

SPECIAL ADJUSTMENTS BUDGET OF
2019/20
MTHONJANENI LOCAL
MUNICIPALITY



2019/20 TO 2021/22
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the foyers of all municipal buildings
- At www.mthonjaneni.org.za

Table of Contents

PART 1 – SPECIAL ADJUSTMENTS BUDGET

- Mayor's report
- Resolutions
- Executive summary
- Adjustments budget tables

PART 2 – SUPPORTING DOCUMENTATION

- Adjustments to budget assumptions
- Adjustments to budget funding
- Adjustments to expenditure on allocations and grant programmes
- Adjustments to allocations and grants made by the municipality
- Adjustments to councillor allowances and employee benefits
- Adjustments to service delivery and budget implementation plan
- Adjustments to capital expenditure
- Other supporting documents
- Municipal manager's quality certification

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 – Adjustment Budget

1.1 Mayor's Report

Honourable Speaker, Amakhosi oselwa, Deputy Mayor, Members of the Executive Committee, Councillors, Municipal Manager, Officials and valuable members of our community. I hereby present to Council the special adjustment budget 2019/20 and the two outer subsequent years. This process became necessary as our approved budget 2019/20 was assessed as unfunded according to KZN Provincial Treasury assessment comments and National Treasury has advised Mthonjaneni Municipality to rectify this situation through tabling a special adjustment budget.

The special adjustment budget gave us an opportunity to reflect back on the budget performance for the first quarter, review anticipated revenue and expenditure for the rest of the year and take corrective measures to ensure that the budget is realistic and funded in accordance with the requirements of sections 18 and 28 of the Municipal Finance Management act.

The following are key budget areas that were adjusted:

- a) Interest earned – outstanding debtors= will be adjusted upward by R 750 thousand rand as this was revenue was omitted in the original budget
- b) Other Revenue = will be adjusted upward by R 1.5 million rand which is anticipated net gain amount on disposal of two graders and a Toyota Etios sedan. These assets were auctioned on 31 October 2019 for a gross amount of R 2.9 million rand.
- c) Employee related cost = will be adjusted downwards by R 1.1 million rand. As part of the Financial Recovery plan that was approved by Council on 27 June 2019. Some budgeted posts will not be filled and also operations have been reviewed in order to cut overtime expenditure.
- d) Bulk Purchases = will be adjusted downwards by R 3.4 million rand. Municipality applied to Eskom for a change in billing tariff from Rural night save to Urban Miniflex effective from 1 September 2019. The new tariffs will result to an average saving of R 700 thousand rand per month on bulk electricity purchases
- e) Other materials = will be adjusted upwards by R 500 thousand rand. The major contributor are costs to hire equipment like graders to maintain roads at each ward.
- f) Other expenditure = will be adjusted downwards by R 742 thousand rand. Budget on operational programs like, tourism, early child development, prepared vending machine, health & Environment have been adjusted downward.

g) Contracted services = will be adjusted downwards by R 1.1 million rand. The Municipality has reduced budgeted expenditures on some programs like, sports development, Nyusi volume or Youth Festival Summer campaign, Operation Sukuma Sakhe, Youth Summit and Disability.

h) Capital Expenditure = will be adjusted downwards by R 1.2 million rand. Municipality has reduced budgeted capital expenditure from own funds on items like, Skip bins and transport assets.

Summary of the special adjustment budget 2019/20 and two outer years is as follows:

Description	ORIGINAL BUDGET 2019/2020	SPECIAL ADJUSTED BUDGET 2019/20	BUDGET 2020/21	BUDGET 2021/22
Operational Revenue	R 144.98 million	R147.33million	R 154.23 million	R 166.01 million
Capital Revenue	R33.03 million	R33.03 million	R 33.82 million	R 34.95 million
Total Revenue	R178.01 million	R180.36 million	R188.05 million	R200.96 million
Operational Expenditure	R 141.70 million	R 135.69 million	R 144.48 million	R 156.69 million
Capital Expenditure	R36.16 million	R 34. 88 million	R 33. 03 million	R 33.17 million
Total Expenditure	R177.86 million	R170.57 million	R177.51 million	R189.86 million

Municipality is also expecting an amount of not less than R 6.4 million rand from the cash distribution of former Ntambanana assets before end of November 2019 which will assist to fund any deficit that might arise. In light of the aforementioned reasons, I recommend that Council approves the special adjustments budget for 2019/20 financial year as well as the revision of the service delivery targets and performance indicators in the service delivery and budget and implementation plan (SDBIP) taking into consideration the special adjustments budget.

I thank you ! Ngiyathokoza!

COUNCILLOR SBK BIYELA

HIS WORSHIP THE MAYOR

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 special adjustments budgets of the Municipality for the financial year 2019/20 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 B2
 - 1.1.1 Budgeted Financial performance (revenue and expenditure by municipal vote) as contained in Table B3
 - 1.1.2 Budgeted Financial performance (revenue by source and expenditure by type) as contained in Table B4
 - 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 B5.
 - 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 B6;
 - 1.2.2. Budgeted Cash Flows as contained in Table B7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table B8;
 - 1.2.4 Asset management as contained in Table B9;
 - 1.2.5 Basic service delivery measurement as contained in Table B10.
2. Letters from National Treasury dated 08 October 2019 and KZN Provincial Treasury dated 10 October 2019 regarding failure to adopt a funded for the 2019/20 financial year be noted.
3. The special adjustment budget 2019/20 in the prescribed format be submitted to National and Provincial Treasury after approval by Council.

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. 93 states that South Africa finds itself at a crossroads. The Medium Term Budget Policy Statement (MTBPS) presented by the Minister of Finance, Mr Tito Mboweni highlights the difficult economic and fiscal choices confronting government over the next several years. In the 2018 MTBPS, the Minister of Finance stated that given *the current economic climate the country faces, the government is confronted by difficult economic and fiscal choices over the medium term*. The Minister further indicated that South Africa needs to choose a path that leads to faster and more inclusive economic growth and strengthens private and public sector investment. The path should also stabilise and reduce the national debt, as South Africa cannot afford to borrow at the rate we are currently borrowing at.

The 2018 Budget set out expectations of improved economic performance that proved premature. During the first half of this year, South Africa experienced a technical recession – that is, declining of the two consecutive quarters of Gross Domestic Product (GDP) – driven primarily by contractions in agriculture and mining.

MFMA Circular No. 94 further states that The GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

National Treasury's MFMA Circulars no. 93 and no. 94 were used to guide the compilation of the 2019/20 MTREF.

The main challenges experienced during the compilation of the 2019/20 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 2019/20 MTREF:

- The 2018/19 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 2019/20 Final 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

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2019/20 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.***

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 2019/20 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

KZN285 Mthonjaneni - Table B1 Adjustments Budget Summary -

Description	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjus. 6 F	Total Adjus. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	19 981	-	-	-	-	-	-	-	19 981	21 179	22 450
Service charges	32 998	-	-	-	-	-	51	51	33 050	37 272	42 147
Investment revenue	750	-	-	-	-	-	-	-	750	795	855
Transfers recognised - operational	85 379	-	-	-	-	-	-	-	85 379	88 010	93 115
Other own revenue	5 869	-	-	-	-	-	2 298	2 298	8 167	6 973	7 442
Total Revenue (excluding capital transfers and contributions)	144 977	-	-	-	-	-	2 349	2 349	147 327	154 229	166 009
Employee costs	53 418	-	-	-	-	-	(1 148)	(1 148)	52 269	56 193	60 407
Remuneration of councillors	9 299	-	-	-	-	-	-	-	9 299	9 996	10 746
Depreciation & asset impairment	10 145	-	-	-	-	-	-	-	10 145	10 587	11 381
Finance charges	-	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	28 932	-	-	-	-	-	(2 947)	(2 947)	25 985	28 547	32 158
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	39 909	-	-	-	-	-	(1 816)	(1 816)	38 093	39 156	41 996
Total Expenditure	141 702	-	-	-	-	-	(5 912)	(5 912)	135 791	144 479	156 688
Surplus/(Deficit)	3 275	-	-	-	-	-	8 261	8 261	11 536	9 751	9 321
Transfers recognised - capital	33 033	-	-	-	-	-	-	-	33 033	33 820	34 951
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	36 308	-	-	-	-	-	8 261	8 261	44 569	43 571	44 272
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	36 308	-	-	-	-	-	8 261	8 261	44 569	43 571	44 272
Capital expenditure & funds sources											
Capital expenditure	36 158	-	-	-	-	-	(1 280)	(1 280)	34 878	32 430	30 971
Transfers recognised - capital	33 033	-	-	-	-	-	-	-	33 033	32 430	30 971
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	3 125	-	-	-	-	-	(1 280)	(1 280)	1 845	-	-
Total sources of capital funds	36 158	-	-	-	-	-	(1 280)	(1 280)	34 878	32 430	30 971
Financial position											
Total current assets	43 737	-	-	-	-	-	17 495	17 495	61 232	14 361	18 039
Total non current assets	415 373	-	-	-	-	-	1 249	1 249	416 622	402 529	391 299
Total current liabilities	17 101	-	-	-	-	-	295	295	17 395	12 759	12 759
Total non current liabilities	7 868	-	-	-	-	-	(1 986)	(1 986)	5 882	7 868	7 868
Community wealth/Equity	426 068	-	-	-	-	-	(47 130)	(47 130)	378 938	-	-
Cash flows											
Net cash from (used) operating	45 055	-	-	-	-	-	6 001	6 001	51 056	41 937	41 153
Net cash from (used) investing	(36 158)	-	-	-	-	-	4 180	4 180	(31 978)	(32 430)	(30 971)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	10 112	-	-	-	-	-	11 660	11 660	21 772	19 619	29 801
Cash backing/surplus reconciliation											
Cash and investments available	3 680	-	-	-	-	-	24 593	24 593	28 273	2 151	2 151
Application of cash and investments	(19 936)	-	-	-	-	-	5 106	5 106	(14 830)	2 165	(472)
Balance - surplus (shortfall)	23 616	-	-	-	-	-	19 487	19 487	43 103	(14)	2 623
Asset Management											
Asset register summary (WDV)	36 158	-	-	-	-	-	-	-	36 158	-	-
Depreciation & asset impairment	10 144	-	-	-	-	-	-	-	10 144	-	-
Renewal and Upgrading of Existing Assets	14 263	-	-	-	-	-	-	-	14 263	-	-
Repairs and Maintenance	3 465	-	-	-	-	-	-	-	3 465	-	-
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	1	-	-	-	-	-	-	-	1	1	1
Refuse:	26	-	-	-	-	-	-	-	26	32	32

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 municipality has managed to consolidate the valuation roll for properties that were from the former Ntambanana Municipality and this has increased the property rates revenue base. The

municipality has also embarked on a big drive to collect long outstanding debts for property rates and service charges such as electricity and refuse. Revenue base is expected to improve from these services. Revenue from traffic fines was under budgeted due to uncertainties after termination TMT contract, this has been rectified based on the revenue received in the first six months. Other revenue has been adjusted upward mainly due to vat refunds already received and projections for the remainder of the year.

The total revenue (including capital transfers and contributions) increased from R 178,01 million rand to R 180,36 million rand mainly due to increases in the interest earned on outstanding debtors and Other Revenue from sale of Assets (Graders).

Table 2 Operating Transfers and Grants Receipts

KZN285 Mthonjaneni - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Ref	Budget Year 2019/20							Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget A	Prior Adjusted 7 A1	Multi-year capital 8 B	Nat. or Prov. Govt 9 C	Other Adjusts. 10 D	Total Adjusts. 11 E	Adjusted Budget 12 F	Adjusted Budget	Adjusted Budget
R thousands										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		84 288	-	-	-	-	-	84 288	86 860	91 898
Local Government Equitable Share		79 412					-	79 412	84 010	89 048
Finance Management	3	2 850					-	2 850	2 850	2 850
Municipal Systems Improvement							-	-		
EPWP Incentive		2 026					-	2 026		
Other transfers and grants [insert description]							-	-		
Provincial Government:		1 091	-	-	-	-	-	1 091	1 150	1 217
							-	-		
	4						-	-		
Other transfers and grants [insert description]							-	-		
	5	1 091					-	1 091	1 150	1 217
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Operating Transfers and Grants	6	85 379	-	-	-	-	-	85 379	88 010	93 115
Capital Transfers and Grants										
National Government:		33 033	-	-	-	-	-	33 033	33 820	34 951
Municipal Infrastructure Grant (MIG)		18 033					-	18 033	18 820	19 951
							-	-		
							-	-		
Other capital transfers [insert description]		15 000					-	15 000	15 000	15 000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Capital Transfers and Grants	6	33 033	-	-	-	-	-	33 033	33 820	34 951
TOTAL RECEIPTS OF TRANSFERS & GRANTS		118 412	-	-	-	-	-	118 412	121 830	128 066

There was no movement in the operating transfers and grant received as informed by the government gazette no. 42 067 dated 08 November 2018 in terms of the Division of Revenue Act.

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.

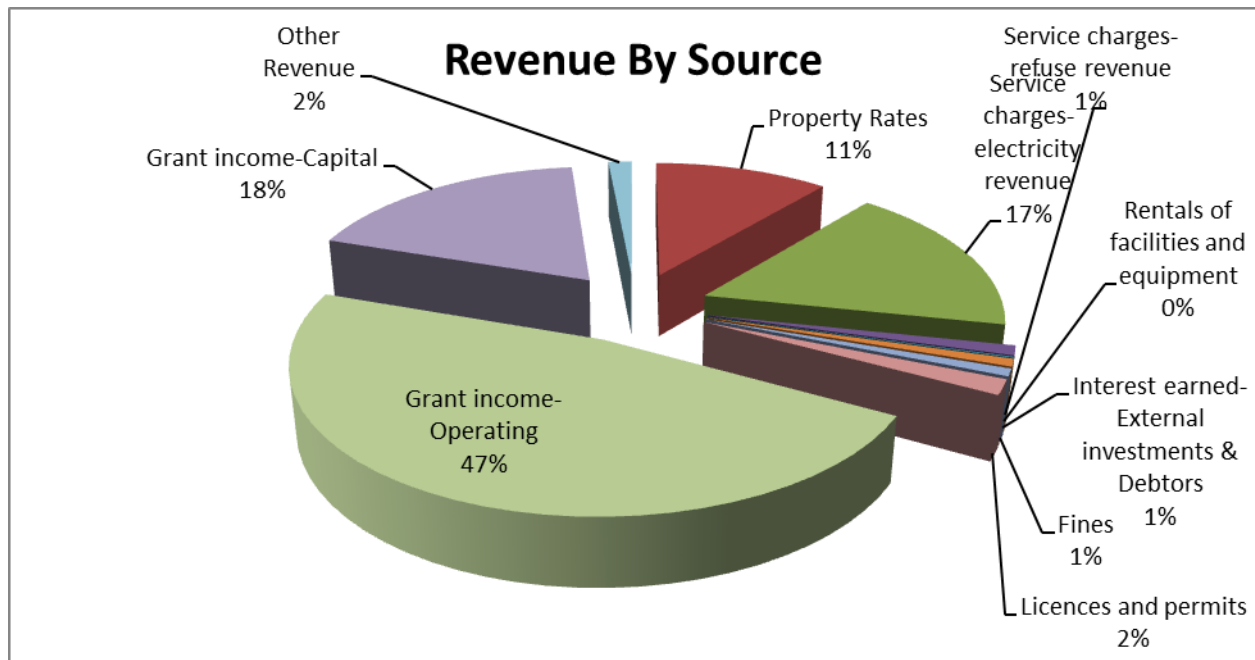


Figure 1 Main operational revenue categories for 2019/20 special adjustments budget.

- a) Interest earned - outstanding debtors have been adjusted upward by R 750 thousand rand as this was revenue was omitted in the original budget
- b) Other Revenue has been adjusted upward by R 1.5 million rand which is anticipated net gain amount on disposal of two graders and a Toyota Etios sedan. These assets were auctioned on 31 October 2019 for a gross amount of R 2.9 million rand.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 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 2019/20 adjustment budget and MTREF (classified per main type of operating expenditure)

Table 3 Summary of operating expenditure by standard classification item

Expenditure By Type													
Employee related costs	53 418	-	-	-	-	-	(1 148)	(1 148)	52 269	56 193	60 407		
Remuneration of councillors	9 299						-	-	9 299	9 996	10 746		
Debt impairment	3 900						-	-	3 900	4 193	4 507		
Depreciation & asset impairment	10 145	-	-	-	-	-	-	-	10 145	10 587	11 381		
Finance charges	-						-	-	-				
Bulk purchases	26 705	-	-	-	-	-	(3 447)	(3 447)	23 258	26 281	29 698		
Other materials	2 227						500	500	2 727	2 265	2 460		
Contracted services	17 967	-	-	-	-	-	(1 074)	(1 074)	16 893	16 729	17 974		
Transfers and subsidies	-						-	-	-				
Other expenditure	18 042	-	-	-	-	-	(742)	(742)	17 300	18 234	19 515		
Loss on disposal of PPE	-						-	-	-				
Total Expenditure	141 702	-	-	-	-	-	(5 912)	(5 912)	135 791	144 479	156 688		

- Employee related costs have been adjusted downwards by R 1.1 million rand. As part of the Financial Recovery plan that was approved by Council on 27 June 2019. Some budgeted posts will not be filled and also operations have been reviewed in order to cut overtime expenditure.
- Bulk Purchases have been adjusted downwards by R 3.4 million rand. Municipality applied to Eskom for a change in billing tariff from Rural night save to Urban Miniflex effective from 1 September 2019. The new tariffs will result to an average saving of R 700 thousand rand per month on bulk electricity purchases
- Other materials have been adjusted upwards by R 500 thousand rand. The major contributor are costs to hire equipment like graders to maintain roads at each ward.
- Other expenditure has been adjusted downwards by R 742 thousand rand. Budget on operational programs like, tourism, early child development, prepared vending machine, health & Environment have been adjusted downward.
- Contracted services have been adjusted downwards by R 1.1 million rand. The Municipality has reduced budgeted expenditures on some programs like, sports development, Nyusi volume or Youth Festival Summer campaign, Operation Sukuma Sakhe, Youth Summit and Disability.

The following table gives a breakdown of the main expenditure categories for the 2019/20 special adjustment budget.

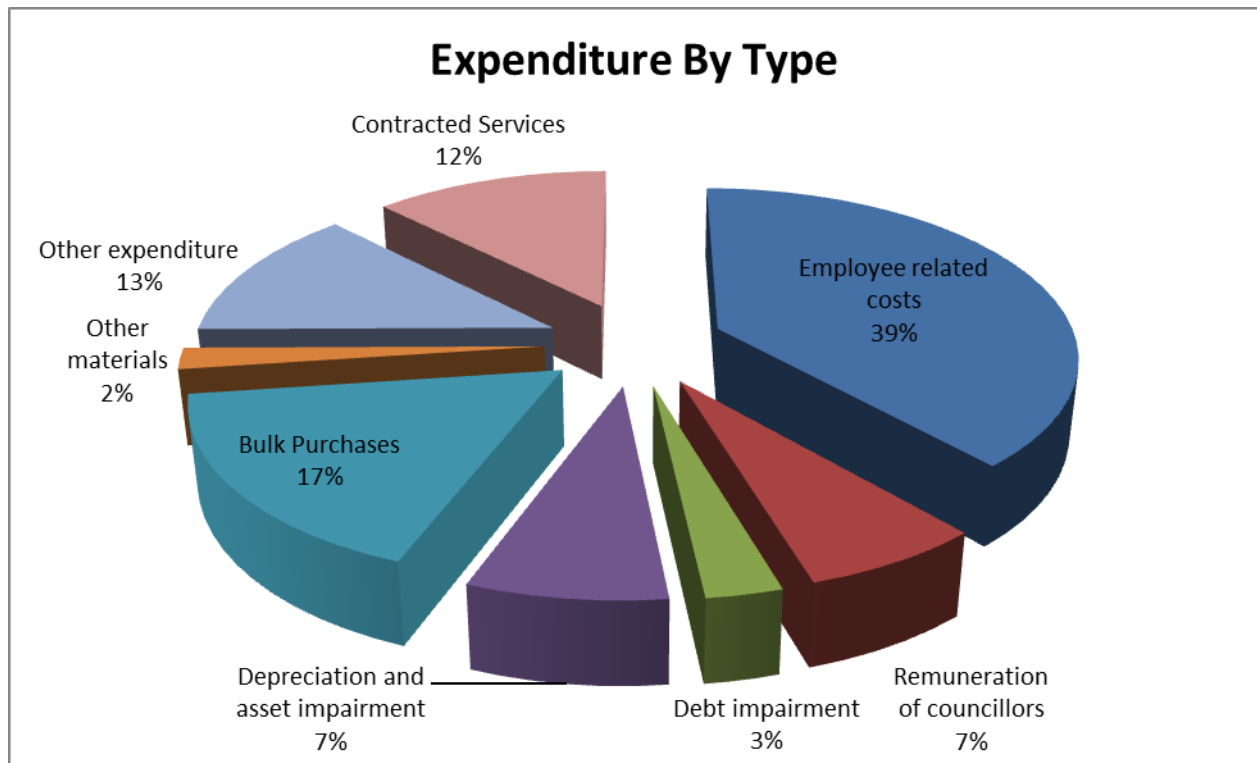


Figure 2 Main operational expenditure categories for the 2019/20 adjustments budget

Table 4 Operational repairs and maintenance

KZN285 Mthonjaneni - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class -

Description	Ref	Budget Year 2019/20									Budget Year +1	Budget Year +2
		Original	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		
R thousands												
Repairs and maintenance expenditure by Asset Class/Sub-class												
Infrastructure		1 100	-	-	-	-	-	-	-	1 100	-	-
Roads Infrastructure		1 000	-	-	-	-	-	-	-	1 000	-	-
Electrical Infrastructure		100	-	-	-	-	-	-	-	100	-	-
Other assets		1 015	-	-	-	-	-	-	-	1 015	-	-
Operational Buildings		1 015	-	-	-	-	-	-	-	1 015	-	-
Municipal Offices		1 015	-	-	-	-	-	-	-	1 015	-	-
Computer Equipment		20	-	-	-	-	-	-	-	20	-	-
Machinery and Equipment		365	-	-	-	-	-	-	-	365	-	-
Transport Assets		965	-	-	-	-	-	-	-	965	-	-
Total Repairs and Maintenance Expenditure to be adjusted	1	3 465	-	-	-	-	-	-	-	3 465	-	-

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 ages 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 2019/20 special adjustment 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 -

Description	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	19 981	–	–	–	–	–	–	–	19 981	21 179	22 450
Service charges	32 998	–	–	–	–	–	51	51	33 050	37 272	42 147
Investment revenue	750	–	–	–	–	–	–	–	750	795	855
Transfers recognised - operational	85 379	–	–	–	–	–	–	–	85 379	88 010	93 115
Other own revenue	5 869	–	–	–	–	–	2 298	2 298	8 167	6 973	7 442
Total Revenue (excluding capital transfers and contributions)	144 977	–	–	–	–	–	2 349	2 349	147 327	154 229	166 009
Employee costs	53 418	–	–	–	–	–	(1 148)	(1 148)	52 269	56 193	60 407
Remuneration of councillors	9 299	–	–	–	–	–	–	–	9 299	9 996	10 746
Depreciation & asset impairment	10 145	–	–	–	–	–	–	–	10 145	10 587	11 381
Finance charges	–	–	–	–	–	–	–	–	–	–	–
Materials and bulk purchases	28 932	–	–	–	–	–	(2 947)	(2 947)	25 985	28 547	32 158
Transfers and grants	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	39 909	–	–	–	–	–	(1 816)	(1 816)	38 093	39 156	41 996
Total Expenditure	141 702	–	–	–	–	–	(5 912)	(5 912)	135 791	144 479	156 688
Surplus/(Deficit)	3 275	–	–	–	–	–	8 261	8 261	11 536	9 751	9 321
Transfers recognised - capital	33 033	–	–	–	–	–	–	–	33 033	33 820	34 951
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	36 308	–	–	–	–	–	8 261	8 261	44 569	43 571	44 272
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	36 308	–	–	–	–	–	8 261	8 261	44 569	43 571	44 272
Capital expenditure & funds sources											
Capital expenditure	36 158	–	–	–	–	–	(1 280)	(1 280)	34 878	32 430	30 971
Transfers recognised - capital	33 033	–	–	–	–	–	–	–	33 033	32 430	30 971
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	3 125	–	–	–	–	–	(1 280)	(1 280)	1 845	–	–
Total sources of capital funds	36 158	–	–	–	–	–	(1 280)	(1 280)	34 878	32 430	30 971
Financial position											
Total current assets	43 737	–	–	–	–	–	17 495	17 495	61 232	14 361	18 039
Total non current assets	415 373	–	–	–	–	–	1 249	1 249	416 622	402 529	391 299
Total current liabilities	17 101	–	–	–	–	–	295	295	17 395	12 759	12 759
Total non current liabilities	7 868	–	–	–	–	–	(1 986)	(1 986)	5 882	7 868	7 868
Community wealth/Equity	426 068	–	–	–	–	–	(47 130)	(47 130)	378 938	–	–
Cash flows											
Net cash from (used) operating	45 055	–	–	–	–	–	6 001	6 001	51 056	41 937	41 153
Net cash from (used) investing	(36 158)	–	–	–	–	–	4 180	4 180	(31 978)	(32 430)	(30 971)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	10 112	–	–	–	–	–	11 660	11 660	21 772	19 619	29 801
Cash backing/surplus reconciliation											
Cash and investments available	3 680	–	–	–	–	–	24 593	24 593	28 273	2 151	2 151
Application of cash and investments	(19 936)	–	–	–	–	–	5 106	5 106	(14 830)	2 165	(472)
Balance - surplus (shortfall)	23 616	–	–	–	–	–	19 487	19 487	43 103	(14)	2 623
Asset Management											
Asset register summary (WDV)	36 158	–	–	–	–	–	–	–	36 158	–	–
Depreciation & asset impairment	10 144	–	–	–	–	–	–	–	10 144	–	–
Renewal and Upgrading of Existing Assets	14 263	–	–	–	–	–	–	–	14 263	–	–
Repairs and Maintenance	3 465	–	–	–	–	–	–	–	3 465	–	–
Free services											
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–	–
Households below minimum service level											
Water:	–	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–
Energy:	1	–	–	–	–	–	–	–	1	1	1
Refuse:	26	–	–	–	–	–	–	–	26	32	32

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) -

Standard Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		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		
Revenue - Functional												
<i>Governance and administration</i>		103 524	-	-	-	-	-	2 298	2 298	105 822	110 150	116 563
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		103 524	-	-	-	-	-	2 298	2 298	105 822	110 150	116 563
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		5 673	-	-	-	-	-	-	-	5 673	6 007	6 438
Community and social services		1 119	-	-	-	-	-	-	-	1 119	1 180	1 249
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		4 554	-	-	-	-	-	-	-	4 554	4 827	5 189
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		20 813	-	-	-	-	-	-	-	20 813	19 619	20 810
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		20 813	-	-	-	-	-	-	-	20 813	19 619	20 810
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		48 000	-	-	-	-	-	51	51	48 051	52 273	57 149
Energy sources		46 088	-	-	-	-	-	-	-	46 088	50 247	54 970
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1 912	-	-	-	-	-	51	51	1 963	2 026	2 178
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	178 010	-	-	-	-	-	2 349	2 349	180 360	188 049	200 960
Expenditure - Functional												
<i>Governance and administration</i>		63 671	-	-	-	-	-	(903)	(903)	62 768	66 746	71 744
Executive and council		18 542	-	-	-	-	-	(6)	(6)	18 536	19 651	21 117
Finance and administration		42 951	-	-	-	-	-	(897)	(897)	42 054	44 753	48 109
Internal audit		2 178	-	-	-	-	-	-	-	2 178	2 342	2 517
<i>Community and public safety</i>		24 256	-	-	-	-	-	(1 297)	(1 297)	22 960	24 144	25 927
Community and social services		10 503	-	-	-	-	-	(1 166)	(1 166)	9 337	9 506	10 197
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		13 753	-	-	-	-	-	(131)	(131)	13 623	14 638	15 730
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		22 374	-	-	-	-	-	(196)	(196)	22 178	22 309	23 947
Planning and development		4 303	-	-	-	-	-	112	112	4 415	4 698	4 999
Road transport		18 071	-	-	-	-	-	(308)	(308)	17 763	17 610	18 948
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		31 401	-	-	-	-	-	(3 516)	(3 516)	27 885	31 280	35 071
Energy sources		29 042	-	-	-	-	-	(3 516)	(3 516)	25 526	28 745	32 346
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		2 358	-	-	-	-	-	-	-	2 358	2 535	2 725
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	141 702	-	-	-	-	-	(5 912)	(5 912)	135 791	144 479	156 688
Surplus/ (Deficit) for the year		36 308	-	-	-	-	-	8 261	8 261	44 569	43 571	44 272

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) -

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	4	5	6	7	8	9	10			
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Vote 1 - Executive and Council		–	–	–	–	–	–	–	–	–	–	–
Vote 2 - Vote 2 - Finance and administration		103 524	–	–	–	–	–	2 298	2 298	105 822	110 150	116 563
Vote 3 - Vote 3 - Community and social services		1 119	–	–	–	–	–	–	–	1 119	1 180	1 249
Vote 4 - Vote 4 - Public safety		4 554	–	–	–	–	–	–	–	4 554	4 827	5 189
Vote 5 - Vote 5 - Planning and development		–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Vote 6 - Road transport		20 813	–	–	–	–	–	–	–	20 813	19 619	20 810
Vote 7 - Vote 7 - Energy sources		46 088	–	–	–	–	–	–	–	46 088	50 247	54 970
Vote 8 - Vote 8 - Waste management		1 912	–	–	–	–	–	51	51	1 963	2 026	2 178
9.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
10.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
11.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
12.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
13.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
14.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	178 010	–	–	–	–	–	2 349	2 349	180 360	188 049	200 960
Expenditure by Vote	1											
Vote 1 - Vote 1 - Executive and Council		20 721	–	–	–	–	–	(6)	(6)	20 715	21 993	23 634
Vote 2 - Vote 2 - Finance and administration		42 951	–	–	–	–	–	(897)	(897)	42 054	44 753	48 109
Vote 3 - Vote 3 - Community and social services		10 503	–	–	–	–	–	(1 166)	(1 166)	9 337	9 506	10 197
Vote 4 - Vote 4 - Public safety		13 753	–	–	–	–	–	(131)	(131)	13 623	14 638	15 730
Vote 5 - Vote 5 - Planning and development		4 303	–	–	–	–	–	112	112	4 415	4 698	4 999
Vote 6 - Vote 6 - Road transport		18 071	–	–	–	–	–	(308)	(308)	17 763	17 610	18 948
Vote 7 - Vote 7 - Energy sources		29 042	–	–	–	–	–	(3 516)	(3 516)	25 526	28 745	32 346
Vote 8 - Vote 8 - Waste management		2 358	–	–	–	–	–	–	–	2 358	2 535	2 725
9.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
10.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
11.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
12.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
13.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
14.10 - [Name of sub-vote]		–	–	–	–	–	–	–	–	–	–	–
0		–	–	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	141 702	–	–	–	–	–	(5 912)	(5 912)	135 791	144 479	156 688
Surplus/ (Deficit) for the year	2	36 308	–	–	–	–	–	8 261	8 261	44 569	43 571	44 272

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) -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		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
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	19 981	–	–	–	–	–	–	–	19 981	21 179	22 450
Service charges - electricity revenue	2	31 088	–	–	–	–	–	–	–	31 088	35 247	39 970
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	1 910	–	–	–	–	–	51	51	1 962	2 025	2 177
Rental of facilities and equipment		181						–	–	181	192	206
Interest earned - external investments		750						–	–	750	795	855
Interest earned - outstanding debtors		–						750	750	750	752	754
Dividends received		–						–	–	–	–	–
Fines, penalties and forfeits		1 500						–	–	1 500	1 590	1 709
Licences and permits		3 054						–	–	3 054	3 237	3 480
Agency services		–						–	–	–	–	–
Transfers and subsidies		85 379						–	–	85 379	88 010	93 115
Other revenue	2	1 134	–	–	–	–	–	–	–	1 134	1 202	1 292
Gains on disposal of PPE		–						1 548	1 548	1 548	–	–
Total Revenue (excluding capital transfers and contributions)		144 977	–	–	–	–	–	2 349	2 349	147 327	154 229	166 009
Expenditure By Type												
Employee related costs		53 418	–	–	–	–	–	(1 148)	(1 148)	52 269	56 193	60 407
Remuneration of councillors		9 299						–	–	9 299	9 996	10 746
Debt impairment		3 900						–	–	3 900	4 193	4 507
Depreciation & asset impairment		10 145	–	–	–	–	–	–	–	10 145	10 587	11 381
Finance charges		–						–	–	–	–	–
Bulk purchases		26 705	–	–	–	–	–	(3 447)	(3 447)	23 258	26 281	29 698
Other materials		2 227						500	500	2 727	2 265	2 460
Contracted services		17 967	–	–	–	–	–	(1 074)	(1 074)	16 893	16 729	17 974
Transfers and subsidies		–						–	–	–	–	–
Other expenditure		18 042	–	–	–	–	–	(742)	(742)	17 300	18 234	19 515
Loss on disposal of PPE		–						–	–	–	–	–
Total Expenditure		141 702	–	–	–	–	–	(5 912)	(5 912)	135 791	144 479	156 688
Surplus/(Deficit)		3 275	–	–	–	–	–	8 261	8 261	11 536	9 751	9 321
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		33 033						–	–	33 033	33 820	34 951
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		–						–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–						–	–	–	–	–
Surplus/(Deficit) before taxation		36 308	–	–	–	–	–	8 261	8 261	44 569	43 571	44 272
Taxation		–						–	–	–	–	–
Surplus/(Deficit) after taxation		36 308	–	–	–	–	–	8 261	8 261	44 569	43 571	44 272
Attributable to minorities		–						–	–	–	–	–
Surplus/(Deficit) attributable to municipality		36 308	–	–	–	–	–	8 261	8 261	44 569	43 571	44 272
Share of surplus/ (deficit) of associate		–						–	–	–	–	–
Surplus/ (Deficit) for the year		36 308	–	–	–	–	–	8 261	8 261	44 569	43 571	44 272

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 Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjus. 10 F	Total Adjus. 11 G	Adjusted Budget 12 H	Adjusted Budget	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2 - Finance and administration		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3 - Community and social services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Vote 4 - Public safety		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5 - Planning and development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 - Road transport		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7 - Energy sources		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Vote 8 - Waste management		-	-	-	-	-	-	-	-	-	-	-
9.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
10.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
11.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
12.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
13.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
14.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Vote 1 - Executive and Council		60	-	-	-	-	-	(30)	(30)	30	-	-
Vote 2 - Vote 2 - Finance and administration		45	-	-	-	-	-	(20)	(20)	25	-	-
Vote 3 - Vote 3 - Community and social services		60	-	-	-	-	-	(30)	(30)	30	-	-
Vote 4 - Vote 4 - Public safety		65	-	-	-	-	-	-	-	65	1 350	1 200
Vote 5 - Vote 5 - Planning and development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6 - Road transport		20 268	-	-	-	-	-	(950)	(950)	19 318	18 930	20 071
Vote 7 - Vote 7 - Energy sources		15 410	-	-	-	-	-	-	-	15 410	12 000	9 500
Vote 8 - Vote 8 - Waste management		250	-	-	-	-	-	(250)	(250)	-	150	200
9.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
10.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
11.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
12.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
13.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
14.10 - [Name of sub-vote]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		36 158	-	-	-	-	-	(1 280)	(1 280)	34 878	32 430	30 971
Total Capital Expenditure - Vote		36 158	-	-	-	-	-	(1 280)	(1 280)	34 878	32 430	30 971
Capital Expenditure - Functional												
Governance and administration		135	-	-	-	-	-	(50)	(50)	85	-	-
Executive and council		60	-	-	-	-	-	(30)	(30)	30	-	-
Finance and administration		75	-	-	-	-	-	(20)	(20)	55	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		125	-	-	-	-	-	(30)	(30)	95	1 350	1 200
Community and social services		60	-	-	-	-	-	(30)	(30)	30	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		65	-	-	-	-	-	-	-	65	1 350	1 200
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		20 268	-	-	-	-	-	(950)	(950)	19 318	18 930	20 071
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		20 268	-	-	-	-	-	(950)	(950)	19 318	18 930	20 071
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		15 630	-	-	-	-	-	(250)	(250)	15 380	12 150	9 700
Energy sources		15 380	-	-	-	-	-	-	-	15 380	12 000	9 500
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		250	-	-	-	-	-	(250)	(250)	-	150	200
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	36 158	-	-	-	-	-	(1 280)	(1 280)	34 878	32 430	30 971
Funded by:												
National Government		33 033	-	-	-	-	-	-	-	33 033	32 430	30 971
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	33 033	-	-	-	-	-	-	-	33 033	32 430	30 971
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		3 125	-	-	-	-	-	(1 280)	(1 280)	1 845	-	-
Total Capital Funding		36 158	-	-	-	-	-	(1 280)	(1 280)	34 878	32 430	30 971

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 decreased it's capital budget to spend from R 36,31million rand to R 34,88 million rand mainly on own funding items like skip bins and furniture.
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 -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget A	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
R thousands												
ASSETS												
Current assets												
Cash		1 529						24 593	24 593	26 122		
Call investment deposits	1	2 151	–	–	–	–	–	–	–	2 151	2 151	2 151
Consumer debtors	1	5 573	–	–	–	–	–	–	–	5 573	12 210	15 888
Other debtors		33 940						(7 000)	(7 000)	26 940		
Current portion of long-term receivables												
Inventory		544						(98)	(98)	446		
Total current assets		43 737	–	–	–	–	–	17 495	17 495	61 232	14 361	18 039
Non current assets												
Long-term receivables									–	–		
Investments									–	–		
Investment property		112						(5)	(5)	106		
Investment in Associate									–	–		
Property, plant and equipment	1	413 719	–	–	–	–	–	–	–	413 719	402 529	391 299
Biological		1 506						1 256	1 256	2 762		
Intangible		35						(2)	(2)	33		
Other non-current assets		1								1		
Total non current assets		415 373	–	–	–	–	–	1 249	1 249	416 622	402 529	391 299
TOTAL ASSETS		459 110	–	–	–	–	–	18 744	18 744	477 854	416 891	409 338
LIABILITIES												
Current liabilities												
Bank overdraft									–	–		
Borrowing		–	–	–	–	–	–	–	–	–	–	–
Consumer deposits		1 081						(65)	(65)	1 015		
Trade and other payables		12 759	–	–	–	–	–	–	–	12 759	12 759	12 759
Provisions		3 261						360	360	3 621		
Total current liabilities		17 101	–	–	–	–	–	295	295	17 395	12 759	12 759
Non current liabilities												
Borrowing	1	–	–	–	–	–	–	–	–	–	–	–
Provisions	1	7 868	–	–	–	–	–	(1 986)	(1 986)	5 882	7 868	7 868
Total non current liabilities		7 868	–	–	–	–	–	(1 986)	(1 986)	5 882	7 868	7 868
TOTAL LIABILITIES		24 969	–	–	–	–	–	(1 692)	(1 692)	23 277	20 627	20 627
NET ASSETS	2	434 141	–	–	–	–	–	20 435	20 435	454 576	396 263	388 711
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		426 068	–	–	–	–	–	(47 130)	(47 130)	378 938	–	–
Reserves		–	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY		426 068	–	–	–	–	–	(47 130)	(47 130)	378 938	–	–

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 -

Description		Ref	Budget Year 2019/20									Budget Year	Budget Year
			Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
			3	4	5	6	7	8	9	10	Adjusted Budget	Adjusted Budget	
R thousands			A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES													
Receipts													
Property rates			17 983						(2 398)	(2 398)	15 585	19 062	20 205
Service charges			29 699						(1 029)	(1 029)	28 669	31 480	33 100
Other revenue			5 869						1 135	1 135	7 004	6 221	6 688
Government - operating	1		85 379						—	—	85 379	88 010	93 115
Government - capital	1		33 033						—	—	33 033	33 820	34 951
Interest			750						—	—	750	795	855
Dividends			—						—	—	—	—	—
Payments													
Suppliers and employees			(127 657)						2 293	2 293	(125 364)	(137 452)	(147 760)
Finance charges									—	—	—	—	—
Transfers and Grants	1								—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES			45 055	—	—	—	—	—	1	1	45 056	41 937	41 153
CASH FLOWS FROM INVESTING ACTIVITIES													
Receipts													
Proceeds on disposal of PPE									2 900	2 900	2 900	—	—
Decrease (Increase) in non-current debtors									—	—	—	—	—
Decrease (increase) other non-current receivables									6 000	6 000	6 000	—	—
Decrease (increase) in non-current investments									—	—	—	—	—
Payments													
Capital assets			(36 158)						1 280	1 280	(34 878)	(32 430)	(30 971)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(36 158)	—	—	—	—	—	10 180	10 180	(25 978)	(32 430)	(30 971)
CASH FLOWS FROM FINANCING ACTIVITIES													
Receipts													
Short term loans									—	—	—	—	—
Borrowing long term/refinancing									—	—	—	—	—
Increase (decrease) in consumer deposits									—	—	—	—	—
Payments													
Repayment of borrowing									—	—	—	—	—
NET CASH FROM/(USED) FINANCING ACTIVITIES			—	—	—	—	—	—	—	—	—	—	—
NET INCREASE/ (DECREASE) IN CASH HELD			8 897	—	—	—	—	—	10 181	10 181	19 078	9 507	10 182
Cash/cash equivalents at the year begin:	2		1 215						1 479	1 479	2 694	10 112	19 619
Cash/cash equivalents at the year end:	2		10 112						11 660	11 660	21 772	19 619	29 801

Explanatory notes to Table A7 – Budgeted Cash Flow Statement

Cash Collection Rate

Municipal average collection rate for Property Rates for past 6 months (April – September 2019) is calculated at 116.15% however if we take into account end of financial year and beginning of financial year paying customers (government) we then averaged our rate to 78% in worst case scenario for the remainder of the financial year. As for electricity and refuse services the actual average collection rate is 87.93% we then made it 86.75% (reduced by 1%) this is due to the fact that the services are paid religiously as they get disconnected if not paid hence that is why our collection rate is not reduced by huge percentage for budget purpose.

Other Revenue Composition

Other revenue is composed of by Rental of Facilities & Equipment; Interest earned- Outstanding Debtors, Licenses & permits and Fines, penalties & forfeits where Interest earned – outstanding debtors will be adjusted upward by R 750 thousand rand as this was revenue omitted in the original budget.

Decrease (increase) other non-current receivables

The Municipality is expecting an amount of not less than R 6.4 million rand from the cash distribution of former Ntambanana assets before end of November 2019 which will assist to fund any deficit that might arise. We adjusted figures under “decrease on other non-current receivables” by R6 million to this effect.

Suppliers and Employees

The Municipality adjusted downwards on other Suppliers and Employees in order to cover an amount of R7million owed to Eskom in the beginning of the year 2019/20.

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

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

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		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
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	10 112	–	–	–	–	–	11 660	11 660	21 772	19 619	29 801
Other current investments > 90 days		(6 432)	–	–	–	–	–	12 933	12 933	6 501	(17 468)	(27 650)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		3 680	–	–	–	–	–	24 593	24 593	28 273	2 151	2 151
Applications of cash and investments												
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–	–
Unspent borrowing									–	–		
Statutory requirements									–	–		
Other working capital requirements	2	(23 197)	–					4 746	4 746	(18 451)	2 165	(472)
Other provisions		3 261						360	360	3 621		
Long term investments committed		–	–	–				–	–	–	–	–
Reserves to be backed by cash/investments			–	–				–				
Total Application of cash and investments:		(19 936)		–	–	–	–	5 106	5 106	(14 830)	2 165	(472)
Surplus(shortfall)		23 616	Surplus	–	–	–	–	19 487	19 487	43 103	(14)	2 623

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 -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		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		
R thousands												
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	21 895	-	-	-	-	-	-	-	21 895	-	-
Roads Infrastructure		4 020	-	-	-	-	-	-	-	4 020	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		15 230	-	-	-	-	-	-	-	15 230	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		250	-	-	-	-	-	-	-	250	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		19 500	-	-	-	-	-	-	-	19 500	-	-
Operational Buildings		100	-	-	-	-	-	-	-	100	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets	6	100	-	-	-	-	-	-	-	100	-	-
Computer Equipment		120	-	-	-	-	-	-	-	120	-	-
Furniture and Office Equipment		145	-	-	-	-	-	-	-	145	-	-
Machinery and Equipment		230	-	-	-	-	-	-	-	230	-	-
Transport Assets		1 800	-	-	-	-	-	-	-	1 800	-	-
Total Renewal of Existing Assets to be adjusted	2	14 263	-	-	-	-	-	-	-	14 263	-	-
Roads Infrastructure		14 263	-	-	-	-	-	-	-	14 263	-	-
Total Capital Expenditure to be adjusted	4	36 158	-	-	-	-	-	-	-	36 158	-	-
Roads Infrastructure		18 283	-	-	-	-	-	-	-	18 283	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		15 230	-	-	-	-	-	-	-	15 230	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		250	-	-	-	-	-	-	-	250	-	-
Infrastructure		33 763	-	-	-	-	-	-	-	33 763	-	-
Operational Buildings		100	-	-	-	-	-	-	-	100	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		100	-	-	-	-	-	-	-	100	-	-
Computer Equipment		120	-	-	-	-	-	-	-	120	-	-
Furniture and Office Equipment		145	-	-	-	-	-	-	-	145	-	-
Machinery and Equipment		230	-	-	-	-	-	-	-	230	-	-
Transport Assets		1 800	-	-	-	-	-	-	-	1 800	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	4	36 158	-	-	-	-	-	-	-	36 158	-	-

Table 14: MBRR Table A10 – Basic service delivery measurement

KZN285 Mthonjaneni - Table B10 Basic service delivery measurement -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		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		
Energy:												
Electricity (at least min. service level)		772							-	772	772	772
Electricity - prepaid (> min.service level)		26824							-	26 824	26824	26824
Minimum Service Level and Above sub-total		27 596	-	-	-	-	-	-	-	27 596	27 596	27 596
Electricity (< min.service level)		630							-	630	630	630
Electricity - prepaid (< min. service level)									-	-	0	0
Other energy sources		156							-	156	156	156
Below Minimum Service Level sub-total		786	-	-	-	-	-	-	-	786	786	786
Total number of households	5	28 382	-	-	-	-	-	-	-	28 382	28 382	28 382
Refuse:												
Removed at least once a week (min.service)		6546							-	6 546	6546	6546
Minimum Service Level and Above sub-total		6 546	-	-	-	-	-	-	-	6 546	6 546	6 546
Removed less frequently than once a week		116							-	116	6546	6546
Using communal refuse dump		2834							-	2 834	116	116
Using own refuse dump		22294							-	22 294	2834	2834
Other rubbish disposal		290							-	290	22294	22294
No rubbish disposal									-	-	290	290
Below Minimum Service Level sub-total		25 534	-	-	-	-	-	-	-	25 534	32 080	32 080
Total number of households	5	32 080	-	-	-	-	-	-	-	32 080	38 626	38 626

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 -

Description	Ref	Budget Year 2019/20							Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget A	Prior Adjusted 2 A1	Multi-year capital 3 B	Nat. or Prov. Govt 4 C	Other Adjusts. 5 D	Total Adjusts. 6 E	Adjusted Budget 7 F	Adjusted Budget	Adjusted Budget
R thousands										
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		84 288	–	–	–	–	–	84 288	86 860	91 898
Local Government Equitable Share		79 412					–	79 412	84 010	89 048
Finance Management		2 850					–	2 850	2 850	2 850
Municipal Systems Improvement							–	–	–	–
EPWP Incentive		2 026					–	2 026	–	–
							–	–	–	–
Other transfers and grants [insert description]		–					–	–	–	–
Provincial Government:		1 091	–	–	–	–	–	1 091	1 150	1 217
							–	–	–	–
							–	–	–	–
Other transfers and grants [insert description]		1 091					–	1 091	1 150	1 217
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]							–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]							–	–	–	–
							–	–	–	–
Total operating expenditure of Transfers and Grants:		85 379	–	–	–	–	–	85 379	88 010	93 115
Capital expenditure of Transfers and Grants										
National Government:		33 033	–	–	–	–	–	33 033	33 820	34 951
Municipal Infrastructure Grant (MIG)		18 033					–	18 033	18 820	19 951
							–	–	–	–
							–	–	–	–
Other capital transfers [insert description]		15 000					–	15 000	15 000	15 000
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]							–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]							–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]							–	–	–	–
							–	–	–	–
Total capital expenditure of Transfers and Grants		33 033	–	–	–	–	–	33 033	33 820	34 951
Total capital expenditure of Transfers and Grants		118 412	–	–	–	–	–	118 412	121 830	128 066

Table 16: Adjustments to councilor allowances and employee benefits

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

Summary of remuneration	Ref	Budget Year 2019/20									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		5 442						—	—	5 442	0.0%
Pension and UIF Contributions		766						—	—	766	0.0%
Medical Aid Contributions		86						—	—	86	0.0%
Motor Vehicle Allowance		1 894						—	—	1 894	0.0%
Cellphone Allowance		1 020						—	—	1 020	
Housing Allowances		—						—	—	—	
Other benefits and allowances		90						—	—	90	
Sub Total - Councillors		9 299	—			—		—	—	9 299	0.0%
% increase			(0)							—	
Senior Managers of the Municipality											
Basic Salaries and Wages		2 538						—	—	2 538	0.0%
Pension and UIF Contributions		7						—	—	7	0.0%
Medical Aid Contributions		—						—	—	—	
Overtime		—						—	—	—	
Performance Bonus		376						(376)	(376)	—	
Motor Vehicle Allowance		480						—	—	480	0.0%
Cellphone Allowance		18						—	—	18	0.0%
Housing Allowances		72						—	—	72	
Other benefits and allowances		118						—	—	118	
Payments in lieu of leave		—						—	—	—	
Long service awards		—						—	—	—	
Post-retirement benefit obligations	5	—						—	—	—	
Sub Total - Senior Managers of Municipality		3 609	—	—		—		(376)	(376)	3 233	-10.4%
% increase			(0)							(0)	
Other Municipal Staff											
Basic Salaries and Wages		33 689						(395)	(395)	33 294	-1.2%
Pension and UIF Contributions		4 006						(91)	(91)	3 915	-2.3%
Medical Aid Contributions		2 127						(10)	(10)	2 117	-0.5%
Overtime		1 576						(57)	(57)	1 519	-3.6%
Performance Bonus		2 432						(53)	(53)	2 380	
Motor Vehicle Allowance		3 390						53	53	3 442	1.5%
Cellphone Allowance		210						(3)	(3)	207	-1.4%
Housing Allowances		33						—	—	33	
Other benefits and allowances		2 346						(216)	(216)	2 130	
Payments in lieu of leave		—						—	—	—	
Long service awards		—						—	—	—	
Post-retirement benefit obligations	5	—						—	—	—	
Sub Total - Other Municipal Staff		49 809	—	—	—	—	—	(772)	(772)	49 036	-1.6%
% increase											
Total Parent Municipality		62 716	—	—	—	—	—	(1 148)	(1 148)	61 568	-1.8%

	SUMMARY	<u>Budget year 2019/20</u>	<u>Adjustment</u>	<u>Adjusted Budget 2019/20</u>	<u>Budget year 2020/21</u>	<u>Budget year 2021/22</u>	% Percenta ge
	Revenue by Source						
	Property Rates	(19 980 632.86)	0.00	(19 980 632.86)	(21 179 470.83)	(22 450 239.08)	11%
	Service charges-electricity revenue	(31 088 091.76)	0.00	(31 088 091.76)	(35 246 611.69)	(39 970 490.73)	17%
	Service charges-refuse revenue	(1 910 278.81)	(51 471.12)	(1 961 749.93)	(2 024 895.54)	(2 176 762.70)	1%
	Rentals of facilities and equipment	(181 086.30)	0.00	(181 086.30)	(191 951.48)	(206 347.84)	0%
	Interest earned-External investments	(750 000.00)	0.00	(750 000.00)	(795 000.00)	(854 625.00)	0%
	Interest earned-Outstanding Debtors	0.00	(750 000.00)	(750 000.00)	(752 000.00)	(754 000.00)	0%
	Fines	(1 500 000.00)	0.00	(1 500 000.00)	(1 590 000.00)	(1 709 250.00)	1%
	Licences and permits	(3 053 933.31)	0.00	(3 053 933.31)	(3 237 169.31)	(3 479 957.01)	2%
	Grant income-Operating	(85 379 000.00)	0.00	(85 379 000.00)	(88 010 000.00)	(93 115 000.00)	47%
	Grant income-Capital	(33 033 000.00)	0.00	(33 033 000.00)	(33 820 000.00)	(34 951 000.00)	18%
	Other Revenue	(1 134 265.64)	(1 548 018.09)	(2 682 283.73)	(1 202 321.57)	(1 292 495.69)	1%
		(178 010 288.67)	(2 349 489.21)	(180 359 777.88)	(188 049 420.41)	(200 960 168.04)	100%
	Expenditure by Type						
	Employee related costs	53 417 779.13	- 1 148 340.51	52 269 438.62	56 192 725.64	60 407 180.07	39%
	Remuneration of councillors	9 298 708.20	-	9 298 708.20	9 996 111.32	10 745 819.67	7%
	Debt impairment	3 900 000.00	-	3 900 000.00	4 192 500.00	4 506 937.50	3%
	Depreciation and asset impairment	10 144 965.00	-	10 144 965.00	10 587 058.92	11 381 088.34	7%
	Bulk Purchases	26 705 000.00	- 3 447 217.00	23 257 783.00	26 281 294.79	29 697 863.11	17%
	Other materials	2 227 100.00	500 000.00	2 727 100.00	2 265 382.50	2 460 286.19	2%
	Other expenditure	18 041 736.35	- 742 004.40	17 199 731.95	18 234 033.98	19 514 799.03	13%
	Contracted Services	17 967 000.00	- 1 074 107.79	16 892 892.21	16 729 413.50	17 974 119.51	12%
		141 702 288.67	- 5 911 669.70	135 690 618.97	144 478 520.65	156 688 093.41	100%
	(Surplus)/ Deficit	(36 308 000.00)	(8 261 158.91)	(44 669 158.90)	(43 570 899.76)	(44 272 074.63)	
	Capital Expenditure	36 158 000.00	- 1 280 000.00	34 878 000.00	33 030 000.00	33 171 000.00	
	NTAMBANANA CASH SPLIT	-	- 6 400 000.00	- 6 400 000.00			
	Net (Surplus)/ Deficit	(150 000.00)	(15 941 158.91)	(16 191 158.90)	(10 540 899.76)	(11 101 074.63)	

CAPITAL EXPENDITURE					
VOTE DESCRIPTION	FUNDING SOURCE	BUDGET 2019-20	Adjustment	Special Adjusted Budget 2019/20	Asset Class
Municipal Manager					
Computer Equipment	INTERNAL FUNDS	15 000.00		15 000.00	Computer Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	15 000.00	- 15 000.00	-	Furniture and Office Equipment
Machinery and Equipment	INTERNAL FUNDS				
Transport Assets	INTERNAL FUNDS				
		30 000.00	- 15 000.00	15 000.00	
Mayor and Council					
Computer Equipment	INTERNAL FUNDS	15 000.00		15 000.00	Computer Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	15 000.00	- 15 000.00	-	Furniture and Office Equipment
Machinery and Equipment	INTERNAL FUNDS				
Transport Assets	INTERNAL FUNDS				
		30 000.00	- 15 000.00	15 000.00	
Executive and council		60 000.00	- 30 000.00	30 000.00	
Administrative and Corporate Support					
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	15 000.00		15 000.00	Computer Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	-		-	Computer Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	15 000.00	- 15 000.00	-	Furniture and Office Equipment
Transport Assets	INTERNAL FUNDS				
		30 000.00	- 15 000.00	15 000.00	
Budget and Treasury Office					
Expenditure:Operational Cost:Assets less than the Capitalisation T	INTERNAL FUNDS	15 000.00		15 000.00	Machinery and Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	15 000.00		15 000.00	Computer Equipment
Furniture and Office Equipment	INTERNAL FUNDS	15 000.00	- 5 000.00	10 000.00	Furniture and Office Equipment
Transport Assets	INTERNAL FUNDS				
		45 000.00	- 5 000.00	40 000.00	
Finance and administration		75 000.00	- 20 000.00	55 000.00	
Community Services					
Computer Equipment	INTERNAL FUNDS	15 000.00		15 000.00	Computer Equipment
Furniture and Office Equipment (Studio)	INTERNAL FUNDS	15 000.00	- 15 000.00	-	Furniture and Office Equipment
Machinery and Equipment	INTERNAL FUNDS				
Transport Assets	INTERNAL FUNDS				
		30 000.00	- 15 000.00	15 000.00	
Libraries					
Furniture and Office Equipment	INTERNAL FUNDS	15 000.00	- 15 000.00	-	Furniture and Office Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	15 000.00		15 000.00	Computer Equipment
Machinery and Equipment	INTERNAL FUNDS				
Transport Assets	INTERNAL FUNDS				
		30 000.00	- 15 000.00	15 000.00	
Community and social services		60 000.00	- 30 000.00	30 000.00	
Electricity Services					
Infrastructure Assets					
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	50 000.00		50 000.00	LV Networks
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	70 000.00		70 000.00	Capital Spares
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	60 000.00		60 000.00	LV Networks
Other Assets	NATIONAL GOVERNMENT				
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	NATIONAL GOVERNMENT	12 000 000.00		12 000 000.00	Infrastructure/Power Plants
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	NATIONAL GOVERNMENT	3 000 000.00		3 000 000.00	Infrastructure/Power Plants
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	-		-	
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	50 000.00		50 000.00	LV Networks
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	100 000.00		100 000.00	Machinery and Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	50 000.00		50 000.00	Machinery and Equipment
Transport Assets	INTERNAL FUNDS	-		-	
		15 380 000.00	-	15 380 000.00	
Roads					
Infrastructure Assets	NATIONAL GOVERNMENT				
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	NATIONAL GOVERNMENT	18 033 000.00		18 033 000.00	Infrastructure/Roads
Computer Equipment	INTERNAL FUNDS	15 000.00		15 000.00	Computer Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	20 000.00		20 000.00	Furniture and Office Equipment
Machinery and Equipment	INTERNAL FUNDS	50 000.00		50 000.00	Machinery and Equipment
Transport Assets	INTERNAL FUNDS	1 800 000.00	- 950 000.00	850 000.00	Transport Asset
Upgrading of Landfill Site Access Road	INTERNAL FUNDS	100 000.00		100 000.00	Infrastructure/Roads
Upgrading of Technical Admin block and parkings		100 000.00		100 000.00	Municipal Offices
Drains mainhole concrete covers		150 000.00		150 000.00	Infrastructure/Roads
		20 268 000.00	- 950 000.00	19 318 000.00	
Fire Fighting					
Furniture and Office Equipment	INTERNAL FUNDS	20 000.00		20 000.00	Furniture and Office Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	15 000.00		15 000.00	Machinery and Equipment
Transport Assets - Engine Truck	INTERNAL FUNDS	-		-	Transport Asset
		35 000.00	-	35 000.00	
Licensing and Protection Services					
Computer Equipment	INTERNAL FUNDS	15 000.00		15 000.00	Computer Equipment
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	15 000.00		15 000.00	Furniture and Equipment
Machinery and Equipment - Guns	INTERNAL FUNDS				
Transport Assets	INTERNAL FUNDS				
		30 000.00	-	30 000.00	
Public safety		65 000.00	-	65 000.00	
Solid Waste Removal					
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	250 000.00	- 250 000.00	-	Waste drop - off points
Transport Assets (2x Ride on Mowers and 1x Slasher)	INTERNAL FUNDS				
		250 000.00	- 250 000.00	-	
		36 158 000.00	-1 280 000.00	34 878 000.00	

Roads						
Infrastructure Assets	NATIONAL GOVERNMENT	-		-		
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	NATIONAL GOVERNMENT	12 589 000.00		12 589 000.00	10 000 000.00	10 000 000.00
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	NATIONAL GOVERNMENT	-		-	8 033 000.00	8 820 000.00
Community Assets	INTERNAL FUNDS	-		-	-	-
Other Assets (Guard House)	INTERNAL FUNDS	-	70 000.00	70 000.00	-	-
Biological or Cultivated Assets	INTERNAL FUNDS	-		-	-	-
Intangible Assets	INTERNAL FUNDS	-		-	-	-
Computer Equipment	INTERNAL FUNDS	30 000.00		30 000.00	60 000.00	70 000.00
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	30 000.00	100 000.00	130 000.00	50 000.00	50 000.00
Machinery and Equipment	INTERNAL FUNDS	-		-	-	-
Transport Assets	INTERNAL FUNDS	600 000.00	900 000.00	1 500 000.00	1 000 000.00	600 000.00
Spacial Development Framework	INTERNAL FUNDS	-		-	-	-
		13 249 000.00	1 070 000.00	14 319 000.00	19 143 000.00	19 540 000.00
Fire Fighting						
Furniture and Office Equipment	INTERNAL FUNDS	30 000.00		30 000.00	20 000.00	30 000.00
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	100 000.00		100 000.00	80 000.00	100 000.00
Transport Assets - Engine Truck	INTERNAL FUNDS	1 000 000.00		1 000 000.00	-	-
		1 130 000.00	-	1 130 000.00	100 000.00	130 000.00
Licensing and Protection Services						
Computer Equipment	INTERNAL FUNDS	25 000.00		25 000.00	20 000.00	30 000.00
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	20 000.00		20 000.00	30 000.00	40 000.00
Machinery and Equipment - Guns	INTERNAL FUNDS	-	280 000.00	280 000.00	-	-
Transport Assets	INTERNAL FUNDS	-		-	-	-
		45 000.00	280 000.00	325 000.00	50 000.00	70 000.00
Public safety		1 175 000.00	280 000.00	1 455 000.00	150 000.00	200 000.00
Solid Waste Removal						
Assets:Non-current Assets:Property, Plant and Equipment:Cost Mo	INTERNAL FUNDS	500 000.00	- 420 000.00	80 000.00	150 000.00	200 000.00
Transport Assets (2x Ride on Mowers and 1x Slasher)	INTERNAL FUNDS	-	140 000.00	140 000.00	-	-
		500 000.00	- 280 000.00	220 000.00	150 000.00	200 000.00
		36 339 000.00	1 226 364.80	37 565 364.80	38 071 900.00	29 450 790.00

Quality Certificate

I,, the municipal manager of **Mthonjaneni Local Municipality**, hereby certify that the special adjustments budget 2019/20 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print name _____

Municipal manager of Mthonjaneni Local Municipality KZN285

Signature _____

Date _____