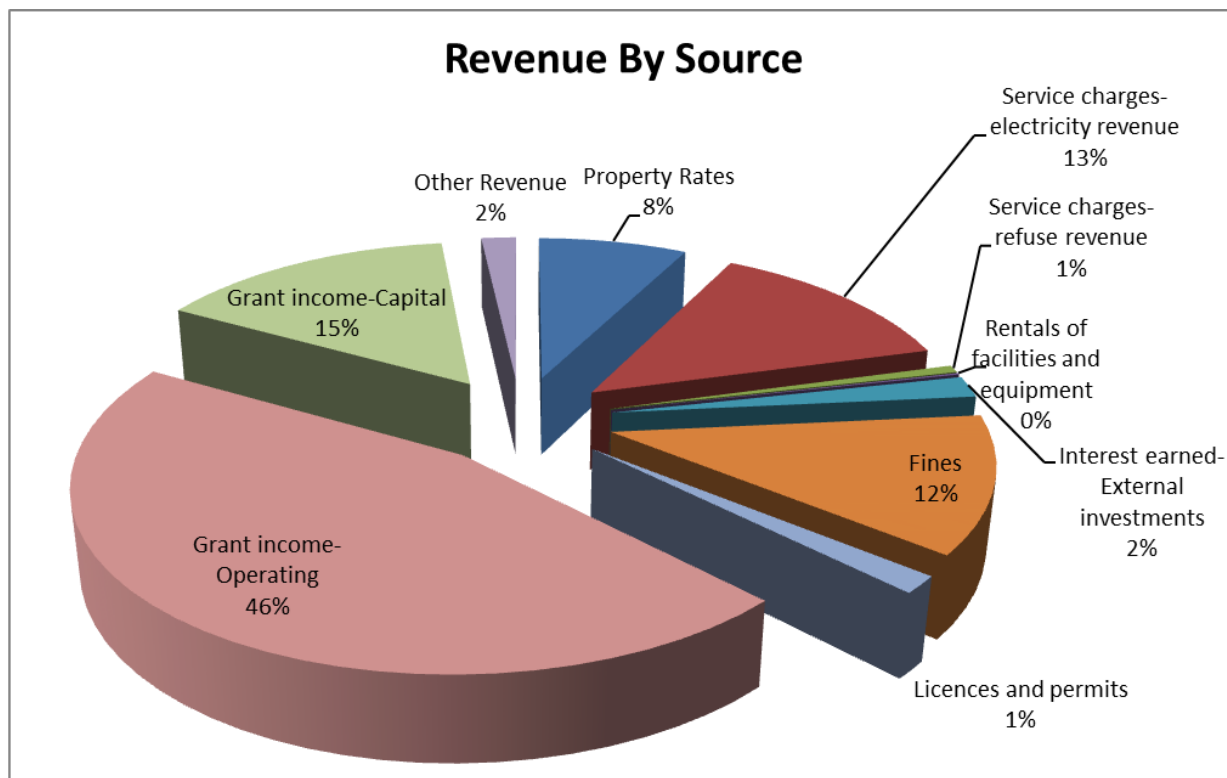
**Table 2 Operating Transfers and Grants Receipts**

KZN285 Mthonjaneni - Table B7 Adjustments Budget Cash Flows - 28 February

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates		7,125						(2,442)	(2,442)	4,683	7,552	8,005
Service charges		21,957						(5,342)	(5,342)	16,615	23,274	24,671
Other revenue		10,543						(3,098)	(3,098)	7,446	11,595	12,363
Government - operating	1	76,584					2,787	-	2,787	79,371	74,169	76,120
Government - capital	1	26,278					-	-	-	26,278	27,102	34,970
Interest		3,335					-	(3,021)	(3,021)	314	3,535	3,747
Dividends										-	-	-
<b>Payments</b>												
Suppliers and employees		(113,546)						(4,286)	(4,286)	(117,832)	(133,794)	(143,635)
Finance charges										-	-	-
Transfers and Grants	1	(580)						580	580	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>31,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,787</b>	<b>(17,608)</b>	<b>(14,821)</b>	<b>16,875</b>	<b>13,434</b>	<b>16,241</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		13,405						(13,405)	(13,405)	-	-	-
<b>Payments</b>												
Capital assets		(39,683)						(9,740)	(9,740)	(49,423)	(27,960)	(35,245)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(26,278)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,145)</b>	<b>(23,145)</b>	<b>(49,423)</b>	<b>(27,960)</b>	<b>(35,245)</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>5,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,787</b>	<b>(40,753)</b>	<b>(37,967)</b>	<b>(32,548)</b>	<b>(14,526)</b>	<b>(19,003)</b>
Cash/cash equivalents at the year begin:	2	20,066						5,931	5,931	25,997	(6,551)	(21,077)
Cash/cash equivalents at the year end:	2	25,484					2,787	(34,822)	(32,035)	(6,551)	(21,077)	(40,081)

The increase from Transfers recognized – operating was informed by the government gazette no. 41394 dated 23 January 2018 that talks about Equitable share transfers to municipalities in terms of section 38 (2) of the Division of Revenue Act, 2016 (including proportionate adjustments for post – election municipalities) due to the demarcation process.

The diagram below shows the revenue by source through pie chart in terms of how much percentages does each revenue source contributes to total operating revenue of Mthonjaneni Local Municipality.



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

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 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 standard classification item**

KZN285 Mthonjaneni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	13,165	-	-	-	-	-	-	-	13,165	13,955	14,947
Service charges - electricity revenue	2	22,375	-	-	-	-	-	-	-	22,375	23,941	25,617
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1,164	-	-	-	-	-	-	-	1,164	1,245	1,333
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		252	-	-	-	-	-	-	-	252	269	288
Interest earned - external investments		3,335	-	-	-	-	-	-	-	3,335	3,535	3,747
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		21,400	-	-	-	-	-	-	-	21,400	22,898	24,501
Licences and permits		2,693	-	-	-	-	-	-	-	2,693	2,881	3,083
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		76,584	-	-	-	-	2,786	-	2,786	79,370	74,169	76,120
Other revenue	2	3,545	-	-	-	-	-	-	-	3,545	3,788	4,046
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>144,513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,786</b>	<b>-</b>	<b>2,786</b>	<b>147,299</b>	<b>146,682</b>	<b>153,682</b>
<b>Expenditure By Type</b>												
Employee related costs		46,818	-	-	-	-	-	(2,302)	(2,302)	44,516	50,274	53,793
Remuneration of councillors		8,131	-	-	-	-	-	(457)	(457)	7,674	8,700	9,309
Debt impairment		2,000	-	-	-	-	-	-	-	2,000	3,000	3,500
Depreciation & asset impairment		5,809	-	-	-	-	-	-	-	5,809	6,216	6,651
Finance charges		-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		23,800	-	-	-	-	-	507	507	24,307	25,466	27,249
Other materials		5,837	-	-	-	-	-	(4,393)	(4,393)	1,444	3,038	3,262
Contracted services		4,684	-	-	-	-	-	17,866	17,866	22,550	20,799	22,456
Transfers and subsidies		580	-	-	-	-	-	(580)	(580)	-	-	-
Other expenditure		24,276	-	-	-	-	-	(6,770)	(6,770)	17,506	25,516	27,566
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>121,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,871</b>	<b>3,871</b>	<b>125,806</b>	<b>143,009</b>	<b>153,786</b>

The Employee related costs have decreased by R 1 543 362 from R 46.8 million to R 45.2 million. The decrease is mainly due to savings as a result of posts not filled yet, mainly in the Licensing section and Corporate Services Departments.

The Councillors remuneration has been adjusted to correct the projection envisaged for the remainder of the year. This is in line with the determination of the upper limits of the salaries,

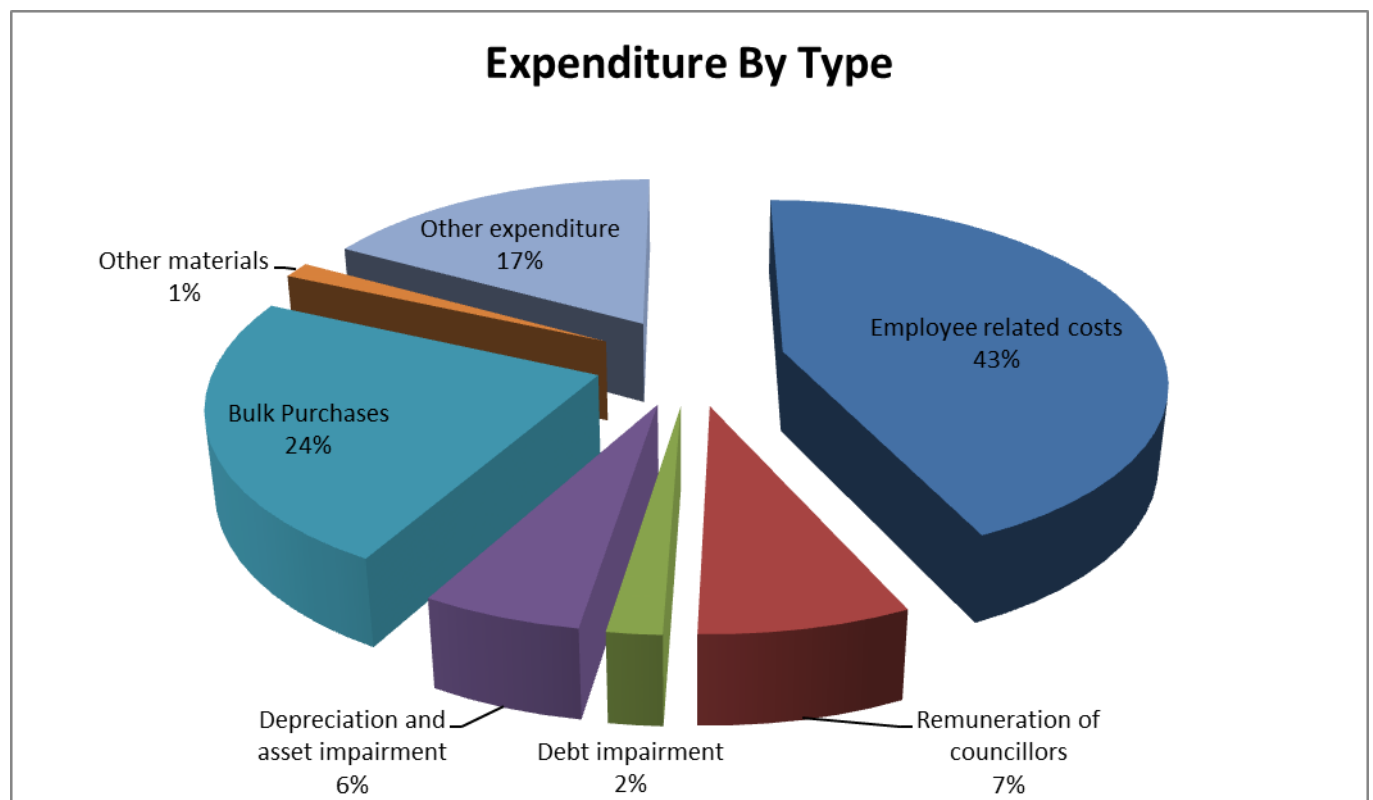
allowances and benefits of different members of municipal councils in terms of government notice no. 41335 dated 15 December 2017.

Other material comprises of amongst others the purchase of fuel and repairs for maintenance, this expenditure has been decreased due to revised projections and also due to reclassification of other items to contracted services as guided by the MSCOA classifications.

Contracted services budget was adjusted upwards in order to meet the contractual obligations which were under budgeted for the following main services: Catering Services which are now classified as contracted services in terms of MSCOA classification codes, Security services, New Accounting system- Sage evolution, Internal Audit Services and Assets physical verifications.

The increase in the required budget for other expenditure is largely attributed to under budgeting in the following areas: Indigent burials relief from R 580 000 to R 1 330 000, Protective clothing

The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.



**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' - 28 February

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted 6	Accum. Funds 7	Multi-year capital 8	Unfore. Unavoid. 9	Nat. or Prov. Govt 10	Other Adjusts. 11	Total Adjusts. 12	Adjusted Budget 13	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
<b>Repairs and Maintenance</b>	14								-	-	-	-
Employee related costs									-	-	-	-
Other materials									-	-	4,876	5,228
Contracted Services									-	-	-	-
Other Expenditure									-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	15	-	-	-	-	-	-	-	-	-	4,876	5,228

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 tables 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 2017/18 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 B1 Adjustments Budget Summary - 28 February

Description	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>Financial Performance</b>											
Property rates	13,165	–	–	–	–	–	–	–	13,165	13,955	14,947
Service charges	23,539	–	–	–	–	–	–	–	23,539	25,187	26,950
Investment revenue	3,335	–	–	–	–	–	–	–	3,335	3,535	3,747
Transfers recognised - operational	76,584	–	–	–	–	2,786	–	2,786	79,370	74,169	76,120
Other own revenue	27,890	–	–	–	–	–	–	–	27,890	29,836	31,918
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>144,513</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>–</b>	<b>2,786</b>	<b>147,299</b>	<b>146,682</b>	<b>153,682</b>
Employee costs	46,818	–	–	–	–	–	(2,302)	(2,302)	44,516	50,274	53,793
Remuneration of councillors	8,131	–	–	–	–	–	(457)	(457)	7,674	8,700	9,309
Depreciation & asset impairment	5,809	–	–	–	–	–	–	–	5,809	6,216	6,651
Finance charges	–	–	–	–	–	–	–	–	–	–	–
Materials and bulk purchases	29,637	–	–	–	–	–	(3,886)	(3,886)	25,751	28,504	30,510
Transfers and grants	580	–	–	–	–	–	(580)	(580)	–	–	–
Other expenditure	30,960	–	–	–	–	–	11,096	11,096	42,055	49,315	53,523
<b>Total Expenditure</b>	<b>121,935</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,871</b>	<b>3,871</b>	<b>125,806</b>	<b>143,009</b>	<b>153,786</b>
<b>Surplus/(Deficit)</b>	<b>22,578</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>21,493</b>	<b>3,673</b>	<b>(104)</b>
Transfers recognised - capital	26,278	–	–	–	–	–	–	–	26,278	27,102	34,970
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>48,856</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>48,856</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>39,683</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,740</b>	<b>9,740</b>	<b>49,423</b>	<b>27,910</b>	<b>35,245</b>
Transfers recognised - capital	26,278	–	–	–	–	–	–	–	26,278	27,102	34,970
Public contributions & donations	–	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	13,405	–	–	–	–	–	9,740	9,740	23,145	808	275
<b>Total sources of capital funds</b>	<b>39,683</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,740</b>	<b>9,740</b>	<b>49,423</b>	<b>27,910</b>	<b>35,245</b>
<b>Financial position</b>											
Total current assets	57,638	–	–	–	–	–	–	–	57,638	46,888	57,422
Total non current assets	192,735	–	–	–	–	–	–	–	192,735	164,519	150,440
Total current liabilities	10,203	–	–	–	–	–	–	–	10,203	6,558	5,073
Total non current liabilities	7,212	–	–	–	–	–	–	–	7,212	4,946	6,912
<b>Community wealth/Equity</b>	<b>232,958</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>232,958</b>	<b>199,903</b>	<b>195,878</b>



### **Explanatory notes to MBRR Table B1 – Budget Summary**

1. Table B1 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 B2 – Budgeted Financial Performance (revenue and expenditure by standard classification)**

KZN285 Mthonjaneni - Table B2 Adjustments Budget Financial Performance (functional classification) - 28 February

Standard Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
<b>Revenue - Functional</b>												
<i>Governance and administration</i>		90,706	-	-	-	-	2,786	-	2,786	93,492	91,501	94,659
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		90,706	-	-	-	-	2,786	-	2,786	93,492	91,501	94,659
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		810	-	-	-	-	-	24,093	24,093	24,902	26,631	28,474
Community and social services		810	-	-	-	-	-	-	-	810	851	889
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	24,093	24,093	24,093	25,780	27,585
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		47,260	-	-	-	-	-	(24,093)	(24,093)	23,167	21,956	23,024
Planning and development		4,889	-	-	-	-	-	(4,889)	(4,889)	-	-	-
Road transport		42,371	-	-	-	-	-	(19,203)	(19,203)	23,167	21,956	23,024
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		32,015	-	-	-	-	-	-	-	32,015	33,696	42,495
Energy sources		30,851	-	-	-	-	-	-	-	30,851	32,451	41,162
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1,164	-	-	-	-	-	-	-	1,164	1,245	1,333
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	170,791	-	-	-	-	2,786	0	2,786	173,577	173,784	188,652
<b>Expenditure - Functional</b>												
<i>Governance and administration</i>		51,377	-	-	-	-	-	5,392	5,392	56,769	64,434	69,507
Executive and council		16,713	-	-	-	-	-	2,664	2,664	19,377	17,883	19,135
Finance and administration		34,664	-	-	-	-	-	2,201	2,201	36,865	46,551	50,373
Internal audit		-	-	-	-	-	-	527	527	527	-	-
<i>Community and public safety</i>		14,064	-	-	-	-	-	9,243	9,243	23,307	27,389	29,510
Community and social services		10,651	-	-	-	-	-	1,287	1,287	11,938	14,374	15,584
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		3,413	-	-	-	-	-	7,956	7,956	11,369	13,015	13,926
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		28,667	-	-	-	-	-	(11,454)	(11,454)	17,213	21,410	22,909
Planning and development		17,791	-	-	-	-	-	(16,560)	(16,560)	1,231	-	-
Road transport		10,876	-	-	-	-	-	5,107	5,107	15,982	21,410	22,909
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		27,827	-	-	-	-	-	689	689	28,517	29,775	31,860
Energy sources		25,946	-	-	-	-	-	745	745	26,691	27,762	29,705
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1,882	-	-	-	-	-	(56)	(56)	1,826	2,013	2,154
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	121,935	-	-	-	-	-	3,871	3,871	125,806	143,009	153,786
<b>Surplus/ (Deficit) for the year</b>		48,856	-	-	-	-	2,786	(3,871)	(1,085)	47,771	30,775	34,866

## Explanatory notes to Table B2 – 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 B3 – Budgeted Financial performance (revenue and expenditure by municipal vote)**

KZN285 Mthonjaneni - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28 February

Vote Description  <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
<b>R thousands</b>												
<b>Revenue by Vote</b>	1											
Vote 1 - Exacutive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Finance and administration		90,700	-	-	-	-	-	2,792	2,792	93,492	91,501	94,659
Vote 4 - Community and social services		24,908	-	-	-	-	-	(24,099)	(24,099)	810	851	889
Vote 5 - Public safety		-	-	-	-	-	-	24,093	24,093	24,093	25,780	27,585
Vote 6 - Planning and development		4,889	-	-	-	-	-	(4,889)	(4,889)	-	-	-
Vote 7 - Road transport		18,278	-	-	-	-	-	4,889	4,889	23,167	21,956	23,024
Vote 8 - Energy sources		30,851	-	-	-	-	-	-	-	30,851	32,451	41,162
Vote 9 - Waste management		1,164	-	-	-	-	-	-	-	1,164	1,245	1,333
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>170,791</b>	-	-	-	-	-	<b>2,786</b>	<b>2,786</b>	<b>173,577</b>	<b>173,784</b>	<b>188,652</b>
<b>Expenditure by Vote</b>	1											
Vote 1 - Exacutive and Council		10,352	-	-	-	-	-	2,418	2,418	12,770	11,077	11,852
Vote 2 - Municipal Manager		6,361	-	-	-	-	-	774	774	7,134	6,806	7,282
Vote 3 - Finance and administration		34,664	-	-	-	-	-	2,201	2,201	36,865	46,551	50,373
Vote 4 - Community and social services		10,651	-	-	-	-	-	1,287	1,287	11,938	14,374	15,584
Vote 5 - Public safety		3,413	-	-	-	-	-	7,956	7,956	11,369	13,015	13,926
Vote 6 - Planning and development		17,791	-	-	-	-	-	(16,560)	(16,560)	1,231	-	-
Vote 7 - Road transport		10,876	-	-	-	-	-	5,107	5,107	15,982	21,410	22,909
Vote 8 - Energy sources		25,946	-	-	-	-	-	745	745	26,691	27,762	29,705
Vote 9 - Waste management		1,882	-	-	-	-	-	(56)	(56)	1,826	2,013	2,154
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>121,935</b>	-	-	-	-	-	<b>3,871</b>	<b>3,871</b>	<b>125,806</b>	<b>143,009</b>	<b>153,786</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>48,856</b>	-	-	-	-	-	<b>(1,085)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>

**Explanatory notes to MBRR Table B3 – Budgeted Financial Performance (revenue and expenditure per municipal vote)**

1. Table B3 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 B4 – Budgeted Financial Performance (revenue and expenditure)**

KZN285 Mthonjaneni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	13,165	–	–	–	–	–	–	–	13,165	13,955	14,947
Service charges - electricity revenue	2	22,375	–	–	–	–	–	–	–	22,375	23,941	25,617
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1,164	–	–	–	–	–	–	–	1,164	1,245	1,333
Service charges - other		–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		252	–	–	–	–	–	–	–	252	269	288
Interest earned - external investments		3,335	–	–	–	–	–	–	–	3,335	3,535	3,747
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		21,400	–	–	–	–	–	–	–	21,400	22,898	24,501
Licences and permits		2,693	–	–	–	–	–	–	–	2,693	2,881	3,083
Agency services		–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		76,584	–	–	–	–	2,786	–	2,786	79,370	74,169	76,120
Other revenue	2	3,545	–	–	–	–	–	–	–	3,545	3,788	4,046
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>144,513</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>–</b>	<b>2,786</b>	<b>147,299</b>	<b>146,682</b>	<b>153,682</b>
<b>Expenditure By Type</b>												
Employee related costs		46,818	–	–	–	–	–	(2,302)	(2,302)	44,516	50,274	53,793
Remuneration of councillors		8,131	–	–	–	–	–	(457)	(457)	7,674	8,700	9,309
Debt impairment		2,000	–	–	–	–	–	–	–	2,000	3,000	3,500
Depreciation & asset impairment		5,809	–	–	–	–	–	–	–	5,809	6,216	6,651
Finance charges		–	–	–	–	–	–	–	–	–	–	–
Bulk purchases		23,800	–	–	–	–	–	507	507	24,307	25,466	27,249
Other materials		5,837	–	–	–	–	–	(4,393)	(4,393)	1,444	3,038	3,262
Contracted services		4,684	–	–	–	–	–	17,866	17,866	22,550	20,799	22,456
Transfers and subsidies		580	–	–	–	–	–	(580)	(580)	–	–	–
Other expenditure		24,276	–	–	–	–	–	(6,770)	(6,770)	17,506	25,516	27,566
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>121,935</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,871</b>	<b>3,871</b>	<b>125,806</b>	<b>143,009</b>	<b>153,786</b>
<b>Surplus/(Deficit)</b>		<b>22,578</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>21,493</b>	<b>3,673</b>	<b>(104)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		26,278	–	–	–	–	–	–	–	26,278	27,102	34,970
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) before taxation</b>		<b>48,856</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>
Taxation		–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		<b>48,856</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		<b>48,856</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>		<b>48,856</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,786</b>	<b>(3,871)</b>	<b>(1,085)</b>	<b>47,771</b>	<b>30,775</b>	<b>34,866</b>

## Explanatory notes to Table B4 – 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.

Explanatory notes for material movements have been provided as stated above under section, 1.5 – Operating expenditure framework.

**Table 9: MBRR Table B5 – Budgeted Capital Expenditure by vote, standard classification and funding sources**

**KZN285 Mthonjaneni - Table B5 Adjustments C**

<b>Single-year expenditure to be adjusted</b>	2												
Vote 1 - Executive and Council		5,020	-	-	-	-	-	4,507	4,507	9,527	-	-	-
Vote 2 - Municipal Manager		25	-	-	-	-	-	50	50	75	-	-	-
Vote 3 - Finance and administration		299	-	-	-	-	-	(60)	(60)	239	219	241	-
Vote 4 - Community and social services		11	-	-	-	-	-	48	48	59	89	34	-
Vote 5 - Public safety		90	-	-	-	-	-	368	368	458	-	-	-
Vote 6 - Planning and development		-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road transport		18,748	-	-	-	-	-	(120)	(120)	18,628	19,602	19,970	-
Vote 8 - Energy sources		14,240	-	-	-	-	-	6,159	6,159	20,399	8,000	15,000	-
Vote 9 - Waste management		1,250	-	-	-	-	-	(1,211)	(1,211)	39	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>39,683</b>	-	-	-	-	-	<b>9,740</b>	<b>9,740</b>	<b>49,423</b>	<b>27,910</b>	<b>35,245</b>	-
<b>Total Capital Expenditure - Vote</b>		<b>39,683</b>	-	-	-	-	-	<b>9,740</b>	<b>9,740</b>	<b>49,423</b>	<b>27,910</b>	<b>35,245</b>	-
<b>Capital Expenditure - Functional</b>													
<b>Governance and administration</b>		<b>5,344</b>	-	-	-	-	-	<b>4,497</b>	<b>4,497</b>	<b>9,841</b>	<b>219</b>	<b>241</b>	-
Executive and council		5,045	-	-	-	-	-	4,557	4,557	9,602	-	-	-
Finance and administration		299	-	-	-	-	-	(60)	(60)	239	219	241	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>121</b>	-	-	-	-	-	<b>396</b>	<b>396</b>	<b>517</b>	<b>89</b>	<b>34</b>	-
Community and social services		11	-	-	-	-	-	48	48	59	89	34	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-
Public safety		110	-	-	-	-	-	348	348	458	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>18,728</b>	-	-	-	-	-	<b>(100)</b>	<b>(100)</b>	<b>18,628</b>	<b>19,602</b>	<b>19,970</b>	-
Planning and development		450	-	-	-	-	-	-	-	450	-	-	-
Road transport		18,278	-	-	-	-	-	(100)	(100)	18,178	19,602	19,970	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>15,490</b>	-	-	-	-	-	<b>4,948</b>	<b>4,948</b>	<b>20,438</b>	<b>8,000</b>	<b>15,000</b>	-
Energy sources		14,240	-	-	-	-	-	6,159	6,159	20,399	8,000	15,000	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-
Waste management		1,250	-	-	-	-	-	(1,211)	(1,211)	39	-	-	-
<b>Other</b>		<b>-</b>	-	-	-	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-
<b>Total Capital Expenditure - Functional</b>	3	<b>39,683</b>	-	-	-	-	-	<b>9,740</b>	<b>9,740</b>	<b>49,423</b>	<b>27,910</b>	<b>35,245</b>	-
<b>Funded by:</b>													
National Government		26,278	-	-	-	-	-	-	-	26,278	27,102	34,970	-
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>26,278</b>	-	-	-	-	-	<b>-</b>	<b>-</b>	<b>26,278</b>	<b>27,102</b>	<b>34,970</b>	-
<b>Public contributions &amp; donations</b>		<b>-</b>	-	-	-	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-
<b>Borrowing</b>		<b>-</b>	-	-	-	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	-
<b>Internally generated funds</b>		<b>13,405</b>	-	-	-	-	-	<b>9,740</b>	<b>9,740</b>	<b>23,145</b>	<b>808</b>	<b>275</b>	-
<b>Total Capital Funding</b>		<b>39,683</b>	-	-	-	-	-	<b>9,740</b>	<b>9,740</b>	<b>49,423</b>	<b>27,910</b>	<b>35,245</b>	-

**Explanatory notes to Table B5 – 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. Mthonjaneni Municipality has increased it's capital budget to spend from R 39,683 million to R 49,423 million in order to address backlogs of electricity in some other

wards that are within the jurisdiction of Mthonjaneni Local Municipality and also to address the under budgeting in the admin block building project.

3. 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.

**Table 10: MBRR Table A6 – Budgeted Financial Position**

KZN285 Mthonjaneni - Table B6 Adjustments Budget Financial Position - 28 February

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		4,074							-	4,074	5,805	3,110
Call investment deposits	1	28,725	-	-	-	-	-	-	-	28,725	21,569	43,027
Consumer debtors	1	4,435	-	-	-	-	-	-	-	4,435	3,543	2,588
Other debtors		19,944							-	19,944	15,490	8,077
Current portion of long-term receivables									-		-	-
Inventory		460							-	460	481	621
<b>Total current assets</b>		<b>57,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,638</b>	<b>46,888</b>	<b>57,422</b>
<b>Non current assets</b>												
Long-term receivables									-	-	-	-
Investments									-	-	-	-
Investment property		2,368							-	2,368	2,408	2,449
Investment in Associate									-	-	-	-
Property, plant and equipment	1	187,606	-	-	-	-	-	-	-	187,606	159,720	143,860
Agricultural									-	-	-	-
Biological		2,662							-	2,662	2,265	3,971
Intangible		99							-	99	125	159
Other non-current assets		1							-	1	1	1
<b>Total non current assets</b>		<b>192,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>192,735</b>	<b>164,519</b>	<b>150,440</b>
<b>TOTAL ASSETS</b>		<b>250,373</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,373</b>	<b>211,407</b>	<b>207,862</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft									-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits		1,026							-	1,026	1,019	1,016
Trade and other payables		8,768	-	-	-	-	-	-	-	8,768	5,053	3,710
Provisions		409							-	409	486	346
<b>Total current liabilities</b>		<b>10,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,203</b>	<b>6,558</b>	<b>5,073</b>
<b>Non current liabilities</b>												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	7,212	-	-	-	-	-	-	-	7,212	4,946	6,912
<b>Total non current liabilities</b>		<b>7,212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,212</b>	<b>4,946</b>	<b>6,912</b>
<b>TOTAL LIABILITIES</b>		<b>17,415</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,415</b>	<b>11,504</b>	<b>11,984</b>
<b>NET ASSETS</b>	2	<b>232,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>232,958</b>	<b>199,903</b>	<b>195,878</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		232,958	-	-	-	-	-	-	-	232,958	199,903	195,878
Reserves		-	-	-	-	-	-	-	-	-	-	-
Minorities' interests									-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>232,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>232,958</b>	<b>199,903</b>	<b>195,878</b>

## 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 B7 Adjustments Budget Cash Flows - 28 February

Description	Ref	Budget Year 2017/18										Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget		Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>													
<b>Receipts</b>													
Property rates		7,125						(2,442)	(2,442)	4,683		7,552	8,005
Service charges		21,957						(5,342)	(5,342)	16,615		23,274	24,671
Other revenue		10,543						(3,098)	(3,098)	7,446		11,595	12,363
Government - operating	1	76,584					2,787	-	2,787	79,371		74,169	76,120
Government - capital	1	26,278					-	-	-	26,278		27,102	34,970
Interest		3,335					-	(3,021)	(3,021)	314		3,535	3,747
Dividends									-	-		-	-
<b>Payments</b>													
Suppliers and employees		(113,546)						(4,286)	(4,286)	(117,832)		(133,794)	(143,635)
Finance charges									-	-		-	-
Transfers and Grants	1	(580)						580	580	-		-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>31,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,787</b>	<b>(17,608)</b>	<b>(14,821)</b>	<b>16,875</b>		<b>13,434</b>	<b>16,241</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		13,405						(13,405)	(13,405)	-		-	-
<b>Payments</b>													
Capital assets		(39,683)						(9,740)	(9,740)	(49,423)		(27,960)	(35,245)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(26,278)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,145)</b>	<b>(23,145)</b>	<b>(49,423)</b>		<b>(27,960)</b>	<b>(35,245)</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>5,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,787</b>	<b>(40,753)</b>	<b>(37,967)</b>	<b>(32,548)</b>		<b>(14,526)</b>	<b>(19,003)</b>
Cash/cash equivalents at the year begin:	2	20,066						5,931	5,931	25,997		(6,551)	(21,077)
Cash/cash equivalents at the year end:	2	25,484					2,787	(34,822)	(32,035)	(6,551)		(21,077)	(40,081)

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

KZN285 Mthonjaneni - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28 February

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>		<b>A</b>		<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>		
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end	1	25,484	–	–	–	–	2,787	(34,822)	(32,035)	(6,551)	(21,077)	(40,081)
Other current investments > 90 days		7,315	–	–	–	–	(2,787)	34,822	32,035	39,350	48,452	86,218
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>32,799</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>32,799</b>	<b>27,374</b>	<b>46,137</b>
<b>Applications of cash and investments</b>												
Unspent conditional transfers		177	–	–	–	–	–	–	–	177	295	–
Unspent borrowing												
Statutory requirements												
Other working capital requirements	2	(6,364)	–	–	–	–	–	4,107	4,107	(2,257)	(6,947)	(2,797)
Other provisions												
Long term investments committed		–	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>		<b>(6,187)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,107</b>	<b>4,107</b>	<b>(2,080)</b>	<b>(6,652)</b>	<b>(2,797)</b>
<b>Surplus(shortfall)</b>		<b>38,986</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(4,107)</b>	<b>(4,107)</b>	<b>34,880</b>	<b>34,026</b>	<b>48,934</b>

### 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 13: MBRR Table A9 – Asset Management**

KZN285 Mthonjaneni - Table B9 Asset Management - 28 February

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
<b>R thousands</b>												
<b>CAPITAL EXPENDITURE</b>												
<b>Total New Assets to be adjusted</b>	1	39,883	-	-	-	-	-	(250)	(250)	39,633	-	-
Roads Infrastructure		18,278	-	-	-	-	-	-	-	18,278	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		12,490	-	-	-	-	-	-	-	12,490	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		1,250	-	-	-	-	-	-	-	1,250	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		32,018	-	-	-	-	-	-	-	32,018	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		6,400	-	-	-	-	-	-	-	6,400	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	6,400	-	-	-	-	-	-	-	6,400	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		250	-	-	-	-	-	(250)	(250)	-	-	-
Intangible Assets		250	-	-	-	-	-	(250)	(250)	-	-	-
Computer Equipment		128	-	-	-	-	-	-	-	128	-	-
Furniture and Office Equipment		537	-	-	-	-	-	-	-	537	-	-
Machinery and Equipment		550	-	-	-	-	-	-	-	550	-	-
<b>Total Capital Expenditure to be adjusted</b>	4											
Roads Infrastructure		18,278	-	-	-	-	-	-	-	18,278	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		12,490	-	-	-	-	-	-	-	12,490	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		1,250	-	-	-	-	-	-	-	1,250	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		32,018	-	-	-	-	-	-	-	32,018	-	-
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		6,400	-	-	-	-	-	-	-	6,400	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		6,400	-	-	-	-	-	-	-	6,400	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		250	-	-	-	-	-	(250)	(250)	-	-	-
Intangible Assets		250	-	-	-	-	-	(250)	(250)	-	-	-
Computer Equipment		128	-	-	-	-	-	-	-	128	-	-
Furniture and Office Equipment		537	-	-	-	-	-	-	-	537	-	-
Machinery and Equipment		550	-	-	-	-	-	-	-	550	-	-
Transport Assets		-	-	-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	4	39,883	-	-	-	-	-	(250)	(250)	39,633	-	-

**Table 14: MBRR Table A10 – Basic service delivery measurement**

KZN285 Mthonjaneni - Table B10 Basic service delivery measurement - 28 February

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
<b>Household service targets</b>	1											
<b>Water:</b>												
Piped water inside dwelling		2,817,000						(2,817,000)	(2,817)	-		
Piped water inside yard (but not in dwelling)		5,394,000						(5,394,000)	(5,394)	-		
Using public tap (at least min.service level)	2	807,000						(807,000)	(807)	-		
Other water supply (at least min.service level)		47,000						(47,000)	(47)	-		
Minimum Service Level and Above sub-total		9,065	-	-	-	-	-	(9,065)	(9,065)	-	-	-
Using public tap (< min.service level)	3	807,000						-807,000	(807)	-		
Other water supply (< min.service level)	3,4	47,000						-47,000	(47)	-		
No water supply								0	-	-		
Below Minimum Service Level sub-total		854	-	-	-	-	-	(854)	(854)	-	-	-
<b>Total number of households</b>	5	9,919	-	-	-	-	-	(9,919)	(9,919)	-	-	-
<b>Sanitation/sewerage:</b>												
Flush toilet (connected to sewerage)		3277						-3277	(3,277)	-		
Flush toilet (with septic tank)		3064						-3064	(3,064)	-		
Chemical toilet		8131						-8131	(8,131)	-		
Pit toilet (ventilated)		1273						-1273	(1,273)	-		
Other toilet provisions (> min.service level)								0	-	-		
Minimum Service Level and Above sub-total		15,745	-	-	-	-	-	(15,745)	(15,745)	-	-	-
Bucket toilet		1273						-1273	(1,273)	-		
Other toilet provisions (< min.service level)		8131						-8131	(8,131)	-		
No toilet provisions								0	-	-		
Below Minimum Service Level sub-total		9,404	-	-	-	-	-	(9,404)	(9,404)	-	-	-
<b>Total number of households</b>	5	25,149	-	-	-	-	-	(25,149)	(25,149)	-	-	-
<b>Energy:</b>												
Electricity (at least min. service level)		386							-	386	386	386
Electricity - prepaid (> min.service level)		13412							-	13,412	13,412	13,412
Minimum Service Level and Above sub-total		13,798	-	-	-	-	-	-	-	13,798	13,798	13,798
Electricity (< min.service level)		315							-	315	315	315
Electricity - prepaid (< min. service level)									-	0	0	0
Other energy sources		78							-	78	78	78
Below Minimum Service Level sub-total		393	-	-	-	-	-	-	-	393	393	393
<b>Total number of households</b>	5	14,191	-	-	-	-	-	-	-	14,191	14,191	14,191
<b>Refuse:</b>												
Removed at least once a week (min.service)		3273							-	3,273	3,273	3,273
Minimum Service Level and Above sub-total		3,273	-	-	-	-	-	-	-	3,273	3,273	3,273
Removed less frequently than once a week		58							-	58	58	58
Using communal refuse dump		1417							-	1,417	1,417	1,417
Using own refuse dump		11147							-	11,147	11,147	11,147
Other rubbish disposal		145							-	145	145	145
No rubbish disposal									-	0	0	0
Below Minimum Service Level sub-total		12,767	-	-	-	-	-	-	-	12,767	12,767	12,767
<b>Total number of households</b>	5	16,040	-	-	-	-	-	-	-	16,040	16,040	16,040
<b>Households receiving Free Basic Service</b>	15											
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)									-	-		
<b>Cost of Free Basic Services provided (R'000)</b>	16											
Water (6 kilolitres per household per month)									-	-		
Sanitation (free sanitation service)									-	-		
Electricity/other energy (50kwh per household per month)		1,440,000							-	1,440	1,541	1,649
Refuse (removed once a week)									-	-		
<b>Total cost of FBS provided (minimum social package)</b>		1,440	-	-	-	-	-	-	-	1,440	1,541	1,649
<b>Highest level of free service provided</b>												
Property rates (R'000 value threshold)									-	-		
Water (kilolitres per household per month)									-	-		
Sanitation (kilolitres per household per month)									-	-		
Sanitation (Rand per household per month)									-	-		
Electricity (kw per household per month)									-	-		
Refuse (average litres per week)									-	-		
<b>Revenue cost of free services provided (R'000)</b>	17											
Property rates (R15 000 threshold rebate)		1,422							-	1,422	1,507	1,597
Property rates (other exemptions, reductions and rebates)		-							-	-		
Water									-	-		
Sanitation									-	-		
Electricity/other energy									-	-		
Refuse									-	-		
Municipal Housing - rental rebates									-	-		
Housing - top structure subsidies									-	-		
Other									-	-		
<b>Total revenue cost of free services provided (total services)</b>	6	1,422	-	-	-	-	-	-	-	1,422	1,507	1,597

## Part 2 – Supporting Documentation

**Table 15: Adjustments to Expenditure on allocations and grant programmes**

KZN285 Mthonjaneni - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28 February

Description	Ref	Budget Year 2017/18							Budget Year	Budget Year
		Original	Prior	Multi-year	Nat. or Prov.	Other	Total	Adjusted	+1 2018/19	+2 2019/20
		Budget	Adjusted	capital	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F		Budget
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1									
<u>Operating expenditure of Transfers and Grants</u>										
<b>National Government:</b>		75,813	–	–	2,786	–	2,786	78,599	73,359	75,274
Local Government Equitable Share		67,317					–	67,317	70,509	72,424
Finance Management		2,850					–	2,850	2,850	2,850
Municipal Systems Improvement							–	–	–	–
EPWP Incentive		2,222					–	2,222	–	–
							–	–	–	–
							–	–	–	–
Municipal Demarcation Transitional Grant		3,424			2,786		2,786	6,210	–	–
<b>Provincial Government:</b>		771	–	–	–	–	–	771	810	846
							–	–	–	–
							–	–	–	–
							–	–	–	–
Municipal Demarcation Transitional Grant		771					–	771	810	846
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>							–	–		
							–	–		
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>							–	–		
							–	–		
<b>Total operating expenditure of Transfers and Grants:</b>		76,584	–	–	2,786	–	2,786	79,370	74,169	76,120
<u>Capital expenditure of Transfers and Grants</u>										
<b>National Government:</b>		26,278	–	–	–	–	–	26,278	27,102	34,970
Municipal Infrastructure Grant (MIG)		18,278					–	18,278	19,102	19,970
							–	–	–	–
							–	–	–	–
							–	–	–	–
							–	–	–	–
Integrated National Electrification Grant		8,000					–	8,000	8,000	15,000
<b>Provincial Government:</b>		–	–	–	–	–	–	–	–	–
Other capital transfers/grants <i>[insert description]</i>							–	–		
							–	–		
<b>District Municipality:</b>		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>							–	–		
							–	–		
<b>Other grant providers:</b>		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>							–	–		
							–	–		
<b>Total capital expenditure of Transfers and Grants</b>		26,278	–	–	–	–	–	26,278	27,102	34,970
<b>Total capital expenditure of Transfers and Grants</b>		102,862	–	–	2,786	–	2,786	105,648	101,271	111,090

**Table 16: Adjustments to councilor allowances and employee benefits**

KZN285 Mthonjaneni - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28 February

Summary of remuneration	Ref	Budget Year 2017/18								
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H
<b>R thousands</b>										
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		5,603						(1,379)	(1,379)	4,224
Pension and UIF Contributions		-						634	634	634
Medical Aid Contributions		-						65	65	65
Motor Vehicle Allowance		1,868						(227)	(227)	1,641
Cellphone Allowance		570						450	450	1,020
Housing Allowances		-						-	-	-
Other benefits and allowances		90						-	-	90
<b>Sub Total - Councillors</b>		<b>8,131</b>	<b>-</b>			<b>-</b>		<b>(457)</b>	<b>(457)</b>	<b>7,674</b>
<b>% increase</b>			<b>(0)</b>							<b>(0)</b>
<b><u>Senior Managers of the Municipality</u></b>										
Basic Salaries and Wages		3,621						(587)	(587)	3,034
Pension and UIF Contributions		9						-	-	9
Medical Aid Contributions										
Overtime										
Performance Bonus		507						78	78	585
Motor Vehicle Allowance		881						(54)	(54)	827
Cellphone Allowance		-						11	11	11
Housing Allowances		-						72	72	72
Other benefits and allowances		-						163	163	163
Payments in lieu of leave		116						(116)	(116)	-
Long service awards		-						-	-	-
Post-retirement benefit obligations		-						-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>5,134</b>	<b>-</b>	<b>-</b>		<b>-</b>		<b>(433)</b>	<b>(433)</b>	<b>4,701</b>
<b>% increase</b>			<b>(0)</b>							<b>(0)</b>
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		27,419						(2,608)	(2,608)	24,811
Pension and UIF Contributions		3,739						(32)	(32)	3,706
Medical Aid Contributions		1,853						367	367	2,220
Overtime		1,490						(346)	(346)	1,144
Performance Bonus		2,085						(44)	(44)	2,041
Motor Vehicle Allowance		2,676						391	391	3,067
Cellphone Allowance								156	156	156
Housing Allowances		29						-	-	29
Other benefits and allowances		1,600						1,037	1,037	2,637
Payments in lieu of leave		795						(795)	(795)	-
Long service awards		-						-	-	-
Post-retirement benefit obligations		-						-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>41,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,873)</b>	<b>(1,873)</b>	<b>39,811</b>
<b>% increase</b>										
<b>Total Parent Municipality</b>		<b>54,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,763)</b>	<b>(2,763)</b>	<b>52,186</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>54,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,763)</b>	<b>(2,763)</b>	<b>52,186</b>
<b>% increase</b>										
<b>TOTAL MANAGERS AND STAFF</b>		<b>46,818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,306)</b>	<b>(2,306)</b>	<b>44,512</b>