

ADJUSTMENTS BUDGET
2022/23
MTHONJANENI LOCAL
MUNICIPALITY



2022/23 to 2024/25
ADJUSTMENTS 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, 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 2022/23 and the two outer subsequent years.

The municipality has remained open to offer basic and essential services to the community under the current difficult conditions. The negative economic conditions have been made worse due to the ongoing loadshedding where implementation of loadshedding at higher stages impact the day-to-day operation of delivering quality services to our communities and negatively affect our local businesses which may negatively affect revenue collection.

The municipality had two bi-elections in the first six months of 2022/2023 financial year, first on 30 August 2022 and secondly on 30 November 2022 and both went very well with no major disruptions reported. I thank all Honorable Councillors, Municipal Manager, Municipal Staff, and all Mthonjaneni Community who made this possible especially the residents of Ward 12 and 5.

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 2021/2022 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 considering 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. However as per Provincial Gazette No. 2485, 08 December 2022 and Government Gazette No.47987, 03 February 2023 the Mthonjaneni was not provided with any additional amount in terms of Division of Revenue Act (DORA).

The 2022/23 adjustments budget must be adopted by Council by no later than 28 February 2023.

The following are key budget areas that were adjusted:

- a) Fines = Will be adjusted downwards by **R2 million rand**. The municipality appointed the service provider to assist with traffic management system however there was a delay in the commencement of the projects as there are still negotiations with the Department of Public Prosecution.
- b) Interest from External Investments= Will be adjusted upwards by **R200 thousand rand**. The upwards adjustment was due to interest already raised by the municipality as at 31 December 2022.
- c) Other Revenue= will be adjusted upwards by **R1 million rand**, this is revenue expected from sale of commercial sites.
- d) Employee Related Cost= will be adjusted downwards by **R675 thousand rand**.
- e) Inventory consumed= will be adjusted downwards by a net amount **R127 thousand rand**. This was mainly to cater for other expenditure line items that has already exceeded the budget as at December 2022 to avoid unauthorised expenditure. Like an increase in municipal toilet papers by **(R100 thousand rand)** to avoid any operational disruption for the remainder of the year 2023 and a downwards adjustments **(R1.01 million rand)** to other materials and supplies line items.
- f) Debt Impairment= will be adjusted downwards by **R1 million rand** as the municipality appointed a debt collector to assist with debt collection.
- g) Finance Charges= Will be adjusted upwards by **R263 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.
- h) Bulk Purchases= Will be adjusted downwards by **R 3.21 million rand**, this is to fix the VAT portion included under B4.
- i) Other Expenditure= will be adjusted upwards by **R 2.76 million rand**. This was mainly to cater for other expenditure that has already exceeded the budget as at December 2022 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 accommodation, advertising, pauper burials, IDP roadshows, telephones & internet for the municipal staff so that municipal operations cannot be interrupted and plant hire to assist with grading of municipal gravel road.

j) Contracted Services= will be adjusted upwards by the net amount of **R3.03 million rand**. This was mainly to cater for other expenditure that has already exceeded the budget as at December 2022 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, legal services, town cleaning, mascot & financial system upgrades, valuers, sport and recreation and other municipal events.

k) Transfers and Subsidies= will be adjusted downwards by **R100 thousand rand**, funds were reallocated to other expenditure line item to avoid unauthorised expenditure.

l) Capital Expenditure = will be adjusted downwards by a net amount of **R5.21 million**, this were projects the municipality felt they won't be possible this financial year taking into account tender processes and therefore rolled forward to next financial year.

Summary of the adjustments budget 2022/23 and two outer years is a follows

Description	FINAL BUDGET 2022/23	ADJUSTED BUDGET 2022/23	BUDGET 2023/24	BUDGET 2024/25
Operational Revenue	R191.6 million	R190.8 million	R195.7 million	R204.6 million
Capital Revenue	R31.3million	R38.3 million	R34.8 million	R37.2 million
Total Revenue	R222.9 million	R229.2 million	R230.5 million	R241.8 million
Operational Expenditure	R181.7 million	R182.9 million	R 178.4 million	R189.9 million
Capital Expenditure	R39.1 million	R42.9 million	R 43.3 million	R40.0 million
Total Expenditure	R220.8 million	R225.8 million	R221.7 million	R229.9 million
Net Surplus/(Deficit)	R2.1 million	R3.4 million	R8.8 million	R11.9 million

In light of the aforementioned reasons, I recommend that Council approves the adjustments budget for 2022/23 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 2022/23 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 2022/23 and two outer years be referred to the Budget Steering Committee and Finance Portfolio for adoption.

1.2.2 That the MTREF Adjustments budget 2022/23 be approved by council.

1.2.3 That the MTREF Adjustments budget of the Municipality for the financial year 2022/23 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 2022/23 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 2022/23 adjustments budget must be adopted by Council by no later than 28 February 2022.

MFMA Circular No. 115 & 112 Issued by National Treasury, the National Treasury projects real economic growth of 5.1 per cent in 2021, following an expected contraction of 6.4 per cent in 2020. Real GDP growth is expected to moderate to 1.8 per cent in 2022, 1.6 per cent in 2023 and 1.7 per cent in 2024.

The main risks to the economic outlook are slowdown in economic growth. The evolution of Omicron variant of the coronavirus caused many countries to impose restrictions to manage its spread and slow progress in vaccine rollout reinforces uncertainty and poses risks to economic recovery.

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.

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. 115 and no. 112 were used to guide the compilation of the 2022/23 MTREF Adjustments and PROVINCIAL TREASURY CIRCULAR PT/MF 06 OF 2022/23

The main challenges experienced during the compilation of the 2022/23 MTREF Adjustments 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.
- Ongoing problems with the utility's operations which continue to disrupt the supply of electricity to households and businesses.
- Limited Funds with higher demands from our community.

The following budget principles and guidelines directly informed the compilation of the 2022/23 Adjustments MTREF:

- The 2022/23 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 2022/23 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 2022/23.
- 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. 2485, 08 December 2022
- Government Gazette No. 47987, 03 February 2023
- PROVINCIAL TREASURY CIRCULAR PT/MF 06 OF 2022/23

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 Adjustments 2022/23 MTREF (classified by main revenue source):

Municipal adjustments budgets & supporting tables

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KZN285 Mthonjaneni - Table B1 Adjustments Budget Summary - 27/02/2023

Description	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	34,171	-	-	-	-	-	-	-	34,171	35,538	36,960
Service charges	38,695	-	-	-	-	-	-	-	38,695	39,306	40,878
Investment revenue	1,258	-	-	-	-	-	200	200	1,458	1,308	1,360
Transfers recognised - operational	100,316	-	-	-	-	-	-	-	100,316	105,085	110,321
Other own revenue	17,206	-	-	-	-	-	(1,000)	(1,000)	16,206	14,463	15,041
Total Revenue (excluding capital transfers and contributions)	191,646	-	-	-	-	-	(800)	(800)	190,846	195,700	204,560
Employee costs	66,589	-	-	-	-	-	(674)	(674)	65,915	69,515	72,637
Remuneration of councillors	9,749	-	-	-	-	-	-	-	9,749	9,769	10,209
Depreciation & asset impairment	15,300	-	-	-	-	-	-	-	15,300	20,912	25,748
Finance charges	-	-	-	-	-	-	263	263	-	-	-
Inventory consumed and bulk purchases	29,492	-	-	-	-	-	(3,085)	(3,085)	26,407	24,353	25,931
Transfers and grants	200	-	-	-	-	-	(100)	(100)	100	-	-
Other expenditure	60,379	-	-	-	-	-	4,787	4,787	65,165	53,857	55,363
Total Expenditure	181,709	-	-	-	-	-	1,190	1,190	182,899	178,405	189,889
Surplus/(Deficit)	9,937	-	-	-	-	-	(1,990)	(1,990)	7,947	17,295	14,671
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	31,260	-	-	-	-	-	7,059	7,059	38,319	34,761	37,201
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	41,197	-	-	-	-	-	5,069	5,069	46,266	52,056	51,872
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	41,197	-	-	-	-	-	5,069	5,069	46,266	52,056	51,872
Capital expenditure & funds sources											
Capital expenditure	39,094	-	-	-	-	-	3,796	3,796	42,890	43,321	39,961
Transfers recognised - capital	29,314	-	-	-	-	-	9,005	9,005	38,319	34,761	37,201
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	9,780	-	-	-	-	-	(5,209)	(5,209)	4,571	8,560	2,760
Total sources of capital funds	39,094	-	-	-	-	-	3,796	3,796	42,890	43,321	39,961
Financial position											
Total current assets	59,813	-	-	-	-	-	2,166	2,166	61,979	39,966	58,170
Total non current assets	398,061	-	-	-	-	-	65,981	65,981	465,043	45,621	42,367
Total current liabilities	56,239	-	-	-	-	-	(14,504)	(14,504)	41,735	13,975	19,835
Total non current liabilities	6,758	-	-	-	-	-	(1,356)	(1,356)	5,402	5,726	6,070
Community wealth/Equity	412,438	-	-	-	-	-	67,447	67,447	479,885	101,805	114,588
Cash flows											
Net cash from (used) operating	63,688	-	-	-	-	-	(17,255)	(17,255)	46,433	60,486	66,455
Net cash from (used) investing	(42,042)	-	-	-	-	-	1,312	1,312	(40,730)	(45,059)	(39,961)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	26,307	-	-	-	-	-	(16,975)	(16,975)	9,332	15,427	26,494
Cash backing/surplus reconciliation											
Cash and investments available	9,971	-	-	-	-	-	(639)	(639)	9,332	30,854	52,989
Application of cash and investments	4,348	-	-	-	-	-	(17,840)	(17,840)	(13,492)	(5,229)	3,143
Balance - surplus (shortfall)	5,623	-	-	-	-	-	17,200	17,200	22,824	36,083	49,846
Asset Management											
Asset register summary (WDV)	369,837	-	-	-	-	-	58,926	58,926	428,763	45,321	42,367
Depreciation	15,300	-	-	-	-	-	-	-	15,300	20,912	25,748
Renewal and Upgrading of Existing Assets	4,636	-	-	-	-	-	644	644	5,280	2,150	250
Repairs and Maintenance	9,870	-	-	-	-	-	3,794	3,794	13,664	3,194	3,358
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	7,029	-	-	-	-	-	-	-	7,029	7,260	7,550
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

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 downwards by **R2 million**

b) Interest on External Investments= Will be adjusted upwards by **R200 thousand rand**

c) Other Revenue= will be adjusted upwards by **R1 million rand**, this is revenue expected from sale of commercial sites.

The total revenue (including capital transfers and contributions) increased from R 222, 9 million rand to R 229, 2 million rand mainly due to an upwards adjustment to other revenue.

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.

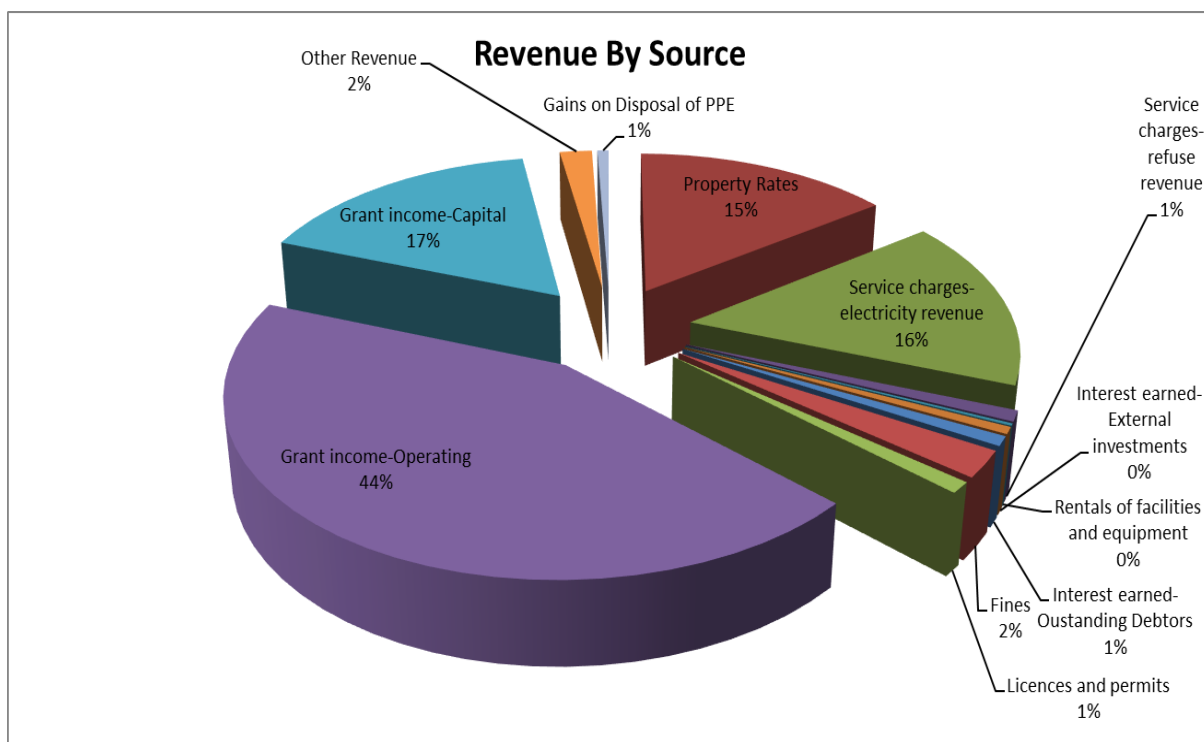


Figure 1 Main operational revenue categories for 2022/23 Adjustments Budget.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2022/23 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 2022/23 adjustment budget and MTREF (classified per main type of operating expenditure)

Table 3 Summary of operating expenditure by standard classification item

KZN285 Mthonjaneni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		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	A1	B	C	D	E	F	G	H		
Expenditure By Type												
Employee related costs		66,589	–	–	–	–	–	(674)	(674)	65,915	69,515	72,637
Remuneration of councillors		9,749						–		9,749	9,769	10,209
Debt impairment		3,000						(1,000)	(1,000)	2,000	3,000	5,000
Depreciation & asset impairment		15,300	–	–	–	–	–	–	–	15,300	20,912	25,748
Finance charges		–						263	263	263	–	–
Bulk purchases - electricity		24,626	–	–	–	–	–	(3,212)	(3,212)	21,414	22,884	24,455
Inventory consumed		4,866	–	–	–	–	–	127	127	4,993	1,469	1,476
Contracted services		27,949	–	–	–	–	–	3,026	3,026	30,975	26,510	25,821
Transfers and subsidies		200						(100)	(100)	100	–	–
Other expenditure		29,429	–	–	–	–	–	2,761	2,761	32,191	24,347	24,542
Losses		–						–	–	–	–	–
Total Expenditure		181,709	–	–	–	–	–	1,190	1,190	182,899	178,405	189,889

- Employee Related Cost= will be adjusted downwards by **R675 thousand rand**.
- Inventory consumed= will be adjusted downwards by a net amount **R127 thousand rand**. This was mainly to cater for other expenditure line items that has already exceeded the budget as at December 2022 to avoid unauthorised expenditure. Like an increase in municipal toilet papers by (**R100 thousand rand**) to avoid any operational disruption for the remainder of the year 2023 and a downwards adjustments (**R1.01 million rand**) to other materials and supplies line items.
- Debt Impairment= will be adjusted downwards by **R1 million rand** as the municipality appointed a debt collector to assist with debt collection.
- Finance Charges= Will be adjusted upwards by **R263 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.
- Bulk Purchases= Will be adjusted downwards by **R 3.21 million rand**, this is to fix the VAT portion included under B4.
- Other Expenditure= will be adjusted upwards by **R 2.76 million rand**. This was mainly to cater for other expenditure that has already exceeded the budget as at December 2022 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 accommodation, advertising, pauper burials, IDP roadshows, telephones & internet for the

municipal staff so that municipal operations cannot be interrupted and plant hire to assist with grading of municipal gravel road.

g) Contracted Services= will be adjusted upwards by the net amount of **R3.03 million rand** . This was mainly to cater for other expenditure that has already exceeded the budget as at December 2022 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, legal services, town cleaning, mascot & financial system upgrades, valuers, sport and recreation and other municipal events.

h) Transfers and Subsidies= will be adjusted downwards by **R100 thousand rand**, funds were reallocated to other expenditure line item to avoid unauthorised expenditure.

Figure 2 Main operational expenditure categories for the 2022/23 Adjustments Budget

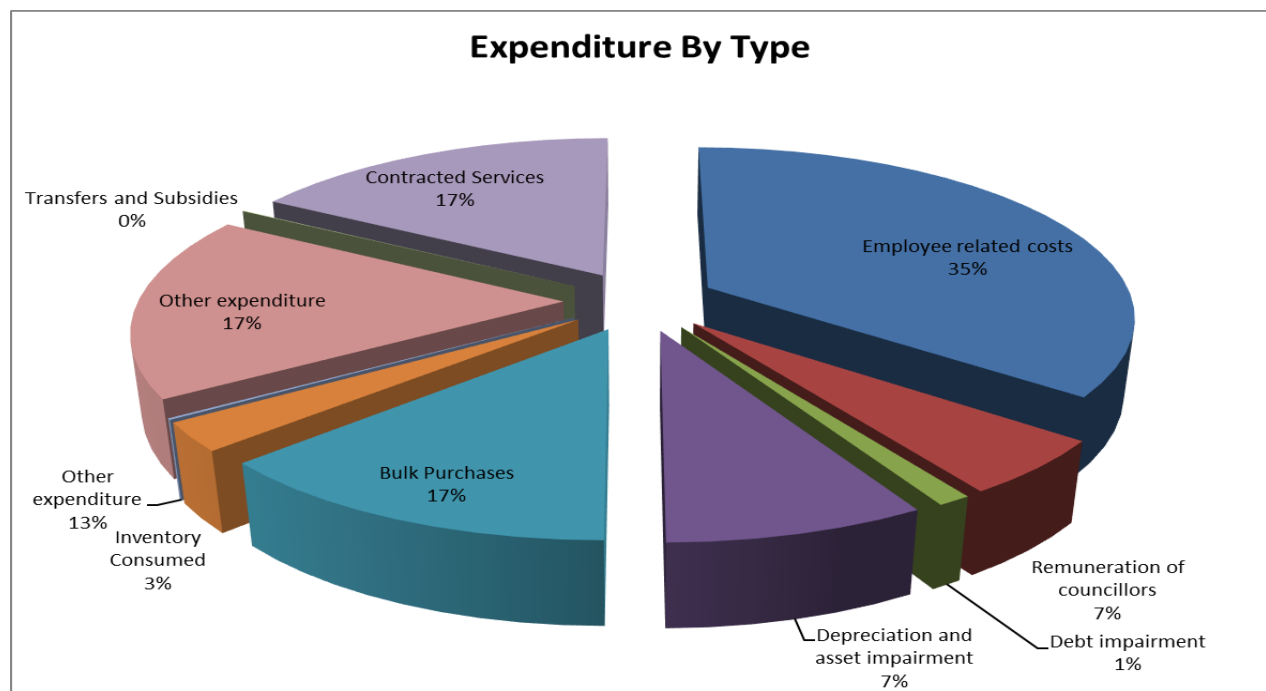


Table 4 Operational repairs and maintenance

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 pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/23 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 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget A	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
R thousands											
Financial Performance											
Property rates	34,171	-	-	-	-	-	-	-	34,171	35,538	36,960
Service charges	38,695	-	-	-	-	-	-	-	38,695	39,306	40,878
Investment revenue	1,258	-	-	-	-	-	200	200	1,458	1,308	1,360
Transfers recognised - operational	100,316	-	-	-	-	-	-	-	100,316	105,085	110,321
Other own revenue	17,206	-	-	-	-	-	(1,000)	(1,000)	16,206	14,463	15,041
Total Revenue (excluding capital transfers and contributions)	191,646	-	-	-	-	-	(800)	(800)	190,846	195,700	204,560
Employee costs	66,589	-	-	-	-	-	(674)	(674)	65,915	69,261	72,372
Remuneration of councillors	9,749	-	-	-	-	-	-	-	9,749	9,769	10,209
Depreciation & asset impairment	15,300	-	-	-	-	-	-	-	15,300	20,912	25,748
Finance charges	-	-	-	-	-	-	263	263	263	-	-
Inventory consumed and bulk purchases	29,492	-	-	-	-	-	135	135	29,627	26,316	28,123
Transfers and grants	200	-	-	-	-	-	(100)	(100)	100	-	-
Other expenditure	60,379	-	-	-	-	-	4,777	4,777	65,155	53,847	55,353
Total Expenditure	181,709	-	-	-	-	-	4,400	4,400	186,109	180,105	191,806
Surplus/(Deficit)	9,937	-	-	-	-	-	(5,200)	(5,200)	4,737	15,595	12,754
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	31,260	-	-	-	-	-	7,059	7,059	38,319	34,761	37,201
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	41,197	-	-	-	-	-	1,859	1,859	43,056	50,356	49,955
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	41,197	-	-	-	-	-	1,859	1,859	43,056	50,356	49,955
Capital expenditure & funds sources											
Capital expenditure	39,094	-	-	-	-	-	3,796	3,796	42,890	43,321	39,961
Transfers recognised - capital	29,314	-	-	-	-	-	9,005	9,005	38,319	34,761	37,201
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	9,780	-	-	-	-	-	(5,209)	(5,209)	4,571	8,560	2,760
Total sources of capital funds	39,094	-	-	-	-	-	3,796	3,796	42,890	43,321	39,961
Financial position											
Total current assets	187,834	-	-	-	-	-	60,016	60,016	247,850	203,713	214,448
Total non current assets	353,148	-	-	-	-	-	111,895	111,895	465,043	43,321	39,961
Total current liabilities	47,255	-	-	-	-	-	(160,063)	(160,063)	(112,808)	(162,652)	(167,618)
Total non current liabilities	6,758	-	-	-	-	-	(1,356)	(1,356)	5,402	-	-
Community wealth/Equity	412,438	-	-	-	-	-	24,341	24,341	436,779	50,356	49,955
Cash flows											
Net cash from (used) operating	91,173	-	-	-	-	-	(44,378)	(44,378)	46,796	58,523	64,263
Net cash from (used) investing	2,800	-	-	-	-	-	(2,800)	(2,800)	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	98,635	-	-	-	-	-	(48,209)	(48,209)	50,425	58,523	64,263
Cash backing/surplus reconciliation											
Cash and investments available	137,993	-	-	-	-	-	80,878	80,878	218,871	216,338	227,073
Application of cash and investments	(4,636)	-	-	-	-	-	(143,563)	(143,563)	(148,198)	(151,698)	(156,664)
Balance - surplus (shortfall)	142,628	-	-	-	-	-	224,441	224,441	367,070	368,036	383,737
Asset Management											
Asset register summary (WDV)	323,923	-	-	-	-	-	104,840	104,840	428,763	43,021	39,961
Depreciation	15,300	-	-	-	-	-	-	-	15,300	20,912	25,748
Renewal and Upgrading of Existing Assets	4,636	-	-	-	-	-	644	644	5,280	2,150	250
Repairs and Maintenance	5,320	-	-	-	-	-	(600)	(600)	4,720	3,194	3,358
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	7,029	-	-	-	-	-	-	-	7,029	7,260	7,550
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

References

1. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
2. Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have
3. Increases of funds approved under MFMA section 31
4. Adjustments approved in accordance with MFMA section 29
5. Adjustments to transfers from National or Provincial Government
6. Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section
7. $G = B + C + D + E + F$
8. Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$

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) - 27/02/2023												
Standard Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		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	A1	B	C	D	E	F	G	H		
Revenue - Functional												
<i>Governance and administration</i>		136,023	-	-	-	-	-	200	200	136,223	140,710	147,366
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		136,023	-	-	-	-	-	200	200	136,223	140,710	147,366
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		11,091	-	-	-	-	-	(2,000)	(2,000)	9,091	9,614	10,003
Community and social services		1,256	-	-	-	-	-	-	-	1,256	1,257	1,312
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		9,835	-	-	-	-	-	(2,000)	(2,000)	7,835	8,357	8,691
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		28,765	-	-	-	-	-	8,059	8,059	36,824	26,777	27,784
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		28,765	-	-	-	-	-	8,059	8,059	36,824	26,777	27,784
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		47,027	-	-	-	-	-	-	-	47,027	53,360	56,609
Energy sources		44,724	-	-	-	-	-	-	-	44,724	50,965	54,118
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		2,303	-	-	-	-	-	-	-	2,303	2,395	2,491
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	222,906	-	-	-	-	-	6,259	6,259	229,165	230,461	241,761
Expenditure - Functional												
<i>Governance and administration</i>		77,320	-	-	-	-	-	6,013	6,013	83,333	85,631	95,420
Executive and council		21,565	-	-	-	-	-	3,544	3,544	25,110	21,234	22,323
Finance and administration		54,315	-	-	-	-	-	2,469	2,469	56,784	62,947	71,586
Internal audit		1,440	-	-	-	-	-	-	-	1,440	1,449	1,512
<i>Community and public safety</i>		32,299	-	-	-	-	-	(1,695)	(1,695)	30,604	32,985	33,690
Community and social services		14,052	-	-	-	-	-	(696)	(696)	13,356	13,675	14,148
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		18,247	-	-	-	-	-	(999)	(999)	17,248	19,310	19,542
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		33,386	-	-	-	-	-	5,018	5,018	38,404	31,170	31,071
Planning and development		8,155	-	-	-	-	-	(1,441)	(1,441)	6,714	7,437	7,445
Road transport		25,231	-	-	-	-	-	6,460	6,460	31,691	23,734	23,626
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		38,704	-	-	-	-	-	(8,146)	(8,146)	30,558	31,975	33,021
Energy sources		33,646	-	-	-	-	-	(7,916)	(7,916)	25,730	27,342	29,128
Water management		10	-	-	-	-	-	(10)	(10)	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		5,048	-	-	-	-	-	(220)	(220)	4,828	4,632	3,893
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	181,709	-	-	-	-	-	1,190	1,190	182,899	181,760	193,203
Surplus/ (Deficit) for the year		41,197	-	-	-	-	-	5,069	5,069	46,266	48,701	48,558

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) - 27/02/2023												
Vote Description [Insert departmental structure etc]	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		122,538	-	-	-	-	-	200	200	122,738	126,686	132,781
Vote 3 - Corporate Services		24,576	-	-	-	-	-	(2,000)	(2,000)	22,576	23,637	24,587
Vote 4 - Technical Services		75,792	-	-	-	-	-	8,059	8,059	83,851	80,137	84,393
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	222,906	-	-	-	-	-	6,259	6,259	229,165	230,461	241,761
Expenditure by Vote	1											
Vote 1 - Executive & Council		24,163	-	-	-	-	-	3,484	3,484	27,648	24,110	25,411
Vote 2 - Finance and Admin		36,674	-	-	-	-	-	3,915	3,915	40,589	46,445	54,286
Vote 3 - Corporate Services		52,252	-	-	-	-	-	(3,395)	(3,395)	48,857	51,356	52,590
Vote 4 - Technical Services		68,619	-	-	-	-	-	(2,814)	(2,814)	65,805	59,849	60,916
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	181,709	-	-	-	-	-	1,190	1,190	182,899	181,760	193,203
Surplus/ (Deficit) for the year	2	41,197	-	-	-	-	-	5,069	5,069	46,266	48,701	48,558

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) - 27/02/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		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	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	34,171	–	–	–	–	–	–	–	34,171	35,538	36,960
Service charges - electricity revenue	2	36,444	–	–	–	–	–	–	–	36,444	36,965	38,444
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	2,250	–	–	–	–	–	–	–	2,250	2,341	2,434
Rental of facilities and equipment		472						–	–	472	490	510
Interest earned - external investments		1,258						200	200	1,458	1,308	1,360
Interest earned - outstanding debtors		1,991						–	–	1,991	2,071	2,154
Dividends received		–						–	–	–	–	–
Fines, penalties and forfeits		7,603						(2,000)	(2,000)	5,603	6,036	6,277
Licences and permits		2,314						–	–	2,314	2,407	2,503
Agency services		–						–	–	–	–	–
Transfers and subsidies		100,316						–	–	100,316	105,085	110,321
Other revenue	2	3,326	–	–	–	–	–	1,000	1,000	4,326	3,459	3,598
Gains		1,500						–	–	1,500	–	–
Total Revenue (excluding capital transfers and contributions)		191,646	–	–	–	–	–	(800)	(800)	190,846	195,700	204,560
Expenditure By Type												
Employee related costs		66,589	–	–	–	–	–	(674)	(674)	65,915	69,515	72,637
Remuneration of councillors		9,749						–	–	9,749	9,769	10,209
Debt impairment		3,000						(1,000)	(1,000)	2,000	3,000	5,000
Depreciation & asset impairment		15,300	–	–	–	–	–	–	–	15,300	20,912	25,748
Finance charges		–						263	263	263	–	–
Bulk purchases - electricity		24,626	–	–	–	–	–	(3,212)	(3,212)	21,414	22,884	24,455
Inventory consumed		4,866	–	–	–	–	–	127	127	4,993	1,469	1,476
Contracted services		27,949	–	–	–	–	–	3,026	3,026	30,975	26,510	25,821
Transfers and subsidies		200						(100)	(100)	100	–	–
Other expenditure		29,429	–	–	–	–	–	2,761	2,761	32,191	24,347	24,542
Losses		–						–	–	–	–	–
Total Expenditure		181,709	–	–	–	–	–	1,190	1,190	182,899	178,405	189,889
Surplus/(Deficit)		9,937	–	–	–	–	–	(1,990)	(1,990)	7,947	17,295	14,671
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		31,260						7,059	7,059	38,319	34,761	37,201
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		41,197	–	–	–	–	–	5,069	5,069	46,266	52,056	51,872
Taxation		–						–	–	–	–	–
Surplus/(Deficit) after taxation		41,197	–	–	–	–	–	5,069	5,069	46,266	52,056	51,872
Attributable to minorities		–						–	–	–	–	–
Surplus/(Deficit) attributable to municipality		41,197	–	–	–	–	–	5,069	5,069	46,266	52,056	51,872
Share of surplus/ (deficit) of associate		–						–	–	–	–	–
Surplus/ (Deficit) for the year		41,197	–	–	–	–	–	5,069	5,069	46,266	52,056	51,872

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 - 27/02/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		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		750	-	-	-	-	-	(290)	(290)	460	100	100
Vote 2 - Finance and Admin		250	-	-	-	-	-	182	182	432	350	450
Vote 3 - Corporate Services		1,280	-	-	-	-	-	(440)	(440)	840	410	210
Vote 4 - Technical Services		36,814	-	-	-	-	-	4,343	4,343	41,157	42,461	39,201
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		39,094	-	-	-	-	-	3,796	3,796	42,890	43,321	39,961
Total Capital Expenditure - Vote		39,094	-	-	-	-	-	3,796	3,796	42,890	43,321	39,961
Capital Expenditure - Functional												
Governance and administration		1,550	-	-	-	-	-	(138)	(138)	1,412	690	580
Executive and council		750	-	-	-	-	-	(290)	(290)	460	100	100
Finance and administration		800	-	-	-	-	-	152	152	952	590	480
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		730	-	-	-	-	-	(410)	(410)	320	170	180
Community and social services		600	-	-	-	-	-	(360)	(360)	240	90	50
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		130	-	-	-	-	-	(50)	(50)	80	80	130
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		27,430	-	-	-	-	-	4,248	4,248	31,677	23,161	21,727
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		27,430	-	-	-	-	-	4,248	4,248	31,677	23,161	21,727
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		9,384	-	-	-	-	-	96	96	9,480	19,300	17,474
Energy sources		8,384	-	-	-	-	-	896	896	9,280	17,800	15,974
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1,000	-	-	-	-	-	(800)	(800)	200	1,500	1,500
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	39,094	-	-	-	-	-	3,796	3,796	42,890	43,321	39,961
Funded by:												
National Government		29,314	-	-	-	-	-	9,005	9,005	38,319	34,761	37,201
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	29,314	-	-	-	-	-	9,005	9,005	38,319	34,761	37,201
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		9,780	-	-	-	-	-	(5,209)	(5,209)	4,571	8,560	2,760
Total Capital Funding		39,094	-	-	-	-	-	3,796	3,796	42,890	43,321	39,961

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 - 27/02/2023

Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		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		8,201						(720)	(720)	7,481	30,854	52,989
Call investment deposits	1	1,770						81	81	1,851	–	–
Consumer debtors	1	44,955	–	–	–	–	–	(4,470)	(4,470)	40,485	(1,185)	(5,502)
Other debtors		4,148						7,370	7,370	11,518	9,653	10,040
Current portion of long-term receivables		–						–	–	–	–	–
Inventory		739	–	–	–	–	–	(95)	(95)	644	644	644
Total current assets		59,813	–	–	–	–	–	2,166	2,166	61,979	39,966	58,170
Non current assets												
Long-term receivables		–						–	–	–	–	–
Investments		–						–	–	–	–	–
Investment property		42						15	15	57	35	12
Investment in Associate		–						–	–	–	–	–
Property, plant and equipment	1	392,482	–	–	–	–	–	70,360	70,360	462,841	43,321	39,961
Biological		1,897						199	199	2,096	2,222	2,355
Intangible		4,640						(4,593)	(4,593)	47	42	38
Other non-current assets		1						–	–	1	1	1
Total non current assets		399,061	–	–	–	–	–	65,981	65,981	465,043	45,621	42,367
TOTAL ASSETS		458,874	–	–	–	–	–	68,147	68,147	527,022	85,587	100,537
LIABILITIES												
Current liabilities												
Bank overdraft		–						–	–	–	–	–
Borrowing		–	–	–	–	–	–	–	–	–	–	–
Consumer deposits		1,102						(94)	(94)	1,008	1,069	1,133
Trade and other payables		47,416	–	–	–	–	–	(17,204)	(17,204)	30,213	1,762	6,889
Provisions		7,721						2,794	2,794	10,514	11,145	11,814
Total current liabilities		56,239	–	–	–	–	–	(14,504)	(14,504)	41,735	13,975	19,835
Non current liabilities												
Borrowing	1	–	–	–	–	–	–	–	–	–	–	–
Provisions	1	6,758	–	–	–	–	–	(1,356)	(1,356)	5,402	5,726	6,070
Total non current liabilities		6,758	–	–	–	–	–	(1,356)	(1,356)	5,402	5,726	6,070
TOTAL LIABILITIES		62,997	–	–	–	–	–	(15,860)	(15,860)	47,137	19,701	25,905
NET ASSETS	2	395,878	–	–	–	–	–	84,007	84,007	479,885	65,885	74,632
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		412,438	–	–	–	–	–	67,447	67,447	479,885	101,805	114,588
Reserves		–	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY		412,438	–	–	–	–	–	67,447	67,447	479,885	101,805	114,588

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 - 27/02/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		27,153						3,601	3,601	30,754	31,984	33,264
Service charges		29,027						3,072	3,072	32,099	32,596	33,899
Other revenue		21,507						(10,595)	(10,595)	10,913	9,144	9,510
Transfers and Subsidies - Operational	1	100,062						-	-	100,062	104,831	110,056
Transfers and Subsidies - Capital	1	38,573						-	-	38,573	35,015	37,466
Interest		2,661						180	180	2,841	2,767	2,878
Dividends		-						-	-	-	-	-
Payments												
Suppliers and employees		(155,295)						(13,414)	(13,414)	(168,709)	(155,852)	(160,618)
Finance charges		-						-	-	-	-	-
Transfers and Grants	1	-						(100)	(100)	(100)	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		63,688	-	-	-	-	-	(17,255)	(17,255)	46,433	60,486	66,455
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		2,800						(641)	(641)	2,159	-	-
Decrease (increase) in non-current receivables		-						-	-	-	-	-
Decrease (increase) in non-current investments		-						-	-	-	-	-
Payments												
Capital assets		(44,842)						1,952	1,952	(42,890)	(45,059)	(39,961)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(42,042)	-	-	-	-	-	1,312	1,312	(40,730)	(45,059)	(39,961)
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		21,646	-	-	-	-	-	(15,944)	(15,944)	5,702	15,427	26,494
Cash/cash equivalents at the year begin:	2	4,661						(1,032)	(1,032)	3,630	-	-
Cash/cash equivalents at the year end:	2	26,307						(16,975)	(16,975)	9,332	15,427	26,494

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 102% however if we consider end of financial year and beginning of financial year paying customers (government) and the effect of unemployment we then averaged our rate to 90% in worst case scenario for the remainder of the financial year which is a 12% decrease from the collection rate for the first 6 months. As for service charges (electricity and refuse services) the actual average collection rate is 80% we then made it 75% (reduced by 5%, where service charges on electricity are 94% and refuse are set at 66%) this is due to the fact that the services are paid religiously as they get disconnected if not paid but due to unemployment in the area of Mthonjaneni 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. Also the municipality appointed a debt collector effective from 01 November 2022 which will assist with revenue collection.

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, 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, the testing station is currently operating at it full capacity.

The municipality is also expecting to collect about R3.3 million rand in traffic fines from a R5.6 million-rand adjustment which is 60 % of the adjusted budgeted revenue. The municipality the appointed the service provider to assist with Traffic management system services. There was a delay on site approval by DPP.

Also, there was an adjustment of R1 million Rand from revenue expected from sale of commercial sites. 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 76.79% 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, also with the assistance of the debt collector the municipality believe this will materialise. 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.

Proceeds on Disposal of Assets

This were proceeds received from sale of municipal vehicles, TLB, Transformers and other municipal fixed assets that took place during the first six months of 202/23 financial year.

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

KZN285 Mthonjaneni - Table B8 Cash backed reserves/accumulated surplus reconciliation - 27/02/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		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												
Cash and investments available												
Cash/cash equivalents at the year end	1	26,307	–	–	–	–	–	(16,975)	(16,975)	9,332	15,427	26,494
Other current investments > 90 days		(16,336)	–	–	–	–	–	16,336	16,336	–	15,427	26,494
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		9,971	–	–	–	–	–	(639)	(639)	9,332	30,854	52,989
Applications of cash and investments												
Unspent conditional transfers		–	–	–	–	–	–	100	100	100	–	–
Unspent borrowing									–	–		
Statutory requirements									–	–		
Other working capital requirements	2	4,348	–					(17,940)	(17,940)	(13,592)	(5,229)	3,143
Other provisions									–	–		
Long term investments committed		–	–					–	–	–	–	–
Reserves to be backed by cash/investments			–						–	–		
Total Application of cash and investments:		4,348	–	–	–	–	–	(17,840)	(17,840)	(13,492)	(5,229)	3,143
Surplus(shortfall)		5,623	–	–	–	–	–	17,200	17,200	22,824	36,083	49,846

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

KZN285 Mthonjaneni - Table B9 Asset Management -												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget A	Prior Adjusted 7 A1	Accum. Funds 8 B	Multi-year capital 9 C	Unfore. Unavoid. 10 D	Nat. or Prov. Govt 11 E	Other Adjusts. 12 F	Total Adjusts. 13 G	Adjusted Budget 14 H	Adjusted Budget	Adjusted Budget
R thousands												
ASSET REGISTER SUMMARY - PPE (WDV)	5	369,837	–	–	–	–	–	58,926	58,926	428,763	45,321	42,367
Roads Infrastructure		372,984						(245,255)	(245,255)	127,729	20,961	21,727
Storm water Infrastructure		–						8,385	8,385	8,385	–	–
Electrical Infrastructure		(3,151)						124,983	124,983	121,832	16,900	15,974
Water Supply Infrastructure		–						1,985	1,985	1,985	–	–
Sanitation Infrastructure		–						–	–	–	–	–
Solid Waste Infrastructure		400						554	554	954	500	300
Rail Infrastructure		–						–	–	–	–	–
Coastal Infrastructure		–						–	–	–	–	–
Information and Communication Infrastructure		–						–	–	–	–	–
Infrastructure		370,233	–	–	–	–	–	(109,348)	(109,348)	260,885	38,361	38,001
Community Assets		(13,725)						101,443	101,443	87,718	2,000	–
Heritage Assets	1	–						–	–	1	1	1
Investment properties	42							15	15	57	35	12
Other Assets	(723)							19,116	19,116	18,393	–	–
Biological or Cultivated Assets	1,897							199	199	2,096	2,222	2,355
Intangible Assets	4,640							(4,593)	(4,593)	47	42	38
Computer Equipment	1,647							(369)	(369)	1,278	200	–
Furniture and Office Equipment	143							1,747	1,747	1,890	860	760
Machinery and Equipment	4,737							(1,506)	(1,506)	3,231	1,600	1,200
Transport Assets	947							6,307	6,307	7,254	–	–
Land	–							45,914	45,914	45,914	–	–
Zoo's, Marine and Non-biological Animals								–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	369,837	–	–	–	–	–	58,926	58,926	428,763	45,321	42,367

Part 2 – Supporting Documentation

Table 15: Adjustments to Expenditure on allocations and grant programmes

KZN285 Mthonjaneni - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 27/02/2023

Description	Ref	Budget Year 2022/23							Budget Year +1 2023/24	Budget Year +2 2024/25
		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									
<u>Operating Transfers and Grants</u>										
National Government:		99,081	-	-	-	-	-	99,081	103,850	109,032
Local Government Equitable Share		93,695	-	-	-	-	-	93,695	98,363	103,439
EPWP Incentive	-	2,536	-	-	-	-	-	2,536	2,637	2,743
Finance Management	-	2,850	-	-	-	-	-	2,850	2,850	2,850
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Provincial Government:		1,223	-	-	-	-	-	1,235	1,235	1,289
Provincialisation of Libraries	-	981	-	-	-	-	-	981	981	1,024
Community Library Services Grant	4	242	-	-	-	-	-	254	254	265
Other transfers and grants [insert description]	5	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	6	100,304	-	-	-	-	-	100,316	105,085	110,321
<u>Capital Transfers and Grants</u>										
National Government:		31,260	-	-	-	-	-	38,319	34,761	37,201
Municipal Infrastructure Grant (MIG)	-	22,980	-	-	-	-	-	30,039	20,761	21,527
Integrated National Electrification Programme	-	8,280	-	-	-	-	-	8,280	14,000	15,674
Other capital transfers [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	6	31,260	-	-	-	-	-	38,319	34,761	37,201
TOTAL RECEIPTS OF TRANSFERS & GRANTS		131,564	-	-	-	-	-	138,635	139,846	147,522

Table 16: Adjustments to councilor allowances and employee benefits

KZN285 Mthonjaneni - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 27/02/2023										
Summary of remuneration	Ref	Budget Year 2022/23								
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5,489						-	-	5,489
Pension and UIF Contributions		730						-	-	730
Medical Aid Contributions		135						-	-	135
Motor Vehicle Allowance		-						-	-	-
Cellphone Allowance		1,020						-	-	1,020
Housing Allowances		-						-	-	-
Other benefits and allowances		2,374						-	-	2,374
Sub Total - Councillors		9,749	-			-		-	-	9,749
% increase			(0)							0.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		4,014						-	-	4,014
Pension and UIF Contributions		1,019						-	-	1,019
Medical Aid Contributions		-						-	-	-
Overtime		-						-	-	-
Performance Bonus		930						-	-	930
Motor Vehicle Allowance		648						-	-	648
Cellphone Allowance		95						(9)	(9)	87
Housing Allowances		144						(12)	(12)	132
Other benefits and allowances		173						33	33	206
Payments in lieu of leave		-						-	-	-
Long service awards		-						-	-	-
Post-retirement benefit obligations		-						-	-	-
Sub Total - Senior Managers of Municipality	5	7,024	-	-		-		12	12	7,036
% increase			(0)							0.2%
Other Municipal Staff										
Basic Salaries and Wages		40,991						(494)	(494)	40,497
Pension and UIF Contributions		4,185						(38)	(38)	4,147
Medical Aid Contributions		2,617						(13)	(13)	2,604
Overtime		1,659						(27)	(27)	1,632
Performance Bonus		3,503						(67)	(67)	3,436
Motor Vehicle Allowance		4,645						(113)	(113)	4,532
Cellphone Allowance		331						(21)	(21)	310
Housing Allowances		959						(7)	(7)	953
Other benefits and allowances		675						94	94	769
Payments in lieu of leave		-						-	-	-
Long service awards		-						-	-	-
Post-retirement benefit obligations		-						-	-	-
Sub Total - Other Municipal Staff	5	59,566	-	-	-	-	-	(685)	(685)	58,881
% increase										-1.2%
Total Parent Municipality		76,338	-	-	-	-	-	(673)	(673)	75,665
										-0.9%

Other Supporting Tables

SUMMARY	Final Budget 2022/23	Adjustment	Adjusted Budget 2022/23	Budget year 2023/24	Budget year 2024/25	%
Revenue by Source						
Property Rates	(34,171,353.33)	0.00	(34,171,353.33)	(35,538,207.46)	(36,959,735.76)	15%
Service charges-electricity revenue	(36,444,312.70)	0.00	(36,444,312.70)	(36,965,240.29)	(38,443,849.91)	16%
Service charges-refuse revenue	(2,250,484.99)	0.00	(2,250,484.99)	(2,340,504.39)	(2,434,124.57)	1%
Rentals of facilities and equipment	(471,600.00)	0.00	(471,600.00)	(490,464.00)	(510,082.56)	0%
Interest earned-External investments	(1,257,600.00)	(200,000.00)	(1,457,600.00)	(1,307,904.00)	(1,360,220.16)	1%
Interest earned-Outstanding Debtors	(1,991,200.00)	0.00	(1,991,200.00)	(2,070,848.00)	(2,153,681.92)	1%
Fines	(7,603,473.07)	2,000,000.00	(5,603,473.07)	(6,035,611.99)	(6,277,036.47)	3%
Licences and permits	(2,314,057.37)	0.00	(2,314,057.37)	(2,406,619.67)	(2,502,884.45)	1%
Grant income-Operating	(100,316,000.00)	0.00	(100,316,000.00)	(105,085,440.00)	(110,320,937.60)	44%
Grant income-Capital	(38,319,000.00)	0.00	(38,319,000.00)	(34,761,000.00)	(37,201,000.00)	17%
Other Revenue	(3,326,104.07)	(1,000,000.00)	(4,326,104.07)	(3,459,148.24)	(3,597,514.16)	1%
Gains on Disposal of PPE	(1,500,000.00)	0.00	(1,500,000.00)	0.00	0.00	1%
	(229,965,185.53)	800,000.00	(229,165,185.53)	(230,460,988.05)	(241,761,067.57)	100%
Expenditure by Type				Budget year 2023/24	Budget year 2024/25	%
Employee related costs	66,589,337.10	674,345.00	65,914,992.10	68,855,001.48	71,948,407.21	37%
Remuneration of councillors	9,748,591.53	-	9,748,591.53	10,177,529.55	10,635,518.38	5%
Debt impairment	3,000,000.00	1,000,000.00	2,000,000.00	3,000,000.00	5,000,000.00	2%
Depreciation and asset impairment	15,299,963.52	-	15,299,963.52	20,911,962.06	25,748,440.54	8%
Bulk Purchases	24,626,156.60	-	24,626,156.60	26,316,291.56	28,123,388.13	14%
Inventory Consumed	4,866,235.20	134,544.34	5,000,779.54	4,836,285.61	4,806,937.99	3%
Finance Charges	-	263,000.00	263,000.00	-	-	0%
Other expenditure	27,426,992.06	4,753,529.90	32,180,521.96	25,767,148.16	26,062,296.27	15%
Transfers and subsidies	200,000.00	100,000.00	100,000.00	-	-	0%
Contracted Services	29,951,540.00	1,023,139.22	30,974,679.22	26,699,585.60	26,041,012.54	16%
Loss on Disposal of PPE						0%
	181,708,816.00	4,399,868.46	186,108,684.46	186,563,804.01	198,366,001.08	100%
(Surplus)/ Deficit	(48,256,369.54)	5,199,868.46	(43,056,501.08)	(43,897,184.03)	(43,395,066.49)	
Capital Expenditure	48,099,000.00	5,159,440.54	42,889,559.46	43,321,000.00	39,961,000.00	
				-		
Net (Surplus)/ Deficit	(157,369.54)	40,427.92	(166,941.62)	(576,184.03)	(3,434,066.49)	

CAPITAL EXPENDITURE								
VOTE DESCRIPTION	FUNDING SOURCE	Final BUDGET 2022-23	Actual	Variance	Adjustment	Adjusted Budget 2022/23	BUDGET 2023-24	BUDGET 2024-25
Municipal Manager								
Computer Equipment	INTERNAL FUNDS	-		-		-		
Furniture and Office Equipment:Acquisitions	INTERNAL FUNDS	50,000.00		50,000.00	- 40,000.00	10,000.00	50,000.00	50,000.00
		50,000.00	-	50,000.00	- 40,000.00	10,000.00	50,000.00	50,000.00
Mayoral and Council								
Computer Equipment	INTERNAL FUNDS	-		-				
Furniture and Office Equipment:Acquisitions	INTERNAL FUNDS	50,000.00		50,000.00		50,000.00	50,000.00	50,000.00
Transport Assets (Combi/bus)	INTERNAL FUNDS	650,000.00		650,000.00	- 250,000.00	400,000.00		
		700,000.00	-	700,000.00	- 250,000.00	450,000.00	50,000.00	50,000.00
Executive and council		750,000.00	-	750,000.00	- 290,000.00	460,000.00	100,000.00	100,000.00

Administrative and Corporate Support								
Computer Equipment:Acquisitions / Filing Management System	INTERNAL FUNDS	500,000.00	-	500,000.00		500,000.00	200,000.00	
Furniture and Office Equipment :Acquisitions	INTERNAL FUNDS	50,000.00		50,000.00	- 30,000.00	20,000.00	40,000.00	30,000.00
		550,000.00	-	550,000.00	- 30,000.00	520,000.00	240,000.00	30,000.00
Budget and Treasury Office								
Machinery and Equipment: Acquisitions	INTERNAL FUNDS	-						
Computer Equipment:Acquisitions	INTERNAL FUNDS	200,000.00	332,074.06	- 132,074.06	232,074.06	432,074.06	300,000.00	400,000.00
Furniture and Office Equipment	INTERNAL FUNDS	50,000.00		50,000.00			50,000.00	50,000.00
Intangible Assets	INTERNAL FUNDS	-						
		250,000.00	332,074.06	- 82,074.06	232,074.06	432,074.06	350,000.00	450,000.00
Finance and administration		800,000.00	332,074.06	467,925.94	202,074.06	952,074.06	590,000.00	480,000.00
Community Services								
Computer Equipment	INTERNAL FUNDS	-		-				
Furniture and Office Equipment	INTERNAL FUNDS	30,000.00		30,000.00	- 10,000.00	20,000.00	50,000.00	20,000.00
Car Wash structure	INTERNAL FUNDS	-		-		-		-
		30,000.00	-	30,000.00	- 10,000.00	20,000.00	50,000.00	20,000.00
Libraries								
Furniture and Office Equipment: Acquisition	INTERNAL FUNDS	70,000.00		70,000.00	- 50,000.00	20,000.00	40,000.00	30,000.00
Computer Equipment:Acquisitions	INTERNAL FUNDS	-						
		70,000.00	-	70,000.00	- 50,000.00	20,000.00	40,000.00	30,000.00
Community and social services		100,000.00	-	100,000.00	- 60,000.00	40,000.00	90,000.00	50,000.00

Electricity Services								
Infrastructure Assets	ECONOMIC AND ENVIRONMENTAL SERVICES							
Electrical Infrastructure: HV and LV Networks:Cost:Acquisitions	INTERNAL FUNDS	400,000.00	28,603.50	371,396.50	200,000.00	200,000.00	1,900,000.00	
Electrical Infrastructure:Acquisitions (Street Lights)- Upgrade and new	INTERNAL FUNDS	500,000.00		500,000.00	- 300,000.00	200,000.00	500,000.00	300,000.00
Electrical Infrastructure:Future Use:Power Plants:Cost:Acquisitions -	INEP	-		-		-		
Noekwane Area-Ward 1	INEP	-		-		-		
Thubalethu Extension- Ward 2	INEP	-		-		-		
Ofankomo/Njomelwane Electrification Project- Ward 3	INEP	-		-		-		
Katza Area- Ward 4	INEP	-		-		-		
Umhlatuze Area- Ward 5	INTERNAL FUNDS	-	794,385.21	- 794,385.21		-		
Dubeni Area-Ward 6	INEP	-		-		-		
Inkisa Area-Ward 8	INTERNAL FUNDS	-	236,714.00	- 236,714.00		-		
Ntombokazi Area- Ward 12	INEP	-		-		-		
Sangoyane Area- Ward 13	INEP	-		-		-		
Njomelwane-Ward 3	INEP	-		-		-		
Emakhlani Electrification Project - Ward 9	INEP	3,500,000.00		3,500,000.00		3,500,000.00		
Esidakeni INF (type 2&3) Ward 11	INEP	1,905,000.00	542,682.56	1,362,317.44		1,905,000.00		
Noziphiwa Electrification - Ward 10	INEP	2,875,000.00	3,478,942.50	- 603,942.50		2,875,000.00		
INEP Projects	INEP	-		-		-	14,000,000.00	15,674,000.00
Machinery and Equipment:Acquisitions (Metering)	INTERNAL FUNDS	-		-				
Transformer housings	INTERNAL FUNDS	100,000.00		100,000.00	- 50,000.00	50,000.00		
Airconditioning capital (offices and Library)	INTERNAL FUNDS	-		-		-	200,000.00	
Lightning earthing of municipal buildings	INTERNAL FUNDS	200,000.00		200,000.00	- 200,000.00	-	500,000.00	
K4 RMU's	INTERNAL FUNDS	200,000.00		200,000.00	- 100,000.00	100,000.00	300,000.00	
Standby Generator for Council Chambers & Stores	INTERNAL FUNDS	650,000.00		650,000.00	- 200,000.00	450,000.00	400,000.00	
		10,330,000.00	5,081,327.77	5,248,672.23	- 1,050,000.00	9,280,000.00	17,800,000.00	15,974,000.00

Administrative and Corporate Support								
Computer Equipment:Acquisitions / Filing Management System	INTERNAL FUNDS	C0003-3/IA06173/F0002X	500,000.00	-	500,000.00		500,000.00	200,000.00
Furniture and Office Equipment :Acquisitions	INTERNAL FUNDS	C0004-3/IA06233/F0002X	50,000.00		50,000.00	- 30,000.00	20,000.00	40,000.00
			550,000.00	-	550,000.00	- 30,000.00	520,000.00	240,000.00
Budget and Treasury Office								
Machinery and Equipment: Acquisitions	INTERNAL FUNDS	C0006-1/IA06282/F0002X	-					
Computer Equipment:Acquisitions	INTERNAL FUNDS	C0004-5/IA06253/F0002X	200,000.00	332,074.06	- 132,074.06	232,074.06	432,074.06	300,000.00
Furniture and Office Equipment	INTERNAL FUNDS	C00076-2/IA06253/F0002X	50,000.00		50,000.00			50,000.00
Intangible Assets	INTERNAL FUNDS	C00086-3/IA04957/F0002X046/R0092/001/CORP	-		-			
			250,000.00	332,074.06	- 82,074.06	232,074.06	432,074.06	350,000.00
Finance and administration			800,000.00	332,074.06	467,925.94	202,074.06	952,074.06	590,000.00

Roads								
Infrastructure Assets								
Urban Roads Upgrade & Rehabilitation: Phase 5 - Town	INTERNAL FUNDS	5,079,811.13		5,079,811.13		5,079,811.13		-
Nungwini Gravel Road	INTERNAL FUNDS			-		-		-
Mule Gravel Road	INTERNAL FUNDS			-		-		-
Manzawayo Gravel Road	INTERNAL FUNDS			-		-		-
Hawai Gravel Road	INTERNAL FUNDS			-		-		-
Mkhakhwini, Sangoyane Gravel Road	INTERNAL FUNDS			-		-		-
Noziphiva Gravel Road	INTERNAL FUNDS			-		-		-
Mbiza Gravel Road-Ward 11	MIG			-		-		-
Mabhungu Gravel Road- Ward 8	MIG			-		-		-
Ndundulu Gravel Road-Ward 8	MIG	-	738,585.79	- 738,585.79		-		-
Makhubalo Gravel Road-Ward 9	MIG	2,339,702.22	2,178,167.08	161,535.14		2,339,702.22		-
Ntlingwane Gravel Road-Ward 12	MIG	-	1,643,491.96	- 1,643,491.96		-		-
MIG Projects	MIG	-	-	-		-	20,761,000.00	21,527,000.00
Thubalethu Roads Upgrade	INTERNAL FUNDS	-		-		-		-
		7,419,513.35	4,560,244.83	2,859,268.52	-	7,419,513.35	20,761,000.00	21,527,000.00
Community Assets								
Gobilahla Creche	INTERNAL FUNDS	-		-		-		-
Mpevu Community Hall	INTERNAL FUNDS	-		-		-		-
Niombokazi Community Hall	INTERNAL FUNDS	-		-		-		-
Mehlamlasha Community Hall	INTERNAL FUNDS	-		-		-		-
Bediana Community Hall-Ward 8	MIG	5,880,443.01		5,880,443.01		5,880,443.01		-
Lwazilethu Creche-Ward 9	MIG	3,576,647.14		3,576,647.14		3,576,647.14		-
Mule Creche-Ward 4	MIG	3,162,396.50		3,162,396.50		3,162,396.50		-
Kwezulu Sportfield, Ward 7	MIG	10,000,000.00		10,000,000.00		10,000,000.00		-
Sangoyane Sportsfield-Ward 13	MIG	-	2,023,307.43	- 2,023,307.43		-		-
Kataza Creche	MIG	-		-		-		-
Mahehe Creche-Ward 1	MIG	-	750,944.26	- 750,944.26		-		-
Njomelwane Community Hall- Ward 3	MIG	-		-		-		-
New Cemetery	INTERNAL FUNDS	500,000.00		500,000.00	500,000.00	-	2,000,000.00	-
Housing Project	INTERNAL FUNDS	1,000,000.00		1,000,000.00	1,000,000.00	-		-
		24,119,486.65	2,774,251.69	21,345,234.96	- 1,500,000.00	22,619,486.65	2,000,000.00	-
Other Assets								
Computer Equipment	INTERNAL FUNDS	-		-		-		-
Furniture and Office Equipment:Acquisitions (Add Chairs and Tables)	INTERNAL FUNDS	-		-		-		-
Transport Assets (pool vehicles)	INTERNAL FUNDS	800,000.00	1,338,485.40	- 538,485.40	538,485.40	1,338,485.40		-
Upgrading of Landfill Site Access Road	INTERNAL FUNDS	300,000.00		300,000.00	- 300,000.00	-	200,000.00	200,000.00
Buildings - Municipal Carports, Municipal Gates, Staff Lockers, Techn	INTERNAL FUNDS	500,000.00		500,000.00	- 300,000.00	200,000.00		-
Machinery and Equipment (Brush Cutters, Bukkie Sakkie,Ride on Mov	INTERNAL FUNDS	1,150,000.00		1,150,000.00	- 1,050,000.00	100,000.00		-
Drain Mainhole Concrete Covers	INTERNAL FUNDS	-		-		-		-
Rehabilitation of land fill site	INTERNAL FUNDS	200,000.00		200,000.00	- 200,000.00	-	200,000.00	-
NEW TLB	INTERNAL FUNDS	-		-		-		-
		2,950,000.00	1,338,485.40	1,611,514.60	- 1,311,514.60	1,638,485.40	400,000.00	200,000.00
		34,489,000.00	8,672,981.92	25,816,018.08	- 2,811,514.60	31,677,485.40	23,161,000.00	21,727,000.00
Fire Fighting								
Furniture and Office Equipment: Acquisitions	INTERNAL FUNDS	50,000.00		50,000.00	- 30,000.00	20,000.00	20,000.00	30,000.00
Machinery and Equipment:Acquisitions	INTERNAL FUNDS	50,000.00		50,000.00	- 20,000.00	30,000.00	10,000.00	50,000.00
Transport Assets - 2x Vans	INTERNAL FUNDS	-		-		-		-
Disaster Management Centre(Designs & Fencing)	INTERNAL FUNDS	500,000.00		500,000.00	- 300,000.00	200,000.00		-
		600,000.00	-	600,000.00	- 350,000.00	250,000.00	30,000.00	80,000.00
Licensing and Protection Services								
Computer Equipment:Acquisitions	INTERNAL FUNDS	-		-		-		-
Furniture and Office Equipment: Acquisitions	INTERNAL FUNDS	30,000.00		30,000.00		30,000.00	50,000.00	50,000.00
		30,000.00	-	30,000.00	-	30,000.00	50,000.00	50,000.00
Public safety								
		630,000.00	-	630,000.00	- 350,000.00	280,000.00	80,000.00	130,000.00
Solid Waste Removal								
Solid Waste Infrastructure:Acquisitions (Refuse Bins/Skips)	INTERNAL FUNDS	200,000.00		200,000.00		200,000.00	300,000.00	300,000.00
Agricultural Tractor and Accessories	INTERNAL FUNDS	800,000.00		800,000.00	- 800,000.00	-	1,200,000.00	1,200,000.00
		1,000,000.00	-	1,000,000.00	- 800,000.00	200,000.00	1,500,000.00	1,500,000.00
		48,099,000.00	14,086,383.75	34,012,616.25	-5,159,440.54	42,889,559.46	43,321,000.00	39,961,000.00

Quality Certificate

I, Zipho Saviour Mthethwa, the municipal manager of **Mthonjaneni Local Municipality**, hereby certify that the Adjustments Budget and supporting documentation for the 2022/23 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

Municipal manager of Mthonjaneni Local Municipality KZN285

Signature: Z.S Mthethwa

Date : 23/02/2023