



**MTHONJANENI LOCAL
MUNICIPALITY
KZN285**

**Mid – Year Budget and Performance
Assessment 2020/21**

1. BACKGROUND:

Section 71 of the Municipal Finance Management Act (MFMA), (Act 56 of 2003) outlines the manner in which the financial reports of the municipality must be submitted.

It prescribes that the Accounting Officer of the Municipality must submit reports, by no later than 10 working days after the end of each month, to the Mayor and the relevant Provincial Treasury, a statement in the *prescribed format* on the state of the municipality's budget.

As stated above, the MFMA Section 71 (1) refers to a prescribed format according to which the annual budget is required to be prepared. National Treasury has issued MFMA Circular No 51, in which this prescribed format has been set out. Furthermore, National Treasury has issued Municipal Budget and Reporting Regulations in terms of Government Gazette Number 32141 dated 17 April 2009. These regulations set out the manner in which Municipalities are required to prepare their Budgets as well as the in-year reporting effective from July 2010.

The objectives of the budget formats reforms in terms of these regulations are:

- ❖ To ensure that the municipal budget and financial reporting formats support the other financial management reforms introduced by the Municipal Finance Management Act (MFMA).
- ❖ To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy and reliability of budgets and in-year reports of municipalities.
- ❖ To improve Council's ability to deliver basic services to all by addressing issues of financial sustainability.
- ❖ To facilitate informed policy choices by Council and medium term planning of service delivery by aligning targets to achieve backlog elimination.

Section 72 of the Municipal Finance Management Act further requires that;

72. (1) The accounting officer of a municipality must by 25 January of each year –
(a) assess the performance of the municipality during the first half of the financial year, taking into account –

(i) the monthly statements referred to in section 71 for the first half of the financial year;

(ii) the municipality’s service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

(iii) the past year’s annual report, and progress on resolving problems identified in the annual report; and

(iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

(b) submit a report on such assessment to –

(i) the mayor of the municipality;

(ii) the National Treasury; and

(iii) the relevant provincial treasury.

(2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

(3) The accounting officer must, as part of the review –

(a) make recommendations as to whether an adjustments budget is necessary; and

(b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 66 of the Municipal Finance Management Act further prescribes that all expenditure incurred by the Municipality on staff salaries, allowances and benefits be reported in a format and for the prescribed period. This report is submitted to the Mayor on a quarterly basis together with the other reports as per section 71.

2. DISCUSSION

The details of the report and the supporting C - Schedules is captured into National Treasury templates will be forwarded to National and Provincial Treasury as required in terms of Sections 71 and 72 of the MFMA in both printed and electronic formats.

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PART 1 – IN – YEAR REPORT

1. MAYOR’S REPORT

I am honored to present the Mid-year budget and Performance Assessment for the Municipality for the 2020/21 financial year. This gives us the opportunity to reflect back on the first six months of the financial 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 negative economic conditions have been made worse due to the global outbreak of corona virus (Covid-19) pandemic. The municipality has remained open to offer basic and essential services to the community under the current difficult conditions as we experience the second wave of covid19. We thank the Municipal Manager, and his staff especially the essential workers who have been braved under the current conditions of covid19 and kept the municipality running. We continue to urge Councillors, municipal staff and our community to be on high alert and take health precautionary measures in order to curb the spread of this virus and also to observe and obey all Covid-19 protocols and regulations.

The Municipality’s budget is being implemented in accordance with the service delivery and budget implementation though there are some variances noted due to slow revenue and high expenditure in some instances.

The revenue sources of the Municipality remain limited due to the lack of economic activity within Mthonjaneni’s boundaries. Consequently the Municipality is heavily dependent on Government grants. In terms of own revenue the main contributor are ward two and three in the form of Property rates. Nevertheless, the municipality will continuously look at possibilities of revenue enhancement possibilities in pursuit of improving service delivery.

During the first quarter the municipality prepared and tabled a special adjustment budget 2020/21 and the two outer subsequent years in Council on the 30th September 2020. This process became necessary to address the 2020 National Supplementary Budget that was delivered by the Minister of Finance in Parliament on the 24 June 2020. The 2020 Supplementary Budget responds to the COVID-19 pandemic and its impact on the economy.

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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 and also to reprioritize the 2020/21 budget to respond to the impact of the COVID-19 pandemic on the budget.

This included the R20 billion allocation for local government announced by the President to assist in funding COVID-19 expenditure. This allocation consisted of R11 billion added to the local government equitable share and just over R9 billion that was repurposed for the provision of water and sanitation and for sanitizing public transport facilities within existing grant allocations to local government. In terms of Section 28(2)(b) of the Municipal Finance Management Act, 2003 (Act No.

56 of 2003) (MFMA) and Section 23(3) of the Municipal Budget and Reporting Requirements (MBRR), municipalities must adjust their 2020/21 MTREF budgets to account for the revised funding allocations that were made available.

The municipality got an additional allocation of R13,406 million in Equitable Share, a reduction of R3,841 million from Integrated National Electrification Programme Grant (INEP) and a reduction of R19 thousand from Tittle Deeds Restoration Grant

Auditor General is currently busy with audit of 2019/2020 financial year. The Internal audit will play a significant role in ensuring that the issues identified by Auditor General are corrected and they do not re occur in the current financial year.

This Mid-year Budget and Performance Assessment Report has indicated that some votes are underspent and some votes are overspent and in other cases actual revenue is under or over the projections and therefore there is need to consider a review of projections for the remainder of the year 2020/21, and herein recommended that a municipal adjustment budget be prepared in terms of section 72(3) read together with other sections of the MFMA.

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In conclusion, I would like to thank the Municipal Manager, the Heads of Departments and all staff members who made the midyear budget performance assessment process a success. Honorable Councillors with those few words I have pleasure in placing the Mid-year Budget and performance assessment report for 2020/2021 for consideration and approval. It is now time to work smarter, harder and faster in delivering on our core mandate. Your continued support is a testimony and affirmation that we can do better in improving the quality of lives of our communities.

I thank you!. Siyathokoza!

His Worship the Mayor

Cllr SBK BIYELA

2. RESOLUTIONS

- a) The Mid-year Budget and performance assessment report for 2020/2021 financial year be noted
- b) The Mid-year Budget and performance assessment report for 2020/2021 financial year be submitted to other Council Committees for noting
- c) The Mid-year Budget and performance assessment report for 2020/2021 financial year be approved by council.
- d) The Mid-year Budget and performance assessment report be submitted to the National and Provincial Treasury as per section 72(1)b(ii)(iii)
- e) In terms of section 72(3)(a) of the Municipal Finance Management Act, No.56 of 2003 , an adjustment budget be prepared.
- f) Performance assessment report for quarter 1 and quarter 2 be tabled to Council once assessments have been conducted.

3. EXECUTIVE SUMMARY

Table 1 represents an executive summary for the financial period ended 31 December 2020

Table 1 - Summary for Financial Period ended December 2020					
Description	Original BUDGET 2020/21	Special Adjusted BUDGET 2020/21	Year TD BUDGET 2020/21	Actual figures to 31 December 2020	Target Achieved % (Actual vs. Pro-rata)
	R '000	R'000	R '000	R '000	%
Revenue-Operational	168 319	181 706	90 853	110 080	21%
Revenue-Capital	32 939	29 098	18 186	21 553	19%
Expenditure - Operational	160 063	168 991	84 465	79 599	-6%
Expenditure - Capital	39 694	39 893	19 946	23 911	20%
Surplus/(Deficit)	1 501	1 920	4 628	28 123	
	<i>Source: Budget Table C1</i>				

The year to date actual surplus for the month ended 31 December 2020 is R 28 123 000 as per the monthly budget statement summary (Table C1). After taking the Capital year to date expenditure of R 23 911 000 as outlined in the *table C1* above. The municipality has recognized more revenue than targeted mainly due to grant received earlier than anticipated, however the municipality will continue to monitor the billed revenue versus the actual receipts in order to make sure that the revenue that is anticipated is received. Capital expenditure shows over spending of 20% above the targeted budget to date this means that the municipality is accelerating in delivering services to the people of Mthonjaneni Municipality.

3.1 REVENUE

The operational revenue that has been recognized by the municipality to date is seating at R 110 080 000 that translate to **21%** more than the targeted revenue as at 31 December 2020. The results seems to be good achievement for the municipality and largely because of grants receipts, however the municipality will look closer to the issue of the revenue recognized from Property Rates, Service Charges and Fines against the actual receipts in order to be in the position to decide whether the anticipated revenue from these revenue sources as shown in Financial Performance would be received, if not so the municipality will need to consider to review the budget of these items during the adjustments budget.

3.2 EXPENDITURE - OPERATIONAL

The operational expenditure is seating at R 79 599 000 as at 31 December 2020 this translate to 6% less than the targeted expenditure.

3.3 EXPENDITURE - CAPITAL

Capital expenditure of Mthonjaneni Local Municipality is currently seating at R 23 911 000 which translate to **20 %** above the December 2020 proportional budget, this shows that the municipality is doing very well in terms of implementing its capital budget as per the Integrated Development Plan. The municipality will continue with this culture of making sure that the service is delivered to the people of Mthonjaneni Municipality.

4. IN-YEAR BUDGET STATEMENT TABLES

The following monthly budget statement tables respectively have been prepared in accordance with the Municipal Budgeting and Reporting Regulations:

TABLE NUMBER	DESCRIPTION	ANNEXURE
Table C1	Monthly Budget Statement Summary	
Table C2	Monthly Budget Financial Performance (Standard Classification)	
Table C2C	Monthly Budget Financial Performance (Detail) (Standard Classification)	
Table C3	Monthly Budget Financial Performance (Revenue and Expenditure by Municipal Vote)	
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Table SC12	Monthly capital expenditure trend	
Table SC13a	Monthly capital expenditure on new assets by asset class	

PART 2 – SUPPORTING DOCUMENTATION**2.1 Debtors Analysis**

Debtors Age Analysis									
Description	Budget Year 2020/21								
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Debtors Age Analysis By Income Source									
Property Rates	1 124	815	753	693	113	4 513	2 200	11 757	21 969
Electricity	1 371	687	430	311	296	379	769	1 806	6 050
Waste Management	154	88	83	71	70	71	368	2 339	3 244
Interest on Arrear Debtor Accounts	143	137	130	124	118	109	711	3 528	5 000
Property Rental Debtors	14	7	7	7	5	5	30	101	175
Total By Income Source	2 806	1 734	1 402	1 206	604	5 077	4 078	19 531	36 438
Debtors Age Analysis By Customer Group									
Organs of State	560	385	328	311	(127)	3 350	1 561	8 613	14 982
Commercial	1 293	561	399	305	182	315	647	2 983	6 685
Households	946	783	672	587	546	659	1 869	7 935	13 997
Other	8	5	3	3	3	753	-	-	774
Total By Customer Group	2 806	1 734	1 402	1 206	604	5 077	4 078	19 531	36 438
<i>Source: Budget Table SC3</i>									

The municipality has a high amount of outstanding debtors as at December 31, this shows that the municipality is not fully implementing its Credit Control and Debt Collection policy. The municipality had to change the accounting system from 1 July 2017 due to the old system not complying with MSCOA requirements. Municipality has been experiencing some teething challenges with the new system and which led to delays in migrating debtors statements into the new system and therefore causing delays in implementing credit control and debt collection policy but in the process to review debtors opening balances and bad debt that will not be recovered and recommend a write off.

2.2 Creditors Analysis

Creditors Age Analysis							
Description	Budget Year 2020/21						Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	
Creditors Age Analysis By Customer Type							
Bulk Electricity	1 935	1 715		-	-	1 787	5 436
Bulk Water	-	-	-	-	-	-	
PAYE deductions	-	-	-	-	-	-	
VAT (output less input)	-	-	-	-	-	-	
Pensions / Retirement deductions	-	-	-	-	-	-	
Trade Creditors	247	36	112	53	(2)	234	679
Auditor General	-	-	-	-	-	-	594
Other	26	1 097	-	(562)	572	127	1 258
Total By Customer Type December 2020	2 208	2 847	112	(510)	570	2 147	7 374
<i>Source: Budget Table SC4</i>							

The material/ significant creditor as at 31 December 2020 were bulk purchases owed to Eskom. The Eskom account is current and was paid during December 2020 and January 2021 respectively when it fell due. There are no long outstanding amount owed to Eskom and the previous arrangement has been honoured and settled.

2.3 Investment Portfolio Analysis

Investment by maturity - Name of institution	Period of investment	Type of investment	Expiry date of investment	Accrual interest for the month	Yield for the month (%)	Market value at the beginning	Change in market value	Market value at end of the month
Investec		Call Deposit			6.60	47	-	47
FNB		Call Deposit			6.00	1	-	1
FNB		Call Deposit		-	0.50	0	-	0
FNB		Fixed Deposit		-	6.45	1 540	-	1 540
FNB		INEP Call		-	6.00	3	-	3
FNB		EPWP Call		-	6.00	3	-	3
Total investment and interest		-	-			1 594	-	1 594

Source: Budget Table SC5

2.4 Allocation and grant receipts and expenditure**2.4.1 Grants - Receipts**

DESCRIPTION	Original BUDGET 2020/21	Special Adjusted BUDGET 2020/21	YTD BUDGET DECEMBER 2020	ACTUAL YTD DECEMBER 2020	YTD variance
	R'000	R'000	R'000	R'000	%
Receipts:					
Operating Transfers and Grants					
National Government:					
Equitable Share	83 914	97 320	76 341	76 341	-
Finance Management	2 800	2 800	2 800	2 800	-
EPWP Incentive	1 951	1 951	1 366	1 366	-
Municipal Disaster Relief Grant	745	745	745	-	-100%
Provincial Government:					
Provincialisation of Libraries	226	226	226	226	-
Community Library Services	905	905	905	905	-
Title Deeds Restoration Programme	119	100	100	-	-100%
TOTAL OPERATING TRANSFERS	90 660	104 047	82 483	81 638	-0.8%
Capital Transfers and Grants					
National Government:					
Municipal Infrastructure	17 939	17 939	17 393	17 393	-
Integrated National Electrification	15 000	11 159	11 159	11 159	-
TOTAL CAPITAL TRANSFERS	32 939	29 098	29 098	29 098	-
TOTAL RECEIPTS OF TRANSFERS	123 599	133 145	111 536	110 736	-0.8%

Source: Budget Table SC6

Receipts of transfers and grants show a variance of 1% as at 31 December 2020, the municipality has not received Municipal Disaster Grant and Title Deeds Restoration Grant. The municipality hope that the transferring authorities will transfer the monies as per payment schedule throughout the financial year.

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2.4.2 Grants - Expenditure

DESCRIPTION	Special Adjusted BUDGET 2020/21	Year TD BUDGET 2020/21	ACTUAL YTD DECEMBER 2020	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	%
Expenditure:					
Operating Expenditure Transfers and Grants					
National Government:					
Equitable Share	97 320	-	-	-	-
Finance Management	2 800	1 400	1 421	21	1,5%
EPWP Incentive	1 951	976	745	(226)	-23,2%
Municipal Disaster Relief Grant	745	745	745	-	-
Provincial Government:					
Provincialization of Libraries	905	453	546	93	20,6%
Community Library Services	226	113	141	28	25,0%
Title Deeds Restoration Programme Grant	100	100	-	-100	-100%
TOTAL EXPENDITURE OPERATING TRANSFERS	104 047	3 786	3 602	-184	-4,9%
Capital Expenditure of Transfers and Grants					
National Government:					
Municipal Infrastructure	17 939	13 454	17 939	4 485	33,3%
Integrated National Electrification	11 159	5 580	3 614	(1 966)	-35,2%
TOTAL CAPITAL EXPENDITURE TRANSFERS	29 098	19 034	21 553	2 519	13,2%
TOTAL EXPENDITURE OF TRANSFERS	133 145	22 820	25 154	2 335	10,2%

Source: Budget Table SC7

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2.5 Councillor and board member allowances and employee benefits

Summary of Employees and Councillor remuneration	Original BUDGET 2020/21	Special Adjusted Budget 2020/21	Year TD BUDGET 2020/21	ACTUAL YTD DECEMBER 2020	YTD variance	YTD varian
	R'000	R'000	R'000	R'000	R'000	%
<u>Councillors (Political Office Bearers)</u>						
Basic Salaries and Wages	5 489	5 489	2 745	2 553	(191)	-7%
Pension and UIF Contributions	766	766	383	324	(59)	-15%
Medical Aid Contributions	86	86	43	37	(6)	-14%
Motor Vehicle Allowance						
Cellphone Allowance	1 020	1 020	510	503	(7)	-1%
Other benefits and allowances	1 894	1 894	947	996	49	5%
Sub Total - Councillors	9 256	9 256	4 628	4 413	(215)	-5%
<u>Senior Managers of the Municipality</u>						
Basic Salaries and Wages	3 259	3 259	1 629	1 929	299	18%
Pension and UIF Contributions	14	14	7	30	24	348%
Medical Aid Contributions				23	23	100%
Performance Bonus			-	-		
Motor Vehicle Allowance	568	568	284	378	94	33%
Cellphone Allowance				15	15	100%
Housing Allowance				36	36	100%
Other benefits and allowances	212	212	106	-	(106)	-100%
Sub Total - Senior Managers	4 052	4 052	2 026	2 411	385	19%
<u>Other Municipal Staff</u>						
Basic Salaries and Wages	35 432	35 432	17 716	19 831	2 115	12%
Pension and UIF Contributions	4 297	4 297	2 149	2 479	330	15%
Medical Aid Contributions	2 618	2 618	1 309	1 318	9	1%
Overtime	1 726	1 726	863	15	(848)	-98%
Motor Vehicle Allowance	3 625	3 625	1 813	1 777	(36)	-2%
Housing Allowance	301	301	150	162	12	8%
Cellphone Allowance	100	100	50	467	417	834%
Other benefits and allowances	5 099	5 099	2 549	1 077	(1 472)	-58%
Payments in lieu of leave				263	263	100%
Long Service awards				138	138	100%
Sub Total - Other Municipal Staff	53 199	53 199	26 599	27 528	928	3%
TOTAL PARENT MUNICIPALITY	66 507	66 507	33 253	34 352	1 099	3%

Source: Budget Table SC8

2.6 Parent Municipality Financial Performance

2.6.1 Revenue By Source

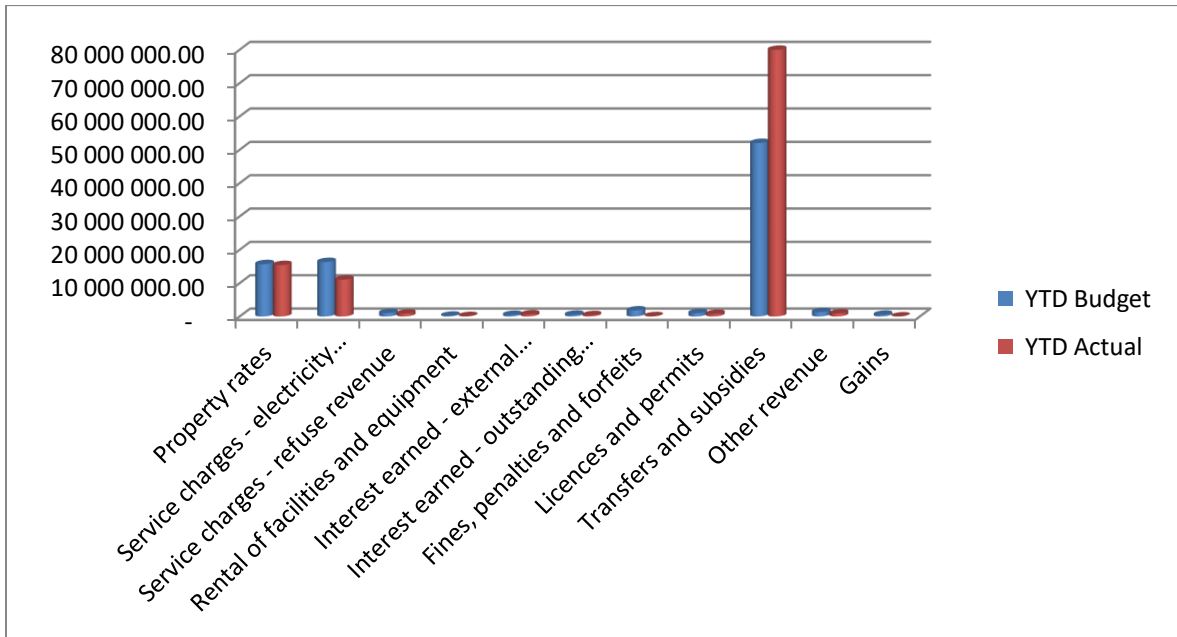
Table 2 demonstrates the source of funding per revenue categories.

Table 2 – Revenue by Source						
REVENUE BY SOURCE	Original BUDGET 2020/21	Special Adjusted BUDGET 2020/21	Year TD BUDGET 2020/21	ACTUAL YTD DECEMBER 2020	YTD variance	YTD variance
	R'000	R'000	R'000	R'000	R'000	%
Property Rates	31 382	31 382	15 691	15 414	(278)	-2%
Service charges – electricity revenue	32 642	32 642	16 321	11 053	(5 268)	-32%
Service charges – refuse revenue	2 060	2 060	1 030	841	(189)	-18%
Interest earned – external investments	900	900	450	612	162	36%
Interest earned – outstanding debtors	1000	1000	500	372	(192)	-51%
Rental of facilities and equipment	437	437	219	107	(112)	-51%
Fines	3 603	3 603	1 802	77	(1 725)	-96%
Licences and permits	1 999	1 999	999	809	(265)	-26%
Transfers recognized – Operational	90 660	104 047	52 024	79 963	27 939	54%
Transfers recognized – Capital	32 939	29 098	18 186	21 553	3 366	19%
Other revenue	2 635	2 635	1 318	907	(410)	-31%
Gains on disposal of PPE	1 000	1 000	500	-	(500)	-100%
Total Revenue	201 258	210 804	109 039	131 632	22 593	21 %

Source: Budget Table C4

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The diagram below shows revenue YTD actual vs. YTD budget in a form of a chart.



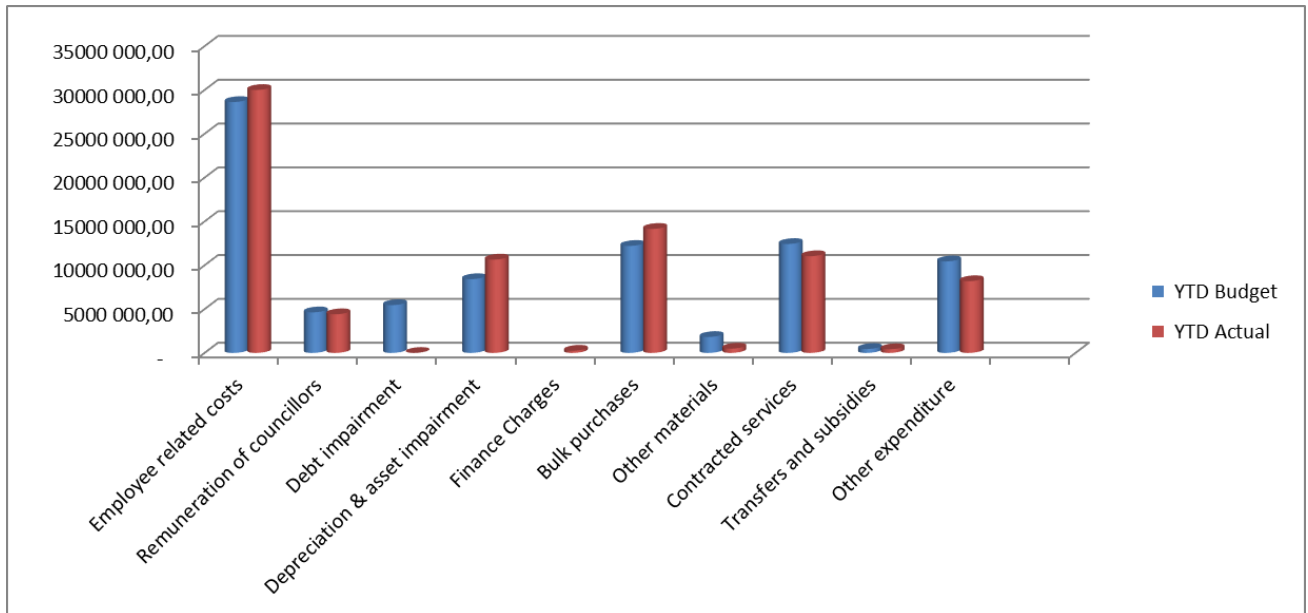
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2.6.2 Operational Expenditure Trends Inclusive of Operational Projects

Table 4 - Expenditure per Category						
EXPENDITURE BY TYPE	Original BUDGET 2020/21	Special Adjusted BUDGET 2020/21	Year TD BUDGET 2020/21	ACTUAL YTD DECEMBER 2020	YTD variance	YTD variance (Actual vs. Year TD)
	R'000	R'000	R'000	R'000	R'000	%
Employee Related Cost	57 251	57 251	28 625	30 000	1 375	5%
Remuneration of Councillors	9 256	9 256	4 628	4 413	(215)	-5%
Debt impairment	8 900	10 900	5 450	-	(5 450)	-100%
Depreciation & asset impairment	13 834	16 834	8 417	10 648	2 231	27%
Finance charges	-		-	250	250	100%
Bulk purchases	24 421	24 421	12 210	14 151	1 941	16%
Other materials	3 290	3 640	1 820	492	(1 328)	-73%
Contracted services	22 975	24 855	12 427	11 036	(1 391)	-11%
Transfers and grants	750	900	450	420	(30)	-7%
Other expenditure	19 387	20 935	10 442	8 188	(2 255)	-22%
Total Expenditure	160 063	168 990	84 470	79 599	(4 871)	-6%
<i>Source: Budget Table C4</i>						

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The diagram below shows operational expenditure YTD actual vs. YTD budget in a form of a chart.



(a) Employee related costs

Employee related costs of Mthonjaneni Local Municipality are 5% more than the proportional budget as at the end of December 2020.

(b) Bulk Purchases

Bulk purchases are more than the budgetary limits therefore the adjustments or review will be needed if necessary for the 2020/21 financial year.

(c) Debt Impairment

Mthonjaneni Local Municipality accounts for debt impairment at the end of the financial year however it is recommended to account for impairments on a monthly basis for accurate reporting purposes.

(d) Depreciation and Asset Impairment

The depreciation and asset impairment is seating at R 2 231m above the proportional budget of December 2020 this translate to 27% more than expected. This is partly caused by the projects that were finished and additions for the first six months however if need be, will consider to do an upward adjustment.

(e) Contract Services

Contracted Services are less than the budgetary limits by 11% as at December 2020 which is a good thing, the saving is realized due to cost containment measures adopted by the municipality and the expenditure item is expected to drop going forward.

(f) Other Expenditure

Other Expenditure are less than the budgetary limits by 22% as at December 2020, the saving is realized due to cost containment measures adopted by the municipality and the expenditure item is expected to drop going forward.

2.7 Material Variances to the Service Delivery and Budget Implementation Plan

Description	Variance R'000	Reason for material deviations	Remedial or corrective steps/remarks
Revenue By Source Property Rates	(278)	Property rates are seating at 278 000 less than the YTD budget.	Monthly billing on property rates seems to be within the budgetary limit and the municipality expect to raise the revenue on property rates as budgeted for the year.
Service charges - electricity revenue	(5 268)	Electricity revenue is seating at R 5 268m below the YTD budget. Delay on sale of sites which was supposed to take place last financial year and contribute to the revenue from sale of electricity negatively affected the expected electricity revenue as the municipality expected that the demand for such services will increase.	The variance has been noted and the adjustment will be considered if need be during the adjustment budget, however we believe by the end of the financial some of these sites will be developed and start realising this revenue.
Service charges - refuse revenue	(189)	Refuse revenue is seating at R 189 000 below the YTD budget. Delay on sale of sites which was supposed to take place last financial year and contribute to the revenue from refuse removal, negatively affected the expected refuse revenue as the municipality expected	The variance has been noted and the adjustment will be considered if need be during the adjustment budget

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		that the demand for such services will increase.	
Interest earned - external investments	162	External investments are seating at R 162 000 above the YTD budget the proportional budget for December 2020.	This is a result of interest earned on our main bank account during the first six months
Rental of facilities and equipment	(112)	Rental of facilities and equipment are seating at R112 000 below the YTD budget due to low demand of these facilities than anticipated as a result of COVID-19 Regulations. All the municipal facilities were not rented out and during the budgeting stage the municipality expected the COVID-19 situation will have pass by the end of December 2020.	The variance has been noted and the adjustment will be considered if need be during the adjustment budget
Fines	(1725)	Fines are seating at R1 .725 thousand below the YTD budget. The municipality appointed TMT to assist with traffic management before lockdown but unfortunately due to COVID-19 regulations and other unforeseen circumstances they couldn't proceed with the services and there were less road offenders during the first six months than expected.	The variance has been noted and the adjustment will be considered if need be during the adjustment budget
Licenses and permits	(265)	Licenses and permits are seating at R 265 000 below the YTD budget. There was less demand	The variance has been noted and the adjustment will be considered if need be

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		than anticipated and due to COVID-19 regulations the licensing department had to close during the first quarter of the year which negatively affected the revenue expected to be raised on Licenses and permits.	during the adjustment budget as this depends on the demand of the said services
Other Revenue	(410)	Other Revenue is seating at R410 000 below the YTD budget. Part of these item are revenue from sale of tender documents, building plans, insurance refunds and sales of good & rendering of services which depends on demand for such goods and services.	The variance has been noted and the adjustment will be considered if need be during the adjustment budget
Gains on disposal of PPE	(500)	Gains on disposal of PPE is seating at R500 000 below the YTD budget. At the moment the sale of sites is still in progress only when the sale process has been completed and property registration under new owners has been completed and disposed off the FAR we will then calculated the gains on disposal of PPE.	The variance has been noted and the adjustment will be considered if need be during the adjustment budget but the municipality expect to realise the gains of disposal of such sites before end of the year.
<u>Expenditure By Type</u> Employee related cost	1 375	Employee related cost are seating at R1.375 thousand above the YTD budget. That translates to 5% above	The variance has been noted and it's within the yearly salary increment but the municipality hope this

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		the targeted expenditure.	amount will reduce since, there are vacant posts that will not be filled as part of the financial recovery plan.
Remuneration of Councillors	(215)	Remuneration of councillors are seating at R215 000 below the YTD budget.	The variance has been noted and it's within the salary range.
Debt Impairment	(5 450)	The municipality calculate it Debt impairment at the end of the financial year.	Debt impairment will be calculated towards the end of the financial year.
Depreciation and asset impairment	2 231	Depreciation and asset impairment is seating at R 2. 231 thousand above the YTD budget. This is caused by the projects that were finished and other asset additions for the first six months that were not anticipated like Disaster Department had to procure additional vehicles to assist during fire & rescue services. Also there were assets that we expected to dispose during the first six months but not yet disposed due to unforeseen circumstances	The variance has been noted and the adjustment will be considered if need be during the adjustment budget.
Other materials	(1 328)	Other materials are seating at R 1.328 thousand below the YTD budget. The municipality has adopted and implemented Municipal Cost	The variance has been noted and the adjustment will be considered if need be during the adjustment budget

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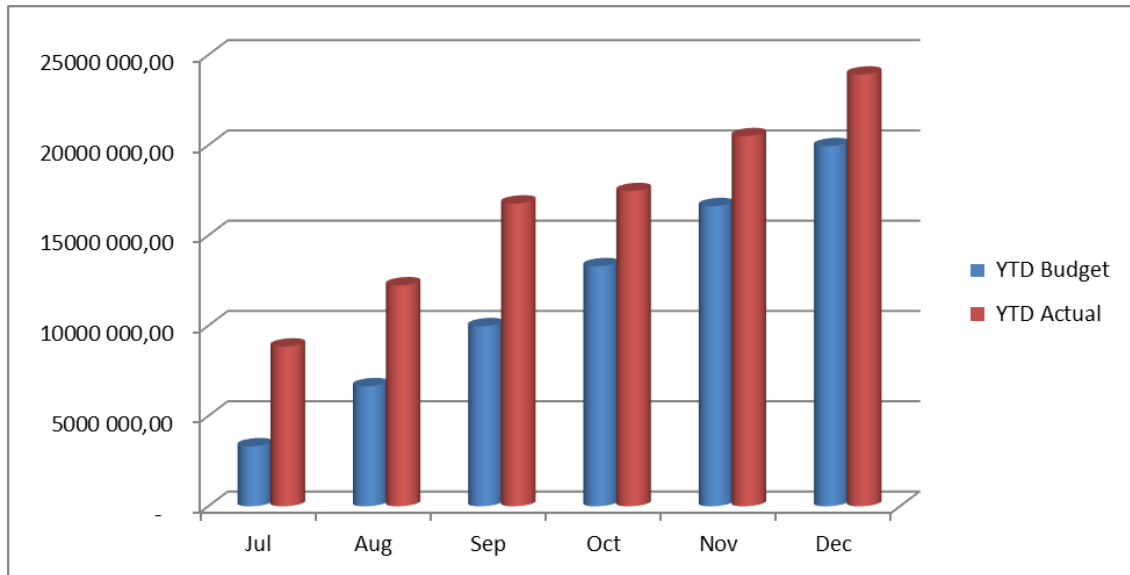
		Containment Regulations which has resulted to a saving to other expenditure items	
Contracted services	(1 391)	Contracted services are seating at R 1 391 thousand below the YTD budget. The municipality has adopted and implemented Municipal Cost Containment Regulations which has resulted to a saving to other expenditure items	The variance has been noted, and due to cost containment measures this expenditure item is expected to drop going forward, however if need be the adjustment will be considered
Bulk Purchases	1 941	Bulk Purchase are seating at R1. 941 thousand above the YTD budget. The variance is caused by the payment arrangement backlog from las financial year but going forward the municipality expect the consumption to be within the budgetary limit.	The variance has been noted and the adjustment will be considered if need be during the adjustment budget

2.8 Capital Programme Performance

Table 6 illustrates the capital expenditure as at 31 December 2020 by Vote.

Expenditure by Months	Original Budget 2020/21	Special Adjusted BUDGET 2020/21	Year to Date Budget 2020/21	Actual Year to Date Budget 31 Dec 2020	Year to Date Variance	% spend of Original Budget
	R'000	R'000	R'000	R'000	R'000	
July	3 308	3 324	3 324	8 847	5 522	166,1%
August	3 308	3 324	6 649	12 239	5 590	84,1%
September	3 308	3 324	9 973	16 769	6 796	68,1%
October	3 308	3 324	13 298	17 456	4 158	31,3%
November	3 308	3 324	16 622	20 501	3 879	23,3%
December	3 308	3 324	19 947	23 911	3 965	19,9%
TOTAL	19 147	19 944	19 947	23 911	3 965	20%

The diagram below shows capital expenditure YTD actual vs. YTD budget in a form of a chart.



Capital expenditure of Mthonjaneni Local Municipality is currently seating at R 23 911 000 which translate to **20 %** above the December 2020 proportional budget, this shows that the municipality is doing very well in terms of implementing its capital budget as per the Integrated Development Plan. The municipality will continue with this culture of making sure that the service is delivered to the people of Mthonjaneni Municipality.

2.9 Other Supporting Documents

The screenshot displays a web interface with a dark blue background. At the top, the title "Municipal In-year reports & supporting tables" is centered in a large, white, serif font. To the right of the title, the text "mSCOA Version 6.4" is visible in a smaller white font. Below the title, there is a navigation area with three stacked buttons: "Click for Instructions!" (a light blue button), "Accountability" (a dark blue button), "Transparency" (a dark blue button), and "Information & service delivery" (a dark blue button). To the right of these buttons is a yellow sidebar containing the National Treasury logo (a crest with a sun and two figures) and the text "national treasury" in green. Below the logo, it says "Department: National Treasury REPUBLIC OF SOUTH AFRICA". Underneath, the section "Contact details:" is followed by the text: "Budget submission enquiries: Elsabé Rossouw National Treasury Tel: (012) 315-5534 Electronic documents: lgdocuments@treasury.gov.za".

**Municipal
In-year reports
&
supporting tables**

mSCOA Version 6.4

Click for Instructions!

Accountability

Transparency

**Information &
service delivery**

 **national treasury**
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Contact details:

Budget submission enquiries:
Elsabé Rossouw
National Treasury
Tel: (012) 315-5534
Electronic documents: lgdocuments@treasury.gov.za

2020/21 Mid – Year Budget and Performance Assessment Report

KZN285 Mthonjaneni - Table C1 Monthly Budget Statement Summary - M06 December

Description	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	14 236	31 382	31 382	1 226	15 414	15 691	(278)	-2%	31 382
Service charges	23 270	34 702	34 702	1 622	11 894	17 351	(5 458)	-31%	34 702
Investment revenue	2 362	900	900	94	612	450	162	36%	900
Transfers and subsidies	86 253	90 660	104 047	424	79 963	52 024	27 939	54%	104 047
Other own revenue	2 181	10 675	10 675	88	2 198	5 337	(3 140)	-59%	10 675
Total Revenue (excluding capital transfers and contributions)	128 302	168 319	181 706	3 455	110 080	90 853	19 227	21%	181 706
Employee costs	54 691	57 251	57 251	7 067	30 000	28 625	1 375	5%	57 251
Remuneration of Councillors	9 233	9 256	9 256	738	4 413	4 628	(215)	-5%	9 256
Depreciation & asset impairment	19 912	13 834	16 834	1 775	10 648	8 417	2 231	27%	16 834
Finance charges	991	-	-	-	250	-	250	#DIV/0!	-
Materials and bulk purchases	21 412	27 710	28 060	3 340	14 643	14 030	613	4%	28 060
Transfers and subsidies	-	750	900	-	420	450	(30)	-7%	900
Other expenditure	49 641	51 262	56 689	1 552	19 224	28 320	(9 096)	-32%	56 640
Total Expenditure	155 880	160 063	168 990	14 471	79 599	84 470	(4 871)	-6%	168 940
Surplus/(Deficit)	(27 578)	8 257	12 716	(11 017)	30 481	6 383	24 098	378%	12 766
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	33 033	32 939	29 098	801	21 553	18 186	3 366	19%	29 098
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) after capital transfers & contributions	5 455	41 196	41 814	(10 216)	52 034	24 569	27 464	112%	41 864
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	5 455	41 196	41 814	(10 216)	52 034	24 569	27 464	112%	41 864
Capital expenditure & funds sources									
Capital expenditure	431 671	39 893	39 893	3 411	23 911	19 946	3 965	20%	39 893
Capital transfers recognised	407 787	32 939	29 098	2 121	21 553	14 549	7 004	48%	29 098
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	63 445	6 755	10 795	1 290	2 359	5 398	(3 039)	-56%	10 795
Total sources of capital funds	471 233	39 694	39 893	3 411	23 911	19 946	3 965	20%	39 893
Financial position									
Total current assets	45 053	54 649	54 649		56 537				54 649
Total non current assets	384 517	386 913	386 913		397 780				386 913
Total current liabilities	38 710	8 553	8 553		52 210				8 553
Total non current liabilities	6 085	12 890	12 890		3 881				12 890
Community wealth/Equity	283 979	420 120	420 738		398 227				420 738
Cash flows									
Net cash from (used) operating	6 688	42 046	47 664	29 305	65 055	68 390	3 335	5%	54 420
Net cash from (used) investing	(471 233)	(32 794)	(32 993)	(3 411)	(17 214)	(16 496)	718	-4%	(32 993)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	(464 545)	11 945	14 671	-	52 655	54 588	1 932	4%	26 241
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	2 806	1 734	1 402	1 206	604	5 077	4 078	19 531	36 438
Creditors Age Analysis									
Total Creditors	2 208	2 847	112	(510)	570	(57)	536	1 668	7 374

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KZN285 Mthonjaneni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		99 986	139 405	139 405	1 444	55 975	69 703	(13 728)	-20%	139 405
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		99 986	139 405	139 405	1 444	55 975	69 703	(13 728)	-20%	139 405
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2 958	7 419	7 419	182	2 147	3 710	(1 562)	-42%	7 419
Community and social services		1 889	1 895	1 895	182	1 436	948	488	52%	1 895
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 069	5 524	5 524	-	711	2 762	(2 051)	-74%	5 524
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		20 120	22 772	22 772	206	19 680	11 386	8 294	73%	22 772
Planning and development		-	100	100	-	-	50	(50)	-100%	100
Road transport		20 120	22 672	22 672	206	19 680	11 336	8 344	74%	22 672
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		38 270	45 863	45 863	2 423	15 249	22 931	(7 683)	-34%	45 863
Energy sources		36 582	43 801	43 801	2 271	14 666	21 901	(7 234)	-33%	43 802
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1 688	2 061	2 061	151	583	1 031	(448)	-43%	2 061
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	161 335	215 459	215 459	4 255	93 051	107 730	(14 678)	-14%	215 459
Expenditure - Functional										
Governance and administration		79 576	81 657	81 657	5 567	38 295	40 829	(2 534)	-6%	81 657
Executive and council		20 675	16 957	16 957	1 439	9 013	8 479	534	6%	16 957
Finance and administration		56 562	62 304	62 304	4 002	27 725	31 152	(3 427)	-11%	62 304
Internal audit		2 339	2 395	2 395	126	1 556	1 198	359	30%	2 395
Community and public safety		25 302	27 164	27 154	2 749	12 779	13 577	(798)	-6%	27 154
Community and social services		9 744	11 581	11 571	978	3 997	5 786	(1 788)	-31%	11 571
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		15 558	15 583	15 583	1 772	8 782	7 792	990	13%	15 583
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		24 281	29 240	29 240	2 111	10 227	14 620	(4 393)	-30%	29 240
Planning and development		2 925	6 314	6 314	356	1 362	3 157	(1 795)	-57%	6 314
Road transport		21 356	22 926	22 926	1 755	8 865	11 463	(2 599)	-23%	22 926
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		26 721	30 929	30 929	4 043	18 298	15 464	2 834	18%	30 929
Energy sources		23 002	27 547	27 547	3 489	15 598	13 774	1 824	13%	27 547
Water management		198	-	-	17	99	-	99	#DIV/0!	-
Waste water management		410	-	-	34	205	-	205	#DIV/0!	-
Waste management		3 111	3 382	3 382	503	2 396	1 691	705	42%	3 382
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	155 880	168 990	168 980	14 471	79 599	84 490	(4 891)	-6%	168 980
Surplus/ (Deficit) for the year		5 455	46 469	46 479	(10 216)	13 453	23 239	(9 787)	-42%	46 479

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KZN285 Mthonjaneni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06

Vote Description	Ref	Budget Year 2020/21								
		2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		99 986	139 405	139 405	1 444	55 975	69 703	(13 728)	-19.7%	139 405
Vote 3 - Finance & Administration		1 889	1 895	1 895	182	1 436	948	488	51.5%	1 895
Vote 4 - Planning & Development		1 069	5 524	5 524	-	711	2 762	(2 051)	-74.3%	5 524
Vote 5 - Public Safety		-	100	100	-	-	50	(50)	-100.0%	100
Vote 6 - Sports & Recreation		20 120	22 672	22 672	206	19 680	11 336	8 344	73.6%	22 672
Vote 7 - Road Transport		36 582	43 801	43 801	2 271	14 666	21 901	(7 234)	-33.0%	43 802
Vote 8 - Waste Management		1 688	2 061	2 061	151	583	1 031	(448)	-43.5%	2 061
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	161 335	215 459	215 459	4 255	93 051	107 730	(14 678)	-13.6%	215 459
Expenditure by Vote	1									
Vote 1 - Executive & Council		23 014	19 353	19 353	1 565	10 569	(9 676)	20 246	-209.2%	(19 353)
Vote 2 - Finance & Administration		56 562	62 304	62 304	4 002	27 725	(31 152)	58 878	-189.0%	(62 304)
Vote 3 - Finance & Administration		9 744	11 581	11 571	978	3 997	(5 786)	9 783	-169.1%	(11 571)
Vote 4 - Planning & Development		15 493	15 583	15 583	1 772	8 782	(7 792)	16 573	-212.7%	(15 583)
Vote 5 - Public Safety		2 925	6 314	6 314	356	1 362	(3 157)	4 519	-143.1%	(6 314)
Vote 6 - Sports & Recreation		21 356	22 926	22 926	1 755	8 865	(11 463)	20 328	-177.3%	(22 926)
Vote 7 - Road Transport		23 002	27 547	27 547	3 489	15 598	(13 774)	29 371	-213.2%	(27 547)
Vote 8 - Waste Management		3 078	3 382	3 382	503	2 396	(1 691)	4 087	-241.7%	(3 382)
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	155 173	168 990	168 980	14 421	79 294	(84 490)	163 784	-193.9%	(168 980)
Surplus/ (Deficit) for the year	2	6 162	46 469	46 479	(10 165)	13 757	192 220	(178 463)	-92.8%	384 440

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KZN285 Mthonjaneni - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	Budget Year 2020/21								
		2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		14 236	25 586	25 586	915	9 923	12 793	(2 870)	-22%	31 382
Service charges		22 188	23 827	23 827	2 304	10 235	11 913	(1 678)	-14%	23 827
Other revenue		1 348	4 957	4 957	44	2 223	2 479	(256)	-10%	4 957
Transfers and Subsidies - Operational		86 838	90 660	104 047	38 580	81 638	82 483	(845)	-1%	104 047
Transfers and Subsidies - Capital		15 211	32 939	29 098		29 098	29 098	-		29 098
Interest		2 825	1 405	1 405	158	889	703	186	26%	1 405
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(134 966)	(137 329)	(141 257)	(12 697)	(68 280)	(70 628)	(2 348)	3%	(140 297)
Finance charges		(991)	-	-	-	(250)	-	250	#DIV/0!	-
Transfers and Grants		-	-	-	-	(420)	(450)	(30)	7%	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		6 688	42 046	47 664	29 305	65 055	68 390	3 335	5%	54 420
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	900	900	-	946	450	496	110%	900
Decrease (increase) in non-current receivables		-	6 000	6 000	-	5 751	3 000	2 751	92%	6 000
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(471 233)	(39 694)	(39 893)	(3 411)	(23 911)	(19 946)	3 965	-20%	(39 893)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(471 233)	(32 794)	(32 993)	(3 411)	(17 214)	(16 496)	718	-4%	(32 993)
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		(464 545)	9 252	14 671	25 895	47 841	51 894			21 427
Cash/cash equivalents at beginning:			2 694	-		5 971	2 694			5 971
Cash/cash equivalents at month/year end:		(464 545)	11 945	14 671		53 812	54 588			27 398

Cash Collection Rate

Municipal average collection rate for Property Rates for past 6 months is calculated at 176.73% however if we take into account end of financial year and beginning of financial year paying customers (government) and the effect of COVID-19 pandemic we then averaged our rate to 71% in worst case scenario for the remainder of the financial year which is a 21% decrease from the tabled budget and the actual receipt as at December 2020 are 22% less than the YTD budget. As for service charges (electricity and refuse services) the actual average collection rate is 89.67% we then made it 68.66% (reduced by 21.01%) this is due to the fact that the services are paid religiously as they get disconnected if not paid but due to COVID-19 that exercise might be relaxed and hence a decrease in our collection rate, the actual collection rate as at December 2020 is seating at 14 % less than anticipated YTD budget.

Other Revenue Composition

Other revenue is composed of Rental of Facilities & Equipment; Interest earned- Outstanding Debtors, Licenses & permits and Fines, penalties & forfeits. Rental of facilities consist of fixed rent that we charge our tenants which we expect nothing less than 90% based on average collection rate as mostly it is municipal employees that pays rent and we deduct from payroll and for hall hire and other facilities it depends on demand but due to COVID-19 hall hire services are not permitted which may reduce the revenue from such service, again we have used past six months history bookings to come out with 95% of budgeted amount and as at 31 December they are seating at 51% below the YTD budget. Interest earned from outstanding debtors is set to 55% due to the fact that customers delay to pay interest because they question it a lot but we have come with a systematical way of dealing with it as the system automatically allocates the payment to the interest after rates and as at December 2020 it is seating on 26% below YTD budget. License and permits we have put them on 88% as this is the most reliable revenue except when there are those individuals if they didn't come for test and with the relaxation of lockdown the testing stations were expected to open from 01 June 2020. The municipality is also expecting to collect about R2.23 million rand in traffic fines which is 62% of the budgeted revenue. Collections through roadblocks, letters and phone calls to traffic fine debtors will have to be conducted. Due to covid-19 and the traffic management service provider couldn't commence with the services, as at December 2020 they are seating on 26% and 96% less than the YTD budget

Transfers and Subsidies

There was R 13,387 million rand movements in the operating transfers and grant where there was an additional allocation of R 13 406 million received for Equitable Share and a reduction of R19 thousand rand for Tittle Deeds Restoration Grant, also a reduction of R 3.841 million rand on capital transfers and subsidies. This was a result of a reduction in INEP Grant and to cater for that the municipality had to reduce the Thubalethu Extension Electrification Project- Phase 2 as per Division of Revenue Amendment Bill, Government Gazette No.43450 of 18 June 2020 and Provincial Gazette No. 2206, 27 August 2020 respectively. The YTD budget as at December 2020 exceed the actual receipts by R845 000.00 as the municipality haven't receive the Municipal Disaster and Relief Grant (R745 000.00) as well the Tittle Deeds Restoration Grant (R100 000.00)

Proceeds on disposal of PPE

This is budgeted to be R900 thousand which are proceeds expected from sale of sites. The actual receipt from proceeds on sale of sites exceed the YTD budget by R496 000.00 as at December 2020 the municipality will consider an upwards adjustment during February 2021 adjustments budget.

Decrease (increase) other non-current receivables

The municipality has also estimated an amount of R6 million rand using the average from past three financial years on Vat refunds for the financial year 2020/21 which will assist to fund any deficit that might arise. As at 31 December 2020 the municipality have received

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R5 751 million in VAT refunds from SARS which translate to 92% more than YTD budget and the municipality will consider an upwards adjustment in February.

Quality Certificate

I,, the municipal manager of **Mthonjaneni Local Municipality**, hereby certify that –

- the monthly budget statement
- mid – year budget and performance assessment

for the month of December of 2020 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name

Municipal manager of Mthonjaneni Local Municipality KZN285

Signature

Date _____