

**ADJUSTMENTS BUDGET OF
2021/22
MTHONJANENI LOCAL
MUNICIPALITY**



**2021/22 TO 2022/23
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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1. DEFINITIONS

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

“accounting officer”

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

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

(a) a municipality's share of the local government's equitable share referred to in section 214(1)(a) of the Constitution;

(b) an allocation of money to a municipality in terms of section 214(1)(c) of the Constitution;

(c) an allocation of money to a municipality in terms of a provincial budget; or

(d) any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

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

“approved budget” means an annual budget -

(a) Approved by a municipal council; or

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

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

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

(a) The tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

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

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

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

“councillor” means a member of a municipal council;

“CPI” means Consumer price Index.

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

“debt” means -

(a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments; or

(b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

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

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

“COGTA” means Cooperative Governance and Traditional Affairs

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

“GFS” means General Financial Statistic.

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

“IDP” means Integrated Development Plan

“In year reports, in relation to-

- (a) a municipality means
- (i) a monthly budget statement of the municipality contemplated in section 71(1) of the MFMA
 - (ii) a Quarterly report on the implementation of the budget and financial state of affairs of the municipality contemplated in section 52(d) of the act;
 - (iii) a mid-year budget and performance assessment of the municipality contemplated in section 72 of the act.
- “investment”**, in relation to funds of a municipality, means -
- (a) The placing on deposit of funds of a municipality with a financial institution; or
 - (b) The acquisition of assets with funds of a municipality not immediately required, with the primary aim of preserving those funds;
- “lender”**, in relation to a municipality, means a person who provides debt finance to a municipality;
- “local community”** has the meaning assigned to it in section 1 of the Municipal Systems Act;
- “local municipality”** means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155(1) of the Constitution as a category B municipality;
- “long-term debt”** means debt repayable over a period exceeding one year;
- “MANCO”** means management committee of the municipality
- “MFMA”** Municipal Finance Management Act, No. 56 of 2003
- “MFMA Regulations or (MBRR)”** means regulations relating to Municipal Budget and Reporting
- “MTEF”** means Medium Term Expenditure Framework
- “mayor”**, in relation to -
- (a) a municipality with an executive mayor, means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act; or
 - (b) a municipality with an executive committee, means the councillor elected as the mayor of the municipality in terms of section 48 of that Act;
- “month”** means one of the 12 months of a calendar year;
- “municipality”** -
- (a) when referred to as a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or (b) when referred to as a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);
- “municipal service”** has the meaning assigned to it in section 1 of the Municipal Systems Act;
- “Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- “municipal tariff”** means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;
- “municipal tax”** means property rates or other taxes, levies or duties that a municipality may impose;
- “National Treasury”** means the National Treasury established by section 5 of the Public Finance Management Act;
- “past financial year”** means the financial year preceding the current year;
- “NER”**, means the National Electricity Regulator;
- “Provincial Treasury”** means a treasury established in terms of section 17 of the Public Finance Management Act;
- “quarter”** means any of the following periods in a financial year:
- (a) 1 July to 30 September;
 - (b) 1 October to 31 December;
 - (c) 1 January to 31 March; or
 - (d) 1 April to 30 June;
- “Quality certificate”**, in relation to

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

“SDBIP” means Service Delivery Budget Implementation Plan

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

“vote” means -

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

1 Part 1 – Adjustments Budget

1.1 Mayor's Report

Honourable Speaker, Amakhosi oselwa, Deputy Mayor, Members of the Executive Committee, Councillors, Acting Municipal Manager, Officials and valuable members of our community. Following a council resolution taken at a special council meeting earlier, on municipal mid-year budget and performance assessment, I hereby present to Council the Medium Term Revenue and Expenditure Framework adjustments budget 2021/22 and the two outer subsequent years.

We are faced with difficult economic conditions. Many businesses have closed down, and many jobs have been lost. The war against covid19 pandemic is still on. There is beamer of hope as the National Government has started the vaccination roll out in the fight against covid19. We mourn with families who have lost their loved ones. God is still here with us, this too shall pass.

The municipality has remained open to offer basic and essential services to the community under the current difficult conditions as we experience the fourth waive of covid 19. We thank the Acting Municipal Manager, and his staff especially the essential workers who have continued to brave the current conditions of covid 19 and kept the municipality running. We continue to urge Councillors, municipal staff and our community to vaccinate, take health precautionary measures in order to curb the spread of this virus, also to observe and obey all Covid-19 protocols and regulations.

Also, the public unrest and looting that took place in July 2021, resulted in some businesses being vandalized which forced some of the businesses to close. Some of these businesses are still in the process to gain its full business operations which may negatively affect revenue collection. However, all municipal buildings were not vandalized.

The 2021 Local Government elections that were held on 1 November 2021 went very well with no major reported disruptions, the municipal council inauguration meeting took place on 22 November 2021 and a new Executive Committee was elected along with a new Mayor, Deputy Mayor and Speaker.

The Municipality's budget is being implemented in accordance with the service delivery and budget implementation plan, 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.

The municipality got unqualified audit opinion from Auditor General in 2020/2021 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 occur in the current financial year.

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

The adjustments budget gave us an opportunity to 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 2021/22 adjustments budget must be adopted by Council by no later than 28 February 2022.

The National Treasury adjustments budget has not provided Mthonjaneni Municipality with any additional amount in terms of Division of Revenue Act (DORA).

The following are key budget areas that were adjusted:

- a) Fines = Will be adjusted upwards by **R2 million**. The municipality is in the process to appoint the service provider to assist with traffic management system which will increase the revenue anticipated from collection of traffic fines.
- b) Other Revenue= Will be adjusted upwards by **R200 thousand**. The upwards adjustment was due to insurance refunds the municipality has already collected as at 31 December 2021.
- c) Employee related cost= will be adjusted upwards by **R428 thousand**. The upwards adjustment was to cater for expenditure that has already occurred and not anticipated to avoid unauthorised expenditure like employees once off payments that was approved as per collective agreement 2021 on salary increase that took place in September 2021.
- d) Remuneration of Councillors = will be adjusted upwards by **R90 thousand rand**. To cater for the post of Whip which was original not available at the municipality however post 01 November 2021 local government elections this post was also allowed for municipality of our category.

- e) Debt Impairment= will be adjusted downwards by **R4 Million**. This is a saving realised from this line item taking into account the year-to-date expenditure as at December 2021.
- f) Depreciation and Asset Impairment = This expenditure item will be adjusted downwards by **R2.960 Million**. This is a saving realised from this line item taking into account the year-to-date expenditure as at December 2021
- g) Bulk Purchases= Will be adjusted downwards by **R3.424 Million**. The downwards adjustment was due to that, bulk purchases were over provided considering year to date expenditure the municipality is expecting to realise a saving from this expenditure item.
- h) Inventory consumed= will be adjusted upwards by **R931 thousand rand**. This was mainly to cater for materials and supplies and consumables that has already exceeded the budget as at December 2021 to avoid unauthorised expenditure. Like an increase in disaster recovery and response (**R700 thousand**) as the Municipality was affected by the hailstorm and heavy rains on the 4 January 2022. These incidents had an adverse effects on human life and the properties of the community around mthonjaneni community and the municipality had to respond and give assistance to the most affected families, and an increase of the municipal fuel (**R300 thousand**) to last for the remainder of the year.
- i) Finance Charges= Will be adjusted upwards by **R50 thousand rand**. The upwards adjustment was due to fines and penalties that were originally not anticipated but to avoid the unauthorised expenditure the municipality has taken that expenditure into account.
- j) Other Expenditure= will be adjusted upwards by **R 4.402 million rand**. This was mainly to cater for other expenditure that has already exceeded the budget as at December 2021 to avoid unauthorised expenditure. Also the municipality brought forward projects that were originally planned to take place by quarter three and four to first six months of the year to speed up service delivery to the community of Mthonjaneni. The main upwards adjustments were mainly on software licences, accommodation, advertising, electricity usage on the municipal offices, plant hire for gravel roads grading in all municipal wards and telephones & internet for the municipal staff so that municipal operations cannot be interrupted
- k) Contracted Services= will be adjusted upwards by the net amount of **R7.037 million**. This was mainly to cater for other expenditure that has already exceeded the budget as at December 2021 to avoid unauthorised expenditure. Also the municipality brought forward projects that were originally planned to take place by quarter three and four to first six months of the year to speed up service delivery to the community of Mthonjaneni. The main upwards adjustments were mainly on security for municipal buildings, strategic planning that was originally not provided,

mSCOA & financial system upgrades, hygiene services to procure COVID 19 PPE, EPWP salaries to keep on assisting on all municipal wards and keep our town clean and to cater for IDP/Budget Road shows etc.

- l) Capital Expenditure = will be adjusted downwards by a net amount of **R126.0 thousand**

Summary of the adjustments budget 2021/22 and two outer years is as follows

Description	FINAL BUDGET 2021/22	ADJUSTED BUDGET 2021/22	BUDGET 2022/22	BUDGET 2022/23
Operational Revenue	R172.4 million	R174.6 million	R181.9 million	R183.4 million
Capital Revenue	R39.7 million	R39.7 million	R34.0 million	R35.8 million
Total Revenue	R212.1 million	R214.3 million	R215.9 million	R219.2 million
Operational Expenditure	R164.7 million	R167.3 million	R 172.8 million	R179.4 million
Capital Expenditure	R47.1 million	R46.9 million	R 43.0 million	R37.2 million
Total Expenditure	R211.8 million	R214.2 million	R 215.8 million	R216.6 million
Net (Surplus)/Deficit	(R307.9 thousand)	(R79.6 thousand)	(R139 thousand)	(R2.6million)

In light of the aforementioned reasons, I recommend that Council approves the adjustments budget for 2021/22 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 2021/22 adjustments budget.

I thank you! Ngiyathokoza!

HIS WORSHIP THE MAYOR

COUNCILLOR N.M BIYELA

1.2 Council Resolutions

1.2.1 That the MTREF Adjustments budget of the Municipality for the financial year 2021/22 and two outer years be referred to the Budget Steering Committee and Finance Portfolio for adoption.

1.2.2 That the MTREF Adjustments budget 2021/22 be approved by council.

1.2.3 That the MTREF Adjustments budget of the Municipality for the financial year 2021/22 in the prescribed format be submitted to National and Provincial Treasury within 10 working days after approval by Council.

1.2.4 That the Provincial Treasury feedback assessment report on 2021/22 mid-year budget and performance assessment report be noted.

1.3 Executive Summary

The adjustments budget gave us an opportunity to 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 application of sound financial management principles for the compilation of Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The 2021/22 adjustments budget must be adopted by Council by no later than 28 February 2022.

MFMA Circular No. 107 & 108 States that the National Treasury projects real economic growth of 3.3 per cent in 2021, following an expected contraction of 7.8 per cent in 2020. Real GDP growth is expected to moderate to 1.7 per cent in 2022 and 1.5 per cent in 2023, averaging 2.1 per cent over the medium term. South Africa experienced its largest recorded decline in economic output in the second quarter of 2020 due to the strict COVID-19 lockdown. Real GDP fell by 17.1 per cent relative to the previous quarter (or 51 per cent on a seasonally adjusted and annualised basis), with all major sectors except agriculture declining. The second-quarter results were weaker than expected in the June 2020 special adjustments budget, which projected a contraction of 7.2 per cent in 2020.

MFMA Circular No. 94 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.

MFMA Circular No. 98 further states in addition to low growth, South Africa's biggest economic risk is Eskom. On-going problems with the utility's operations continue to disrupt the supply of electricity to households and businesses. Government has allocated significant resources to assist Eskom. With the immediate financial restraints lifted, the focus must be on operational problems and restructuring Eskom into three separate entities. Doing so will mark the beginning of a transition to a competitive, transparent and financially viable electricity sector.

South Africa's public finances deteriorated over the past decade; a trend that accelerated in recent years as low growth led to large revenue shortfalls. For 10 years, the country has run large budget deficits. This has put us deeply in debt, to the point where interest payments have begun crowding out social and economic spending programmes. This cannot be sustained.

Government proposed a range of expenditure reductions to restore the public finances to a sustainable position, some of which are likely to be painful. We owe it to future generations to ensure that we are good stewards of our country's resources and that they do not have to pay for faults in our decision-making

National Treasury's MFMA Circulars no. 107 and no. 108 were used to guide the compilation of the 2021/22 MTREF and PROVINCIAL TREASURY CIRCULAR PT/MF 06 OF 2021/22

The main challenges experienced during the compilation of the 2021/22 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Wage increases for municipal staff that continues to exceed consumer inflation.
- The ongoing Covid 19 Pandemic
- Ongoing problems with the utility's operations which continue to disrupt the supply of electricity to households and businesses.
- Looting that took place during July 2021

The following budget principles and guidelines directly informed the compilation of the 2021/22 Adjustments MTREF:

- The 2021/22 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 2021/22 Final annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Property rate increases which is based on the new General Valuation Roll to be implemented in 2021/22.
- 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.
- Provincial Gazette No. 2245, 10 December 2020
- PROVINCIAL TREASURY CIRCULAR PT/MF 06 OF 2021/22

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 2021/22 MTREF (classified by main revenue source):

Municipal adjustments budgets & supporting tables

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Contact details:

Technical enquiries to the MFMA Helpline at:
mfma@treasury.gov.za

Data submission enquiries:
Elsabé Rossouw
National Treasury
Tel: (012) 315-5534
Electronic documents: lgdocuments@treasury.gov.za
Queries on formats: lgdataqueries@treasury.gov.za

Table 1 Summary of revenue classified by main revenue source

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

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

a) Fines = Will be adjusted upwards by **R2 million**

b) Other Revenue= Will be adjusted upwards by **R200 thousand rand**

The total revenue (including capital transfers and contributions) increased from R 212, 1 million rand to R 214, 3 million rand mainly due to an upwards adjustment to other revenue

Choose name from list - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Ref	Budget Year 2021/22							Budget Year +1 2022/23	Budget Year +2 2023/24
		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:		91 351	–	–	–	–	–	91 351	93 125	90 398
Local Government Equitable Share		86 810					–	86 810	90 275	87 548
Finance Management	3	2 650					–	2 650	2 850	2 850
EPWP Incentive		1 891					–	1 891		
							–	–		
							–	–		
Other transfers and grants [insert description]							–	–		
Provincial Government:		1 177	–	–	–	–	–	1 177	1 235	1 235
Provincialisation of Libraries		935					–	935	981	981
Community Library Services Grant	4	242					–	242	254	254
							–	–		
Provincialisation of Libraries	5						–	–		
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]							–	–		
							–	–		
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]							–	–		
							–	–		
Total Operating Transfers and Grants	6	92 528	–	–	–	–	–	92 528	94 360	91 633
Capital Transfers and Grants										
National Government:		39 637	–	–	–	–	–	39 637	34 039	35 761
Municipal Infrastructure Grant (MIG)		18 832					–	18 832	20 039	20 761
							–	–		
							–	–		
Integrated Electrification Programme Grant		20 805					–	20 805	14 000	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	39 637	–	–	–	–	–	39 637	34 039	35 761
TOTAL RECEIPTS OF TRANSFERS & GRANTS		132 165	–	–	–	–	–	132 165	128 399	127 394

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.

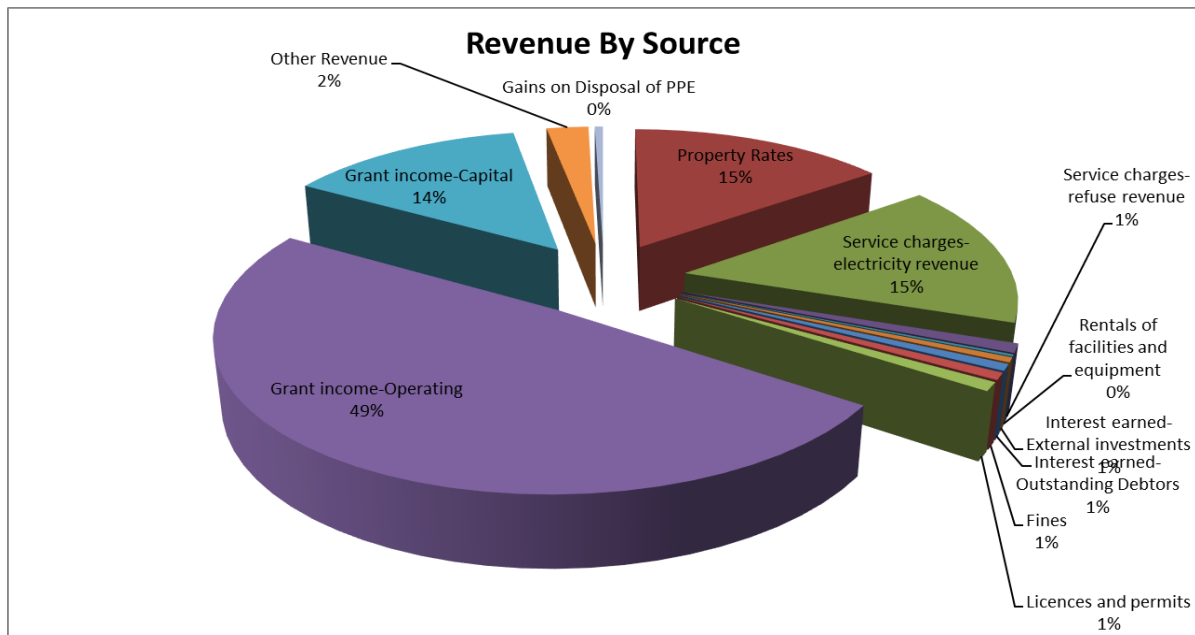


Figure 1 Main operational revenue categories for 2021/22 Adjustments Budget.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2021/22 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.
- COVID-19 Pandemic

The following table is high level summary of the 2021/22 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	57 824	-	-	-	-	-	428	428	58 252	60 662	63 331			
Remuneration of councillors	9 633	-	-	-	-	-	90	90	9 723	10 132	10 577			
Debt impairment	6 726	-	-	-	-	-	(4 000)	(4 000)	2 726	2 840	2 965			
Depreciation & asset impairment	18 287	-	-	-	-	-	(2 960)	(2 960)	15 327	19 097	19 099			
Finance charges	-	-	-	-	-	-	50	50	50	52	54			
Bulk purchases - electricity	26 469	-	-	-	-	-	(3 424)	(3 424)	23 045	22 145	22 713			
Inventory consumed	3 546	-	-	-	-	-	931	931	4 477	3 378	3 647			
Contracted services	23 088	-	-	-	-	-	7 037	7 037	30 125	31 390	32 771			
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-			
Other expenditure	19 129	-	-	-	-	-	4 402	4 402	23 531	24 519	25 598			
Losses	-	-	-	-	-	-	-	-	-	-	-			
Total Expenditure	164 702	-	-	-	-	-	2 554	2 554	167 256	174 215	180 756			

- a) Employee related cost= will be adjusted upwards by R428 thousand. The upwards adjustment was to cater for expenditure that has already occurred and not anticipated to avoid unauthorised expenditure like employees once off payments that was approved as per collective agreement 2021 on salary increase that took place in September 2021.
- b) Remuneration of Councillors = will be adjusted upwards by R90 thousand rand. To cater for the post of Whip which was original not available at the municipality however post 01 November 2021 local government elections this post was also allowed for municipality of our category.
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- d) Depreciation and Asset Impairment = This expenditure item will be adjusted downwards by R2.960 Million. This is a saving realised from this line item taking into account the year-to-date expenditure as at December 2021
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adjustments were mainly on software licences, accommodation, advertising, electricity usage on the municipal offices, plant hire for gravel roads grading in all municipal wards and telephones & internet for the municipal staff so that municipal operations cannot be interrupted

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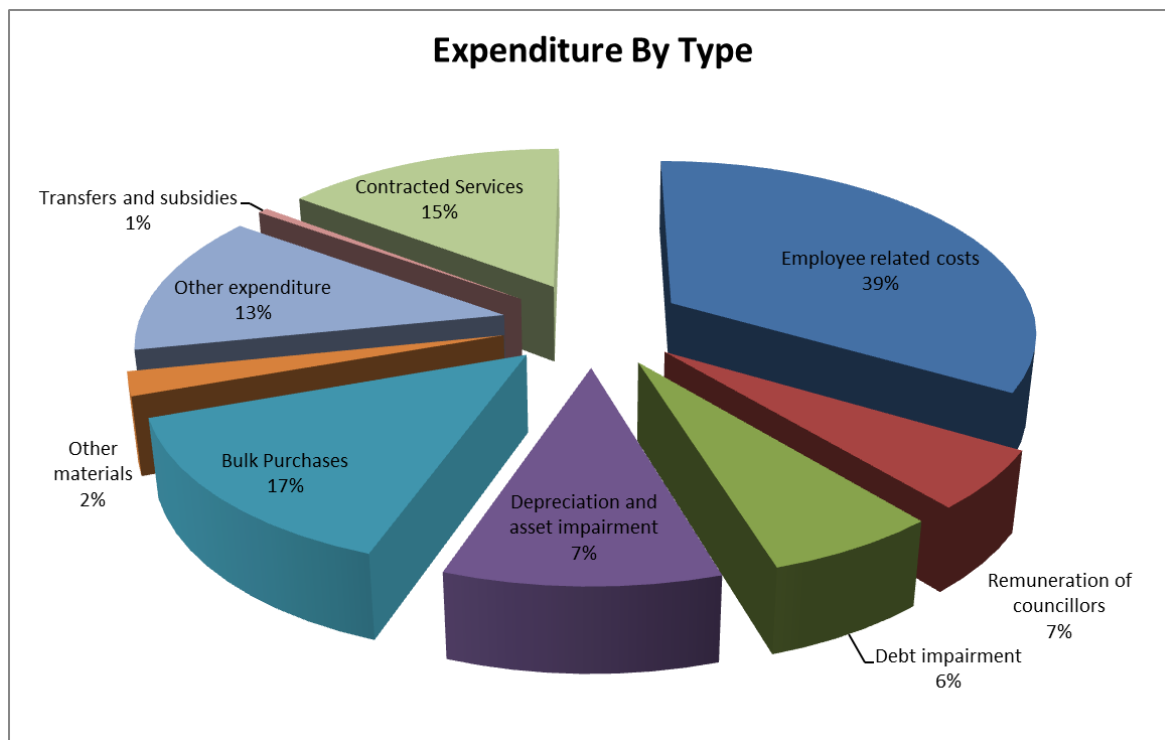


Figure 2 Main operational expenditure categories for the 2021/22 Adjustments Budget

Table 4 Operational repairs and maintenance

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 2021/22 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 B1 – Budget Summary

KZN285 Mthonjaneni - Table B1 Adjustments Budget Summary -

Description	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	32 606	–	–	–	–	–	–	–	32 606	33 976	35 471
Service charges	36 063	–	–	–	–	–	–	–	36 063	37 578	39 231
Investment revenue	1 200	–	–	–	–	–	–	–	1 200	1 272	1 361
Transfers recognised - operational	92 528	–	–	–	–	–	–	–	92 528	96 330	93 690
Other own revenue	10 053	–	–	–	–	–	2 200	2 200	12 253	12 776	13 670
Total Revenue (excluding capital transfers and contributions)	172 450	–	–	–	–	–	2 200	2 200	174 650	181 932	183 423
Employee costs	57 824	–	–	–	–	–	428	428	58 252	60 662	63 331
Remuneration of councillors	9 633	–	–	–	–	–	90	90	9 723	10 132	10 577
Depreciation & asset impairment	18 287	–	–	–	–	–	(2 960)	(2 960)	15 327	17 694	17 696
Finance charges	–	–	–	–	–	–	50	50	50	52	54
Inventory consumed and bulk purchases	30 015	–	–	–	–	–	(2 493)	(2 493)	27 523	25 523	26 360
Transfers and grants	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	48 943	–	–	–	–	–	7 439	7 439	56 382	58 750	61 335
Total Expenditure	164 702	–	–	–	–	–	2 554	2 554	167 256	172 812	179 353
Surplus/(Deficit)	7 748	–	–	–	–	–	(354)	(354)	7 394	9 120	4 070
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	39 637	–	–	–	–	–	–	–	39 637	34 039	35 761
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	47 385	–	–	–	–	–	(354)	(354)	47 031	43 159	39 831
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	47 385	–	–	–	–	–	(354)	(354)	47 031	43 159	39 831
Capital expenditure & funds sources											
Capital expenditure	47 077	–	–	–	–	–	(126)	(126)	46 951	43 019	37 231
Transfers recognised - capital	39 637	–	–	–	–	–	1 300	1 300	40 937	34 039	35 761
Borrowing	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	7 440	–	–	–	–	–	(1 426)	(1 426)	6 014	8 980	1 470
Total sources of capital funds	47 077	–	–	–	–	–	(126)	(126)	46 951	43 019	37 231
Financial position											
Total current assets	150 120	–	–	–	–	–	6 691	6 691	156 812	147 494	155 271
Total non current assets	422 306	–	–	–	–	–	476	476	422 782	419 620	414 001
Total current liabilities	(63 899)	–	–	–	–	–	31 160	31 160	(32 739)	(21 432)	(25 388)
Total non current liabilities	6 075	–	–	–	–	–	–	–	6 075	6 439	6 890
Community wealth/Equity	47 385	–	–	–	–	–	(483 198)	(483 198)	(435 814)	513 439	519 458
Cash flows											
Net cash from (used) operating	56 767	–	–	–	–	–	(9 311)	(9 311)	47 455	66 702	58 975
Net cash from (used) investing	(44 777)	–	–	–	–	–	126	126	(44 651)	(40 581)	(34 622)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	11 990	–	–	–	–	–	(4 523)	(4 523)	7 466	31 063	29 641
Cash backing/surplus reconciliation											
Cash and investments available	15 723	–	–	–	–	–	1 374	1 374	17 097	29 779	45 826
Application of cash and investments	(175 426)	–	–	–	–	–	27 638	27 638	(147 788)	(115 493)	(115 503)
Balance - surplus (shortfall)	191 149	–	–	–	–	–	(26 264)	(26 264)	164 885	145 272	161 329
Asset Management											
Asset register summary (WDV)	425 592	–	–	–	–	–	476	476	426 068	422 906	417 287
Depreciation	18 287	–	–	–	–	–	(2 960)	(2 960)	15 327	17 694	17 696
Renewal and Upgrading of Existing Assets	700	–	–	–	–	–	(150)	(150)	550	1 430	240
Repairs and Maintenance	6 505	–	–	–	–	–	2 775	2 775	9 280	9 228	9 862
Free services											
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	6 661	–	–	–	–	–	–	–	6 661	6 941	7 246
Households below minimum service level											
Water:	–	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–	–

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 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		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>		126 998	-	-	-	-	-	200	200	127 198	132 329	131 463
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		126 998	-	-	-	-	-	200	200	127 198	132 329	131 463
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		4 330	-	-	-	-	-	2 000	2 000	6 330	6 697	7 080
Community and social services		1 197	-	-	-	-	-	-	-	1 197	1 256	1 258
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		3 133	-	-	-	-	-	2 000	2 000	5 133	5 441	5 822
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		23 841	-	-	-	-	-	-	-	23 841	25 314	26 354
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		23 841	-	-	-	-	-	-	-	23 841	25 314	26 354
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		56 918	-	-	-	-	-	-	-	56 918	51 631	54 288
Energy sources		54 721	-	-	-	-	-	-	-	54 721	49 340	51 895
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		2 197	-	-	-	-	-	-	-	2 197	2 291	2 393
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	212 087	-	-	-	-	-	2 200	2 200	214 287	215 971	219 184
Expenditure - Functional												
<i>Governance and administration</i>		62 037	-	-	-	-	-	12 757	12 757	74 794	79 662	82 395
Executive and council		17 530	-	-	-	-	-	1 348	1 348	18 878	19 672	20 539
Finance and administration		42 469	-	-	-	-	-	11 156	11 156	53 625	57 603	59 364
Internal audit		2 038	-	-	-	-	-	253	253	2 291	2 387	2 492
<i>Community and public safety</i>		26 704	-	-	-	-	-	626	626	27 330	27 385	28 592
Community and social services		11 423	-	-	-	-	-	1 881	1 881	13 303	13 810	14 418
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		15 281	-	-	-	-	-	(1 255)	(1 255)	14 026	13 575	14 174
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		37 268	-	-	-	-	-	(2 637)	(2 637)	34 631	35 849	37 537
Planning and development		6 158	-	-	-	-	-	2 465	2 465	8 622	9 008	9 441
Road transport		31 110	-	-	-	-	-	(5 102)	(5 102)	26 008	26 840	28 096
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		38 694	-	-	-	-	-	(8 192)	(8 192)	30 502	29 917	30 830
Energy sources		35 302	-	-	-	-	-	(8 582)	(8 582)	26 721	25 975	26 712
Water management		6	-	-	-	-	-	-	-	6	6	7
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		3 386	-	-	-	-	-	389	389	3 775	3 936	4 111
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	164 702	-	-	-	-	-	2 554	2 554	167 256	172 812	179 353
Surplus/ (Deficit) for the year		47 385	-	-	-	-	-	(354)	(354)	47 031	43 159	39 831

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 B4.

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 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
Revenue by Vote	1											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		126 998	-	-	-	-	-	(12 667)	(12 667)	114 332	118 922	117 466
Vote 3 - Corporate Services		4 330	-	-	-	-	-	14 867	14 867	19 197	20 104	21 077
Vote 4 - Technical Services		80 759	-	-	-	-	-	-	-	80 759	76 945	80 642
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	212 087	-	-	-	-	-	2 200	2 200	214 287	215 971	219 184
Expenditure by Vote	1											
Vote 1 - Executive & Council		19 574	-	-	-	-	-	2 221	2 221	21 795	22 712	23 712
Vote 2 - Finance and Admin		28 303	-	-	-	-	-	11 864	11 864	40 166	43 576	44 717
Vote 3 - Corporate Services		43 064	-	-	-	-	-	(581)	(581)	42 483	43 200	45 141
Vote 4 - Technical Services		73 761	-	-	-	-	-	(10 949)	(10 949)	62 812	63 325	65 783
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	164 702	-	-	-	-	-	2 554	2 554	167 256	172 812	179 353
Surplus/ (Deficit) for the year	2	47 385	-	-	-	-	-	(354)	(354)	47 031	43 159	39 831

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 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	32 606	-	-	-	-	-	-	-	32 606	33 976	35 471
Service charges - electricity revenue	2	33 916	-	-	-	-	-	-	-	33 916	35 340	36 895
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	2 147	-	-	-	-	-	-	-	2 147	2 238	2 336
Rental of facilities and equipment		450	-	-	-	-	-	-	-	450	477	510
Interest earned - external investments		1 200	-	-	-	-	-	-	-	1 200	1 272	1 361
Interest earned - outstanding debtors		1 900	-	-	-	-	-	-	-	1 900	2 014	2 155
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 003	-	-	-	-	-	2 000	2 000	3 003	3 184	3 406
Licences and permits		2 208	-	-	-	-	-	-	-	2 208	2 341	2 504
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		92 528	-	-	-	-	-	-	-	92 528	96 330	93 690
Other revenue	2	2 991	-	-	-	-	-	200	200	3 191	3 171	3 393
Gains		1 500	-	-	-	-	-	-	-	1 500	1 590	1 701
Total Revenue (excluding capital transfers and contributions)		172 450	-	-	-	-	-	2 200	2 200	174 650	181 932	183 423
Expenditure By Type												
Employee related costs		57 824	-	-	-	-	-	428	428	58 252	60 662	63 331
Remuneration of councillors		9 633	-	-	-	-	-	90	90	9 723	10 132	10 577
Debt impairment		6 726	-	-	-	-	-	(4 000)	(4 000)	2 726	2 840	2 965
Depreciation & asset impairment		18 287	-	-	-	-	-	(2 960)	(2 960)	15 327	17 694	17 696
Finance charges		-	-	-	-	-	-	50	50	50	52	54
Bulk purchases - electricity		26 469	-	-	-	-	-	(3 424)	(3 424)	23 045	22 145	22 713
Inventory consumed		3 546	-	-	-	-	-	931	931	4 477	3 378	3 647
Contracted services		23 088	-	-	-	-	-	7 037	7 037	30 125	31 390	32 771
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-
Other expenditure		19 129	-	-	-	-	-	4 402	4 402	23 531	24 519	25 598
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		164 702	-	-	-	-	-	2 554	2 554	167 256	172 812	179 353
Surplus/(Deficit)		7 748	-	-	-	-	-	(354)	(354)	7 394	9 120	4 070
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		39 637	-	-	-	-	-	-	-	39 637	34 039	35 761
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		47 385	-	-	-	-	-	(354)	(354)	47 031	43 159	39 831
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		47 385	-	-	-	-	-	(354)	(354)	47 031	43 159	39 831
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		47 385	-	-	-	-	-	(354)	(354)	47 031	43 159	39 831
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		47 385	-	-	-	-	-	(354)	(354)	47 031	43 159	39 831

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 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		2 300	-	-	-	-	-	(486)	(486)	1 814	90	160
Vote 2 - Finance and Admin		250	-	-	-	-	-	(50)	(50)	200	390	210
Vote 3 - Corporate Services		1 050	-	-	-	-	-	(310)	(310)	740	690	500
Vote 4 - Technical Services		43 477	-	-	-	-	-	720	720	44 197	41 849	36 361
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		47 077	-	-	-	-	-	(126)	(126)	46 951	43 019	37 231
Total Capital Expenditure - Vote		47 077	-	-	-	-	-	(126)	(126)	46 951	43 019	37 231
Capital Expenditure - Functional												
Governance and administration		3 350	-	-	-	-	-	(836)	(836)	2 514	930	710
Executive and council		2 300	-	-	-	-	-	(486)	(486)	1 814	90	160
Finance and administration		1 050	-	-	-	-	-	(350)	(350)	700	840	550
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		250	-	-	-	-	-	(10)	(10)	240	240	160
Community and social services		130	-	-	-	-	-	60	60	190	70	90
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		120	-	-	-	-	-	(70)	(70)	50	170	70
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		21 372	-	-	-	-	-	900	900	22 272	25 399	20 861
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		21 372	-	-	-	-	-	900	900	22 272	25 399	20 861
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		22 105	-	-	-	-	-	(180)	(180)	21 925	16 450	15 500
Energy sources		22 005	-	-	-	-	-	(240)	(240)	21 765	15 950	15 500
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		100	-	-	-	-	-	60	60	160	500	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	47 077	-	-	-	-	-	(126)	(126)	46 951	43 019	37 231
Funded by:												
National Government		39 637	-	-	-	-	-	1 300	1 300	40 937	34 039	35 761
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	39 637	-	-	-	-	-	1 300	1 300	40 937	34 039	35 761
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		7 440	-	-	-	-	-	(1 426)	(1 426)	6 014	8 980	1 470
Total Capital Funding		47 077	-	-	-	-	-	(126)	(126)	46 951	43 019	37 231

Explanatory notes to Table B5 – Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table B5 is a breakdown of the capital programs in relation to capital expenditure by municipal vote (multi – year and single – year appropriations); capital expenditure by standard classification; and funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The capital programs of Mthonjaneni Municipality is funded from national & provincial grants and subsidies and from accumulated cash backed reserves that are not committed for any other purposes.

Table 10: MBRR Table B6 – Budgeted Financial Position

KZN285 Mthonjaneni - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		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		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash		15 607	–					1 490	1 490	17 097	29 779	45 826
Call investment deposits	1	116	–					(116)	(116)	–	–	–
Consumer debtors	1	39 378	–	–	–	–	–	5 318	5 318	44 696	27 565	19 295
Other debtors		94 280	–					–	–	94 280	89 412	89 412
Current portion of long-term receivables		–	–					–	–	–	–	–
Inventory		739	–	–	–	–	–	–	–	739	739	739
Total current assets		150 120	–	–	–	–	–	6 691	6 691	156 812	147 494	155 271
Non current assets												
Long-term receivables		–	–					–	–	–	–	–
Investments		–	–					–	–	–	–	–
Investment property		88	–					(22)	(22)	66	60	88
Investment in Associate		–	–					–	–	–	–	–
Property, plant and equipment	1	420 783	–	–	–	–	–	74	74	420 857	417 111	411 223
Biological		1 211	–					686	686	1 897	2 011	2 152
Intangible		223	–					(262)	(262)	(39)	438	538
Other non-current assets		1	–					–	–	1	1	1
Total non current assets		422 306	–	–	–	–	–	476	476	422 782	419 620	414 001
TOTAL ASSETS		572 426	–	–	–	–	–	7 167	7 167	579 594	567 114	569 273
LIABILITIES												
Current liabilities												
Bank overdraft		–	–					–	–	–	–	–
Borrowing		–	–	–	–	–	–	–	–	–	–	–
Consumer deposits		1 077	–					(83)	(83)	994	1 142	1 222
Trade and other payables		(64 976)	–	–	–	–	–	31 243	31 243	(33 733)	(22 574)	(26 609)
Provisions		–	–					–	–	–	–	–
Total current liabilities		(63 899)	–	–	–	–	–	31 160	31 160	(32 739)	(21 432)	(25 388)
Non current liabilities												
Borrowing	1	–	–	–	–	–	–	–	–	–	–	–
Provisions	1	6 075	–	–	–	–	–	–	–	6 075	6 439	6 890
Total non current liabilities		6 075	–	–	–	–	–	–	–	6 075	6 439	6 890
TOTAL LIABILITIES		(57 824)	–	–	–	–	–	31 160	31 160	(26 664)	(14 993)	(18 498)
NET ASSETS	2	630 250	–	–	–	–	–	(23 992)	(23 992)	606 258	582 107	587 770
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		47 385	–	–	–	–	–	(483 198)	(483 198)	(435 814)	513 439	519 458
Reserves		–	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY		47 385	–	–	–	–	–	(483 198)	(483 198)	(435 814)	513 439	519 458

Explanatory notes to Table B6 – Budgeted Financial Position

1. Table B6 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 B7 – Budgeted Cash Flow Statement

KZN285 Mthonjaneni - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		25 909	–					–	–	25 909	27 464	29 386
Service charges		23 417	–					–	–	23 417	24 822	26 560
Other revenue		11 418	–					1 400	1 400	12 818	12 744	14 146
Transfers and Subsidies - Operational	1	92 528	–					–	–	92 528	94 360	91 633
Transfers and Subsidies - Capital	1	39 637	–					–	–	39 637	34 039	35 761
Interest		–	–					2 349	2 349	2 349	2 490	2 664
Dividends		–	–					–	–	–	–	–
Payments												
Suppliers and employees		(136 143)	–					(13 060)	(13 060)	(149 203)	(129 216)	(141 175)
Finance charges		–	–					–	–	–	–	–
Transfers and Grants	1	–	–					–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		56 767	–	–	–	–	–	(9 311)	(9 311)	47 455	66 702	58 975
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		2 300	–					–	–	2 300	2 438	2 609
Decrease (increase) in non-current receivables		–	–					–	–	–	–	–
Decrease (increase) in non-current investments		–	–					–	–	–	–	–
Payments												
Capital assets		(47 077)	–					126	126	(46 951)	(43 019)	(37 231)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(44 777)	–	–	–	–	–	126	126	(44 651)	(40 581)	(34 622)
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		11 990	–	–	–	–	–	(9 185)	(9 185)	2 804	26 121	24 353
Cash/cash equivalents at the year begin:	2	–	–					4 662	4 662	4 662	4 942	5 288
Cash/cash equivalents at the year end:	2	11 990	–	–	–	–	–	(4 523)	(4 523)	7 466	31 063	29 641

Explanatory notes to Table B7 – 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.

Cash Collection Rate

Municipal average collection rate for Property Rates for past 6 months is calculated at 88.3% 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 79.46% in worst case scenario for the remainder of the financial year which is a 8.84% decrease from the collection rate for the first 6 months. As for service charges (electricity and refuse services) the actual average collection rate is 74.16% we then made it 60.45% (reduced by 13.71%, where service charges on electricity are 65.54% and refuse are set at 55.36%) 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 municipality expect all revenue cash collection projections to hold for the remainder of the year as was projected during adjustments budget.

Other Revenue Composition

Other revenue is composed of Rental of Facilities & Equipment; Licenses & permits and Fines, penalties & forfeits and Other income. Rental of facilities consist of fixed rent that we charge our

tenants with a collection rate of 74% and mostly are 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 still limited due lockdown regulations on gatherings which may reduce the revenue from such service, again we have used past six months history bookings to come out with the average collection rate of 66.60% on rental of facilities. 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 are currently operating. The municipality is also expecting to collect about R1.2 million rand in traffic fines from a R2 million rand adjustment which is 60 % of the adjusted budgeted revenue. The municipality is in the process to appoint the service provider to assist with Traffic management system services after 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 anticipate the collection rate to be less for the year. Also there was an adjustment of R200 thousand Rand from insurance refunds taking into account the revenue already collected as at 31 December 2021. The municipality expect all revenue cash collection projections to hold for the remainder of the year as was projected during adjustments budget.

Interest

Interest earned from outstanding debtors is set to 66.79% 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. Where interest earned on investments is set at 90% collection rate base on historical information and its interest directly from our main account and other municipal investments accounts. The municipality expect all revenue cash collection projections to hold for the remainder of the year as was projected during adjustments budget.

Table 12: MBRR Table B8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

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

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
Cash and investments available												
Cash/cash equivalents at the year end	1	11 990	–	–	–	–	–	(4 523)	(4 523)	7 466	31 063	29 641
Other current investments > 90 days		3 733	–	–	–	–	–	5 897	5 897	9 630	(1 284)	16 185
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		15 723	–	–	–	–	–	1 374	1 374	17 097	29 779	45 826
Applications of cash and investments												
Unspent conditional transfers		(86 911)	–	–	–	–	–	–	–	(86 911)	(76 248)	(79 692)
Unspent borrowing										–		
Statutory requirements										–		
Other working capital requirements	2	(88 515)	–	–	–	–	–	101 409	101 409	12 894	(39 245)	(35 811)
Other provisions										–		
Long term investments committed		–	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		(175 426)	–	–	–	–	–	101 409	101 409	(74 017)	(115 493)	(115 503)
Surplus(shortfall)		191 149	–	–	–	–	–	(100 035)	(100 035)	91 114	145 272	161 329

Explanatory notes to Table B8 – 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 B9 – Asset Management

Choose name from list - Table B9 Asset Management -

Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 7	Accum. Funds 8	Multi-year capital 9	Unfore. Unavoid. 10	Nat. or Prov. Govt 11	Other Adjusts. 12	Total Adjusts. 13	Adjusted Budget 14	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
TOTAL CAPITAL EXPENDITURE to be adjusted	4	47 077	–	–	–	–	–	(126)	(126)	46 951	43 019	37 231
ASSET REGISTER SUMMARY - PPE (WDV)	5	425 592	–	–	–	–	–	476	476	426 068	422 906	417 287
Roads Infrastructure		433 625	–	–	–	–	–	1 200	1 200	434 825	437 537	437 469
Storm water Infrastructure		(1 045)	–	–	–	–	–	–	–	(1 045)	(1 045)	(1 045)
Electrical Infrastructure		(1 415)	–	–	–	–	–	(100)	(100)	(1 515)	(7 470)	(7 920)
Water Supply Infrastructure		226	–	–	–	–	–	–	–	226	226	226
Sanitation Infrastructure		821	–	–	–	–	–	–	–	821	821	821
Solid Waste Infrastructure		236	–	–	–	–	–	(40)	(40)	196	1 236	(64)
Rail Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–	–	–
Infrastructure		432 449	–	–	–	–	–	1 060	1 060	433 509	431 306	429 488
Community Assets		(1 379)	–	–	–	–	–	–	–	(1 379)	(1 061)	(3 261)
Heritage Assets		1	–	–	–	–	–	–	–	1	1	1
Investment properties		88	–	–	–	–	–	(22)	(22)	66	60	88
Other Assets		(7 503)	–	–	–	–	–	100	100	(7 403)	(7 003)	(7 993)
Biological or Cultivated Assets		1 211	–	–	–	–	–	686	686	1 897	2 011	2 152
Intangible Assets		223	–	–	–	–	–	(262)	(262)	(39)	438	538
Computer Equipment		3 245	–	–	–	–	–	(50)	(50)	3 195	2 945	2 755
Furniture and Office Equipment		800	–	–	–	–	–	(90)	(90)	710	473	323
Machinery and Equipment		(192)	–	–	–	–	–	(250)	(250)	(442)	(262)	(802)
Transport Assets		(3 352)	–	–	–	–	–	(696)	(696)	(4 048)	(6 002)	(6 002)
Land		–	–	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	425 592	–	–	–	–	–	476	476	426 068	422 906	417 287

Part 2 – Supporting Documentation

Table 15: Adjustments to Expenditure on allocations and grant programmes

Choose name from list - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme -

Description	Ref	Budget Year 2021/22							Budget Year	Budget Year
		Original	Prior Adjusted	Multi-year	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted	Adjusted	Adjusted
		Budget	2	capital	Govt	5	6	Budget	Budget	Budget
R thousands		A	A1	B	C	D	E	F		
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		91 351	-	-	-	-	-	91 351	93 125	90 398
Local Government Equitable Share		86 810					-	86 810	90 275	87 548
Finance Management		2 650					-	2 650	2 850	2 850
EPWP Incentive		1 891					-	1 891		
							-	-		
							-	-		
							-	-		
Other transfers and grants [insert description]							-	-		
Provincial Government:		1 177	-	-	-	-	-	1 177	1 235	1 235
Provincialisation of Libraries		935					-	935	981	981
Community Library Services Grant		242					-	242	254	254
							-	-		
Provincialisation of Libraries							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Total operating expenditure of Transfers and Grants:		92 528	-	-	-	-	-	92 528	94 360	91 633
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		39 637	-	-	-	-	-	39 637	34 039	35 761
Municipal Infrastructure Grant (MIG)		18 832					-	18 832	20 039	20 761
							-	-		
							-	-		
							-	-		
Integrated Electrification Programme Grant		20 805					-	20 805	14 000	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		39 637	-	-	-	-	-	39 637	34 039	35 761
Total capital expenditure of Transfers and Grants		132 165	-	-	-	-	-	132 165	128 399	127 394

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 2021/22									% 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	A1	B	C	D	E	F	G	H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		5 646	-					90	90	5 737	1.6%
Pension and UIF Contributions		795	-					-	-	795	0.0%
Medical Aid Contributions		105	-					-	-	105	0.0%
Motor Vehicle Allowance		-	-					-	-	-	
Cellphone Allowance		1 020	-					-	-	1 020	
Housing Allowances		-	-					-	-	-	
Other benefits and allowances		2 067	-					0	0	2 067	
Sub Total - Councillors		9 633	-			-		90	90	9 723	0.9%
% increase			(0)							0	
Senior Managers of the Municipality											
Basic Salaries and Wages		3 352	-					9	9	3 361	0.3%
Pension and UIF Contributions		14	-					378	378	391	2732.8%
Medical Aid Contributions		-	-					-	-	-	
Overtime		-	-					-	-	-	
Performance Bonus		112	-					713	713	824	
Motor Vehicle Allowance		630	-					-	-	630	0.0%
Cellphone Allowance		36	-					(10)	(10)	26	-27.8%
Housing Allowances		-	-					72	72	72	
Other benefits and allowances		91	-					149	149	240	
Payments in lieu of leave		-	-					42	42	42	
Long service awards		-	-					7	7	7	#DIV/0!
Post-retirement benefit obligations	5	-	-					-	-	-	
Sub Total - Senior Managers of Municipality		4 234	-	-		-		1 360	1 360	5 594	32.1%
% increase			(0)							0	
Other Municipal Staff											
Basic Salaries and Wages		35 660	-					(1 546)	(1 546)	34 115	-4.3%
Pension and UIF Contributions		4 701	-					(514)	(514)	4 187	-10.9%
Medical Aid Contributions		2 607	-					(116)	(116)	2 492	-4.4%
Overtime		1 642	-					(4)	(4)	1 638	-0.2%
Performance Bonus		2 693	-					(204)	(204)	2 489	
Motor Vehicle Allowance		3 748	-					127	127	3 874	3.4%
Cellphone Allowance		290	-					33	33	323	11.4%
Housing Allowances		1 082	-					(86)	(86)	995	
Other benefits and allowances		1 166	-					272	272	1 438	
Payments in lieu of leave		-	-					819	819	819	#DIV/0!
Long service awards		-	-					287	287	287	#DIV/0!
Post-retirement benefit obligations	5	-	-					-	-	-	
Sub Total - Other Municipal Staff		53 590	-	-	-	-	-	(932)	(932)	52 658	-1.7%
% increase											
Total Parent Municipality		67 457	-	-	-	-	-	518	518	67 975	0.8%

Other Supporting Tables

SUMMARY	Final Budget 2021/22	Actual	Variance	Adjustment	Adjusted Budget	Budget year 2022/23	Budget year 2023/24
Revenue by Source							
Property Rates	(32 606 253.18)	(15 433 723.33)	17 172 529.85	(0.00)	(32 606 253.18)	(33 975 715.81)	(35 470 647.31)
Service charges-electricity revenue	(33 915 553.71)	(12 734 971.04)	21 180 582.67	0.00	(33 915 553.71)	(35 340 006.96)	(36 894 967.27)
Service charges-refuse revenue	(2 147 465.02)	(692 242.50)	1 455 222.52	0.00	(2 147 465.02)	(2 237 789.85)	(2 336 453.62)
Rentals of facilities and equipment	(450 000.00)	(179 896.48)	270 103.52	0.00	(450 000.00)	(477 000.00)	(510 390.00)
Interest earned-External investments	(1 200 000.00)	(158 946.49)	1 041 053.51	0.00	(1 200 000.00)	(1 272 000.00)	(1 361 040.00)
Interest earned-Outstanding Debtors	(1 900 000.00)	(970 250.53)	929 749.47	0.00	(1 900 000.00)	(2 014 000.00)	(2 154 980.00)
Fines	(1 003 314.00)	(8 805.00)	994 509.00	(2 000 000.00)	(3 003 314.00)	(3 183 512.84)	(3 406 358.74)
Licences and permits	(2 208 070.01)	(1 257 807.66)	950 262.35	0.00	(2 208 070.01)	(2 340 554.21)	(2 504 393.01)
Grant income-Operating	(92 528 000.00)	(66 891 799.51)	25 636 200.49	0.00	(92 528 000.00)	(96 330 422.00)	(93 690 120.57)
Grant income-Capital	(39 637 000.00)	(17 384 231.57)	22 252 768.43	0.00	(39 637 000.00)	(34 039 000.00)	(35 761 000.00)
Other Revenue	(2 991 320.68)	(431 246.29)	2 560 074.39	(200 000.00)	(3 191 320.68)	(3 170 799.92)	(3 392 755.92)
Gains on Disposal of PPE	(1 500 000.00)	0.00	1 500 000.00	0.00	(1 500 000.00)	(1 590 000.00)	(1 701 300.00)
	(212 086 976.60)	(116 143 920.40)	95 943 056.20	(2 200 000.00)	(214 286 976.60)	(215 970 801.59)	(219 184 406.42)
Expenditure by Type							
Employee related costs	57 823 932.43	31 726 490.99	26 097 441.44	523 725.72	58 347 658.15	61 771 051.04	65 963 496.72
Remuneration of councillors	9 633 142.59	4 231 913.73	5 401 228.86	127 736.66	9 760 879.25	10 338 914.00	11 049 995.41
Debt impairment	6 725 848.49		6 725 848.49	- 4 000 000.00	2 725 848.49	2 840 334.13	2 965 308.83
Depreciation and asset impairment	18 287 068.71	11 863 661.64	6 423 407.07	- 2 960 000.00	15 327 068.71	19 096 805.59	19 098 639.51
Bulk Purchases	26 469 380.00	10 768 365.64	15 701 014.36	- 3 424 000.00	23 045 380.00	22 144 800.00	22 713 488.00
Other materials	3 546 000.00	2 522 890.33	1 023 109.67	931 419.04	4 477 419.04	4 746 064.18	5 076 963.68
Finance Charges	-	22 275.79	- 22 275.79	50 000.00	50 000.00	52 100.00	54 392.40
Other expenditure	18 998 630.57	16 241 868.73	2 756 761.84	4 475 777.48	23 474 408.05	21 550 898.67	23 012 976.21
Transfers and subsidies						-	-
Contracted Services	23 218 091.30	19 132 065.98	4 086 025.32	6 829 587.12	30 047 678.42	30 209 873.22	31 833 899.81
Loss on Disposal of PPE						0.00	0.00
	164 702 094.09	96 509 532.83	68 192 561.26	2 554 246.02	167 256 340.11	172 750 840.83	181 769 160.56
(Surplus)/ Deficit	(47 384 882.51)	(19 634 387.57)	164 135 617.45	354 246.02	(47 030 636.49)	(43 219 960.76)	(37 415 245.86)
Capital Expenditure	47 076 999.86	16 776 374.85	30 300 625.01	- 125 978.00	46 951 021.86	43 019 000.13	37 231 000.00
						-	-
Net (Surplus)/ Deficit	(307 882.65)	(2 858 012.72)	194 436 242.46	228 268.02	(79 614.63)	(200 960.63)	(184 245.86)

CAPITAL EXPENDITURE							
VOTE DESCRIPTION	FUNDING SOURCE	Account/Vote Number	Final Budget 2021-22	Adjustment	Adjusted Budget	BUDGET 2022-23	BUDGET 2023-24
Municipal Manager							
Computer Equipment	INTERNAL FUNDS	C0003-3/IA06173/F0002/X045/R0092/001/EXEC	20 000.00		20 000.00	30 000.00	40 000.00
Furniture and Office Equipment:Acquisitions	INTERNAL FUNDS	C0004-1/IA06253/F0002/X045/R0092/001/EXEC	10 000.00		10 000.00	20 000.00	30 000.00
			30 000.00	-	30 000.00	50 000.00	70 000.00
Mayor and Council							
Computer Equipment	INTERNAL FUNDS	C0003-3/IA06193/F0002/X044/R0092/001/EXEC	10 000.00		10 000.00	20 000.00	40 000.00
Furniture and Office Equipment:Acquisitions	INTERNAL FUNDS	C0004-1/IA06233/F0002/X044/R0092/001/EXEC	10 000.00		10 000.00	20 000.00	50 000.00
Transport Assets	INTERNAL FUNDS	C0007-1/IA01327/F0002/X044/R0093/001/COMM	2 250 000.00	- 495 978.00	1 754 022.00	40 000.00	90 000.00
			2 270 000.00	- 495 978.00	1 774 022.00		
			2 300 000.00	- 495 978.00	1 804 022.00	90 000.00	160 000.00
Executive and council							
Administrative and Corporate Support							
Computer Equipment:Acquisitions / Filing Management	INTERNAL FUNDS	C0003-3/IA06173/F0002/X046/R0092/001/CORP	500 000.00		500 000.00	200 000.00	-
Furniture and Office Equipment (Multi media screen):Acquisitions	INTERNAL FUNDS	C0004-3/IA06233/F0002/X046/R0092/001/CORP	100 000.00	- 100 000.00	-	50 000.00	40 000.00
			600 000.00	- 100 000.00	500 000.00	250 000.00	40 000.00
Budget and Treasury Office							
Machinery and Equipment: Acquisitions	INTERNAL FUNDS	C0006-1/IA06282/F0002/X049/R0092/001/FIN	50 000.00		50 000.00	60 000.00	70 000.00
Computer Equipment:Acquisitions	INTERNAL FUNDS	C0004-5/IA06253/F0002/X049/R0092/001/FIN	100 000.00		100 000.00	300 000.00	100 000.00
Furniture and Office Equipment	INTERNAL FUNDS	C0076-2/IA06253/F0002/X047/R0093/001/FIN	100 000.00	- 50 000.00	50 000.00	30 000.00	40 000.00
Intangible Assets	INTERNAL FUNDS	C0086-3/IA04957/F0002/X046/R0092/001/CORP	200 000.00	- 200 000.00	-	200 000.00	300 000.00
			450 000.00	- 250 000.00	200 000.00	590 000.00	510 000.00
Finance and administration			1 050 000.00	- 350 000.00	700 000.00	840 000.00	550 000.00
Community Services							
Computer Equipment	INTERNAL FUNDS	C0003-3/IA06173/F0002/X006/R0092/001/COMM	20 000.00		20 000.00	30 000.00	30 000.00
Furniture and Office Equipment	INTERNAL FUNDS	C0004-1/IA06233/F0002/X006/R0092/001/COMM	10 000.00		10 000.00	20 000.00	30 000.00
Car Wash structure	INTERNAL FUNDS	C0237-1/IA00032/F0048/X006/R0093/001/COMM	-		-	-	-
			30 000.00	-	30 000.00	50 000.00	60 000.00
Libraries							
Furniture and Office Equipment: Acquisition	INTERNAL FUNDS	C0004-4/IA06253/F0002/X007/R0092/001/CORP	50 000.00		50 000.00	20 000.00	30 000.00
Computer Equipment:Acquisitions	INTERNAL FUNDS	C0003-3/IA06173/F0002/X007/R0092/001/CORP	50 000.00	-	100 000.00	20 000.00	30 000.00
			100 000.00	-	100 000.00	20 000.00	30 000.00
Community and social services			130 000.00	-	130 000.00	70 000.00	90 000.00
Electricity Services							
Infrastructure Assets							
Electrical Infrastructure: HV and LV Networks:Cost:Acc	INTERNAL FUNDS	C0154-1/IA07100/F0002/X032/R0093/001/TECH	400 000.00		400 000.00	800 000.00	200 000.00
Electrical Infrastructure:Acquisitions (Street Lights)	INTERNAL FUNDS	C0015-1/IA07020/F0002/X032/R0093/001/TECH	100 000.00		100 000.00	100 000.00	100 000.00
Electrical Infrastructure:Future Use:Power Plants:Cost:	INEP	C0022-1/IA07180/F0786/X032/R0093/001/TECH	10 000 000.00		10 000 000.00	6 000 000.00	
Nqekwane Area-Ward 1	INEP	C0023-4/IA01952/F0786/X032/R3611/001/TECH	875 000.00		875 000.00		
Thubalethu Extension- Ward 2	INEP	C0023-4/IA01952/F0786/X032/R3616/001/TECH				8 000 000.00	10 000 000.00
Otakomo/Njomelwane Electrification Project- Ward 3	INEP	C0023-4/IA01952/F0786/X032/R3617/001/TECH	1 250 000.00		1 250 000.00		
Katza Area- Ward 4	INEP	C0023-4/IA01952/F0786/X032/R3618/001/TECH	1 525 000.00		1 525 000.00		
Umlathuze Area- Ward 5	INEP	C0023-4/IA01952/F0786/X032/R3619/001/TECH	2 500 000.00		2 500 000.00		
Dubeni Area-Ward 6	INEP	C0023-4/IA01952/F0786/X032/R3620/001/TECH	625 000.00		625 000.00		
Inkisa Area-Ward 8	INEP	C0023-4/IA01952/F0786/X032/R3622/001/TECH	2 125 000.00		2 125 000.00		
Njomkazi Area- Ward 12	INEP	C0023-4/IA01952/F0786/X032/R3614/001/TECH	105 000.00		105 000.00		
Sangoyane Area- Ward 13	INEP	C0023-4/IA01952/F0786/X032/R3615/001/TECH	1 800 000.00		1 800 000.00		
Njomelwane-Ward 3	INEP	New	-				
INEP Projects	INEP	New					5 000 000.00
Machinery and Equipment:Acquisitions (Metering)	INTERNAL FUNDS	C0006-1/IA06313/F0002/X032/R0092/001/TECH	100 000.00	- 100 000.00	-	100 000.00	100 000.00
Transformer housings	INTERNAL FUNDS	C0021-1/IA07140/F0002/X032/R0093/001/TECH	300 000.00	- 100 000.00	200 000.00	250 000.00	
Airconditioning capital (offices and Library)	INTERNAL FUNDS	C0004-1/IA06233/F0002/X032/R0092/001/TECH	100 000.00	- 40 000.00	60 000.00	100 000.00	100 000.00
Lightning earthing of municipal buildings	INTERNAL FUNDS	C0019-1/IA07100/F0002/X032/R0092/001/TECH	200 000.00		200 000.00	600 000.00	
			22 005 000.00	- 240 000.00	21 765 000.00	15 950 000.00	15 500 000.00
Roads							
Infrastructure Assets							
Urban Roads Upgrade & Rehabilitation: Phase 5 - Town	INTERNAL FUNDS	C0177-3/IA01952/F0791/X116/R3617/001/TECH	-				-
Nungwini Gravel Road	INTERNAL FUNDS	C0177-1/IA01952/F0791/X116/R3618/001/TECH	-				-
Mtule Gravel Road	INTERNAL FUNDS	C0177-1/IA01952/F0791/X116/R3618/001/TECH	-				-
Manzawayo Gravel Road	INTERNAL FUNDS	C0177-1/IA01952/F0791/X116/R3619/001/TECH	-				-
Hawel Gravel Road	INTERNAL FUNDS	C0177-1/IA01952/F0791/X116/R3613/001/TECH	-				-
Mkhakhini, Sangoyane Gravel Road	INTERNAL FUNDS	C0177-1/IA01952/F0791/X116/R3620/001/TECH	-				-
Noziphisa Gravel Road	INTERNAL FUNDS	C0177-1/IA01952/F0791/X116/R3612/001/TECH	-				-
Mbiza Gravel Road-Ward 11	MIG	C0040-2/IA01952/F0791/X116/R3613/001/TECH	-				-
Mabhungu Gravel Road- Ward 8	MIG	C0040-2/IA01952/F0791/X116/R3622/001/TECH	-				-
Ndumulo Gravel Road-Ward 8	MIG	C0040-2/IA00132/F0791/X116/R3622/001/ROAD	4 663 669.66		4 663 669.66	1 747 056.13	
Makhubalo Gravel Road-Ward 9	MIG	C0040-2/IA00132/F0791/X116/R3614/001/ROAD	3 122 028.14		3 122 028.14	350 000.00	
Nilingwane Gravel Road-Ward 12	MIG	C0040-2/IA00132/F0791/X116/R3623/001/ROAD	3 963 505.20		3 963 505.20	1 560 000.00	
MIG Projects	MIG		-			15 361 944.00	20 761 000.00
Thubalethu Roads Upgrade	INTERNAL FUNDS	C0177-3/IA01952/F0001/X120/R3616/001/TECH	11 749 203.00	1 300 000.00	1 300 000.00	19 019 008.13	20 761 000.00
Community Assets							
Gobihlahla Creche	INTERNAL FUNDS	C0227-1/IA01952/F0791/X116/R3613/001/TECH	-			-	-
Mpevu Community Hall	INTERNAL FUNDS	C0230-1/IA01952/F0791/X116/R3623/001/TECH	-			-	-
Njomkazi Community Hall	INTERNAL FUNDS	C0230-1/IA01952/F0791/X116/R3614/001/TECH	-			-	-
Mehlamsasha Community Hall	INTERNAL FUNDS	C0230-1/IA01952/F0791/X116/R0093/001/TECH	-			-	-
Sangoyane Sportsfield-Ward 13	MIG	C0245-1/IA01952/F0791/X116/R3615/001/TECH	1 382 178.86		1 382 178.86		-
Katza Creche	MIG	C0227-1/IA01952/F0791/X116/R3618/001/TECH	-				-
Mahehe Creche-Ward 1	MIG	C0227-1/IA00132/F0791/X116/R3611/001/TECH	2 544 537.30		2 544 537.30	330 000.00	
Njomelwane Community Hall- Ward 3	MIG	C0230-1/IA00132/F0791/X116/R3617/001/TECH	3 156 080.70		3 156 080.70	690 000.00	
New Cemetery	INTERNAL FUNDS	C0224-2/IA00032/F0002/X116/R3617/001/TECH	500 000.00		500 000.00	2 200 000.00	
			7 582 796.86	-	7 582 796.86	3 220 000.00	-

Other Assets							
Computer Equipment	INTERNAL FUNDS	C0003-3/IA06173/F0002/X116/R0092/001/TECH	20 000.00		20 000.00	30 000.00	40 000.00
Furniture and Office Equipment:Acquisitions (Add Ch	INTERNAL FUNDS	C0004-4/IA06233/F0002/X116/R0092/001/TECH	20 000.00		20 000.00	30 000.00	30 000.00
Transport Assets	INTERNAL FUNDS	C0007-2/IA01327/F0002/X116/R0092/001/TECH	400 000.00	- 200 000.00	200 000.00		
Upgrading of Landfill Site Access Road	INTERNAL FUNDS	C0120-1/IA0132/F0002/X116/R0093/001/TECH	200 000.00	- 100 000.00	100 000.00	600 000.00	
Buildings - Municipal Carports, Municipal Gates, Staff	INTERNAL FUNDS	C0261-2/IA00092/F0002/X116/R0092/001/TECH	500 000.00	- 100 000.00	600 000.00	1 000 000.00	10 000.00
Machinery and Equipment	INTERNAL FUNDS	C0006-2/IA06282/F0002/X116/R0092/001/TECH	600 000.00	- 100 000.00	500 000.00	500 000.00	10 000.00
Drain Mainhole Concrete Covers	INTERNAL FUNDS	C0038-1/IA0132/F0002/X116/R0093/001/TECH	100 000.00		100 000.00	200 000.00	10 000.00
Rehabilitation of land fill site	INTERNAL FUNDS	C0049-1/IA00172/F0002/X116/R0093/001/ROAD	200 000.00	- 100 000.00	100 000.00	800 000.00	-
			2 040 000.00	- 400 000.00	1 640 000.00	3 160 000.00	100 000.00
			21 371 999.86	900 000.00	22 271 999.86	25 399 000.13	20 861 000.00
Fire Fighting							
Furniture and Office Equipment: Acquisitions	INTERNAL FUNDS	C0004-1/IA06233/F0002/X109/R0092/001/COMM	20 000.00		20 000.00	30 000.00	40 000.00
Machinery and Equipment:Acquisitions	INTERNAL FUNDS	C0006-1/IA06313/F0002/X109/R0092/001/FIRE	50 000.00		50 000.00	70 000.00	10 000.00
Transport Assets - 2x Vans	INTERNAL FUNDS	C0007-1/IA01327/F0002/X109/R0093/001/COMM	70 000.00	-	70 000.00	100 000.00	50 000.00
Licensing and Protection Services							
Computer Equipment:Acquisitions	INTERNAL FUNDS	C0003-3/IA06173/F0002/X153/R0092/001/COMM	30 000.00		30 000.00	40 000.00	10 000.00
Furniture and Office Equipment: Acquisitions	INTERNAL FUNDS	C0004-1/IA06233/F0002/X153/R0092/001/COMM	20 000.00		20 000.00	30 000.00	10 000.00
			50 000.00	-	50 000.00	70 000.00	20 000.00
Public safety			120 000.00	-	120 000.00	170 000.00	70 000.00
Solid Waste Removal							
Solid Waste Infrastructure:Acquisitions (Refuse Bins/S	INTERNAL FUNDS	C0050-1/IA00172/F0002/X132/R0093/001/TECH	100 000.00	60 000.00	160 000.00	500 000.00	
			100 000.00	60 000.00	160 000.00	500 000.00	-
			47 076 999.86	-125 978.00	46 951 021.86	43 019 000.13	37 231 000.00

Quality Certificate

I, Zipho Saviour Mthethwa, the acting municipal manager of **Mthonjaneni Local Municipality**, hereby certify that the Adjustments Budget and supporting documentation for the 2021/22 financial year 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: Zipho Saviour Mthethwa

Acting Municipal manager of Mthonjaneni Local Municipality KZN285

Signature: Z.S Mthethwa

Date : 20/01/2022