

ADJUSTMENT BUDGET OF  
**MKHAMBATHINI**  
**MUNICIPALITY**



**2021/22 TO 2023/24**  
**MEDIUM TERM REVENUE AND EXPENDITURE**  
**FORECASTS**

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## Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	MBRR	Municipal Budget & Reporting Regulations
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act
CM	Municipality Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental Organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross Domestic Product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Plan	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kℓ	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt hour		
ℓ	litre		
LED	Local Economic Development		
M	Mayor		

## **Part 1 - Annual Budget**

### **1.1 Mayor's Report**

#### **SPEECH BY THE MAYOR OF MKHAMBATHINI MUNICIPALITY**

#### **CLLR. N.W. NTOMBELA PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF THE TABLING OF ADJUSTMENT BUDGET FOR 2021/2022 FINANCIAL YEAR AT MKHAMBATHIINI MUNICIPALITY COUNCIL CHAMBER**

**ON THURSDAY, 28 FEBRUARY 2021**

Speaker of the Council,

Deputy Mayor,

Executive Committee Members,

Councillors,

Traditional leaders,

Municipal Manager,

All Senior Managers,

Chief Financial Officer,

All Staff members present,

Members of the media if any are present and Public,

Distinguish guest, Ladies and Gentlemen.

Greetings to all

Chairperson, Mr Speaker, I would like to greet you and all members of the council and officials, and I hereby present Adjustment Budget for 2020/2021 financial year as outlined in the Municipal Finance Management Act. (MFMA, Section 28 of MFMA in relation to the tabling of Adjustment Budget).

I would like to highlight the following items:

Choose name from list - Table B1 Adjustments Budget Summary -

Description	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	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
<b>Financial Performance</b>											
Property rates	20 553	-	-	-	-	-	991	991	21 544	21 375	22 230
Service charges	597	-	-	-	-	-	-	-	597	621	645
Investment revenue	4 000	-	-	-	-	-	(1 400)	(1 400)	2 600	4 160	4 327
Transfers recognised - operational	76 559	-	-	-	-	-	-	-	76 559	87 643	88 692
Other own revenue	8 979	-	-	-	-	-	(1 088)	(1 088)	7 891	11 024	11 465
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>110 688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 497)</b>	<b>(1 497)</b>	<b>109 191</b>	<b>124 823</b>	<b>127 359</b>
Employee costs	48 558	-	-	-	-	-	(294)	(294)	48 265	50 155	53 644
Remuneration of councillors	6 693	-	-	-	-	-	-	-	6 693	4 039	7 247
Depreciation & asset impairment	11 609	-	-	-	-	-	(10)	(10)	11 599	12 073	12 556
Finance charges	-	-	-	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	6 051	-	-	-	-	-	(1 446)	(1 446)	4 605	6 308	6 582
Transfers and grants	-	-	-	-	-	-	18 110	18 110	18 110	-	-
Other expenditure	69 991	-	-	-	-	-	7 741	7 741	77 732	63 112	66 592
<b>Total Expenditure</b>	<b>142 902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 101</b>	<b>24 101</b>	<b>167 004</b>	<b>135 688</b>	<b>146 623</b>
<b>Surplus/(Deficit)</b>	<b>(32 214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25 598)</b>	<b>(25 598)</b>	<b>(57 813)</b>	<b>(10 865)</b>	<b>(19 263)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	24 755	-	-	-	-	-	32 530	32 530	57 285	17 781	18 394
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)	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(7 459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 932</b>	<b>6 932</b>	<b>(528)</b>	<b>6 916</b>	<b>(869)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(7 459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 932</b>	<b>6 932</b>	<b>(528)</b>	<b>6 916</b>	<b>(869)</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	31 621	-	-	-	-	-	17 446	17 446	49 067	3 756	3 987
Transfers recognised - capital	24 755	-	-	-	-	-	14 420	14 420	39 175	3 000	3 200
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6 866	-	-	-	-	-	3 026	3 026	9 892	756	787
<b>Total sources of capital funds</b>	<b>31 621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 446</b>	<b>17 446</b>	<b>49 067</b>	<b>3 756</b>	<b>3 987</b>
<b>Financial position</b>											
Total current assets	57 497	-	-	-	-	-	6 784	6 784	64 281	36 069	11 427
Total non current assets	195 681	-	-	-	-	-	29 643	29 643	225 323	153 295	158 769
Total current liabilities	7 985	-	-	-	-	-	873	873	8 858	8 842	3 106
Total non current liabilities	4 158	-	-	-	-	-	986	986	5 144	4 158	4 158
Community wealth/Equity	241 035	-	-	-	-	-	380	380	241 415	176 315	162 884
<b>Cash flows</b>											
Net cash from (used) operating	8 168	-	-	-	-	-	-	-	8 168	(7 538)	(12 140)
Net cash from (used) investing	(31 621)	-	-	-	-	-	-	-	(31 621)	17 871	18 394
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>32 863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5 909)</b>	<b>(5 909)</b>	<b>26 954</b>	<b>41 144</b>	<b>15 816</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	30 812	-	-	-	-	-	(5 909)	(5 909)	24 903	9 562	(16 645)
Application of cash and investments	(19 298)	-	-	-	-	-	(10 051)	(10 051)	(29 349)	(17 001)	(24 396)
<b>Balance - surplus (shortfall)</b>	<b>50 110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 141</b>	<b>4 141</b>	<b>54 252</b>	<b>26 563</b>	<b>7 751</b>
<b>Asset Management</b>											
Asset register summary (WDV)	351 523	-	-	-	-	-	74 599	74 599	426 122	506 929	526 549
Depreciation	11 609	-	-	-	-	-	(10)	(10)	11 599	12 073	12 556
Renewal and Upgrading of Existing Assets	5 161	-	-	-	-	-	3 834	3 834	8 995	-	-
Repairs and Maintenance	28 218	-	-	-	-	-	5 800	5 800	34 018	21 801	22 856
<b>Free services</b>											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	1 566	-	-	-	-	-	-	-	1 566	1 629	1 694
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

**Explanatory notes to MBRR Table B1 - Adjustment Budget Summary**

1. Table B1 the adjustment budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (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 service delivery backlogs.
3. Financial management reforms emphasises 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 Adjustment 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, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

The adjustment on the operating and capital expenditure are as follow and also the municipality has manage to implement the Cost Containment measure.

- i. The total operating revenue has decrease by R 1,4 million
- ii. The total operating expenditure has increase by R 24 million
- iii. The capital budget has increased by R 17.4 million

Honourable Speaker and Councillors, this report reflects the wishes and aspirations of the people of Mkhambathini Municipality and it is aligned with the priorities set by Treasury and it is in line with the Mkhambathini Municipality SDBIP and IDP priorities which according to my administration's point of view should be implemented at a Local Level after considering the needs of the Community, therefore I recommend that the Municipal Council approves the adjustment budget and the revised Service Delivery and Budget Implementation Plan.

I would like to grant council members a chance to investigate the content and more details are contained in the attached reports.

As I conclude Speaker, as you are aware, the Country is experiencing harsh economic times and is experiencing a severe drought. As a result of this, food prices and other essential commodities are rising rapidly. This prompted National and Provincial Government to introduce cost cutting and saving measures to deliver services and sacrifice effectively including the. As the result of this funding to Local Government has been being reduced. Grant funding has been reduced and affects, Equitable Share and MIG. The effect of Governments austerity measures has placed the Municipal budget under pressure and the Municipality has also embarked on cost saving measures and introduced them in this budget. Prudent Financial Management and constant monitoring of the budget must take place during the year and throughout the year in monitoring.

The below factors must be noted

### **Governance**

The Internal Audit Activity stills operate as an outsourced Internal Audit Services which is an indication of a commitment in promoting good governance. Internal Audit Activity has formed a working relationship with the Provincial Internal Audit Unit and National Treasury Risk and Internal Audit Support Unit for skills and resources sharing and to strengthen the Internal Audit Activities operations. A risk-based audit plan has been developed and systems of internal control were tested to effectively monitor the vulnerability of operations within the municipality. Internal Audit also meets on a regular basis as well MPAC.

Mkhambathini Municipality Youth Advisory Centre continues to service the youth who are seeking advice on careers, receiving vouchers for small businesses, life skills, and basic computer skills. The centre of gender issues also resides in the youth development office. The municipality have also established the Youth Council which was elected in 2018 and it is currently functional when it comes to youth programs.

### **Housing**

Speaker, we have 4 housing projects within the Mkhambathini Municipality. To date, low-income houses have been constructed. These include areas such as Mbambangalo, Maqongqo, KwaNjobokazi, KwaMahleka and Ward 7 Rural Housing. Furthermore, there are projects that are in the planning and packaging stage, which include Stockdale and Poortjie Project. The ward 7 rural housing projects currently have challenges which is caused by access to some of the sites due to road infrastructure problems however the matter was referred to Council for assistance and we believe that this will be resolved and the project will continue.

## **Property Rates**

The municipality appointed a service provider to prepare the New General Valuation Roll to be implemented as from 01 July 2019 with a validity period being 5 years. The process of inspection of the roll is currently under way.

I must mention Speaker, that after this meeting, the municipality will have public participation process to showcase the IDP and Budget and to share with our people different views on what I am about to table to this Council.

## **Back to basics**

Speaker, we all aware of the concept of Back to basics and the importance of implementing a back to basic plan. We are fortunate that through the COGTA assessment, Mkhambathini Municipality was found to be functional, but we must still make every effort to improve on upholding the 5 pillars of the Back to Basics concept and improve the lives of our citizens. We continue to align ourselves to the programmes rolled out by National and Provincial Government. We have provided an amount in our budget to deal with some priorities of Back to basics.

## **MSCOA**

Speaker, Local Government has seen many reforms since the Implementation of the Municipal Management Finance Act over the years. Recently National Treasury has commenced with the roll out of programmes to implement the Municipal standard chart of accounts - mSCOA. Funding for implementation mSCOA is from the Financial Management Grant and Municipal System Improvement Grant and own funding. Reports have been coming to Council during the last 3 years on the implementation and readiness towards mSCOA.

## **Current Economic Conditions and Funding**

Speaker, as you are aware, the Country is experiencing harsh economic times and is experiencing a severe drought. As a result of this, food prices and other essential commodities are rising rapidly. This prompted National and Provincial Government to introduce cost cutting and saving measures in order to deliver services and sacrifice effectively. As the result of this funding to Local Government has been being reduced. Grant funding has been reduced and affects, Equitable Share and MIG. The effect of Governments austerity measures has placed the Municipal budget under pressure and the Municipality has also embarked on cost saving measures and introduced them in this budget. Prudent Financial Management and constant monitoring of the budget must take place during the year and throughout the year in monitoring



And I would like council members to have in mind the need to provide quality services to our community when considering Adjustment Budget, I thank you for this wonderful opportunity granted to me to present this report to the Council of Mkhambathini Municipality

I thank you.

## **RESOLUTION**

On the 28<sup>th</sup> February 2022, the Council of Mkhambathini Local Municipality met in the Council Chambers of Mkhambathini Local Municipality to adopt the 2021/22 Adjustment Budget. The council approved and adopted the following resolutions:

2.1. The Council of Mkhambathini Local Municipality, acting in terms of section 28 (1) of the Municipal Finance Management Act (Act 56 of 2003) approves and adopt:

- 2021/22 Adjustment Budget
  - 1.1 Adjusted Financial Performance (revenue & expenditure by standard classification)
  - 1.2 Adjusted Financial Performance (revenue and expenditure by municipal vote)
  - 1.3 Adjusted Financial Performance (revenue by source and expenditure by type)
  - 1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source
- 2. That the adjustment budget and Medium-Term Revenue and Expenditure Framework (MTEF) for the three-year period commencing in 2021/2022 financial year be adopted.
- 3. To take note of the operational and Capital adjustment budget for 2021/22
- 4. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables
  - 4.1 Adjusted Financial Position
  - 4.2 Adjusted Cash Flows
  - 4.3 Cash backed reserves and accumulated surplus reconciliation
  - 4.4 Asset Management

#### 4.5 Basic service delivery measurement

5. That the tabled Adjustment budget for the year 2021/2022 & indicative figures for the 2 projected outer years be adopted by Council as set out in the following schedules:

- Table B1 Summary
- Table B2 Financial Performance (By Standard Classification)
- Table B3 Financial Performance (By Municipal Vote)
- Table B4 Financial Performance (Revenue & Expenditure)
- Table B5 Capital Expenditure
- Table B6 Financial Position
- Table B7 Cash Flows
- Table B8 Cash Backed Reserves
- Table B9 Asset Management
- Table B10 Basic Service Delivery Measurement
- Supporting documents from SB1 - SB20

That once this Adjustment budget is tabled the information be uploaded to the LG Portal with the necessary MSCOA information

### **Executive Summary**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a revenue collection strategy to optimize the collection of debt owed by ratepayers. In addition to supplementing the declining revenue base, and reduction in grant funding the Municipality has introduced a refuse tariff to areas within the Municipality which refuse is being collected. The tariff which is being introduced will be reviewed during the course of the year to ensure that it is cost reflective and sustainable, however this is still a challenge as the service is only be carried out in the urban area of Camperdown.

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

- The ongoing difficulties in the national and local economy.
- The COVID19 pandemic
- Aging and poorly maintained roads infrastructure.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and limited cash position of the municipality
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- The implementation of a sustainable refuse tariff
- Un rest that was started in July 2021

### **Adjustment Budget Financial Performance (revenue and expenditure)**

The summary for the adjustment budget has been summarised as bellow :

Choose name from list - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	20 553	-	-	-	-	-	991	991	21 544	21 375	22 230
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	597	-	-	-	-	-	-	-	597	621	645
Rental of facilities and equipment		359	-	-	-	-	-	-	-	359	373	388
Interest earned - external investments		4 000	-	-	-	-	-	(1 400)	(1 400)	2 600	4 160	4 327
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		36	-	-	-	-	-	(31)	(31)	4	37	38
Licences and permits		7 400	-	-	-	-	-	(1 000)	(1 000)	6 400	7 696	8 004
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		76 559	-	-	-	-	-	-	-	76 559	87 643	88 692
Other revenue	2	1 185	-	-	-	-	-	(57)	(57)	1 128	2 918	3 035
Gains		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>110 688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 497)</b>	<b>(1 497)</b>	<b>109 191</b>	<b>124 823</b>	<b>127 359</b>
<b>Expenditure By Type</b>												
Employee related costs		48 558	-	-	-	-	-	(294)	(294)	48 265	50 155	53 644
Remuneration of councillors		6 693	-	-	-	-	-	-	-	6 693	4 039	7 247
Debt impairment		3 140	-	-	-	-	-	-	-	3 140	3 580	4 081
Depreciation & asset impairment		11 609	-	-	-	-	-	(10)	(10)	11 599	12 073	12 556
Finance charges		-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		6 051	-	-	-	-	-	(1 446)	(1 446)	4 605	6 308	6 582
Contracted services		43 396	-	-	-	-	-	7 703	7 703	51 099	37 165	39 271
Transfers and subsidies		-	-	-	-	-	-	18 110	18 110	18 110	-	-
Other expenditure		23 455	-	-	-	-	-	38	38	23 493	22 367	23 240
Losses		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>142 902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 101</b>	<b>24 101</b>	<b>167 004</b>	<b>135 688</b>	<b>146 623</b>
<b>Surplus/(Deficit)</b>		<b>(32 214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25 598)</b>	<b>(25 598)</b>	<b>(57 813)</b>	<b>(10 865)</b>	<b>(19 263)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		24 755	-	-	-	-	-	32 530	32 530	57 285	17 781	18 394
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)		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>		<b>(7 459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 932</b>	<b>6 932</b>	<b>(528)</b>	<b>6 916</b>	<b>(869)</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(7 459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 932</b>	<b>6 932</b>	<b>(528)</b>	<b>6 916</b>	<b>(869)</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(7 459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 932</b>	<b>6 932</b>	<b>(528)</b>	<b>6 916</b>	<b>(869)</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(7 459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 932</b>	<b>6 932</b>	<b>(528)</b>	<b>6 916</b>	<b>(869)</b>

## Adjustment Budget Assumption

In the compilation of the Adjustment Budget , the following influencing factors were considered:

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in compiling Mkhambathini Local Municipality adjustment budget.

Mkhambathini Local Municipality expenditure framework for the 2021/22 Adjustment Budget is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan.
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA.
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan.
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made

## **Income and expenditure**

### **Revenue by Source**

Property rates cover the cost of the provision of general services. The increase of R991 000 on the property rates is made by the charges on the supplemental valuation roll.

Interest earned on the external investment has decreased by R 1.4 million, we did compare with the actual interest that we have received for the past 6 months is very little. The rate that we get from the Nedbank was very low due to the changes on the interest rate.

Fines and penalties have by R 32 000 from R36 000 to R 4 000

Licence and permits have decrease by R 1 000 000 from R 7 400 000 to R6 400 000 due to low collection for the first 6 months.

Other revenue has decrease by R 57 000 from R 1 185 000 to R 1 128 000 due to low collection for the first 6 months

### **Expenditure by Source**

Employee related costs decrease by R 294 000 from R 48 558 000 to R 48 265 000 due to the servings for over time vote for the past 6 months, the municipality is also planning to reduce over time from January till June 2022

Depreciation & asset impairment decrease by R 10 000 form R 11 609 000 to R 11 599 000 ,  
The municipality ran depreciation report for 2021/22 financial year with assets already in the  
FAR

Contracted services increase by R 7 703 000 from R 43 396 000 TO R 51 099 000

Other expenditure increase by R 38 000 from R 23 455 000 to R 23 493 000

**KZN226 Mkhambathini - Table B5 Adjustments Capital Expenditure Budget by vote and funding -**

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjsts.	Adjsts.	Budget	Budget	Budget
	5	6	7	8	9	10	11	12				
	A	A1	B	C	D	E	F	G	H			
<b>R thousands</b>												
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>												
2												
Vote 1 - Finance and Administration												
Vote 2 - Finance and Administration												
Vote 3 - Executive and Council												
Vote 4 - Community and Social Services												
Vote 5 - Community and Social Services2												
Vote 6 - Energy Sources												
Vote 7 - Road Transport												
Vote 8 - Planning and Development												
Vote 9 - Sport and Recreation												
Vote 10 - Public Safety												
Vote 11 - Other												
Vote 12 - Waste Management												
Vote 13 - Housing												
Vote 14 - Waste Water Management												
Vote 15 - Health												
<b>Capital multi-year expenditure sub-total</b>	3											
<b>Single-year expenditure to be adjusted</b>												
2												
Vote 1 - Finance and Administration		905							905	10,632	10,662	
Vote 2 - Finance and Administration												
Vote 3 - Executive and Council												
Vote 4 - Community and Social Services												
Vote 5 - Community and Social Services2		2,965					(2,965)	(2,965)		3,000	3,200	
Vote 6 - Energy Sources												
Vote 7 - Road Transport		14,590					32,345	32,345	46,935			
Vote 8 - Planning and Development							1,227	1,227	1,227			
Vote 9 - Sport and Recreation		13,161					(13,161)	(13,161)				
Vote 10 - Public Safety												
Vote 11 - Other												
Vote 12 - Waste Management												
Vote 13 - Housing												
Vote 14 - Waste Water Management												
Vote 15 - Health												
<b>Capital single-year expenditure sub-total</b>		31,621					17,446	17,446	49,067	13,632	13,862	
<b>Total Capital Expenditure - Vote</b>		31,621					17,446	17,446	49,067	13,632	13,862	
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>												
905									905	10,632	10,662	
Executive and council												
Finance and administration		905							905	10,632	10,662	
Internal audit												
<b>Community and public safety</b>												
16,126							(16,126)	(16,126)		3,000	3,200	
Community and social services		2,965					(2,965)	(2,965)		3,000	3,200	
Sport and recreation		13,161					(13,161)	(13,161)				
Public safety												
Housing												
Health												
<b>Economic and environmental services</b>												
14,590							33,572	33,572	48,162			
Planning and development							1,227	1,227	1,227			
Road transport		14,590					32,345	32,345	46,935			
Environmental protection												
<b>Trading services</b>												
Energy sources												
Water management												
Waste water management												
Waste management												
<b>Other</b>												
<b>Total Capital Expenditure - Functional</b>	3	31,621					17,446	17,446	49,067	13,632	13,862	
<b>Funded by:</b>												
<b>National Government</b>												
24,755							14,420	14,420	39,175	3,000	3,200	
Provincial Government												
District Municipality												
<b>Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)</b>												
<b>Transfers recognised - capital</b>	4	24,755					14,420	14,420	39,175	3,000	3,200	
<b>Borrowing</b>												
<b>Internally generated funds</b>		6,866					3,026	3,026	9,892	10,632	10,662	
<b>Total Capital Funding</b>		31,621					17,446	17,446	49,067	13,632	13,862	

## Capital

### Capital Funding

National grants increase by R 14 420 000 from R 24 755 000 to R 39 175 000 due to fund we receive from Small Town Rehabilitation. This grant has assisted the municipal to implement two projects in ward 3

Internally generated funds increase by R 13 026 321 from R 6 866 000 to R 9 892 321

### Capital Expenditure

The total budget increase by R 18 913 794 from R 31 621 000 to R 49 067 321, the below table is for the changes on the capital expenditure

#### CAPITAL PROJECTS

##### INCOME

Details	Actuals	Budget 2021/22	Adjustment	Adjusted Budget 2021/22	Budget 2022/23	Budget 2023/24
<b>GRANTS &amp; SUBSIDIES</b>	-			-		
<b>National Government</b>	-			-		
Municipal Infrastructure Grant	24 710 000.00	24 755 000.00		24 755 000.00	17 781 000	18 394 000
Own funding	6 866 000.00	6 866 000.00		9 892 321.00		
Small Town Development	-		14 420 000.00	14 420 000.00		
	<b>31 576 000</b>	<b>31 621 000</b>	<b>14 420 000</b>	<b>49 067 321.00</b>	<b>17 781 000</b>	<b>18 394 000</b>

##### EXPENDITURE

<b>Internal funding</b>						
Server Room Renovations	-			-		
Municipal Building Renovations	-			-		
New Computers and Printers	10 925	215 000		215 000	-	400 000
Councillors Laptops	146 541	340 000		340 000		
Camperdown Hall (Phase 2)	-	-		-		
New Municipal Offices	-			-	14 000 000	5 000 000
Municipal Vehicles	-	800 000	100 000	900 000	1 200 000	-
Ophokweni Road	-		4 854 680	4 854 680		
Oehly	-		3 232 641	3 232 641		
Victory Road	-		-	-		
Upgrade Maqonggo Sportfield	-	5 161 000	5 161 000	-		
Furniture	75 199	350 000	-	350 000	-	1 200 000
	<b>232 665</b>	<b>6 866 000</b>	<b>3 026 321</b>	<b>9 892 321</b>	<b>15 200 000</b>	<b>6 600 000</b>
<b>Small Town Development Grant</b>						
Thomas Jee			5 778 124	5 778 124		
Shepstone Road			8 641 876	8 641 876		
			14 420 000	14 420 000		
<b>MIG Funding</b>						
kwenzokuhle hall	4 482 368	2 964 575		930 219		
Mqwaphuna	3 277 118					
Ntweka	-	-		270 140	17 027 000	17 781 000
Nonzila	-	-				
Makhokhoba Access Road	-	5 790 425	4 795 308	1 291 860		
Banqobile Sport Filed		8 000 000		8 000 000		
Jilafohlo Access Road		8 000 000	2 356 865	10 356 865		
Mahlabathini Access Road			3 905 916	3 905 916		
			-			
	<b>7 759 486</b>	<b>24 755 000</b>	<b>1 467 473</b>	<b>24 755 000</b>	<b>17 027 000</b>	<b>17 781 000</b>
	<b>7 992 151</b>	<b>31 621 000</b>	<b>18 913 794</b>	<b>49 067 321</b>	<b>32 227 000</b>	<b>24 381 000</b>



### Votes that affected by adjustment Budget

<b>EXECTIVE</b>				
<b>Account</b>	<b>Item Description</b>	<b>Budget 2021/22</b>		<b>Adjusted Budget</b>
O1359-1/IE	Catering	41 560.00	- 41 560.00	-
O1293-4/IE	Mandela Day Activities	51 950.00	- 51 950.00	-
O0001/IE00	Food and Beverage (Served)	41 560.00	- 41 560.00	-

<b>MM</b>				
<b>Account</b>	<b>Item Description</b>	<b>Budget 2021/22</b>	<b>Adjustment</b>	<b>Adjusted Budget 2021/22</b>
O0001/IE00	Internal Auditors	1 142 900.00	398 000.00	1 540 900.00
O0018-2/IE	Audit Committee	270 140.00	140 140.00	410 280.00
O2734-1/IE	Maintenance of Unspecified A	519 500.00	- 199 500.00	320 000.00
O1236-2/IE	Catering Services	259 750.00	240 250.00	500 000.00
O1337-1/IE	Printing of Municipal Calendar	103 900.00	100 000.00	203 900.00
O1337-1/IE	Media Publication	727 300.00	- 427 300.00	300 000.00
O1305-2/IE	VIP Protection	1 350 700.00	- 150 700.00	1 200 000.00
O1236-1/IE	Materials and Supplies	1 766 300.00	- 800 000.00	966 300.00
O0001/IE00	Materials and Supplies	155 850.00	- 50 000.00	105 850.00
O1236-2/IE	Corporate and Municipal Activ	103 900.00	- 103 900.00	-
O0001/IE00	Structured	428 000.00	- 428 000.00	-

<b>FINANCE</b>				
<b>Account</b>	<b>Item Description</b>	<b>Budget 2021/22</b>		<b>Adjusted Budget 2021/22</b>
D0001/IR0	Short Term Investments and C	4 000 150.00	-1 400 150.00	2 600 000.00
D0001/IR0	Insurance	8 930.77	65 000.00	73 930.77
D0001/IR0	Court Fines	31 170.00	- 31 170.00	-
D0001/IR0	Residential Properties	3 631 797.86	991 230.00	4 623 027.86
O0001/IE0	Professional Staf	1 454 600.00	697 000.00	2 151 600.00
O0001/IE0	Security Services	76 197.42	- 76 197.42	-
O0001/IE0	Accounting and Auditing	2 570 693.80	- 900 000.00	1 670 693.80
O0001/IE0	Valuer and Assessors	270 140.00	- 120 000.00	150 140.00
O0001/IE0	Accommodation	207 800.00	- 50 000.00	157 800.00
O0001/IE0	External Audit Fees	1 455 532.75	250 000.00	1 705 532.75
O0001/IE0	Municipal Services	935 100.00		935 100.00
O0001/IE0	Skills Development Fund Levy	71 285.79	- 20 000.00	51 285.79
O0001/IE0	Corporate and Municipal Activ	54 287.75	- 54 287.75	-
O0001/IE0	Advertising Staff Recruitment	176 978.07	- 106 978.07	70 000.00
O0001/IE0	Advertising Tenders	73 017.02	50 000.00	123 017.02
O0001/IE0	Postage/Stamps/Franking Ma	41 560.00	- 7 000.00	34 560.00
O0011-1/IE	Indigent Relief	321 492.06	- 121 492.06	200 000.00

## Technical Services

<b>Account</b>	<b>Item Description</b>	<b>Budget 2021/22</b>		<b>Adjusted Budget 2021/22</b>
	Small Town Development	-	14 420 000.00	14 420 000.00
O1762-1/IE0065	Re graveling of Access Roads	9 800 000.00	6 200 000.00	16 000 000.00
O2774-1/IE0064	Maintenance of Roads	10 500 000.00	3 200 000.00	13 700 000.00
<b>O3259-1/IE</b>	Building Halls and Chreches	5 000 000.00	- 1 700 000.00	3 300 000.00
<b>O3399-1/IE</b>	Building and Sport Fields	1 900 000.00	- 1 500 000.00	400 000.00
O0001/IE00534/	Materials and Supplies	150 000.00	- 50 000.00	100 000.00
O0008-3/IE0056	Professional Staff (Electrification)	-	4 700 000.00	4 700 000.00

## Corporate Services

Account	Item Description	Original Budget 2020/21	Adjustment	Budget 2021/22
D0001/IR0	Drivers Licence Application/D	0.00	3 416 567.64	3 549 813.78
O0001/IE0	Legal Advice and Litigation	500 000.00	-248 669.53	261 132.36
O1300-2/IE	Professional Fees - Training	480 000.00	-447 900.00	400 000.00
O1336-2/IE	Professional Fees - Storage	200 000.00	-122 834.96	72 730.00
O1551-1/IE	Maintenance of Unspecified A	380 000.00	-312 064.78	1 018 220.00
O0001/IE0	Stationery	500 000.00	-384 408.89	519 500.00
O0001/IE0	Standard Rated	180 000.00	-167 377.50	13 114.78
O0001/IE0	Rent on Land			187 020.00
O0001/IE0	Machinery and Equipment	450 000.00	-450 000.00	467 550.00
O0001/IE0	Accommodation	150 000.00	-100 000.00	51 950.00
O0001/IE0	Remuneration to Ward Comm	840 000.00	0.00	840 000.00
O0001/IE0	Seating Allowance for Traditio	24 000.00	-10 000.00	14 546.00
O0001/IE0	Uniform and Protective Clothir	200 000.00	100 000.00	311 700.00
O0001/IE0	Wet Fuel	500 000.00	0.00	720 000.00
O0001/IE0	Corporate and Municipal Activ	100 000.00	0.00	103 900.00
O0001/IE0	Internet Charge	195 000.00	0.00	202 605.00
O0001/IE0	Software Licences	950 000.00	900 000.00	1 922 150.00
O0001/IE0	Specialised Computer Service	40 000.00	0.00	41 560.00
O1299-2/IE	Food and Beverage (Served)	50 000.00	50 000.00	70 000.00

### Community Services

Account	Item Description	Budget 2021/22	Adjustment	Adjustment Budget 2021/22
O1244-1/IE	Catering Services	120 000.00	-50 000.00	70 000.00
O1244-1/IE	Transport Services	40 000.00	-10 000.00	30 000.00
O1244-2/IE	Transportation	50 000.00	25 000.00	75 000.00
O1244-2/IE	Catering Services	150 000.00	-30 000.00	120 000.00
O1244-4/IE	VIP Protection	70 000.00	30 000.00	100 000.00
O1244-4/IE	Transport Services	28 000.00	20 000.00	48 000.00
O1244-9/IE	Catering Services	120 000.00	-50 000.00	70 000.00
O1252-1/IE	Catering Services	50 000.00	50 000.00	100 000.00
O1304-2/IE	Catering Services	40 000.00	-20 000.00	20 000.00
O1305-1/IE	Catering Services	30 000.00	-10 000.00	20 000.00
O1305-1/IE	VIP Protection	150 000.00	-10 000.00	140 000.00
O1305-1/IE	Transport Services	20 000.00	40 000.00	60 000.00
O1355-1/IE	VIP Protection - Tourism Project	320 000.00	-120 000.00	200 000.00
O0001/IE00	Materials and Supplies (Waste M	60 000.00	240 000.00	300 000.00
O1217-1/IE	Standard Rated	300 000.00	-100 000.00	200 000.00
O1243-4/IE	Materials and Supplies	70 000.00	310 000.00	380 000.00
O1243-5/IE	Materials and Supplies	130 000.00	-30 000.00	100 000.00
O1333-6/IE	Standard Rated	120 000.00	-60 000.00	60 000.00
O0001/IE00	Dumping Fees (District Council)	480 000.00	-100 000.00	380 000.00
O1241-1/IE	Indigent Relief	650 000.00	-200 000.00	450 000.00
O1243-4/IE	Hire Charges	720 000.00	-120 000.00	600 000.00
O1244-1/IE	Accommodation	50 000.00	-50 000.00	-
O1244-1/IE	Other Transport Provider	60 000.00	-60 000.00	-
O1244-1/IE	Toll Gate Fees	1 500.00	-1 500.00	-
O1244-1/IE	Wet Fuel	6 000.00	-6 000.00	-
O1244-10/IE	Gifts and Promotional Items	20 000.00	-20 000.00	-
O1355-1/IE	Corporate and Municipal Activiti	30 000.00	-30 000.00	-
O1444-1/IE	Gifts and Promotional Items	150 000.00	-100 000.00	50 000.00
O0001/IE00	Basic Salary and Wages	4 838 603.49	2 647 050.00	7 485 653.49
O0001/IE00	Bargaining Council	1 909.95	1 070.00	2 979.95
O0001/IE00	Medical	387 088.28	299 764.00	686 852.28
O0001/IE00	Pension	870 948.63	674 468.00	1 545 416.63
O0001/IE00	Unemployment Insurance	48 386.03	37 470.00	85 856.03
O0001/IE01	Housing Benefits	127 116.00	24 787.00	151 903.00
O0001/IE01	Bonus	479 086.97	312 254.00	791 340.97
O0001/IE01	Leave Pay	347 218.72	224 823.00	572 041.72
O1278-2/IE	Basic Salary and Wages	1 900 000.00	1 200 000.00	3 100 000.00

## **2 Part 2 - Supporting Documentation**

### **2.1 Overview of the Adjustment budget process**

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act. EXCO acts as the Budget Steering Committee.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### **2.1.1 Process Overview**

The municipality has table section 72 report and also have engage with provincial treasury about the assessment.

The treasury mid-year assessment has guided the municipality on the adjustment budget assessment and all department has an input on the adjustment budget preparation

#### **2.1.2 IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;

- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

### **2.1.3 Financial Modelling and Key Planning Drivers**

As part of the compilation of the adjustment , extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the adjustment budget :

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Cash Flow Management Strategy
- Debtor payment levels

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 108 have been taken into consideration in the planning and prioritisation process.

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## **2.2 Overview of alignment of Adjustment Budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims

and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with

its IDP. The following table highlights the IDP's five strategic objectives for the 2021/2022 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 1 IDP Strategic Objectives**

2021/2022 Financial Year	2021/2022 Adjustment
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to MKHAMBATHINI principles through a caring, accessible and accountable service	4. Foster participatory democracy and Mk principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide Municipality planning services; and
  - Maintaining the infrastructure of the Municipality.
  
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is a clear structural plan for the Municipality;
  - Ensuring planning processes function in accordance with set timeframes;



- Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
  - Working with the provincial department of health to provide primary health care services;
  - Extending waste removal services and ensuring effective Municipality cleansing;
  - Ensuring all waste water treatment works are operating optimally;
  - Working with strategic partners such as SAPS to address crime;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Mkhambathini principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
  - Implementing Mkhambathini in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
  - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced

by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines - so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the 2022/23 revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

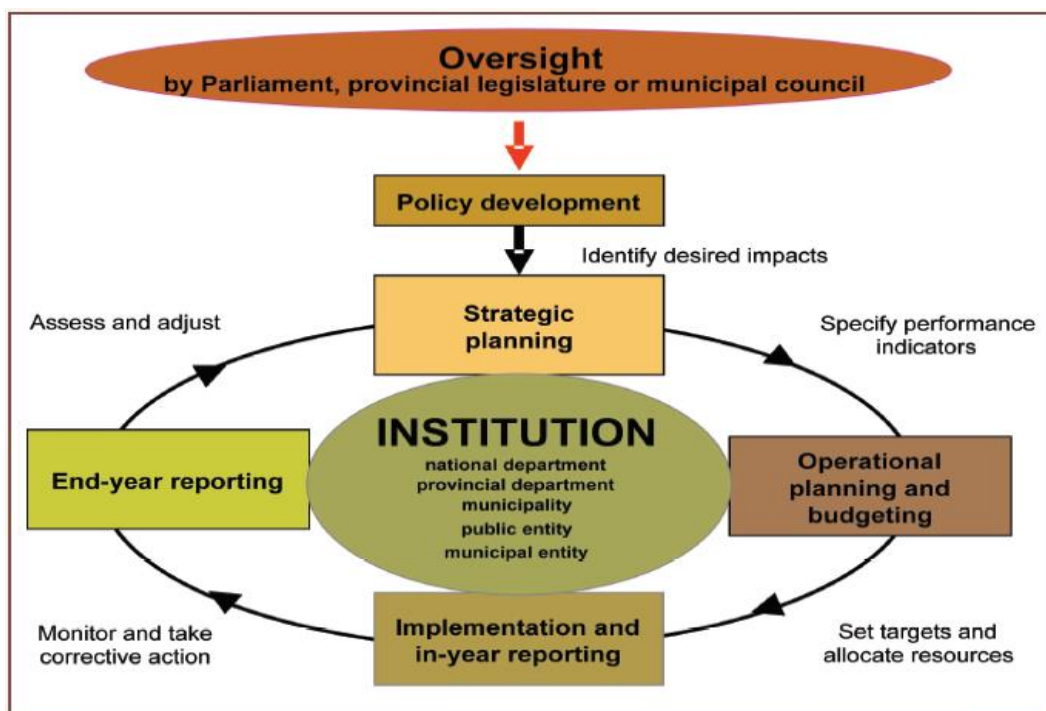
The 2021/22 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

### **2.3 Measurable performance objectives and indicators**

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Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



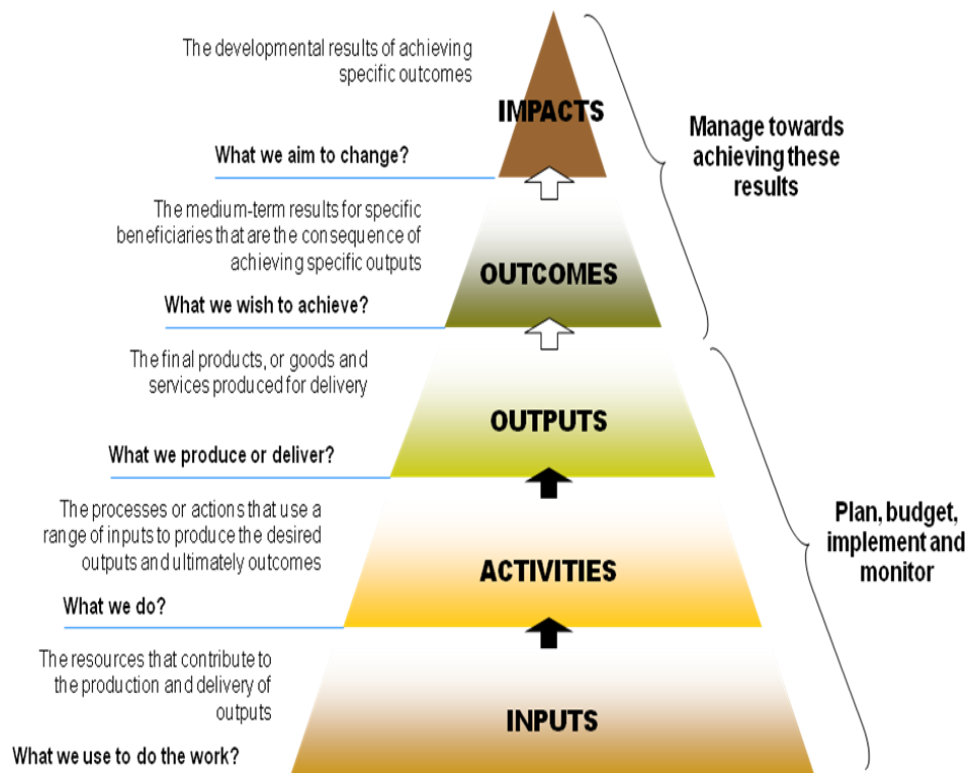
**Figure 1 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);

- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**KZN226 Mkhambathini - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' -**

Description	Ref	Budget Year 2021/22										Budget Year	Budget Year
		Original Budget A	Prior Adjusted 5 A1	Accum. Funds 7 B	Multi-year capital 8 C	Unfore. Unavoid. 9 D	Nat. or Prov. Govt 10 E	Other Adjusts. 11 F	Total Adjusts. 12 G	Adjusted Budget 13 H	Adjusted Budget	Adjusted Budget	
<b>R thousands</b>													
<b>REVENUE ITEMS</b>													
<b>Property rates</b>													
Total Property Rates		22 119	—					991	991	23 111	23 004	23 924	
Less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		1 566	—					—	—	1 566	1 629	1 694	
<b>Net Property Rates</b>		<b>20 553</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>991</b>	<b>991</b>	<b>21 544</b>	<b>21 375</b>	<b>22 230</b>	
<b>Service charges - electricity revenue</b>													
Total Service charges - electricity revenue		—	—					—	—	—	—	—	
Less Revenue Foregone (in excess of 50 kwh per indigent household per month)		—	—					—	—	—	—	—	
Less Cost of Free Basis Services (50 kwh per indigent household per month)		—	—					—	—	—	—	—	
<b>Net Service charges - electricity revenue</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Service charges - water revenue</b>													
Total Service charges - water revenue		—	—					—	—	—	—	—	
Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		—	—					—	—	—	—	—	
Less Cost of Free Basis Services (6 kilolitres per indigent household per month)		—	—					—	—	—	—	—	
<b>Net Service charges - water revenue</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Service charges - sanitation revenue</b>													
Total Service charges - sanitation revenue		—	—					—	—	—	—	—	
Less Revenue Foregone (in excess of free sanitation service to indigent households)		—	—					—	—	—	—	—	
Less Cost of Free Basis Services (free sanitation service to indigent households)		—	—					—	—	—	—	—	
<b>Net Service charges - sanitation revenue</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Service charges - refuse revenue</b>													
Total refuse removal revenue		597	—					—	—	597	621	645	
Total landfill revenue		—	—					—	—	—	—	—	
Less Revenue Foregone (in excess of one removal a week to indigent households)		—	—					—	—	—	—	—	
Less Cost of Free Basis Services (removed once a week to indigent households)		—	—					—	—	—	—	—	
<b>Net Service charges - refuse revenue</b>		<b>597</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>597</b>	<b>621</b>	<b>645</b>	
<b>Other Revenue By Source</b>													
Administrative Handling Fees		—	—					—	—	—	—	—	
Bad Debts Recovered		—	—					—	—	—	—	—	
Breakages and Losses Recovered		—	—					—	—	—	—	—	
Collection Charges		—	—					—	—	—	—	—	
Commission		9	—					65	65	74	9	10	
Discounts and Early Settlements		—	—					—	—	—	—	—	
Incidental Cash Surpluses		—	—					—	—	—	—	—	
Inspection Fees		—	—					—	—	—	—	—	
Registration Fees		—	—					—	—	—	—	—	
Staff Recoveries		—	—					—	—	—	—	—	
Request for Information		—	—					—	—	—	—	—	
Insurance Refund		—	—					—	—	—	—	—	
Sale of Property		—	—					—	—	—	—	—	
Merchandising, Jobbing and Contracts		—	—					—	—	—	—	—	
Bursary Repayment		—	—					—	—	—	—	—	
Recovery Infrastructure Maintenance		—	—					—	—	—	—	—	
Skills Development Levy Refund		64	—					—	—	64	67	70	
Arbor City Awards Competition		—	—					—	—	—	—	—	
Other Revenue		1 112	—					(122)	(122)	990	2 842	2 955	
<b>Total 'Other' Revenue</b>	<b>1</b>	<b>1 185</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(57)</b>	<b>(57)</b>	<b>1 128</b>	<b>2 918</b>	<b>3 035</b>	
<b>EXPENDITURE ITEMS</b>													
<b>Employee related costs</b>													
Basic Salaries and Wages		34 314	—					248	248	34 562	35 416	37 893	
Pension and UIF Contributions		4 771	—					(0)	(0)	4 771	5 044	5 397	
Medical Aid Contributions		2 069	—					—	—	2 069	2 184	2 337	
Overtime		1 325	—					(547)	(547)	778	1 333	1 423	
Performance Bonus		2 450	—					—	—	2 450	2 591	2 772	
Motor Vehicle Allowance		241	—					—	—	241	130	138	
Cellphone Allowance		144	—					—	—	144	153	164	
Housing Allowances		372	—					—	—	372	395	423	
Other benefits and allowances		11	—					5	5	16	12	12	
Payments in lieu of leave		1 929	—					—	—	1 929	2 041	2 184	
Long service awards		856	—					—	—	856	851	895	
Post-retirement benefit obligations		77	—					—	—	77	6	7	
<b>sub-total</b>	<b>4</b>	<b>48 558</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(294)</b>	<b>(294)</b>	<b>48 265</b>	<b>50 155</b>	<b>53 644</b>	
Less: Employees costs capitalised to PPE		—	—					—	—	—	—	—	
<b>Total Employee related costs</b>	<b>1</b>	<b>48 558</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(294)</b>	<b>(294)</b>	<b>48 265</b>	<b>50 155</b>	<b>53 644</b>	
<b>Depreciation &amp; asset impairment</b>													
Depreciation of Property, Plant & Equipment		11 365	—					(10)	(10)	11 355	11 820	12 293	
Lease amortisation		244	—					—	—	244	254	264	
Capital asset impairment		—	—					—	—	—	—	—	
<b>Total Depreciation &amp; asset impairment</b>	<b>1</b>	<b>11 609</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(10)</b>	<b>(10)</b>	<b>11 599</b>	<b>12 073</b>	<b>12 556</b>	
<b>Bulk purchases</b>													
Electricity Bulk Purchases		—	—					—	—	—	—	—	
<b>Total bulk purchases</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Transfers and grants</b>													
Cash transfers and grants		—	—					—	—	—	—	—	
Non-cash transfers and grants		—	—					—	—	—	—	—	
<b>Total transfers and grants</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	
<b>Contracted services</b>													
Outsourced Services		10 385	—					1 004	1 004	11 389	10 379	11 231	
Consultants and Professional Services		3 662	—					1 062	1 062	4 723	3 808	3 960	
Contractors		29 350	—					5 637	5 637	34 987	22 978	24 080	
<b>Total contracted services</b>	<b>1</b>	<b>43 396</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7 703</b>	<b>7 703</b>	<b>51 099</b>	<b>37 165</b>	<b>39 271</b>	
<b>Other Expenditure By Type</b>													
Collection costs		—	—					—	—	—	—	—	
Contributions to 'other' provisions		—	—					—	—	—	—	—	
Audit fees		21 999	—					(212)	(212)	21 787	20 853	21 666	
Other Expenditure		1 456	—					250	250	1 706	1 514	1 574	
<b>Total Other Expenditure</b>	<b>1</b>	<b>23 455</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>38</b>	<b>38</b>	<b>23 493</b>	<b>22 367</b>	<b>23 240</b>	
<b>Repairs and Maintenance by Expenditure Item</b>													
Employee related costs		—	—					—	—	—	—	—	
Inventory Consumed (Project Maintenance)		—	—					—	—	—	—	—	
Contracted Services		—	—					—	—	—	21 801	22 856	
Other Expenditure		—	—					—	—	—	—	—	
<b>Total Repairs and Maintenance Expenditure</b>	<b>15</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>21 801</b>	<b>22 856</b>	
<b>Inventory Consumed</b>													
Inventory Consumed - Water		—	—					—	—	—	—	—	
Inventory Consumed - Other		6 051	—					(1 446)	(1 446)	4 605	6 308	6 582	
<b>Total Inventory Consumed &amp; Other Material</b>	<b>1</b>	<b>6 051</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1 446)</b>	<b>(1 446)</b>	<b>4 605</b>	<b>6 308</b>	<b>6 582</b>	

### 2.3.1.1 *Borrowing Management*

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The following financial performance indicators have formed part of the compilation of the Adjustment Budget :

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is nil per cent.

### 2.3.1.2 *Safety of Capital*

### 2.3.1.3 *Liquidity*

2.3.1.4 *Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1.*

2.3.1.5 *The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.*

### 2.3.1.6 *Revenue Management*

- As part of the financial sustainability strategy, an aggressive revenue management framework is going to be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. For this purpose and exercise with Trans Union has commenced.

### 2.3.1.7 *Creditors Management*

- The Municipality managed to ensure that creditors are settled within the legislated 30 days of invoice.

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation. The policies are

opened for inspection and comment and the final copies will be tabled when the budget is adopted in May 2021.

2.4.1 Budget Policy

2.4.2 Supply Chain Management Policy

2.4.3. Property Rates Policy

2.4.4 Tariff Policy

2.4.5 Credit Control & Debt Collection Policy

2.4.6 Subsistence & Travel Policy

2.4.7 Leave Policy

2.4.8 Virement Policy

2.4.9 Cash Management and Investment Policy

2.4.10 Overtime Policy

2.4.11 Budget policy

2.4.12 Banking Policy

2.4.12 Indigent Policy

**Adjustment supporting tables are as follow**

**KZN226 Mkhambathini - Table B1 Adjustments Budget Summary -**

Description	Budget Year 2021/22									Budget Year	Budget Year
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>Financial Performance</b>											
Property rates	20,553	-	-	-	-	-	991	991	21,544	21,375	22,230
Service charges	597	-	-	-	-	-	-	-	597	621	645
Investment revenue	4,000	-	-	-	-	-	(1,400)	(1,400)	2,600	4,160	4,327
Transfers recognised - operational	76,559	-	-	-	-	-	-	-	76,559	87,643	88,692
Other own revenue	8,979	-	-	-	-	-	(1,088)	(1,088)	7,891	11,024	11,465
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>110,688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,497)</b>	<b>(1,497)</b>	<b>109,191</b>	<b>124,823</b>	<b>127,359</b>
Employee costs	48,558	-	-	-	-	-	(294)	(294)	48,265	50,155	53,644
Remuneration of councillors	6,693	-	-	-	-	-	-	-	6,693	4,039	7,247
Depreciation & asset impairment	11,609	-	-	-	-	-	(10)	(10)	11,599	12,073	12,556
Finance charges	-	-	-	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	6,051	-	-	-	-	-	(1,446)	(1,446)	4,605	6,308	6,582
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	69,991	-	-	-	-	-	7,741	7,741	77,732	63,112	66,592
<b>Total Expenditure</b>	<b>142,902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,991</b>	<b>5,991</b>	<b>148,894</b>	<b>135,688</b>	<b>146,623</b>
<b>Surplus/(Deficit)</b>	<b>(32,214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,488)</b>	<b>(7,488)</b>	<b>(39,703)</b>	<b>(10,865)</b>	<b>(19,263)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	24,755	-	-	-	-	-	14,420	14,420	39,175	17,781	18,394
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)	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(7,459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,932</b>	<b>6,932</b>	<b>(528)</b>	<b>6,916</b>	<b>(869)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(7,459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,932</b>	<b>6,932</b>	<b>(528)</b>	<b>6,916</b>	<b>(869)</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	31,621	-	-	-	-	-	17,446	17,446	49,067	13,632	13,862
Transfers recognised - capital	24,755	-	-	-	-	-	14,420	14,420	39,175	3,000	3,200
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	6,866	-	-	-	-	-	3,026	3,026	9,892	10,632	10,662
<b>Total sources of capital funds</b>	<b>31,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,446</b>	<b>17,446</b>	<b>49,067</b>	<b>13,632</b>	<b>13,862</b>
<b>Financial position</b>											
Total current assets	57,497	-	-	-	-	-	18,794	18,794	76,291	46,147	40,381
Total non current assets	195,681	-	-	-	-	-	29,643	29,643	225,323	163,170	168,645
Total current liabilities	7,985	-	-	-	-	-	(127)	(127)	7,858	13,842	16,106
Total non current liabilities	4,158	-	-	-	-	-	986	986	5,144	4,158	4,158
Community wealth/Equity	<b>241,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,458</b>	<b>36,458</b>	<b>277,492</b>	<b>191,269</b>	<b>184,387</b>
<b>Cash flows</b>											
Net cash from (used) operating	12,168	-	-	-	-	-	(1,234)	(1,234)	10,935	2,622	1,186
Net cash from (used) investing	(31,621)	-	-	-	-	-	(4,705)	(4,705)	(36,326)	(17,871)	(18,394)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>36,863</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,849)</b>	<b>(11,849)</b>	<b>25,014</b>	<b>9,765</b>	<b>2,433</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	30,812	-	-	-	-	-	(5,798)	(5,798)	25,014	19,641	12,308
Application of cash and investments	(19,298)	-	-	-	-	-	(21,312)	(21,312)	(40,610)	(12,802)	(12,212)
<b>Balance - surplus (shortfall)</b>	<b>50,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,515</b>	<b>15,515</b>	<b>65,625</b>	<b>32,443</b>	<b>24,521</b>
<b>Asset Management</b>											
Asset register summary (WDV)	273,602	-	-	-	-	-	40,346	40,346	313,948	247,369	256,211
Depreciation	11,609	-	-	-	-	-	(10)	(10)	11,599	12,073	12,556
Renewal and Upgrading of Existing Assets	5,161	-	-	-	-	-	3,834	3,834	8,995	-	-
Repairs and Maintenance	28,218	-	-	-	-	-	5,800	5,800	34,018	21,801	22,856
<b>Free services</b>											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	1,566	-	-	-	-	-	-	-	1,566	1,629	1,694
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-



KZN226 Mkhambathini - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1, 4	A	5	6	7	8	9	10	11	12	+1 2022/23	+2 2023/24
		A1		B	C	D	E	F	G	H		
<b>Revenue - Functional</b>												
<i><b>Governance and administration</b></i>		124,541	-	-	-	-	-	(466)	(466)	124,076	129,656	132,365
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		124,541	-	-	-	-	-	(466)	(466)	124,076	129,656	132,365
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		1,933	-	-	-	-	-	0	0	1,933	1,934	1,935
Community and social services		1,933	-	-	-	-	-	0	0	1,933	1,934	1,935
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		972	-	-	-	-	-	14,389	14,389	15,360	2,696	2,804
Planning and development		940	-	-	-	-	-	-	-	940	2,664	2,770
Road transport		31	-	-	-	-	-	14,389	14,389	14,420	32	34
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		597	-	-	-	-	-	-	-	597	621	645
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		597	-	-	-	-	-	-	-	597	621	645
<i><b>Other</b></i>		7,400	-	-	-	-	-	(1,000)	(1,000)	6,400	7,696	8,004
<b>Total Revenue - Functional</b>	2	135,443	-	-	-	-	-	12,923	12,923	148,366	142,604	145,753
<b>Expenditure - Functional</b>												
<i><b>Governance and administration</b></i>		85,014	-	-	-	-	-	52	52	85,066	74,755	82,478
Executive and council		22,481	-	-	-	-	-	(977)	(977)	21,504	19,014	23,014
Finance and administration		62,533	-	-	-	-	-	1,029	1,029	63,562	55,741	59,464
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		30,947	-	-	-	-	-	210	210	31,157	29,142	30,846
Community and social services		27,137	-	-	-	-	-	1,770	1,770	28,907	25,550	27,061
Sport and recreation		3,470	-	-	-	-	-	(1,560)	(1,560)	1,910	3,283	3,463
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		340	-	-	-	-	-	-	-	340	309	321
<i><b>Economic and environmental services</b></i>		17,332	-	-	-	-	-	5,929	5,929	23,261	22,464	23,390
Planning and development		572	-	-	-	-	-	(286)	(286)	285	595	611
Road transport		16,760	-	-	-	-	-	6,216	6,216	22,976	21,869	22,779
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		2,685	-	-	-	-	-	6,040	6,040	8,725	1,961	2,074
Energy sources		-	-	-	-	-	-	4,700	4,700	4,700	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		2,685	-	-	-	-	-	1,340	1,340	4,025	1,961	2,074
<i><b>Other</b></i>		6,925	-	-	-	-	-	(6,240)	(6,240)	685	7,365	7,835
<b>Total Expenditure - Functional</b>	3	142,902	-	-	-	-	-	5,991	5,991	148,894	135,688	146,623
<b>Surplus/ (Deficit) for the year</b>		(7,459)	-	-	-	-	-	6,932	6,932	(528)	6,916	(869)

**KZN226 Mkhambathini - 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	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget
		3	4	5	6	7	8	9	10	+1 2022/23	+2 2023/24	
		A	A1	B	C	D	E	F	G	H		
<b>Revenue by Vote</b>	1											
Vote 1 - Finance and Administration		124,541	-	-	-	-	-	(466)	(466)	124,076	129,656	132,365
Vote 2 - Finance and Administration		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		1,933	-	-	-	-	-	0	0	1,933	1,934	1,935
Vote 5 - Community and Social Services2		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		31	-	-	-	-	-	14,389	14,389	14,420	32	34
Vote 8 - Planning and Development		940	-	-	-	-	-	-	-	940	2,664	2,770
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		7,400	-	-	-	-	-	(1,000)	(1,000)	6,400	7,696	8,004
Vote 12 - Waste Management		597	-	-	-	-	-	-	-	597	621	645
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>135,443</b>	-	-	-	-	-	<b>12,923</b>	<b>12,923</b>	<b>148,366</b>	<b>142,604</b>	<b>145,753</b>
<b>Expenditure by Vote</b>	1											
Vote 1 - Finance and Administration		62,283	-	-	-	-	-	1,029	1,029	63,312	55,466	59,162
Vote 2 - Finance and Administration		250	-	-	-	-	-	0	0	250	275	303
Vote 3 - Executive and Council		22,481	-	-	-	-	-	(977)	(977)	21,504	19,014	23,014
Vote 4 - Community and Social Services		10,995	-	-	-	-	-	(581)	(581)	10,414	11,516	12,069
Vote 5 - Community and Social Services2		16,142	-	-	-	-	-	2,352	2,352	18,493	14,035	14,993
Vote 6 - Energy Sources		-	-	-	-	-	-	4,700	4,700	4,700	-	-
Vote 7 - Road Transport		16,760	-	-	-	-	-	6,216	6,216	22,976	21,869	22,779
Vote 8 - Planning and Development		572	-	-	-	-	-	(286)	(286)	285	595	611
Vote 9 - Sport and Recreation		3,470	-	-	-	-	-	(1,560)	(1,560)	1,910	3,283	3,463
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		6,925	-	-	-	-	-	(6,240)	(6,240)	685	7,365	7,835
Vote 12 - Waste Management		2,685	-	-	-	-	-	1,340	1,340	4,025	1,961	2,074
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		340	-	-	-	-	-	-	-	340	309	321
<b>Total Expenditure by Vote</b>	2	<b>142,902</b>	-	-	-	-	-	<b>5,991</b>	<b>5,991</b>	<b>148,894</b>	<b>135,688</b>	<b>146,623</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(7,459)</b>	-	-	-	-	-	<b>6,932</b>	<b>6,932</b>	<b>(528)</b>	<b>6,916</b>	<b>(869)</b>

KZN226 Mkhambathini - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year	
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted	
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget	
R thousands	1	A	A1	B	C	D	E	F	G	H			
<b>Revenue By Source</b>													
Property rates	2	20,553	-	-	-	-	-	991	991	21,544	21,375	22,230	
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	2	597	-	-	-	-	-	-	-	597	621	645	
Rental of facilities and equipment		359	-	-	-	-	-	-	-	359	373	388	
Interest earned - external investments		4,000	-	-	-	-	-	(1,400)	(1,400)	2,600	4,160	4,327	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		36	-	-	-	-	-	(31)	(31)	4	37	38	
Licences and permits		7,400	-	-	-	-	-	(1,000)	(1,000)	6,400	7,696	8,004	
Agency services		-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies		76,559	-	-	-	-	-	-	-	76,559	87,643	88,692	
Other revenue	2	1,185	-	-	-	-	-	(57)	(57)	1,128	2,918	3,035	
Gains		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>110,688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,497)</b>	<b>(1,497)</b>	<b>109,191</b>	<b>124,823</b>	<b>127,359</b>	
<b>Expenditure By Type</b>													
Employee related costs		48,558	-	-	-	-	-	(294)	(294)	48,265	50,155	53,644	
Remuneration of councillors		6,693	-	-	-	-	-	-	-	6,693	4,039	7,247	
Debt impairment		3,140	-	-	-	-	-	-	-	3,140	3,580	4,081	
Depreciation & asset impairment		11,609	-	-	-	-	-	(10)	(10)	11,599	12,073	12,556	
Finance charges		-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-	
Inventory consumed		6,051	-	-	-	-	-	(1,446)	(1,446)	4,605	6,308	6,582	
Contracted services		43,396	-	-	-	-	-	7,703	7,703	51,099	37,165	39,271	
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	
Other expenditure		23,455	-	-	-	-	-	38	38	23,493	22,367	23,240	
Losses		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>142,902</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,991</b>	<b>5,991</b>	<b>148,894</b>	<b>135,688</b>	<b>146,623</b>	
<b>Surplus/(Deficit)</b>		<b>(32,214)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,488)</b>	<b>(7,488)</b>	<b>(39,703)</b>	<b>(10,865)</b>	<b>(19,263)</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		24,755	-	-	-	-	-	14,420	14,420	39,175	17,781	18,394	
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)		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) before taxation</b>		<b>(7,459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,932</b>	<b>6,932</b>	<b>(528)</b>	<b>6,916</b>	<b>(869)</b>	
Taxation		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after taxation</b>		<b>(7,459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,932</b>	<b>6,932</b>	<b>(528)</b>	<b>6,916</b>	<b>(869)</b>	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(7,459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,932</b>	<b>6,932</b>	<b>(528)</b>	<b>6,916</b>	<b>(869)</b>	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>		<b>(7,459)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,932</b>	<b>6,932</b>	<b>(528)</b>	<b>6,916</b>	<b>(869)</b>	

KZN226 Mkhambathini - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2022/23	+2 2023/24
<b>R thousands</b>												
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>												
Vote 1 - Finance and Administration	2	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	3	-	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be adjusted</b>												
Vote 1 - Finance and Administration	2	905	-	-	-	-	-	12 741	12 741	13 646	10 632	10 662
Vote 2 - Finance and Administration2		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community and Social Services2		2 965	-	-	-	-	-	(2 965)	(2 965)	-	3 000	3 200
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		14 590	-	-	-	-	-	32 345	32 345	46 935	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	1 227	1 227	1 227	-	-
Vote 9 - Sport and Recreation		13 161	-	-	-	-	-	(13 161)	(13 161)	-	-	-
Vote 10 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Health		-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		31 621	-	-	-	-	-	30 187	30 187	61 808	13 632	13 862
<b>Total Capital Expenditure - Vote</b>		31 621	-	-	-	-	-	30 187	30 187	61 808	13 632	13 862
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		905	-	-	-	-	-	12 741	12 741	13 646	10 632	10 662
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		905	-	-	-	-	-	12 741	12 741	13 646	10 632	10 662
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		16 126	-	-	-	-	-	(16 126)	(16 126)	-	3 000	3 200
Community and social services		2 965	-	-	-	-	-	(2 965)	(2 965)	-	3 000	3 200
Sport and recreation		13 161	-	-	-	-	-	(13 161)	(13 161)	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		14 590	-	-	-	-	-	33 572	33 572	48 162	-	-
Planning and development		-	-	-	-	-	-	1 227	1 227	1 227	-	-
Road transport		14 590	-	-	-	-	-	32 345	32 345	46 935	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	31 621	-	-	-	-	-	30 187	30 187	61 808	13 632	13 862
<b>Funded by:</b>												
National Government		24 755	-	-	-	-	-	14 420	14 420	39 175	3 000	3 200
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)		-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	24 755	-	-	-	-	-	14 420	14 420	39 175	3 000	3 200
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		6 866	-	-	-	-	-	15 767	15 767	22 633	10 632	10 662
<b>Total Capital Funding</b>		31 621	-	-	-	-	-	30 187	30 187	61 808	13 632	13 862

KZN226 Mkhambathini - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	A	3	4	5	6	7	8	9	10			
		A1	B	C	D	E	F	G	H			
<b>R thousands</b>												
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		30,812	-	-	-	-	(5,798)	(5,798)	25,014		19,641	12,308
Call investment deposits	1	-	-	-	-	-	-	-	-		-	-
Consumer debtors	1	25,380	-	-	-	-	8,493	8,493	33,873		25,872	27,414
Other debtors		1,084	-	-	-	-	16,271	16,271	17,355		587	610
Current portion of long-term receivables		-	-	-	-	-	-	-	-		-	-
Inventory		221	-	-	-	-	(173)	(173)	48		48	48
<b>Total current assets</b>		<b>57,497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,794</b>	<b>18,794</b>	<b>76,291</b>		<b>46,147</b>	<b>40,381</b>
<b>Non current assets</b>												
Long-term receivables		-	-	-	-	-	-	-	-		-	-
Investments		-	-	-	-	-	-	-	-		-	-
Investment property		10,405	-	-	-	-	560	560	10,965		11,243	11,693
Investment in Associate		-	-	-	-	-	-	-	-		-	-
Property, plant and equipment	1	184,787	-	-	-	-	29,277	29,277	214,065		141,524	146,527
Biological		-	-	-	-	-	-	-	-		-	-
Intangible		488	-	-	-	-	(195)	(195)	294		528	549
Other non-current assets		-	-	-	-	-	-	-	-		9,876	9,876
<b>Total non current assets</b>		<b>195,681</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,643</b>	<b>29,643</b>	<b>225,323</b>		<b>163,170</b>	<b>168,645</b>
<b>TOTAL ASSETS</b>		<b>253,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,437</b>	<b>48,437</b>	<b>301,614</b>		<b>209,318</b>	<b>209,025</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft		-	-	-	-	-	-	-	-		-	-
Borrowing		-	-	-	-	-	-	-	-		-	-
Consumer deposits		-	-	-	-	-	-	-	-		-	-
Trade and other payables		5,409	-	-	-	-	(456)	(456)	4,953		11,266	13,530
Provisions		2,576	-	-	-	-	329	329	2,905		2,576	2,576
<b>Total current liabilities</b>		<b>7,985</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(127)</b>	<b>(127)</b>	<b>7,858</b>		<b>13,842</b>	<b>16,106</b>
<b>Non current liabilities</b>												
Borrowing	1	-	-	-	-	-	-	-	-		-	-
Provisions	1	4,158	-	-	-	-	986	986	5,144		4,158	4,158
<b>Total non current liabilities</b>		<b>4,158</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>986</b>	<b>986</b>	<b>5,144</b>		<b>4,158</b>	<b>4,158</b>
<b>TOTAL LIABILITIES</b>		<b>12,143</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>859</b>	<b>859</b>	<b>13,002</b>		<b>18,000</b>	<b>20,264</b>
<b>NET ASSETS</b>	2	<b>241,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,578</b>	<b>47,578</b>	<b>288,612</b>		<b>191,318</b>	<b>188,761</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		241,035	-	-	-	-	37,711	37,711	278,746		191,269	184,387
Reserves		-	-	-	-	-	(1,253)	(1,253)	(1,253)		-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>241,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,458</b>	<b>36,458</b>	<b>277,492</b>		<b>191,269</b>	<b>184,387</b>

KZN226 Mkhambathini - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	3	4	5	6	7	8	9	10			
		A1	B	C	D	E	F	G	H			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates		17,470	-				843	843	18,313	18,886	20,022	
Service charges		507	-				-	-	507	527	549	
Other revenue		8,979	-				(1,088)	(1,088)	7,891	9,338	9,712	
Transfers and Subsidies - Operational	1	94,669	-				-	-	94,669	97,397	96,521	
Transfers and Subsidies - Capital	1	24,755	-				14,420	14,420	39,175	17,027	17,781	
Interest		4,000	-				(1,400)	(1,400)	2,600	4,160	4,326	
Dividends		-	-				-	-	-	-	-	
<b>Payments</b>												
Suppliers and employees		(138,212)	-				(14,008)	(14,008)	(152,221)	(144,714)	(147,725)	
Finance charges		-	-				-	-	-	-	-	
Transfers and Grants	1	-	-				-	-	-	-	-	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>12,168</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,234)</b>	<b>(1,234)</b>	<b>10,935</b>	<b>2,622</b>	<b>1,186</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE		-	-				-	-	-	-	-	
Decrease (increase) in non-current receivables		-	-				12,741	12,741	12,741	-	-	
Decrease (increase) in non-current investments		-	-				-	-	-	-	-	
<b>Payments</b>												
Capital assets		(31,621)	-				(17,446)	(17,446)	(49,067)	(17,871)	(18,394)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(31,621)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,705)</b>	<b>(4,705)</b>	<b>(36,326)</b>	<b>(17,871)</b>	<b>(18,394)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans		-	-				-	-	-	-	-	
Borrowing long term/refinancing		-	-				-	-	-	-	-	
Increase (decrease) in consumer deposits		-	-				-	-	-	-	-	
<b>Payments</b>												
Repayment of borrowing		-	-				-	-	-	-	-	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(19,453)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,939)</b>	<b>(5,939)</b>	<b>(25,392)</b>	<b>(15,249)</b>	<b>(17,208)</b>	
Cash/cash equivalents at the year begin:	2	56,316	-				(5,909)	(5,909)	50,406	25,014	19,641	
Cash/cash equivalents at the year end:	2	36,863	-				(11,849)	(11,849)	25,014	9,765	2,433	

KZN226 Mkhambathini - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	3	4	5	6	7	8	9	10			
		A1	B	C	D	E	F	G	H			
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end	1	36,863	-				(11,849)	(11,849)	25,014	9,765	2,433	
Other current investments > 90 days		(6,051)	-				-	6,051	-	9,876	9,876	
Non current assets - Investments	1	-	-				-	-	-	-	-	
<b>Cash and investments available:</b>		<b>30,812</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,798)</b>	<b>(5,798)</b>	<b>25,014</b>	<b>19,641</b>	<b>12,308</b>	
<b>Applications of cash and investments</b>												
Unspent conditional transfers		444	-				-	-	444	444	444	
Unspent borrowing		-	-				-	-	-	-	-	
Statutory requirements		-	-				-	-	-	-	-	
Other working capital requirements	2	(19,742)	-				(21,312)	(21,312)	(41,054)	(13,247)	(12,656)	
Other provisions		-	-				-	-	-	-	-	
Long term investments committed		-	-				-	-	-	-	-	
Reserves to be backed by cash/investments		-	-				-	-	-	-	-	
<b>Total Application of cash and investments:</b>		<b>(19,298)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,312)</b>	<b>(21,312)</b>	<b>(40,610)</b>	<b>(12,802)</b>	<b>(12,212)</b>	
<b>Surplus(shortfall)</b>		<b>50,110</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,515</b>	<b>15,515</b>	<b>65,625</b>	<b>32,443</b>	<b>24,521</b>	

## **2.5 Adjustment budgets and SDBIPs - internal departments**

In terms of section 53(1)(ii) the Mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.

## **2.6 Adjustment of Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

## **2.7 Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 5 interns through this programme and a majority of them were appointed either in Mkhambathini Municipality or other municipalities.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is in line with the Adjusted budget
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.

## **2.8 Other supporting documents**

The below listed annexures for another supporting document

- i. Annexure A: Data strings
- ii. Annexure B: Grant registrar
- iii. Annexure C: Fixed Assets Registrar
- iv. Annexure D: B Schedule





## **Municipal Manager's Quality Certificate**

OFFICE OF THE MUNICIPAL MANAGER

### **QUALITY CERTIFICATE**

I, Mr. S Mngwengwe, Municipal Manager of Mkhambathini Local Municipality, hereby certify that the Adjustment Budget and SDBIP with the supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and the budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

**Print Name: Mr. S Mngwengwe**

**Municipal Manager of Mkhambathini Local Municipality KZ226**

Signature: \_\_\_\_\_

Date: 28 February 2022

