

**MANDENI MUNICIPALITY
(KZN 291)
mSCOA ADJUSTMENT BUDGET
2022/23**



**MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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Part 1 –mSCOA Adjustment Budget

1.1MAYOR’S REPORT – ADJUSTMENT BUDGET: 2022/23

**SPEECH BY HIS WORSHIP, THE MAYOR CLLR TP MDLALOSE TABLING
THE ADJUSTED MSCOA BUDGET AND SERVICE DELIVERY BUDGET AND
IMPLEMENTATION PLAN/SCORECARDS FOR 2022/23 FINANCIAL YEAR
AT COUNCIL MEETING HELD ON 28 FEBRUARY 2022 AT COUNCIL
CHAMBER**

PRESENTATION

OF:

2022/23 ADJUSTMENT BUDGET & ADJUSTED SDBIP



**Honorable Speaker,
Amakhosi Asendlunkulu
Deputy Mayor
Members of the Executive Committee
Chairpersons of MPAC and Women’s Caucus
Honorable Councilors
Municipal Manager
Senior Management, Managers and staff
Various stakeholders and all protocol observed**

Somlomo, it is with great pleasure and honor for me to address this Council meeting on the important meeting of tabling the mSCOA Adjusted Budget in terms of Section 28 of the MFMA and to consider the Adjusted Performance Management System Scorecard for 2022/2023 Financial Year

The National Treasury forecasts real economic growth of 1.9 per cent in 2022, compared with 2.1 per cent projected in the 2022 Budget Review, in response to global and domestic shocks. Growth is projected to average 1.6 per cent from 2023 to 2025.

Implementing structural reforms, especially in the energy sector, remains crucial to improve the economy's productive capacity and competitiveness.

The recovery in economic activity that began in 2021 was driven by a strong rebound in global economic activity, high commodity prices and easing COVID-19 restrictions. The scarring impact of the pandemic on employment and investment decisions will likely weigh on the recovery over the medium term. Investment remains well below pre-pandemic levels.

The economy grew by 1.4 per cent in the first half of 2022 compared with the first half of 2021. Real GDP grew more than expected in the first quarter of 2022, with output returning to pre-pandemic levels. However, a deteriorating global environment, flooding in KwaZulu-Natal and the Eastern Cape, industrial action in the electricity and mining sectors, and prolonged and intense power cuts resulted in a broad-based contraction across most sectors during the second quarter.

The third quarter was marked by frequent and prolonged power cuts, which significantly disrupted economic activity.

Speaker, the President of the Republic of South Africa, His Excellency Cyril Matamela Ramaphosa has given us marching orders in his maiden state of the nation address on the 9th of February 2023. This was followed by the 2023/24 budget speech by Minister of Finance Enoch Godongwana. From these speeches, we now know that plans to revive the economy are our main focal and to implement Measures to address electricity shortages

Speaker, this Budget Adjustment is prepared in terms of Municipal Budget and Reporting regulation, Government Gazette number 32141 promulgated on the 17th of April 2009. Section 28 of the Municipal Finance Management Act, 2003 (1) says: A Municipality may revise an approved annual budget through an adjustment budget. I am here to inform Council of the 2022/2023 budgeted figures versus the actual figures and to obtain Council's approval to revise the approved 2022/2023 Annual Budget through an Adjustment Budget

This document is tabled to Council for consideration and approval of the adjusted budget following detailed assessment of the performance of the municipality during the first half of the financial year taking to account the monthly statements referred to in section 71 of the MFMA, the municipality's service delivery performance as well as the past year's annual report.

Further the adjusted budget has also considered progress on spending against national and provincial grants, spending on infrastructure delivery and cash position as at mid-year.

Somlomo, the application of a sound financial management principle is very essential in ensuring that the Municipality remains viable and sustainable as we provide services to the communities of Mandeni.

We have through the budget steering committee tried to accommodate all reasonable request into the final adjustment budget but I wish to inform Council that we were able to meet most of the request but it must be noted that financial situation always limit us as we have to apply prudence concept when managing our finance in order to remain a going concern and sustainable. This Committee did ensure that a well-balanced and credible Budget Adjustment is prepared.

FINANCIAL OVERVIEW 2022-2023

The 2022-2023 annual budget, Integrated Development Plan and service delivery and budget implementation plan were adopted on the 31 May 2023

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 so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. This council has reinstated the Rand to Rand program which encourages debtors to settle their outstanding debt. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The main challenges experienced during the compilation of the Adjusted 2022/23 & MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained electricity, roads and municipal infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The continued difficulty in collecting all that is due to the municipality by consumers: and Affordability of capital projects – original allocations had to be increased

Somlomo; It is with great pleasure to report that S71 reports were submitted to NT / PT on time for budget monitoring in accordance with MFMA and mSCOA Regulations. The budget has been monitored through section 71 reports monthly to identify any emerging financial problems that may affect the municipality

The debts book remains very high and takes almost 5 years to collect from our debtors. As it stands the total outstanding debtors is above R200 million.

Financial administration should be the second most important focus point of Mandeni Municipality with basic service delivery as the most important. Any additional resources should be directed at developing a financial administration turnover/plan.

The following items have been considered when revising the annual budget through an Adjustment budget.

The total Revenue for 2022-2023 has increased from R367 million to R383,3 million,

Further to that it should be note that service charges for electricity and refuse are vatable therefore VAT of 15 per cent has been excluded and budgeted for in these items. Total Revenue inclusive of vat is R391.3 million and vat portion amounts to R7.8 million.

- There are no unspent rollover grants that were approved by National Treasury as the INEP Grant that was not fully spent in the previous financial year of 2021/22 for R2.8 million has been set off against the second trench of Equitable Share.
- Interest Earned on external investment has been adjusted by R13.5 million to an adjusted budget of R19.2 million which has been based on external investments with Nedbank which are going to mature by 30 June 2023 and interest is transferred when investments are maturing, which will result in this item being understated. Further to that this adjustment has considered performance for mid-year as it was sitting at R10.8 million.
- Fines, penalties and forfeits have been adjusted by R1.2 million to an adjusted budget of R1.5 million. Adjustment has considered performance as per the 2021/22 audited AFS as the municipality accounts for fines as per requirements of GRAP 1 during year end.
- Other revenue has been increased by R1.7 million to an adjusted budget of R2.4 million which has been based on mid-year performance. Adjustment is due to an Insurance refund of R811 thousand, LG SETA Funding of R676 thousand which have been received by municipality during 1st half of the financial year which were not budgeted for.

- Further to that the municipality have also adjusted R200 thousand to R304.8 thousand for transaction handling fee of salary 3rd parties, which is due to performance noted during first half of the year as these items budget appear to be understated.
- Transfers and subsidies operational for Library Grant of R656 thousand has been reallocated from operational to capital this is due to performance noted at mid-year towards grant. The municipality has reviewed support plan and reallocated funds that were committed under employee related cost as there have been delays in filling their position. This is to ensure that grant is fully spent at year end.

EXPENDITURE ADJUSTMENT BUDGET

Total adjusted operating expenditure for the 2022/23 financial year has been appropriated at R371.8 million. The increased of General Expenditure of R7,9 million is funded from reserves

Further to that it should be noted that other expenditure items are vatable therefore VAT of 15 per cent has been budgeted and excluded for other line items. Total Expenditure inclusive of vat is R392.3 million and vat of R20.5 million.

- Bulk purchases have been increased by R6,6 million to total adjusted budget of R45,9 million. Adjustment is based on mid-year performance as it was noted that there was a slight over expenditure. This is to avoid unauthorised expenditure for this item.
- Inventory consumed have been increased by R1.1 million to an adjusted budget of R5.1 million, adjustment has considered repairs & maintenance plan.
- Contracted Services: have been decreased by R719 thousand to an adjusted budget of R64.6 million, Adjustment is due to reprioritization of projects further to that the municipality has considered commitments for existing contracts.
- Other expenditure has been increased by R2.1 million to budget allocation of R45.8 million, adjustment has prioritised projects applicable under this item which will be implemented during the remaining months of the financial year.
- Gains and losses have been adjusted by R1 million, this budget has been based on prior year Audited AFS and actual reported to date of R299 thousand, this adjustment has considered any losses which were due to inventory and disposal of assets that took place through auction. This will further ensure that we avoid an unauthorised expenditure.
- It must be noted that this budget adjustment will not consider employee cost as part of the adjustment. Our priorities were shifted to operational activities, where it was addressing programmes and projects that had shortfalls and needed additional funds for specific areas. At a main we were authorising the utilisation of projected savings in one vote towards spending under another vote

Capital Expenditure

Madam Speaker, Infrastructure investments lay the foundation for inclusive and sustainable growth; they address supply-side constraints; and expand access to basic services.

The Capital Budget has been adjusted from R78.3 to R 85.9 million with an increase of R7.6 million and this translate to 9.7 per cent when compared to the original budget

The adjusted has set aside funds to procure the follow

- 12 Cube Tipper Tuck – R3 000 000
- 770 Grader – R6 100 000
- 1600 Litter Water Tanker – R2 500 000
- 10 Ton Smoother Roller – R1 850 000

The municipality will soon be engaging in the 2023-2024 Annual Budget from next month and some of the projects will be considered then

It is also worth noting that we have continued to monitor the payment of SMME's within the set stipulated time which is 30 days as our contribution to supporting the sector.

As we continue to implement the budget priorities for 2022-2023 financial year, we must brace ourselves to partner with all sectors of our society in our endeavor to implement the five government priorities

It must be noted that progress is being made with respect to the implementation of local priorities that are primarily focused on the powers and functions of the municipality.

Significant progress has been done, to bring about change and service delivery in our communities across Mandeni and we are very well aware of villages around us who are still in desperate need of this life resource called water and other basic need. We are working together with the district to ensure that our communities are priorities

Most of our plans and strategies are in place, and now our efforts and resources are focussed on accelerating implementation and action.

This municipality will continue producing monthly budget statement and report to Council to assist the Municipality in providing intervention strategies where challenges are encountered through the implementation of IDP and Budget for 2022/2023. This process is used for accountability to the communities of Mandeni in terms of progress on implementation of IDP.

The efforts of the leadership converge on investing more funds on our roads and electricity infrastructure in the medium-term revenue and expenditure framework.

Conclusion:

The following resolutions are tabled before Council for consideration and adoption

That:-

1. Council acting in terms of Section 28 (2) of the Municipal Finance Management Act considers and approves the mSCOA Adjustment Budget of the Municipality for the financial year 2022-2023 and the multi-year and single- year capital appropriations as set out in the tables of the budget document and the Council Item on the Agenda
2. Council approves the Adjusted Departmental Scorecard / SDBIP for 2022-2023
3. The Council acting in terms of 23(1)(b) of the MFMA has considered the 2022-2023 Mid-year budget and performance assessment feedback report from Provincial Treasury, and that it has considered comments raised in the Adjustment Budget Mid-Year Budget and Performance assessment report of Mandeni Municipality for the for the period ended 31 December 2022

I thank you all.

CLLR TP MDLALOSE

THE MAYOR

1.1 Council Resolutions

Resolution No:C86

COUNCIL: 28/02/2023

On the 28th of February 2023 the Council of Mandeni Municipality met at Mandeni Council Chamber to consider the Adjustment Budget of the municipality for the financial year 2022/23. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 28 (2) of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The mSCOA Adjustment budget of the Municipality for the financial year 2022/23 and the multi-year and single- year capital appropriations as set out in the following tables of the budget document:
 - 1.1.1. Adjustments Budget Summary as contained in Table 2 on page 10;
 - 1.1.2. Adjustments Budget Financial Performance (revenue and expenditure by standard classification) as contained in Table 3 on page 12;
 - 1.1.3. Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) as contained in Table 4 on page 13.
 - 1.1.4. Adjustments Budget Financial Performance (revenue by source and expenditure by type) as contained in Table 5 on page 14; and
 - 1.1.5. Adjustments Multi-year and single-year capital appropriations by Municipal vote and standard classification and associated funding by source as contained in Table 6 on page 16.
 - 1.2. The Adjustments budget financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables of the budget document:
 - 1.2.1. Adjustments Budget Financial Position as contained in Table 7 on page 17;
 - 1.2.2. Adjustments Budget Cash Flows as contained in Table 8 on page 19;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 9 on page 20;
 - 1.2.4. Assets management as contained in Table 10 on page 23; and
 - 1.2.5. Basic Service delivery measurement as contained in Table 11 on page 25
2. The Council approves an additional Swimming Pool usage tariff of R5 per person.
3. The Council acting in terms of 23(1)(b) of the MFMA has considered the 2022/23 Mid-year budget and performance assessment feedback report from Provincial Treasury, and that it has considered comments raised in the Adjustment Budget.

1.2 Executive Summary

In terms of Section 28 of the MFMA _Municipal Adjustment budget

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 sustainably, 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 so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No.122 and Provincial Treasury Circular PT/MF 06 of 2022-23 were considered during compilation of Adjustment Budget 2022/23 financial year.

The main challenges experienced during the compilation of the 2022/23 & MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained electricity, roads and municipal infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;
- The continued difficulty in collecting all that is due to the municipality by consumers: and Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the adjustment budget as part of the 2022/23 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2022/23 Adjustments Budget priorities and targets. Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals; The commitments made with Auditor General in maintaining the clean audit initiatives; The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;

The mSCOA Regulations applied to all municipalities and municipal entities with effect from 1 July 2017. Mandeni municipality has compiled its 2022/23 MTREF Budget transacting across all the mSCOA seven segments in Version 6.6.1 as per MFMA Circular 122.

Furthermore, we have ensured a seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transacting. Mandeni municipality has tabled its mSCOA Adjustment Budget & IDP for 2022/23 MTREF in an mSCOA classification framework and the data string (IDP and Budget) will be uploaded to the LG Database portal on the 28th February 2023 immediately after tabling at a Council Meeting. The municipality has also ensured that our main core system (SAGE Evolution) and all subsystems are integrating seamless.

ADJUSTMENT BUDGET OVERVIEW

(1) A municipality may revise an approved annual budget through an adjustment budget.

(2) An adjustment budget-

- a) must adjust revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
- e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by council;
- f) may correct any errors in the annual budget; and
- g) may provide for any other expenditure within the prescribed framework.

(3) An adjustment budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

The Adjustments Budget must be accompanied by the following in accordance with Section 28(5):

- "a) an explanation how the adjustments budget affects the annual budget;
 b) a motivation of any material changes to the annual budget;
 c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years;
 and d) any other supporting documentation that may be prescribed."

An Adjustments Budget according to Section 28(3 and 6): "(3) An Adjustment Budget must be in a prescribed format (6) Municipal taxes and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan - section 28(6)."

In view of the aforementioned, the following table is a consolidated overview of the proposed 2022/23 Medium-term Revenue and Expenditure Framework:

The following Table represents an Executive Summary for the 2022/23 Adjustment Budget;

Description	Budget Year 2022/23									Budget Year +1	Budget Year +2
	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		
Total Revenue (excluding capital transfers and contributions)	328,592	-	-	-	-	-	15,732	15,732	344,324	348,402	370,728
Total Expenditure	361,725	-	-	-	-	-	10,028	10,028	371,753	369,839	385,248
Surplus/(Deficit)	(33,133)	-	-	-	-	-	5,703	5,703	(27,429)	(21,437)	(14,521)
Transfers and subsidies - capital (monetary allocations) (National /	38,462	-	-	-	-	-	(656)	(656)	39,118	39,636	41,334
Surplus/(Deficit) after capital transfers & contributions	5,329	-	-	-	-	-	5,047	5,047	11,689	18,199	26,813
Share of surplus/ (deficit) of Surplus / (Deficit) for the year	-	-	-	-	-	-	-	-	-	-	-
	5,329	-	-	-	-	-	5,047	5,047	11,689	18,199	26,813
Capital expenditure & funds sources											
Capital expenditure	78,311	-	-	-	-	-	7,625	7,625	85,936	33,691	34,834
Total Budget	440,036	-	-	-	-	-	17,653	17,653	457,689	403,530	420,082

As can be seen from the table above, the Total Revenue for 2022/23 has been increased from R328.6 million to R344.3 million with an adjusted budget of R15.7 million. Adjustment has considered performance for mid-year as other line item have exceeded budget that was allocated and an additional Insurance Claims and LG Seta funding that that were received but not included in the budget.

Total adjusted operating expenditure for the 2022/23 financial year has been appropriated at R371.8 million and translates into a surplus of R27,4 million, when compared to the 2022/23 Original operational expenditure has been increased by 2.8 per cent in the adjusted budget.

The adjusted capital budget of R85.9 million for 2022/23 is 9.7 per cent less when compared to the 2022/23 Original Budget. Adjustment to capital has considered the reprioritized machinery and equipment (Plant) that will assist municipality to improve and fast track services delivery.

2. ADJUSTMENT BUDGET GUIDELINES, ASSUMPTIONS AND PRIORITIES

The South African economy and inflation targets

The National Treasury forecasts real economic growth of 1.9 per cent in 2022, compared with 2.1 per cent projected in the 2022 Budget Review, in response to global and domestic shocks. Growth is projected to average 1.6 per cent from 2023 to 2025. Implementing structural reforms, especially in the energy sector, remains crucial to improve the economy's productive capacity and competitiveness.

The recovery in economic activity that began in 2021 was driven by a strong rebound in global economic activity, high commodity prices and easing COVID-19 restrictions. The scarring impact of the pandemic on employment and investment decisions will likely weigh on the recovery over the medium term. Investment remains well below pre-pandemic levels.

The economy grew by 1.4 per cent in the first half of 2022 compared with the first half of 2021. Real GDP grew more than expected in the first quarter of 2022, with output returning to pre pandemic levels. However, a deteriorating global environment, flooding in KwaZulu-Natal and the Eastern Cape, industrial action in the electricity and mining sectors, and prolonged and intense power cuts resulted in a broad-based contraction across most sectors during the second quarter. The third quarter was marked by frequent and prolonged power cuts, which significantly disrupted economic activity.

Mandeni Municipality continues with improving the quality of services provided to its citizens, its need to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices has been made in balancing expenditures again realistically anticipated revenues.

3.1 Reason for reprioritization

3.1.1 Revenue

The budget has been adjusted as follows:

Property Rates: Based on performance reported at mid-year, the budget allocated will remain the same at R48.9 million during an adjustment budget. The municipality anticipates that the budget allocated will be achieved at year end.

Property rates are the second largest revenue source totaling to 14.9 per cent or 48.9 million the third largest source is service charges from electricity revenue source totaling to 38.1 or 10.9 percent, contributing is the proposed increase of 7.47 per cent for municipal electricity tariffs for 2022/23 as approved guideline on municipal electricity price increase tariff.

In 2018/19 the Municipality has successfully implemented the new General Valuation Roll which had 7055 properties. After the completion of the third Supplementary Valuation Roll that number has since increased to 7654 properties, which the municipality is billing for property rates.

Following the implementation of the new valuation roll, we were advised by COGTA to ensure that we consider the issue of rate shock. It was clear that there was a significant increase in the Market value of properties subsequently an increase in the Ratable value. This is the last year of this GV as the municipality is now engaging processes of appointing services provider who will be assisting the municipality with preparing the new General Valuation Roll.

Service Charges Electricity Revenue: Based on performance reported at mid-year, the budget allocated of R35.8 million will remain the same during an adjustment budget as the planned target will be met. Further to that budget allocated for electricity has excluded vat at 15 per cent of R6.3 million. Budget allocated will be met at year end due to seasonal demand of electricity.

The National Energy Regulator of South Africa (NERSA) has published its guideline on municipal electricity price for 2022/23 and approved an increase of 7.47 per cent. However, having considered the Eskom increases, the consumer tariff had to be increased by 7.47 per cent to offset the additional bulk purchase cost from 1 July 2022.

The municipality has the license authority to provide electricity within ward 3 of Mandeni, therefore billing for this service is only done within this ward and there are no indigent beneficiaries that are receiving free basic electricity. Free Basic Electricity is provided by Eskom on qualifying beneficiaries as per indigent register with the other wards of Mandeni. The municipality therefore pays Eskom for providing this service on behalf of the municipality and expenditure is budgeted under general expenditure. The total number of qualifying beneficiaries is 1975 as per the list approved, budget of R1.8 million allocated under general expenses for payments of FBE.

Services Charges_ Refuse Revenue: Based on performance reported at mid-year, the budget allocated of R8.5 million will remain the same during an adjustment budget as the planned target will be met. Further to that budget allocated for electricity has excluded vat at 15 per cent of R1.5 million. Budget allocated will be met at year end.

A 4.8 per cent increase in the waste removal tariff is proposed from 1st July 2022. Higher increases will not be viable in 2022/23 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services.

Refuse that is removed at least once a week, there has been an increase in the number of properties for refuse services from 4601 to 4610 as per customers that are billed on municipal billing system. Increase is due to additional properties identified during this financial year as there were previously not billed for refuse.

Rental of facilities and Equipment: have remained the same in the adjustment budget of R178 thousand. Performance reported at mid-year will be met during year end. The municipality anticipates that budget allocated will be met at year end based on the level of demand for municipal facilities.

Interest on external investment: have been increased by R13.5 million to R19.2 million, adjustment has considered interest which will be generated at year end based on interest rates that were offered by Nedbank when investments are maturing. Therefore, we have adjusted this line item so as to ensure realistic estimates for interest that will be generated from grants and cash backed reserved from previous years. Further to that we have also considered interest generated at mid-year of R10.8 million.

Interest on outstanding debtors: have been remained the same in the adjustment budget of R3.7 million, performance reported at mid-year shows that allocated budget will be met at year end. Interest on outstanding debtors has been determined based on debtors' book and an approved interest rate of 2 per cent.

Fines, penalties and forfeits: have been increased from R278 thousand to R1.5 million with and adjustment of R1.2 million. Adjusted budget has considered performance reported as per 2021/22 Audited AFS as the municipality recognizes fines on cash basis and accounts as per requirement of I GRAP 1 during year end. However, we do acknowledge that the municipality still need to improve in recognizing fines in accordance with I GRAP 1 on a monthly basis and not account for them at year end. Engagement between Public Safety and Finance will be convened so as to determine system that will assist the municipality to address this gap.

Licenses and permits (rental of market stalls): budget allocated of R692 thousand will remain the same during an adjustment budget. Contributing factor on this line item is due to disturbance of load shedding as the operation of the office have been affected. However, the municipality anticipates that budget allocated will be met at year end.

Transfers and subsidies operational: have been reduced by R656 thousand to an adjusted budget of R223.4 million. Adjustment has reallocated funds from budget allocated towards Library Grant for operational expenditure capital projects. This is due to performance noted at mid-year, library support plan has been reviewed so as to ensure that grant is aligned with adjustment budget and fully spent at year end.

Transfers and subsidies capital: have been increased by R656 thousand to R39.1 million, Adjustment has reallocated funds from budget allocated towards Library Grant for operational expenditure capital projects. This is due to performance noted at mid-year, library support plan has been reviewed so as to ensure that grant is fully spent at year end.

Other Revenue: Other revenue has been increased by R1.7 million based on mid-year performance. Adjustment is due to Insurance refund of R811 thousand, LG SETA Funding of R676 thousand which have been received by municipality during 1st half of the financial year which were not budgeted for. Further to that the municipality have also adjusted Transaction handling fee for salary deduction by R200 thousand to R300 thousand, this is due to performance noted during first half of the year as this item appear to be understated.

3.1.2 Expenditure

Expenditure by vote have been adjusted from R 361,7 million to R 371.8 million with an adjusted budget of R 10.0 million with a percentage increase of 2.8 per cent.

Factors informing the need for expenditure adjustment

- **Employee Related Cost:** have remained the same with an adjustment budget of R124.8 million. Performance noted at mid-year has reflected that the municipality will be able to spend budget allocated under this item and also avoid incurring an unauthorized expenditure. Further to that the municipality has filled the 15 prioritized positions that were budgeted for in the original budget as approved in the organogram.
- **Remuneration of Councilors:** have remained the same with an adjustment budget of R14.7 million, budget allocated has considered increase in Councilors upper limits since COGTA has confirms percentage increase in their remuneration in january of every year. Further to that it should be noted that employee related costs ratio is still within the norm at 38 per cent of the Total Expenditure.
- **Debt Impairment:** have remained the same with an adjustment budget of R42.5 million. Performance noted in 2021/22 audited AFS and mid-year performance has shown that budget allocated will be met at year end and ensure that the municipality will not incur an unauthorized expenditure.

Further to that it should be noted the Municipal Council has agreed to revive the 60/40 incentive scheme which is part of Credit Control and Debt Management mechanism.

The assumption used is to exclude all debtors with credit balances when calculating the provision. Provision for Bad debt is therefore calculated using the collection rate of 65% for debt within 90 days and 20% for any debt older than 90 days for all categories except Electricity. With Electricity the assumption is that 90% of the debt older than 90 days is still collectable.

- **Depreciation & asset impairment:** based on performance reported at mid-year and 2021/22 audited AFS the municipality will remain with the same budget of R33.7 million during adjustment. Budget allocated will be met during year end as we anticipate that all planned acquisition of capital assets and projects which are still under WIP will be completed.
- **Finance Charges:** have remained the same with an adjustment budget of R410 thousand which has considered interest repayment for finance leases with vehicles with Wesbank. Budget allocated has considered that the lease agreement ended in September 2022.

- Further to that the budget has also considered interest which is charged by Eskom for late payment which forms of fruitless and wasteful expenditure. However, there are processes in place for monitoring fruitless and wasteful expenditure are regularly monitored by the municipality.
Finance cost for retirement benefit obligation: will have be reclassified in the AFS from finance cost and mapped under employee related cost as this has been noted a prior period error.
- **Bulk purchases:** have been increased by R5.1 million to adjusted budget of R39.1 million. Adjustment is based on mid-year performance as it was noted that there was an over expenditure, this is to avoid unauthorized expenditure for this item.

Bulk Purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. Bulk purchases have taken into consideration 8.6 per cent as proposed in NERSA guideline for 2022/23 financial year as per guideline on municipal electricity price increase. Budget allocated has excluded VAT of R6.9 million.

- **Inventory Consumed:** These are inventory items that are procured by municipality and kept in stores for repairs & maintenance (cold and hot mixed asphalt). Budget have been increased by R1.1 million to an adjustment budget of R5.1 million. Adjustment has reprioritized projects as per repairs and maintenance plan. Budget allocated has excluded VAT of R911 thousand.
- **Contracted Services:** have been increased by R719 thousand to R64.6 million, Adjustment is due to reprioritization of projects that are being outsourced by the municipality such as programs for public participation, security services, fire rescue services and procurement of refuse bags. Budget allocated has excluded VAT portion of R11.4 million towards vatable items.

As part of the compilation of the 2022/2023 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced as the municipality is trying to reduce the outsourcing of services. The municipality took a resolution to perform some of these contracted services internally as assessments were done and reports reflected that the municipality can be capable of delivering these services, however it was also noted that municipality is currently in no position to fully perform these services internally, such as lease of refuse truck and provision of Security Services as the municipality does not have full capacity to perform them internally

- **Other expenditure** has been increased by R2.1 million to an adjusted budget allocation of R45.8 million, adjustment has prioritized projects such as Fuel Consumption and other operational projects which will be implemented during the second half of the financial year. Further to that it should be noted that the municipality has still considered cost containment for this item of expenditure. Budget allocated has excluded VAT portion of R5.3 million towards vatable items

This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved, as the municipality has identified areas in which cost cutting can be implemented, without disturbing operations of the municipality. Budget allocated for this item has considered cost containment regulations that were issued on the 7th June 2020

Furthermore, it should be noted that other expenditure exceeds the allocated norm of 10 per cent by 12.3 per cent, variance is due to critical operations by the municipality which needs to be prioritized as they contribute to improved service delivery, however this item will be regularly monitored so as to ensure realistic targets are met.

- **Losses:** have been adjusted by R1 million this budget has been based on prior year Audited AFS, this adjustment has considered loses which are due to inventory write down and disposal of assets which have occurred as there was a disposal of assets through an auction. This will further ensure that we avoid an unauthorized expenditure being incurred in this item.

Table 2 MBRR Table B1 - Budget Summary

KZN291 Mandeni - Table B1 Adjustments Budget Summary - 28-02-2023											
Description	Budget Year 2022/23									Budget Year +1	Budget Year +2
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid .	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	48,880	-	-	-	-	-	-	-	48,880	51,031	53,327
Service charges	44,328	-	-	-	-	-	-	-	44,328	47,019	49,135
Investment revenue	5,700	-	-	-	-	-	13,500	13,500	19,200	5,951	6,219
Transfers recognised - operational	224,045	-	-	-	-	-	(656)	(656)	223,389	238,514	255,894
Other own revenue	5,639	-	-	-	-	-	2,888	2,888	8,527	5,887	6,152
Total Revenue (excluding capital transfers and contributions)	328,592	-	-	-	-	-	15,732	15,732	344,324	348,402	370,728
Employee costs	124,828	-	-	-	-	-	-	-	124,828	127,697	133,279
Remuneration of councillors	14,682	-	-	-	-	-	-	-	14,682	15,328	16,002
Depreciation & asset impairment	33,747	-	-	-	-	-	-	-	33,747	35,232	36,817
Finance charges	410	-	-	-	-	-	-	-	410	415	420
Inventory consumed and bulk purchase	37,937	-	-	-	-	-	6,206	6,206	44,143	38,299	40,315
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	150,121	-	-	-	-	-	3,822	3,822	153,943	152,869	158,414
Total Expenditure	361,725	-	-	-	-	-	10,028	10,028	371,753	369,839	385,249
Surplus/(Deficit)	(33,133)	-	-	-	-	-	5,703	5,703	(27,429)	(21,437)	(14,521)
Transfers and subsidies - capital (monetary allocations) (National /	38,462	-	-	-	-	-	656	656	39,118	39,636	41,334
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	5,329	-	-	-	-	-	6,359	6,359	11,689	18,199	26,813
Share of surplus/ (deficit) of	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	5,329	-	-	-	-	-	6,359	6,359	11,689	18,199	26,813
Capital expenditure & funds sources											
Capital expenditure	78,311	-	-	-	-	-	7,682	7,682	85,993	33,691	34,834
Transfers recognised - capital	32,693	-	-	-	-	-	615	615	33,307	33,691	34,834
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	45,619	-	-	-	-	-	7,067	7,067	52,686	-	-
Total sources of capital funds	78,311	-	-	-	-	-	7,682	7,682	85,993	33,691	34,834
Financial position											
Total current assets	102,933	-	-	-	-	-	83,985	83,985	186,918	166,900	156,755
Total non current assets	625,190	-	-	-	-	-	484	484	625,675	634,111	640,993
Total current liabilities	37,001	-	-	-	-	-	2,755	2,755	39,756	46,833	50,020
Total non current liabilities	27,394	-	-	-	-	-	(4,599)	(4,599)	22,795	25,185	26,167
Community wealth/Equity	663,728	-	-	-	-	-	86,314	86,314	750,042	785,105	810,634
Cash flows											
Net cash from (used) operating	74,104	-	-	-	-	-	(18,748)	(18,748)	55,356	78,043	86,969
Net cash from (used) investing	(72,359)	-	-	-	-	-	(28,742)	(28,742)	(101,101)	(30,321)	(31,620)
Net cash from (used) financing	(400)	-	-	-	-	-	175	175	(225)	-	-
Cash/cash equivalents at the year end	159,781	-	-	-	-	-	2,230	2,230	162,011	266,731	288,105
Cash backing/surplus reconciliation											
Cash and investments available	74,236	-	-	-	-	-	87,775	87,775	162,011	193,438	213,084
Application of cash and investments	15,002	-	-	-	-	-	4,453	4,453	19,455	61,155	85,487
Balance - surplus (shortfall)	59,234	-	-	-	-	-	83,322	83,322	142,556	132,283	127,597
Asset Management											
Asset register summary (WDV)	571,579	-	-	-	-	-	4,643	4,643	576,223	604,420	617,859
Depreciation	33,747	-	-	-	-	-	-	-	33,747	35,232	36,817
Renewal and Upgrading of Existing	33,543	-	-	-	-	-	(4,207)	(4,207)	29,336	26,191	28,134
Repairs and Maintenance	16,598	-	-	-	-	-	2,300	2,300	18,898	16,352	17,087
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	11,780	-	-	-	-	-	-	-	11,780	12,297	12,850
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	3	-	-	-	-	-	-	-	3	3	3
Refuse:	5	-	-	-	-	-	-	-	5	5	5

Explanatory notes to MBRR Table B1 - Budget Summary

Table B1 is a 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).

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.

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 Budget Summary provides the key information in this regard.

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which Transfers recognised are reflected on the Financial Performance Budget.

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget 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 Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2022/23, when a small surplus as reflected.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

As per table above

Table 3 Adjustments Budget Financial Performance (standard classification)

KZN291 Mandeni - Table B2 Adjustments Budget Financial Performance (functional classification) - 28-02-2023												
Standard Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5	6	7	8	9	10	11	12		
		A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
Governance and administration		272,442	-	-	-	-	-	14,511	14,511	286,954	292,322	312,132
Executive and council		7,806	-	-	-	-	-	-	-	7,806	8,042	8,355
Finance and administration		264,636	-	-	-	-	-	14,511	14,511	279,148	284,280	303,777
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		4,643	-	-	-	-	-	-	-	4,643	4,653	4,858
Community and social services		4,643	-	-	-	-	-	-	-	4,643	4,653	4,858
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		44,548	-	-	-	-	-	1,877	1,877	46,425	42,904	44,744
Planning and development		43,589	-	-	-	-	-	677	677	44,266	41,903	43,698
Road transport		959	-	-	-	-	-	1,200	1,200	2,159	1,001	1,046
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		45,420	-	-	-	-	-	-	-	45,420	48,160	50,327
Energy sources		36,068	-	-	-	-	-	-	-	36,068	38,396	40,124
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		9,353	-	-	-	-	-	-	-	9,353	9,764	10,204
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	367,054	-	-	-	-	-	16,388	16,388	383,442	388,038	412,061
Expenditure - Functional												
Governance and administration		187,729	-	-	-	-	-	5,126	5,126	192,855	197,759	205,135
Executive and council		52,611	-	-	-	-	-	2,462	2,462	55,072	55,100	57,565
Finance and administration		135,119	-	-	-	-	-	2,664	2,664	137,783	142,659	147,571
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		36,843	-	-	-	-	-	(444)	(444)	36,399	35,265	36,848
Community and social services		25,878	-	-	-	-	-	(1,509)	(1,509)	24,369	26,826	28,029
Sport and recreation		9,873	-	-	-	-	-	1,065	1,065	10,938	7,298	7,627
Public safety		1,073	-	-	-	-	-	-	-	1,073	1,120	1,170
Housing		20	-	-	-	-	-	-	-	20	21	22
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		79,416	-	-	-	-	-	88	88	79,505	77,640	81,018
Planning and development		23,148	-	-	-	-	-	(175)	(175)	22,974	21,402	22,249
Road transport		52,589	-	-	-	-	-	263	263	52,852	52,397	54,755
Environmental protection		3,680	-	-	-	-	-	-	-	3,680	3,842	4,014
Trading services		57,736	-	-	-	-	-	5,258	5,258	62,994	60,276	63,343
Energy sources		45,688	-	-	-	-	-	4,080	4,080	49,768	47,698	50,199
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		2,800	-	-	-	-	-	-	-	2,800	2,923	3,055
Waste management		9,248	-	-	-	-	-	1,178	1,178	10,426	9,655	10,089
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	361,725	-	-	-	-	-	10,028	10,028	371,753	370,940	386,344
Surplus/ (Deficit) for the year		5,329	-	-	-	-	-	6,359	6,359	11,689	17,098	25,717

Explanatory notes to MBRR Table B2 – Adjusted Budgeted Financial Performance (revenue and expenditure by standard classification)

Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 12 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table B4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Table 4 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

KZN291 Mandeni - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28-02-2023												
Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue by Vote	1											
Vote 1 - Executive and council		7,806	-	-	-	-	-	-	-	7,806	8,042	8,355
Vote 2 - Finance and administration		264,636	-	-	-	-	-	14,511	14,511	279,148	284,280	303,777
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		4,643	-	-	-	-	-	-	-	4,643	4,653	4,858
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		43,589	-	-	-	-	-	677	677	44,266	41,903	43,698
Vote 9 - Road transport		959	-	-	-	-	-	1,200	1,200	2,159	1,001	1,046
Vote 10 - Energy sources		36,068	-	-	-	-	-	-	-	36,068	38,396	40,124
Vote 11 - Waste Management		9,353	-	-	-	-	-	-	-	9,353	9,764	10,204
Vote 12 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	367,054	-	-	-	-	-	16,388	16,388	383,442	388,038	412,061
Expenditure by Vote	1											
Vote 1 - Executive and council		52,611	-	-	-	-	-	2,462	2,462	55,072	55,100	57,565
Vote 2 - Finance and administration		135,119	-	-	-	-	-	2,664	2,664	137,783	142,659	147,571
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		25,878	-	-	-	-	-	(1,509)	(1,509)	24,369	26,826	28,029
Vote 5 - Sport and Recreation		9,873	-	-	-	-	-	1,065	1,065	10,938	7,298	7,627
Vote 6 - Public safety		1,073	-	-	-	-	-	-	-	1,073	1,120	1,170
Vote 7 - Housing		20	-	-	-	-	-	-	-	20	21	22
Vote 8 - Planning and Development		23,148	-	-	-	-	-	(175)	(175)	22,974	21,402	22,249
Vote 9 - Road transport		55,389	-	-	-	-	-	263	263	55,652	55,320	57,809
Vote 10 - Energy sources		45,688	-	-	-	-	-	4,080	4,080	49,768	47,698	50,199
Vote 11 - Waste Management		9,248	-	-	-	-	-	1,178	1,178	10,426	9,655	10,089
Vote 12 - Environmental Protection		3,680	-	-	-	-	-	-	-	3,680	3,842	4,014
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	361,725	-	-	-	-	-	10,028	10,028	371,753	370,940	386,344
Surplus/ (Deficit) for the year	2	5,329	-	-	-	-	-	6,359	6,359	11,689	17,098	25,717

Explanatory notes to MBRR Table B3 – Adjusted Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 5 Adjustments Budget Financial Performance (revenue and expenditure)

KZN291 Mandeni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28-02-2023												
Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	48,880	-	-	-	-	-	-	-	48,880	51,031	53,327
Service charges - electricity revenue	2	35,824	-	-	-	-	-	-	-	35,824	38,141	39,858
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	8,504	-	-	-	-	-	-	-	8,504	8,878	9,277
Rental of facilities and equipment		178						-	-	178	186	194
Interest earned - external investments		5,700						13,500	13,500	19,200	5,951	6,219
Interest earned - outstanding debtors		3,747						-	-	3,747	3,912	4,088
Dividends received		-						-	-	-	-	-
Fines, penalties and forfeits		278						1,200	1,200	1,478	290	303
Licences and permits		692						-	-	692	722	755
Agency services		-						-	-	-	-	-
Transfers and subsidies		224,045						(656)	(656)	223,389	238,514	255,894
Other revenue	2	744	-	-	-	-	-	1,688	1,688	2,432	777	812
Gains		-						-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		328,592	-	-	-	-	-	15,732	15,732	344,324	348,402	370,728
Expenditure By Type												
Employee related costs		124,828	-	-	-	-	-	-	-	124,828	127,697	133,279
Remuneration of councillors		14,682						-	-	14,682	15,328	16,002
Debt impairment		42,548						-	-	42,548	44,123	45,804
Depreciation & asset impairment		33,747						-	-	33,747	35,232	36,817
Finance charges		410						-	-	410	415	420
Bulk purchases - electricity		33,950						5,100	5,100	39,050	35,444	37,393
Inventory consumed		3,987						1,106	1,106	5,093	2,855	2,922
Contracted services		63,868						718	718	64,587	62,041	64,646
Transfers and subsidies		-						-	-	-	-	-
Other expenditure		43,705						2,104	2,104	45,809	46,706	47,964
Losses		-						1,000	1,000	1,000	-	-
Total Expenditure		361,725	-	-	-	-	-	10,028	10,028	371,753	369,839	385,248
Surplus/(Deficit)		(33,133)	-	-	-	-	-	5,703	5,703	(27,429)	(21,437)	(14,521)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		38,462						656	656	39,118	39,636	41,334
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporators, Higher Educational Institutions)		-						-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-						-	-	-	-	-
Surplus/(Deficit) before taxation		5,329	-	-	-	-	-	6,359	6,359	11,689	18,199	26,813
Taxation		-						-	-	-	-	-
Surplus/(Deficit) after taxation		5,329	-	-	-	-	-	6,359	6,359	11,689	18,199	26,813
Attributable to minorities		-						-	-	-	-	-
Surplus/(Deficit) attributable to municipality		5,329	-	-	-	-	-	6,359	6,359	11,689	18,199	26,813
Share of surplus/ (deficit) of		-						-	-	-	-	-
Surplus/ (Deficit) for the year		5,329	-	-	-	-	-	6,359	6,359	11,689	18,199	26,813

CHART B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE (REVENUE)

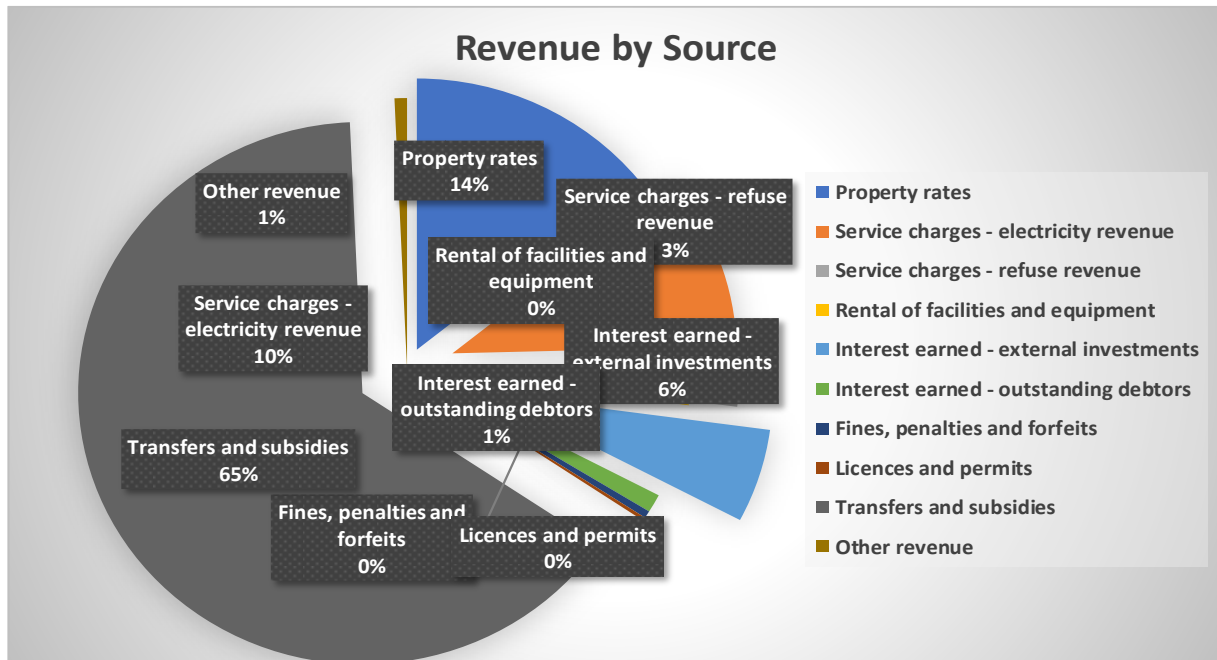


CHART B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE (EXPENDITURE)

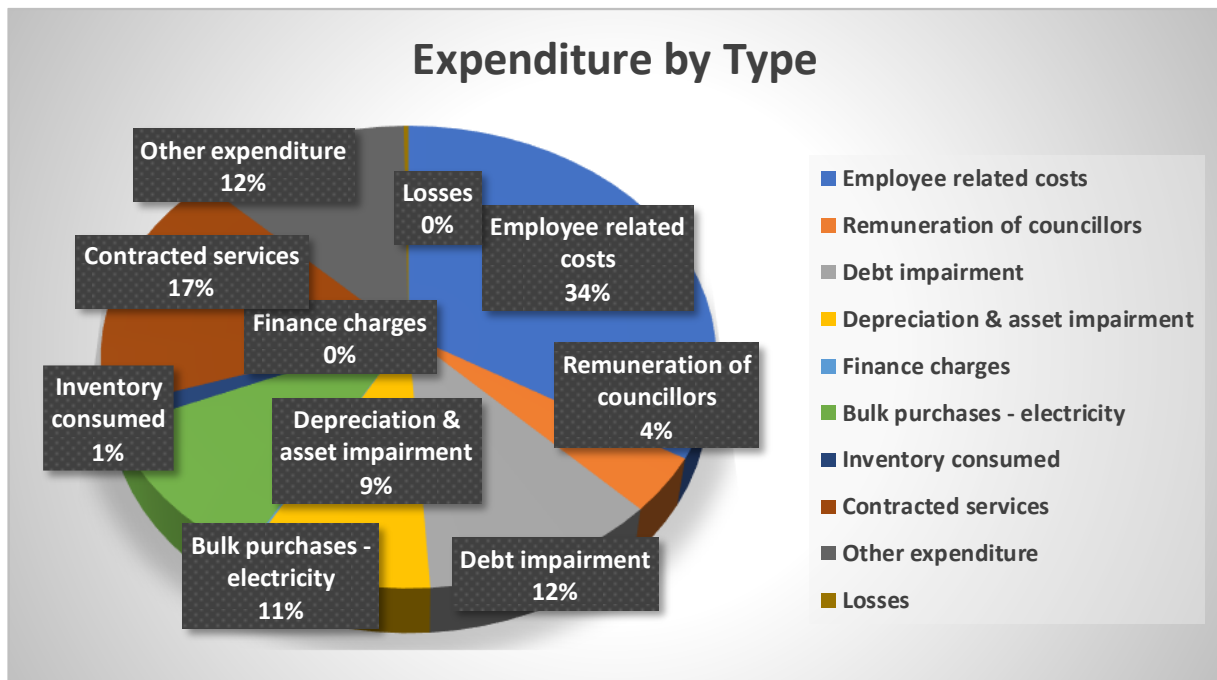


Table 6 Adjustments Capital Expenditure Budget by vote and funding

KZN291 Mandeni - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28-02-2023												
Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2
		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
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and council		527	-	-	-	-	-	-	-	527	-	-
Vote 2 - Finance and administration		7,395	-	-	-	-	-	(2,733)	(2,733)	4,662	-	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		6,779	-	-	-	-	-	(165)	(165)	6,614	5,000	3,200
Vote 5 - Sport and Recreation		13,509	-	-	-	-	-	(1,668)	(1,668)	11,840	10,691	5,000
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		18,479	-	-	-	-	-	(1,530)	(1,530)	16,949	-	-
Vote 9 - Road transport		20,326	-	-	-	-	-	11,407	11,407	31,733	16,500	23,134
Vote 10 - Energy sources		6,095	-	-	-	-	-	2,610	2,610	8,704	1,500	-
Vote 11 - Waste Management		5,202	-	-	-	-	-	(295)	(295)	4,907	-	3,500
Vote 12 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		78,311	-	-	-	-	-	7,625	7,625	85,936	33,691	34,834
Total Capital Expenditure - Vote		78,311	-	-	-	-	-	7,625	7,625	85,936	33,691	34,834
Capital Expenditure - Functional												
Governance and administration		7,922	-	-	-	-	-	(2,733)	(2,733)	5,189	-	-
Executive and council		527	-	-	-	-	-	-	-	527	-	-
Finance and administration		7,395	-	-	-	-	-	(2,733)	(2,733)	4,662	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		20,288	-	-	-	-	-	(1,833)	(1,833)	18,454	15,691	8,200
Community and social services		6,779	-	-	-	-	-	(165)	(165)	6,614	5,000	3,200
Sport and recreation		13,509	-	-	-	-	-	(1,668)	(1,668)	11,840	10,691	5,000
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		38,805	-	-	-	-	-	9,877	9,877	48,682	16,500	23,134
Planning and development		18,479	-	-	-	-	-	(1,530)	(1,530)	16,949	-	-
Road transport		20,326	-	-	-	-	-	11,407	11,407	31,733	16,500	23,134
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		11,297	-	-	-	-	-	2,314	2,314	13,611	1,500	3,500
Energy sources		6,095	-	-	-	-	-	2,610	2,610	8,704	1,500	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		5,202	-	-	-	-	-	(295)	(295)	4,907	-	3,500
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	78,311	-	-	-	-	-	7,625	7,625	85,936	33,691	34,834
Funded by:												
National Government		32,370	-	-	-	-	-	(0)	(0)	32,370	33,691	34,834
Provincial Government		323	-	-	-	-	-	558	558	881	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	32,693	-	-	-	-	-	558	558	33,250	33,691	34,834
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		45,619	-	-	-	-	-	7,067	7,067	52,686	-	-
Total Capital Funding		78,311	-	-	-	-	-	7,625	7,625	85,936	33,691	34,834

Explanatory notes to Table B6 – Adjusted Budgeted Capital Expenditure by vote, standard classification and funding source

Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

CAPITAL BUDGET

Capital Budget have been adjusted from R78.3 to R 85.9 million with an increase of R7.6 million.

Capital Budget funded by National Government have been remained the same with an adjustment budget of R37.0 million.

Further to that Capital budget funded by Provincial Government has been increased by R558 thousand due to reprioritization and reallocation of funds for Library Grant. This is to ensure that grant is fully spent at year end.

Capital Budget funded through National & Provincial Grants (MIG, and Library) of R33.3 million equates to 38.7 per cent.

Capital Budget funded from internally generated funds has been adjusted from R45.6 million to R52.7 million with an increase of R7.1 million equates to 61 per cent.

For 2022/23 Adjustment Budget an amount of R46.8 million have been appropriated for the development of infrastructure which represents 59.1 per cent of the total capital budget and they have been allocated the highest budget allocation. In the outer years this amount totals R30.7 million and increases to R35.5 million respectively for each of the financial years.

Community assets have been allocated R15.0 which represents 18.9 per cent. Trading services receive have been allocated budget of R10.8 million in 2022/23 which equates to 13.6 per cent followed by Other Assets at 8.4 per cent or R6.7 million.

Total new assets represent 42.5 per cent or R33.7 million of the total capital budgets while renewal of existing assets represents 0.03 per cent or 219 thousand and upgrading of existing assets equates to 57.2 per cent or R45.4 million.

Table 7 Adjustment Budget Financial Position

KZN291 Mandeni - Table B6 Adjustments Budget Financial Position - 28-02-2023												
Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2
		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	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
ASSETS												
Current assets												
Cash		43,480						(36,469)	(36,469)	7,011	13,438	18,084
Call investment deposits	1	30,756						124,244	124,244	155,000	180,000	195,000
Consumer debtors	1	28,024	-	-	-	-	-	(7,275)	(7,275)	20,749	(29,645)	(59,896)
Other debtors		-						3,351	3,351	3,351	2,230	2,630
Current portion of long-term receivab		-						-	-	-	-	-
Inventory		673	-	-	-	-	-	134	134	807	878	938
Total current assets		102,933	-	-	-	-	-	83,985	83,985	186,918	166,900	156,755
Non current assets												
Long-term receivables		-						-	-	-	-	-
Investments		-						-	-	-	-	-
Investment property		84,587						3,577	3,577	88,164	88,164	88,164
Investment in Associate		-						-	-	-	-	-
Property, plant and equipment	1	540,035	-	-	-	-	-	(3,001)	(3,001)	537,034	545,458	552,333
Biological		-						-	-	-	-	-
Intangible		568						(92)	(92)	477	489	496
Other non-current assets		-						-	-	-	-	-
Total non current assets		625,190	-	-	-	-	-	484	484	625,675	634,111	640,993
TOTAL ASSETS		728,123	-	-	-	-	-	84,470	84,470	812,593	801,011	797,748
LIABILITIES												
Current liabilities												
Bank overdraft		-						-	-	-	-	-
Borrowing		326	-	-	-	-	-	(313)	(313)	14	-	-
Consumer deposits		199						76	76	275	275	277
Trade and other payables		36,476	-	-	-	-	-	2,991	2,991	39,467	46,558	49,743
Provisions		-						-	-	-	-	-
Total current liabilities		37,001	-	-	-	-	-	2,755	2,755	39,756	46,833	50,020
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	27,394	-	-	-	-	-	(4,599)	(4,599)	22,795	25,185	26,167
Total non current liabilities		27,394	-	-	-	-	-	(4,599)	(4,599)	22,795	25,185	26,167
TOTAL LIABILITIES		64,395	-	-	-	-	-	(1,844)	(1,844)	62,551	72,018	76,186
NET ASSETS	2	663,728	-	-	-	-	-	86,314	86,314	750,042	728,993	721,562
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		661,592	-	-	-	-	-	86,314	86,314	747,906	782,927	808,374
Reserves		2,136	-	-	-	-	-	-	-	2,136	2,178	2,260
TOTAL COMMUNITY WEALTH/EQU		663,728	-	-	-	-	-	86,314	86,314	750,042	785,105	810,634

The adjustments will enhance the service delivery and budget implementation plan and long-term financial sustainability.

Explanatory notes to Table B6 – Adjustments Budgeted Financial Position

1. Table B6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table B6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

TOTAL ASSETS

- **Cash:** have been reduced by R36.5 million to R7.1 million adjustment budget this has been based on the estimated cash that will be available at year end of 2022/23.
- **Call Investment deposits:** have been increased by R124.4 million to and adjustment budget of R155 million. Adjustment has considered the short-term investments which the municipality has invested within this financial year.
- **Consumer Debtors:** have been reduced by R7.3 million to an adjusted budget of R20.7 million. Adjustment has taken into consideration the closing balance as per the Audited AFS and movement from Debtors for this financial year, such as billing, collection, impairment and write offs.

Further to that it should be noted that the municipal Council has agreed to reinstate the 60/40 incentive scheme that the municipality is currently piloting to consumers. Also, the municipality on an annual basis is reviewing its indigent register and qualifying beneficiary's outstanding debt gets written off as per indigent policy.

- **Other Debtors:** have been adjusted to R3.4 million. Adjustment has considered other debtors of R1.5 million as per audited AFS and VAT Receivables of R1.9 million.
- **Inventory:** has been adjusted to R807 thousand with an adjusted budget of R134 thousand as per the audited AFS.
- **Investment property:** have been adjusted to R88.2 million with an adjusted budget of R3.6million as per the audited AFS, there were properties identified in the 2022/23 financial year.
- **Property, plant and equipment:** have been adjusted to R536 million with an adjusted budget of R3.0million, adjusted has taken into consideration audited AFS 2021/22 as per asset register and acquisitions for this financial year which will be capitalized by the municipality also any estimates in the Accumulated Depreciation.
- **Intangible:** have been reduced by R92 thousand to R477 thousand so as to align with the audited AFS and current years estimated amortisation.

TOTAL LIABILITIES

- **Borrowing (current):** have been reduced to R14 thousand with an adjusted budget of R313 thousand, adjusted has been effected based on the outstanding balance of the leased printers.
- **Consumer Deposits:** have been adjusted to R275 thousand with an adjusted budget of R76 thousand, as the municipality has been issuing out deposits for Hall Hire and Electricity as the municipality is still busy with customers who are converting from metering system to prepaid.
- **Trade and other payables:** have been adjusted to R39.5 million with an adjusted budget of R2.9 million. Adjustment has taken into consideration the audited AFS for provision of Bonus and Leave, also the retentions and estimated Trade payables. Further to that Trade and payables as also estimated grants that will not be fully spent as at year end Title Deed Grant of R4.7 million
- **Provisions:** (employee benefit obligation) have been adjusted to R22,8 million with an adjusted budget of R4.6 million as per the audited AFS and projected estimates for the current financial year.
- **Reserves (Housing Grant):** have been decreased with a budget of R257 and adjustment budget of to R2.7 million adjustment has taken into consideration interest generated in the audited AFS for 2021/22.

Table 8 Adjustments Budget Cash Flows

KZN291 Mandeni - Table B7 Adjustments Budget Cash Flows - 28-02-2023												
Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		24,440						(2,444)	(2,444)	21,996	25,516	26,664
Service charges		44,540						(500)	(500)	44,040	47,204	49,328
Other revenue		34,355						(15,911)	(15,911)	18,443	1,700	1,776
Transfers and Subsidies - Operational	1	245,825						(10,236)	(10,236)	235,589	248,514	264,253
Transfers and Subsidies - Capital	1	38,462						656	656	39,118	39,636	41,334
Interest		3,715						15,560	15,560	19,275	6,029	6,300
Dividends		-						-	-	-	-	-
Payments												
Suppliers and employees		(316,822)						(5,873)	(5,873)	(322,696)	(309,906)	(321,733)
Finance charges		(410)						-	-	(410)	(415)	(420)
Transfers and Grants	1	-						-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		74,104	-	-	-	-	-	(18,748)	(18,748)	55,356	58,278	67,503
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-						-	-	-	-	-
Decrease (increase) in non-current receivables		-						-	-	-	-	-
Decrease (increase) in non-current investments		-						-	-	-	-	-
Payments												
Capital assets		(72,359)						(28,742)	(28,742)	(101,101)	(30,321)	(31,620)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(72,359)	-	-	-	-	-	(28,742)	(28,742)	(101,101)	(30,321)	(31,620)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-						-	-	-	-	-
Borrowing long term/refinancing		-						-	-	-	-	-
Increase (decrease) in consumer deposits		-						-	-	-	-	-
Payments												
Repayment of borrowing		(400)						175	175	(225)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(400)	-	-	-	-	-	175	175	(225)	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		1,345	-	-	-	-	-	(47,315)	(47,315)	(45,970)	27,956	35,883
Cash/cash equivalents at the year beginning	2	158,436						49,545	49,545	207,982	219,010	232,756
Cash/cash equivalents at the year end:	2	159,781						2,230	2,230	162,011	246,966	268,639

Explanatory notes to Table B8 - Budgeted Cash Flow Statement

Receipts

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
2. Property Rates budget has been reduced to R21.9 million during an adjustment budget. The municipality has revised the collection rate of 50 per cent to a collection rate of 45 per cent for Property Rates in the adjustment budget, adjustment has considered performance reported for mid-year and also based on debtors' age analysis we have noted none payment of households as they are committing bulk of outstanding debt.

However, it should be noted that municipality has developed strategies to ensure that there is an improved collection rate such as review of credit control and debt management policy, also we have recently procured a credit control management system with debt pack, further appointed debt collectors to assist with credit control mechanisms that have been put in place.

3. Service Charges: electricity has remained with an adjustment budget of R40.8 million or 95 per cent of the electricity billing, the assumed collection rate is based on the actual performance in this current financial year as the two thirds of consumers have converted to prepaid electricity and also, we have considered the bulk consumer (Umngeni water works), furthermore we have also taken into consideration the collection rate per the audited AFS
4. Service Charges: Refuse budget have been reduced to R1.7 million to a collection rate of 40 per cent. The municipality has reduced collection rate receipts from cash flow under Service charges refuse from 45 per cent to 40 per cent thus taking into consideration performance reported during mid-year, this is due to non-payment by households.
5. Rental of facilities and equipment the municipality anticipates a 100 per cent collection rate at R178 thousands for the utilization of the municipal properties.
6. Interest on outstanding debtors a collection rate has remained with the same collection at 2 per cent to adjusted budget of R74 thousand which has considered performance noted during mid-year as the municipality has reinstatement the Rand to Rand program which encourages debtors to settle their outstanding debt. Based on report for mid-year after investigation of actual that was reported it was noted that there was misallocation as receipts that relates to property rates were recorded under interest. Misallocation have then been corrected for future monthly reports.
7. Fines a collection rate have remained with the collection rate of 5 per cent and budget has been adjusted to R73 thousand as B4 has been adjusted to consider treatment of iGRAP 1.
8. Licenses and permits a 100 percent collection rate at R692 thousand has been applied based on mid-year performance and performance of the traffic department.
9. Other Revenue has budgeted to collect 100 per cent at R2.4 million adjustment budget of all other revenue sources which agrees to B4 Fin Perf all the other revenue sources. Further to that Other revenue has also adjusted budget for VAT refunds of R32.7 million to R16.0 million from SARS as we anticipate to receive as these refunds. Further to that as at January the municipality has received an actual of R9.0 million from SARS.
10. Transfers and Subsidies -Operational have been adjusted to R235.6 million with an adjustment of R10.3 million which has considered INEP grant of R7.2 million and Massification Grant of R5 million as it was publicized in the revised provincial gazette.

However, it should be noted that the municipality serves as an agent in relation to this grant in accordance with GRAP 109. Further to that adjustment has also considered the Human Settlement Grant of R14.9 million which have been removed from the revised Provincial Gazette that was issued in December 2022. Also there has been reallocation of Library Grant of R656 thousand from operational to capital budget which is based on the revised support plan so as to ensure that grant is fully spent at year end.

11. Transfers and Subsidies -Capital have been adjusted to R39.1 million with an adjustment of R656 thousand towards reallocation of Library Grant of R656 thousand from operational to capital budget which is based on the revised support plan so as to ensure that grant is fully spent at year end

Payments

12. The municipality has increased payments from cash flow under suppliers and employees with R5.9 million to an adjusted budget of R323.1 million, which has been split in the following categories contracted Services and Other expenditure. Adjustment is due to reprioritization of expenditure. Further to that suppliers and employees have considered INEP Grant of R7.2 million and Massification Grant of R5 million as it forms part of payments.

Further to that it should be noted that Human Settlement Grant of R14.9 million has been adjusted in the budget as the revised gazette by Provincial Treasury did not include this grant.

Further to that payments has also considered other cash flow payments of R16.4 million which has been based on outstanding creditors as per the audited AFS.

13. Finance charges have remained with an adjustment budget of R410 thousand Adjustment has considered prior year audited AFS for finance cost towards retirement benefit obligation.
14. Capital Payments have been increased from R73.9 million to R101.1 million which is inclusive of VAT with an adjustment of R28.7 million further to that this adjustment has also corrected the vat which was excluded in cash flow capital payments. Adjustment in capital payments does not agree to B5 capex due to VAT exclusion in B5 of R15.1 million.

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.

15. Cash flow from financing activities under payments for repayment of borrowing have been adjusted to R225 thousand. Budget allocation has considered payments towards lease of vehicles with FNB.
16. Cash and cash equivalents at the beginning have been adjusted to R207.9 million as aligned with Audited AFS 2021/22 financial year.

17. Cash and cash equivalents have been increased with R92 million, to reconcile with the closing balance as at 30 June 2021 of R181.0 million. This has then resulted in closing balance for 2022/23 of cash and cash equivalent is R172.6 million.

As part of the 2022/23 Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.

The 2022/23 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Table 9 Cash Backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28-02-2023												Budget Year +1 2023/24	Budget Year +2 2024/25
Description	Ref	Budget Year 2022/23									Adjusted Budget	Adjusted Budget	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid .	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget			
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
R thousands													
Cash and investments available													
Cash/cash equivalents at the year end	1	159,781	-	-	-	-	-	2,230	2,230	162,011	246,966	268,639	
Other current investments > 90 days		(85,545)	-	-	-	-	-	85,545	85,545	-	(53,528)	(55,555)	
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-	
Cash and investments available:		74,236	-	-	-	-	-	87,775	87,775	162,011	193,438	213,084	
Applications of cash and investments													
Unspent conditional transfers		4,367	-	-	-	-	-	333	333	4,701	-	-	
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-	
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-	
Other working capital requirements	2	10,635	-	-	-	-	-	4,119	4,119	14,754	61,155	85,487	
Other provisions		-	-	-	-	-	-	-	-	-	-	-	
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-	
Reserves to be backed by cash/investment		-	-	-	-	-	-	-	-	-	-	-	
Total Application of cash and investments		15,002	-	-	-	-	-	4,453	4,453	19,455	61,155	85,487	
Surplus(shortfall)		59,234	-	-	-	-	-	83,322	83,322	142,556	132,283	127,597	

The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2022/23, when a small surplus is reflected.

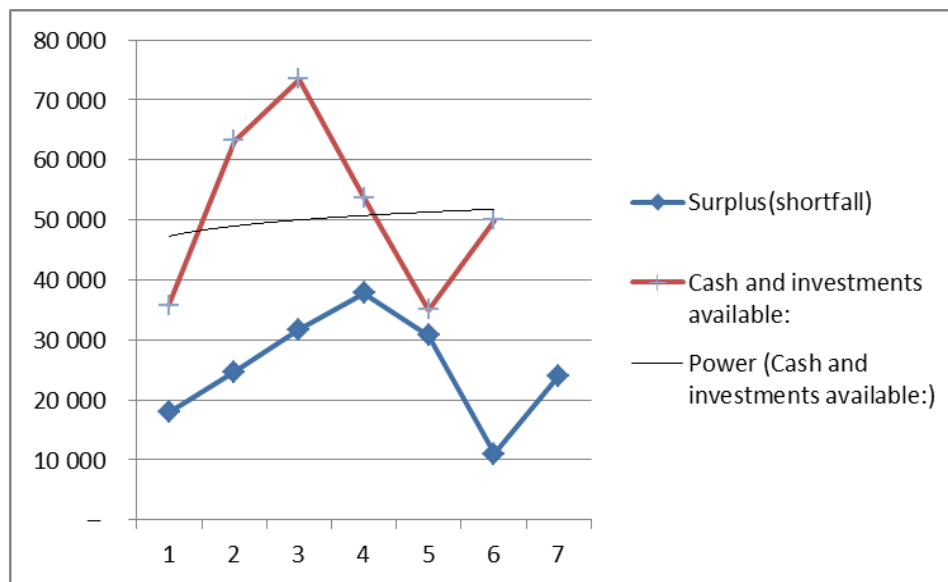
From the above table it can be seen that the cash and investments available at the end of 2021/23 financial year was R209.7 million and it has decreased to R142.6 million by 2022/23, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the February 2023

conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2022/23 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven-year perspective.



Notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the Adjustment budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2022/23 MTREF was funded to the significant surplus of R142.6 million.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2022/23 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

7. As can be seen the budget has been modelled to progressively move to a surplus of R142.6 million by 2022/23.

Table 10 Asset Management

KZN291 Mandeni - Table B9 Asset Management - 28-02-2023

Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid .	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
R thousands												
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	44,768	--	--	--	--	--	11,832	11,832	56,600	7,500	6,700
Roads Infrastructure		2,043	--	--	--	--	--	(343)	(343)	1,700	--	--
Storm water Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Electrical Infrastructure		2,168	--	--	--	--	--	(383)	(383)	1,785	--	--
Water Supply Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Sanitation Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Solid Waste Infrastructure		1,360	--	--	--	--	--	--	--	1,360	--	--
Rail Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Coastal Infrastructure		--	--	--	--	--	--	170	170	170	--	--
Information and Communication Infrastructure		5,570	--	--	--	--	--	(555)	(555)	5,015	--	--
Community Facilities		14,991	--	--	--	--	--	(34)	(34)	14,957	5,000	3,200
Sport and Recreation Facilities		11,042	--	--	--	--	--	(60)	(60)	10,982	2,500	--
Community Assets		26,032	--	--	--	--	--	(94)	(94)	25,939	7,500	3,200
Heritage Assets		--	--	--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--	--	--
Operational Buildings		340	--	--	--	--	--	(255)	(255)	85	--	--
Housing		--	--	--	--	--	--	--	--	--	--	--
Other Assets		340	--	--	--	--	--	(255)	(255)	85	--	--
Biological or Cultivated Assets	6	--	--	--	--	--	--	--	--	--	--	--
Servitudes		--	--	--	--	--	--	--	--	--	--	--
Licences and Rights		--	--	--	--	--	--	--	--	--	--	--
Intangible Assets		--	--	--	--	--	--	--	--	--	--	--
Computer Equipment		119	--	--	--	--	--	379	379	498	--	--
Furniture and Office Equipment		1,006	--	--	--	--	--	(43)	(43)	963	--	--
Machinery and Equipment		3,669	--	--	--	--	--	5,041	5,041	8,709	--	--
Transport Assets		8,033	--	--	--	--	--	7,358	7,358	15,391	--	3,500
Land		--	--	--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--	--	--
Total Renewal of Existing Assets	2	1,700	--	--	--	--	--	(1,700)	(1,700)	--	--	5,000
Roads Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Storm water Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Electrical Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Infrastructure		1,700	--	--	--	--	--	(1,700)	(1,700)	--	--	--
Community Facilities		--	--	--	--	--	--	--	--	--	--	5,000
Sport and Recreation Facilities		--	--	--	--	--	--	--	--	--	--	5,000
Community Assets		1,700	--	--	--	--	--	(1,700)	(1,700)	--	--	--
Total Upgrading of Existing Assets	2a	31,843	--	--	--	--	--	(2,507)	(2,507)	29,336	26,191	23,134
Roads Infrastructure		15,130	--	--	--	--	--	317	317	15,447	16,500	23,134
Storm water Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Electrical Infrastructure		2,822	--	--	--	--	--	2,610	2,610	5,432	1,500	--
Infrastructure		17,952	--	--	--	--	--	2,927	2,927	20,879	18,000	23,134
Community Facilities		6,928	--	--	--	--	--	--	--	6,928	--	--
Sport and Recreation Facilities		1,609	--	--	--	--	--	(1,609)	(1,609)	--	8,191	--
Community Assets		8,536	--	--	--	--	--	(1,609)	(1,609)	6,928	8,191	--
Heritage Assets		--	--	--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--	--	--
Operational Buildings		4,505	--	--	--	--	--	(2,975)	(2,975)	1,530	--	--
Housing		--	--	--	--	--	--	--	--	--	--	--
Other Assets		4,505	--	--	--	--	--	(2,975)	(2,975)	1,530	--	--
Biological or Cultivated Assets	6	--	--	--	--	--	--	--	--	--	--	--
Servitudes		--	--	--	--	--	--	--	--	--	--	--
Licences and Rights		--	--	--	--	--	--	--	--	--	--	--
Intangible Assets		--	--	--	--	--	--	--	--	--	--	--
Computer Equipment		850	--	--	--	--	--	(850)	(850)	--	--	--
Furniture and Office Equipment		--	--	--	--	--	--	--	--	--	--	--
Machinery and Equipment		--	--	--	--	--	--	--	--	--	--	--
Transport Assets		--	--	--	--	--	--	--	--	--	--	--
Land		--	--	--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--	--	--
Total Capital Expenditure to be adjusted	4	78,311	--	--	--	--	--	7,625	7,625	85,936	33,691	34,834
Roads Infrastructure		17,173	--	--	--	--	--	(26)	(26)	17,147	16,500	23,134
Storm water Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Electrical Infrastructure		4,990	--	--	--	--	--	2,227	2,227	7,217	1,500	--
Water Supply Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Sanitation Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Solid Waste Infrastructure		1,360	--	--	--	--	--	--	--	1,360	--	--
Rail Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Coastal Infrastructure		--	--	--	--	--	--	170	170	170	--	--
Information and Communication Infrastructure		23,522	--	--	--	--	--	2,372	2,372	25,894	18,000	23,134
Community Facilities		23,618	--	--	--	--	--	(1,734)	(1,734)	21,884	5,000	3,200
Sport and Recreation Facilities		12,650	--	--	--	--	--	(1,668)	(1,668)	10,982	10,691	5,000
Community Assets		36,268	--	--	--	--	--	(3,402)	(3,402)	32,866	15,691	8,200
Heritage Assets		--	--	--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--	--	--
Operational Buildings		4,845	--	--	--	--	--	(3,230)	(3,230)	1,615	--	--
Housing		--	--	--	--	--	--	--	--	--	--	--
Other Assets		4,845	--	--	--	--	--	(3,230)	(3,230)	1,615	--	--
Biological or Cultivated Assets		--	--	--	--	--	--	--	--	--	--	--
Servitudes		--	--	--	--	--	--	--	--	--	--	--
Licences and Rights		--	--	--	--	--	--	--	--	--	--	--
Intangible Assets		--	--	--	--	--	--	--	--	--	--	--
Computer Equipment		969	--	--	--	--	--	(471)	(471)	498	--	--
Furniture and Office Equipment		1,006	--	--	--	--	--	(43)	(43)	963	--	--
Machinery and Equipment		3,669	--	--	--	--	--	5,041	5,041	8,709	--	--
Transport Assets		8,033	--	--	--	--	--	7,358	7,358	15,391	--	3,500
Land		--	--	--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--	--	--
TOTAL CAPITAL EXPENDITURE	4	78,311	--	--	--	--	--	7,625	7,625	85,936	33,691	34,834

KZN291 Mandeni - Table B9 Asset Management - 28-02-2023												Budget Year +1	Budget Year +2
Description	Ref	Budget Year 2022/23									2023/24	2024/25	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid .	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H			
R thousands		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H			
ASSET REGISTER SUMMARY - PPE	5	571,579	-	-	-	-	-	4,586	4,586	576,165	596,420	609,859	
<i>Roads Infrastructure</i>		154,597						142,537	142,537	297,134	189,097	195,873	
<i>Storm water Infrastructure</i>		75,277						(82,666)	(82,666)	(7,389)	49,619	49,807	
<i>Electrical Infrastructure</i>		8,926						9,252	9,252	18,179	10,020	9,658	
<i>Water Supply Infrastructure</i>		-						-	-	-	-	-	
<i>Sanitation Infrastructure</i>		-						-	-	-	-	-	
<i>Solid Waste Infrastructure</i>		14,182						(12,822)	(12,822)	1,360	-	-	
<i>Rail Infrastructure</i>		-						-	-	-	-	-	
<i>Coastal Infrastructure</i>		-						-	-	-	-	-	
<i>Information and Communication Infrastructure</i>		-						-	-	-	-	-	
Infrastructure		252,982	-	-	-	-	-	56,302	56,302	309,284	248,736	255,337	
Community Assets		83,642						(6,969)	(6,969)	76,673	120,319	135,158	
Heritage Assets		-						-	-	-	-	-	
Investment properties		84,587						3,577	3,577	88,164	88,164	88,164	
Other Assets		35,813						(4,855)	(4,855)	30,958	20,961	11,086	
Biological or Cultivated Assets		-						-	-	-	-	-	
Intangible Assets		568						(92)	(92)	477	489	496	
Computer Equipment		42,210						(38,247)	(38,247)	3,963	42,580	42,391	
Furniture and Office Equipment		2,482						4,109	4,109	6,591	2,961	3,017	
Machinery and Equipment		26,016						(11,503)	(11,503)	14,513	26,510	27,059	
Transport Assets		13,389						12,265	12,265	25,655	15,812	17,261	
Land		29,890						(10,000)	(10,000)	19,890	29,890	29,890	
Zoo's, Marine and Non-biological Assets		-						-	-	-	-	-	
TOTAL ASSET REGISTER SUMMARY	5	571,579	-	-	-	-	-	4,586	4,586	576,165	596,420	609,859	
EXPENDITURE OTHER ITEMS													
Depreciation & asset impairment		33,747	-	-	-	-	-	-	-	33,747	35,232	36,817	
Repairs and Maintenance by asset class	3	16,598	-	-	-	-	-	2,300	2,300	18,898	16,352	17,087	
<i>Roads Infrastructure</i>		6,715	-	-	-	-	-	850	850	7,565	5,236	5,471	
<i>Storm water Infrastructure</i>		978	-	-	-	-	-	85	85	1,063	1,021	1,066	
<i>Electrical Infrastructure</i>		3,615	-	-	-	-	-	(1,020)	(1,020)	2,595	3,774	3,944	
<i>Information and Communication Infrastructure</i>		595	-	-	-	-	-	625	625	1,220	621	649	
Infrastructure		11,903	-	-	-	-	-	540	540	12,443	10,651	11,131	
Community Facilities		233	-	-	-	-	-	(85)	(85)	148	243	254	
Sport and Recreation Facilities		1,260	-	-	-	-	-	990	990	2,250	783	818	
Community Assets		1,493	-	-	-	-	-	905	905	2,398	1,026	1,072	
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Operational Buildings		228	-	-	-	-	-	5	5	233	238	248	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Other Assets		228	-	-	-	-	-	5	5	233	238	248	
Computer Equipment		-	-	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	-	-	
Machinery and Equipment		2,975	-	-	-	-	-	850	850	3,825	4,437	4,637	
Transport Assets		-	-	-	-	-	-	-	-	-	-	-	
Land		-	-	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Assets	6	-	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURE OTHER ITEMS		50,344	-	-	-	-	-	2,300	2,300	52,645	51,583	53,905	
Renewal and upgrading of Existing Assets		42.8%	0.0%							34.1%	77.7%	80.8%	
Renewal and upgrading of Existing Assets as a % of PPE		99.4%	0.0%							86.9%	74.3%	76.4%	
R&M as a % of PPE		2.9%	0.0%							3.3%	2.7%	2.8%	
Renewal and upgrading and R&M as a % of PPE		8.8%	0.0%							8.4%	7.1%	7.4%	

Explanatory notes to Table B9 - Asset Management

Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 11 Basic Service delivery measurement

KZN291-Mandeni - Supporting Table SB5 Adjustments Budget - social, economic and demographic statistics and assumptions - 28-02-2023										
Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2019/20 Outcome	2020/21 Outcome	2021/22 Outcome	Budget Original	2022/23 Outcome
Demographics										
Population				138,079	133,559	133,559	133,559	133,559	133,559	133,559
Females aged 5 - 14										
Males aged 5 - 14										
Females aged 15 - 34										
Males aged 15 - 34										
Unemployment				56,829	58,329	58,329	58,329	58,329	58,329	58,329
Monthly Household income (no. of										
None	1, 12			55,739	55,740	55,740	55,740	55,740	55,740	55,740
R1 - R1 600				2,071	33,612	33,612	33,612	33,612	33,612	33,612
R1 601 - R3 200				3,971	3,971	3,971	3,971	3,971	3,971	3,971
R3 201 - R6 400				9,818	9,818	9,818	9,818	9,818	9,818	9,818
R6 401 - R12 800				8,735	8,735	8,735	8,735	8,735	8,735	8,735
R12 801 - R25 600				4,414	4,414	4,414	4,414	4,414	4,414	4,414
R25 601 - R51 200				2,135	516	516	516	516	516	516
R52 201 - R102 400				1,220	-	-	-	-	-	-
R102 401 - R204 800				616	616	616	616	616	616	616
R204 801 - R409 600				88	88	88	88	88	88	88
R409 601 - R819 200				34	34	34	34	34	34	34
> R819 200				28	28	28	28	28	28	28
Poverty profiles (no. of households)										
< R2 060 per household per month	13			17,270	17,270	17,270	17,270	17,270	17,270	17,270
Insert description	2									
Household/demographics (000)										
Number of people in municipal area				138,079	138	138	138	138	138	138
Number of poor people in municipal				66,264	66	66	66	66	66	66
Number of households in municipal area				38,235	38	38	38	38	38	38
Number of poor households in municipal				24,595	25	25	25	25	25	25
Definition of poor household (R per										

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Part 2 – Supporting Documentation

2.1 ADJUSTMENT TO BUDGET ASSUMPTION

There were no adjustments to budget assumption.

2.2 ADJUSTMENTS TO BUDGET FUNDING

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected,
- Cash backed accumulated funds from previous year's surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section.

This refers to the narrative summary of the impact of the adjustment budget on the funding of operation and capital expenditure for the municipality.

The adjustment budget is funded by realistically anticipated revenues. This then ensures the financial sustainability of the municipality that both operating and capital expenditure is funded appropriately.

2.3 ADJUSTMENT TO CAPITAL EXPENDITURE

Capital Budget have been adjusted from R78.3 to R 85.9 million with an increase of R7.6 million.

Capital Budget funded by National Government have been remained the same with an adjustment budget of R37.0 million.

Further to that Capital budget funded by Provincial Government has been increased by R558 thousand due to reprioritization and reallocation of funds for Library Grant. This is to ensure that grant is fully spent at year end.

Capital Budget funded through National & Provincial Grants (MIG, and Library) of R33.3 million equates to 38.7 per cent.

Capital Budget funded from internally generated funds has been adjusted from R45.6 million to R52.7 million with an increase of R7.1 million equates to 61 per cent.

Table 12 Supporting Table SB1- Budgeted Financial Performance

KZN291 Mandeni - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - 28-02-2023											Budget Year +1 2023/24	Budget Year +2 2024/25	
Description	Ref	Budget Year 2022/23									Adjusted Budget	Adjusted Budget	Adjusted Budget
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget			
		A	6 A1	7 B	8 C	9 D	10 E	11 F	12 G	13 H			
R thousands													
REVENUE ITEMS													
Property rates													
Total Property Rates		59,799						-	-	59,799	62,430	65,239	
Less Revenue Foregone (exemptions, reductions and rebates and impermissible)		10,919						-	-	10,919	11,399	11,912	
Net Property Rates		48,880	-	-	-	-	-	-	-	48,880	51,031	53,327	
Service charges - electricity revenue													
Total Service charges - electricity revenue		35,824						-	-	35,824	38,141	39,858	
Less Revenue Foregone (in excess of 50 kwh per indigent Less Cost of Free Basis Services (50 kwh per indigent		-						-	-	-	-	-	
Net Service charges - electricity revenue		35,824	-	-	-	-	-	-	-	35,824	38,141	39,858	
Service charges - refuse revenue													
Total refuse removal revenue		9,350						-	-	9,350	9,761	10,200	
Total landfill revenue		-						-	-	-	-	-	
Less Revenue Foregone (in excess of one removal a week to indigent households)		846						-	-	846	883	923	
Less Cost of Free Basis Services (removed once a week to indigent households)		-						-	-	-	-	-	
Net Service charges - refuse		8,504	-	-	-	-	-	-	-	8,504	8,878	9,277	
Other Revenue By Source													
Fuel Levy		-						-	-	-	-	-	
Other Revenue		744						1,688	1,688	2,432	777	812	
Total 'Other' Revenue	1	744	-	-	-	-	-	1,688	1,688	2,432	777	812	

KZN291 Mandeni - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - 28-02-2023

Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2
		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	6	7	8	9	10	11	12	13		
R thousands		A	A1	B	C	D	E	F	G	H		
EXPENDITURE ITEMS												
Employee related costs												
Basic Salaries and Wages		85,058						697	697	85,755	86,325	90,209
Pension and UIF Contributions		12,208						-	-	12,208	12,745	13,318
Medical Aid Contributions		5,500						-	-	5,500	5,742	6,000
Overtime		1,140						-	-	1,140	1,190	1,244
Performance Bonus		6,032						-	-	6,032	6,298	6,581
Motor Vehicle Allowance		5,483						-	-	5,483	5,724	5,982
Cellphone Allowance		717						-	-	717	749	782
Housing Allowances		569						-	-	569	594	620
Other benefits and allowances		1,091						-	-	1,091	1,139	1,190
Payments in lieu of leave		1,719						-	-	1,719	1,795	1,876
Long service awards		1,246						-	-	1,246	1,301	1,359
Post-retirement benefit obligations	4	4,065						(697)	(697)	3,369	4,097	4,117
sub-total		124,828	-	-	-	-	-	-	-	124,828	127,697	133,279
Less: Employees costs capitalised to PP		-						-	-	-	-	-
Total Employee related costs	1	124,828	-	-	-	-	-	-	-	124,828	127,697	133,279
Depreciation & asset impairment												
Depreciation of Property, Plant & Equipment		33,549						-	-	33,549	35,025	36,601
Lease amortisation		198						-	-	198	207	216
Capital asset impairment		-						-	-	-	-	-
Total Depreciation & asset impairment	1	33,747	-	-	-	-	-	-	-	33,747	35,232	36,817
Bulk purchases												
Electricity Bulk Purchases		33,950						5,100	5,100	39,050	35,444	37,393
Total bulk purchases	1	33,950	-	-	-	-	-	5,100	5,100	39,050	35,444	37,393
Transfers and grants												
Cash transfers and grants		-						-	-	-	-	-
Non-cash transfers and grants		-						-	-	-	-	-
Total transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Contracted services												
Outsourced Services		31,302						(3,511)	(3,511)	27,791	29,225	30,501
Consultants and Professional Services		9,156						(49)	(49)	9,107	9,655	9,942
Contractors		23,410						4,279	4,279	27,689	23,161	24,203
Total contracted services		63,868	-	-	-	-	-	718	718	64,587	62,041	64,646
Other Expenditure By Type												
Collection costs		2,125						-	-	2,125	2,219	2,318
Contributions to 'other' provisions		-						-	-	-	-	-
Audit fees		1,700						510	510	2,210	1,775	1,855
Other Expenditure		39,880						1,594	1,594	41,474	42,712	43,791
Total Other Expenditure	1	43,705	-	-	-	-	-	2,104	2,104	45,809	46,706	47,964

Table 13 Supporting Table SB2- Financial Position Budget

KZN291 Mandeni - Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28-02-2023												Budget Year +1 2023/24	Budget Year +2 2024/25
Description	Ref	Budget Year 2022/23									Adjusted Budget	Adjusted Budget	Adjusted Budget
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget			
		A	4 A1	5 B	6 C	7 D	8 E	9 F	10 G	11 H			
R thousands													
ASSETS													
Consumer debtors													
Consumer debtors		251,771						(32,279)	(32,279)	219,492	213,220	228,774	
Less: provision for debt impairment		(223,748)						25,005	25,005	(198,743)	(242,866)	(288,670)	
Total Consumer debtors	1	28,024						(7,275)	(7,275)	20,749	(29,645)	(59,896)	
Debt impairment provision													
Balance at the beginning of the year		(181,200)						25,005	25,005	(156,195)	(198,743)	(242,866)	
Contributions to the provision		(35,798)								(35,798)	(37,373)	(39,054)	
Bad debts written off		(6,750)								(6,750)	(6,750)	(6,750)	
Balance at end of year		(223,748)						25,005	25,005	(198,743)	(242,866)	(288,670)	
Consumables													
Standard Rated													
Opening Balance		565						1	1	567	507	547	
Acquisitions		757						117	117	875	791	826	
Issues		(757)						(177)	(177)	(935)	(751)	(806)	
Adjustments	13												
Write-offs	14												
Closing balance - Consumables Standard	15	565						(59)	(59)	507	547	567	
Materials and Supplies													
Opening Balance		108						133	133	240	300	332	
Acquisitions		3,230						989	989	4,219	2,135	2,156	
Issues		(3,230)						(929)	(929)	(4,159)	(2,104)	(2,116)	
Adjustments	13												
Write-offs	14												
Closing balance - Materials and Supplies	15	108						193	193	300	332	372	
Property, plant & equipment													
PPE at cost/valuation (excl. finance lease)		711,233						(66,407)	(66,407)	644,826	670,865	682,086	
Leases recognised as PPE	2												
Less: Accumulated depreciation		171,198						(63,407)	(63,407)	107,792	125,407	129,753	
Total Property, plant & equipment	1	540,035						(3,001)	(3,001)	537,034	545,458	552,333	
LIABILITIES													
Current liabilities - Borrowing													
Short term loans (other than bank overdraft)								225	225	225			
Current portion of long-term liabilities		326						(538)	(538)	(211)			
Total Current liabilities - Borrowing		326						(313)	(313)	14			
Trade and other payables													
Trade Payables		39,931						(5,165)	(5,165)	34,767	41,525	44,483	
Other creditors													
Unspent conditional transfers		4,367						333	333	4,701			
VAT		(7,823)						7,823	7,823		5,033	5,260	
Total Trade and other payables	1	36,476						2,991	2,991	39,467	46,558	49,743	
Non current liabilities - Borrowing													
Borrowing	3												
Finance leases (including PPP asset element)													
Total Non current liabilities - Borrowing													
Provisions - non current													
Retirement benefits		27,394						(4,599)	(4,599)	22,795	25,185	26,167	
Refuse landfill site rehabilitation													
Other													
Total Provisions - non current		27,394						(4,599)	(4,599)	22,795	25,185	26,167	
CHANGES IN NET ASSETS													
Accumulated surplus/(Deficit)													
Accumulated surplus/(Deficit) - opening balance		591,110						117,679	117,679	708,788	743,291	767,041	
GRAP adjustments													
Restated balance		591,110						117,679	117,679	708,788	743,291	767,041	
Surplus/(Deficit)		5,329						6,359	6,359	11,689	18,199	26,813	
Transfers to/from Reserves		65,154						(37,724)	(37,724)	27,429	21,437	14,521	
Depreciation offsets													
Other adjustments													
Accumulated Surplus/(Deficit)	1	661,592						86,314	86,314	747,906	782,927	808,374	
Reserves													
Housing Development Fund		2,136								2,136	2,178	2,260	
Capital replacement													
Self-insurance													
Other reserves													
Revaluation													
Total Reserves	2	2,136								2,136	2,178	2,260	
TOTAL COMMUNITY WEALTH/EQUITY	2	663,728						86,314	86,314	750,042	785,105	810,634	

Table 14 Supporting Table SB4- Adjustments to Budgeted performance indicators

KZN291 Mandeni - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 28-02-2023									
Description of financial indicator	Basis of calculation	2019/20	2020/21	2021/22	Budget Year 2022/23			Budget Year +1 2023/24	Budget Year +2 2024/25
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Borrowing Management</u>									
Credit Rating	Short term/long term rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure				0.2%	0.0%	0.2%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing				0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers				0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>									
Gearing	Long Term Borrowing/ Funds & Reserves				0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities				278.2%	0.0%	470.2%	356.4%	313.4%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities				278.2%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities				2.0	0.0	4.1	4.1	4.3
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing								
Current Debtors Collection Rate (Cash receipts % of Ratepayer)									
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue				8.5%	0.0%	7.0%	-7.9%	-15.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))								
Creditors to Cash and Investments					22.8%	0.0%	24.4%	18.9%	18.5%
<u>Other Indicators</u>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)								
	Total Cost of Losses								
	% Volume (units purchased and generated less units sold)/units purchased and sold								
Employee costs	Employee costs/(Total Revenue - capital revenue)				38.0%	0.0%	36.3%	36.7%	36.0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)								
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)				5.1%	0.0%	5.5%	4.7%	4.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)				10.4%	0.0%	9.9%	10.2%	10.0%
<u>IDP regulation financial viability indicators</u>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due				25201.7%	0.0%	29152.1%	26163.3%	27340.7%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services				8.5%	0.0%	6.0%	-8.5%	-16.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure				0.0	0.0	0.0	0.0	0.0

Table 15 Supporting Table SB6- Adjustment Budget- Funding Measurement

KZN291 Mandeni - Supporting Table SB6 Adjustments Budget - funding measurement - 28-02-2023										
Description	Ref	MFMA section	2019/20	2020/21	2021/22	Medium Term Revenue and Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2023/24	Budget Year +2 2024/25
R thousands										
Funding measures										
Cash/cash equivalents at the year end - R'000	1	18(1)b				159,781	-	162,011	246,966	268,639
Cash + investments at the yr end less applicati	2	18(1)b				59,234	-	142,556	132,283	127,597
Cash year end/monthly employee/supplier pay	3	18(1)b				-	-	-	-	-
Surplus/(Deficit) excluding depreciation offsets	4	18(1)				70,483	-	39,118	39,636	41,334
Service charge rev % change - macro CPIX ta	5	18(1)a,(2)				0.0%	0.0%	0.0%	-0.8%	-1.5%
Cash receipts % of Ratepayer & Other revenu	6	18(1)a,(2)	0.0%	0.0%	0.0%	104.5%	0.0%	83.0%	71.6%	71.6%
Debt impairment expense as a % of total billat	7	18(1)a,(2)				45.6%	0.0%	45.6%	44.9%	44.6%
Capital payments % of capital expenditure	8	18(1)c;19				92.4%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (e	9	18(1)c				0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocatic	10	18(1)a				0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a							-213.8%	108.9%
Long term receivables % change - incr(decr)	12	18(1)a							0.0%	0.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)				2.9%	0.0%	3.3%	2.7%	2.8%
Asset renewal % of capital budget	14	20(1)(vi)				2.2%	0.0%	0.0%	0.0%	14.4%

Table 16 Supporting Table SB7- Adjustment Budget- Transfers and grant receipts

KZN291-Mandeni - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28-02-2023										
Description	Ref	Budget Year 2022/23						Budget Year +1	Budget Year +2	
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	
		A	7 A1	8 B	9 C	10 D	11 E	12 F		
R thousands										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		226,202	-	-	-	-	-	226,202	244,091	259,635
Local Government Equitable Share		212,818					-	212,818	230,155	247,251
Finance Management	3	1,850					-	1,850	1,850	1,850
EPWP Incentive		2,372					-	2,372	-	-
Integrated National Electrification Program		7,200					-	7,200	10,000	8,359
MIG (PMU)		1,962					-	1,962	2,086	2,175
Other transfers and grants [insert description]							-	-	-	-
Provincial Government:		20,005	-	-	(10,618)	-	(10,618)	9,387	4,423	4,618
Community Library Services Grant		1,477					-	1,477	1,477	1,542
Provincialization of Government		2,566			(656)		(656)	1,910	2,946	3,076
Municipal Employment Initiative (EDTE	4	1,000					-	1,000		
Human Settlement		14,962			(14,962)		(14,962)	-		
Massification Grant	5				5,000		5,000	5,000		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Operating Transfers and Grants	6	246,207	-	-	(10,618)	-	(10,618)	235,589	248,514	264,253
Capital Transfers and Grants										
National Government:		38,082	-	-	-	-	-	38,082	39,636	41,334
Municipal Infrastructure Grant (MIG)		38,082					-	38,082	39,636	41,334
Other capital transfers [insert description]							-	-		
Provincial Government:		380	-	-	656	-	656	1,036	-	-
Provincialization of Libraries		380			656		656	1,036		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Capital Transfers and Grants	6	38,462	-	-	656	-	656	39,118	39,636	41,334
TOTAL RECEIPTS OF TRANSFERS & GR		284,669	-	-	(9,962)	-	(9,962)	274,707	288,150	305,587

Table 17 Supporting Table SB8- Adjustment Budget- Transfers and grant expenditure

KZN291- Mandeni - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28-02-2023										
Description	Ref	Budget Year 2022/23						Budget Year +1	Budget Year +2	
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F		
EXPENDITURE ON TRANSFERS AND GRANTS	1									
Operating expenditure of Transfers and Grants										
National Government:		226,202	-	-	-	-	-	226,202	244,091	259,635
Local Government Equitable Share		212,818					-	212,818	230,155	247,251
Finance Management		1,850					-	1,850	1,850	1,850
EPWP Incentive		2,372					-	2,372	-	-
Integrated National Electrification Programme		7,200					-	7,200	10,000	8,359
MIG (PMU)		1,962					-	1,962	2,086	2,175
Other transfers and grants [insert description]							-	-		
Provincial Government:		20,005	-	-	(10,618)	-	(10,618)	9,387	4,423	4,618
Community Library Services Grant		1,477					-	1,477	1,477	1,542
Provincialization of Government		2,566			(656)		(656)	1,910	2,946	3,076
Human Settlement		14,962					-	14,962		
Municipal Employment Initiative (EDTEA)		1,000			(14,962)		(14,962)	(13,962)		
Massification Grant					5,000		5,000	5,000		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total operating expenditure of Transfers and Grants		246,207	-	-	(10,618)	-	(10,618)	235,589	248,514	264,253
Capital expenditure of Transfers and Grants										
National Government:		38,082	-	-	-	-	-	38,082	39,636	41,334
Municipal Infrastructure Grant (MIG)		38,082					-	38,082	39,636	41,334
Other capital transfers [insert description]							-	-		
Provincial Government:		380	-	-	656	-	656	1,036	-	-
Provincialization of Libraries		380			656		656	1,036		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total capital expenditure of Transfers and Grants		38,462	-	-	656	-	656	39,118	39,636	41,334
Total capital expenditure of Transfers and Grants		284,669	-	-	(9,962)	-	(9,962)	274,707	288,150	305,587

Table 18 Supporting Table SB9- Adjustment Budget- Reconciliation of Transfers

KZN291 Mandeni - Supporting Table SB9 Adjustments Budget - reconciliation of transfers, grant receipts, and unspent funds - 28-02-2023									
Description	Ref	Budget Year 2022/23						Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F	
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year					2,874		2,874	2,874	
Current year receipts		(226,202)		-	-	-	-	(226,202)	(244,091)
Conditions met - transferred to revenue		(452,404)	-	-	5,748	-	5,748	(446,656)	(488,183)
Conditions still to be met - transferred to liability		226,202		-	(2,874)	-	(2,874)	223,328	244,091
Provincial Government:									
Balance unspent at beginning of the year					5,831		5,831	5,831	
Current year receipts		(20,005)		-	10,618	-	10,618	(9,387)	(4,423)
Conditions met - transferred to revenue		(40,010)	-	-	21,236	-	21,236	(18,774)	(8,846)
Conditions still to be met - transferred to liability		20,005		-	(4,787)	-	(4,787)	15,218	4,423
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts		-		-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liability		-		-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts		-		-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liability		-		-	-	-	-	-	-
Total operating transfers and grants revenue		(492,414)	-	-	26,984	-	26,984	(465,430)	(497,029)
Total operating transfers and grants - CTBM 2		246,207	-	-	(7,661)	-	(7,661)	238,546	248,514
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year									
Current year receipts		(38,082)		-	-	-	-	(38,082)	(39,636)
Conditions met - transferred to revenue		(76,164)	-	-	-	-	-	(76,164)	(79,272)
Conditions still to be met - transferred to liability		38,082		-	-	-	-	38,082	39,636
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts		(380)		-	(656)	-	(656)	(1,036)	-
Conditions met - transferred to revenue		(760)	-	-	(1,312)	-	(1,312)	(2,072)	-
Conditions still to be met - transferred to liability		380		-	656	-	656	1,036	-
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts		-		-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liability		-		-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts		-		-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liability		-		-	-	-	-	-	-
Total capital transfers and grants revenue		(76,924)	-	-	(1,312)	-	(1,312)	(78,236)	(79,272)
Total capital transfers and grants - CTBM		38,462	-	-	656	-	656	39,118	39,636
TOTAL TRANSFERS AND GRANTS REVENUE		(569,338)	-	-	25,672	-	25,672	(543,666)	(576,301)
TOTAL TRANSFERS AND GRANTS - CTBM		284,669	-	-	(7,005)	-	(7,005)	277,664	288,150

Table 19 Supporting Table SB11- Adjustment Budget- Councilor and staff benefits

KZN291 Mandeni - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28-02-2023											
Summary of remuneration	Ref	Budget Year 2022/23									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid .	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
R thousands											
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		11,854								11,854	0.0%
Pension and UIF Contributions		-								-	
Medical Aid Contributions		-								-	
Motor Vehicle Allowance		876								876	0.0%
Cellphone Allowance		1,512								1,512	
Housing Allowances		439								439	
Other benefits and allowances		-								-	
Sub Total - Councillors		14,682	-							14,682	0.0%
% increase			(0)							-	
Senior Managers of the Municipality											
Basic Salaries and Wages		5,513								5,513	0.0%
Pension and UIF Contributions		11								11	0.0%
Medical Aid Contributions		-								-	
Overtime		-								-	
Performance Bonus		476								476	
Motor Vehicle Allowance		737								737	0.0%
Cellphone Allowance		186								186	0.0%
Housing Allowances		269								269	
Other benefits and allowances		1								1	
Payments in lieu of leave		-								-	
Long service awards		-								-	
Post-retirement benefit obligations	5	30								30	0.0%
Sub Total - Senior Managers of Municipality		7,223	-	-						7,223	0.0%
% increase			(0)							-	
Other Municipal Staff											
Basic Salaries and Wages		79,546						697	697	80,242	0.9%
Pension and UIF Contributions		12,197						-	-	12,197	0.0%
Medical Aid Contributions		5,500						-	-	5,500	0.0%
Overtime		1,140						-	-	1,140	0.0%
Performance Bonus		5,556						-	-	5,556	
Motor Vehicle Allowance		4,746						-	-	4,746	0.0%
Cellphone Allowance		531						-	-	531	0.0%
Housing Allowances		299						-	-	299	
Other benefits and allowances		1,089						-	-	1,089	
Payments in lieu of leave		1,719						-	-	1,719	0.0%
Long service awards		1,246						-	-	1,246	0.0%
Post-retirement benefit obligations	5	4,035						(697)	(697)	3,339	-17.3%
Sub Total - Other Municipal Staff		117,605	-	-	-	-	-	-	-	117,605	0.0%
% increase											
Total Parent Municipality		139,510	-	-	-	-	-	-	-	139,510	0.0%
TOTAL SALARY, ALLOWANCES & BENEFITS		139,510	-	-	-	-	-	-	-	139,510	0.0%
% increase											
TOTAL MANAGERS AND STAFF		124,828	-	-	-	-	-	-	-	124,828	0.0%

Table 20 Supporting Table SB14- Adjustment Budget- Monthly revenue and expenditure

KZN291 Mandeni - Supporting Table SB14 Adjustments Budget - monthly revenue and expenditure - 28-02-2023																
Description	Ref	Budget Year 2022/23												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																
Revenue By Source																
Property rates		4,073	4,073	4,073	4,073	4,073	4,073	4,073	4,073	4,073	4,073	4,073	4,073	48,880	51,031	53,327
Service charges - electricity revenue		2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985	2,985	35,824	38,141	39,858
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		709	709	709	709	709	709	709	709	709	709	709	709	8,504	8,878	9,277
Rental of facilities and equipment		15	15	15	15	15	15	15	15	15	15	15	15	178	186	194
Interest earned - external investments		1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	19,200	5,951	6,219
Interest earned - outstanding debtors		312	312	312	312	312	312	312	312	312	312	312	312	3,747	3,912	4,088
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		123	123	123	123	123	123	123	123	123	123	123	123	1,478	290	303
Licences and permits		58	58	58	58	58	58	58	58	58	58	58	58	692	722	755
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		18,616	18,616	18,616	18,616	18,616	18,616	18,616	18,616	18,616	18,616	18,616	18,616	223,389	238,514	255,894
Other revenue		203	203	203	203	203	203	203	203	203	203	203	203	2,432	777	812
Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue		28,694	28,694	28,694	28,694	28,694	28,694	28,694	28,694	28,694	28,694	28,694	28,694	344,324	348,402	370,728
Expenditure By Type																
Employee related costs		10,402	10,402	10,402	10,402	10,402	10,402	10,402	10,402	10,402	10,402	10,402	10,402	124,828	127,697	133,279
Remuneration of councillors		1,223	1,223	1,223	1,223	1,223	1,223	1,223	1,223	1,223	1,223	1,223	1,223	14,682	15,328	16,002
Debt impairment		3,546	3,546	3,546	3,546	3,546	3,546	3,546	3,546	3,546	3,546	3,546	3,546	42,548	44,123	45,804
Depreciation & asset impairment		2,812	2,812	2,812	2,812	2,812	2,812	2,812	2,812	2,812	2,812	2,812	2,812	33,747	35,232	36,817
Finance charges		34	34	34	34	34	34	34	34	34	34	34	34	410	415	420
Bulk purchases - electricity		3,254	3,254	3,254	3,254	3,254	3,254	3,254	3,254	3,254	3,254	3,254	3,254	39,050	35,444	37,393
Inventory consumed		424	424	424	424	424	424	424	424	424	424	424	424	5,093	2,855	2,922
Contracted services		5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	5,382	64,587	62,041	64,646
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		3,817	3,817	3,817	3,817	3,817	3,817	3,817	3,817	3,817	3,817	3,817	3,817	45,809	46,706	47,964
Losses		83	83	83	83	83	83	83	83	83	83	83	83	1,000	-	-
Total Expenditure		30,979	30,979	30,979	30,979	30,979	30,979	30,979	30,979	30,979	30,979	30,979	30,979	371,753	369,839	385,248
Surplus/(Deficit)		(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(2,286)	(27,429)	(21,437)	(14,521)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Transfers and subsidies - capital (in-kind)		3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	3,260	39,118	39,636	41,334
Surplus/(Deficit) after capital transfers &		974	974	974	974	974	974	974	974	974	974	974	974	11,689	18,199	26,813

Table 21 Supporting Table SB15- Adjustment Budget- Monthly Cash Flow

KZN291 Mandeni - Supporting Table SB15 Adjustments Budget - monthly cash flow - 28-02-2023																	
Monthly cash flows	Ref	Budget Year 2022/23												Full year budget	Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June		Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget		Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																	
Cash Receipts By Source																	
Property rates	1	1,019	5,888	1,112	1,315	1,078	1,220	1,846	1,846	1,846	1,846	1,135	1,846	21,996	21,996	25,516	26,664
Service charges - electricity revenue		3,807	3,050	3,535	3,489	3,484	2,793	3,337	3,337	3,337	3,337	3,337	3,198	40,038	40,038	42,504	44,417
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse		174	201	147	172	161	168	497	497	497	497	497	497	4,002	4,002	4,700	4,912
Rental of facilities and equipment		14	14	21	31	19	16	11	11	11	11	11	11	178	178	186	194
Interest earned - external investments		2,001	330	265	5,060	200	2,926	-	-	5,123	-	-	3,295	19,200	19,200	5,951	6,219
Interest earned - outstanding debtors		7	5	6	3	3	21	6	6	6	6	6	-	75	75	78	82
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		15	5	8	10	8	18	2	2	2	2	2	2	74	74	14	15
Licences and permits		23	2	32	101	91	23	59	59	59	59	59	58	624	692	722	755
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational		85,879	2,443	-	-	4,068	73,065	-	-	70,134	-	-	-	235,589	235,589	248,514	264,253
Other revenue		1,621	2,267	1,842	2,281	1,043	367	-	-	-	-	-	9,421	17,500	1,700	1,776	
Cash Receipts by Source		94,559	14,205	6,966	12,461	10,156	80,617	5,756	5,757	81,014	5,756	5,046	8,905	331,197	339,344	329,886	349,286
Other Cash Flows by Source																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public		12,000	-	14,000	-	-	5,500	-	-	7,618	-	-	-	39,118	39,118	39,118	39,118
Proceeds on Disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source		106,559	14,205	20,966	12,461	10,156	86,117	5,756	5,757	88,632	5,756	5,046	8,905	370,315	378,462	369,004	388,404
Cash Payments by Type																	
Employee related costs		9,406	8,830	11,680	9,041	9,532	9,367	11,182	11,182	11,182	11,182	11,062	11,182	124,828	124,828	127,697	133,279
Remuneration of councillors		1,118	1,120	1,118	1,118	1,201	1,167	1,201	1,201	1,837	1,201	1,201	1,201	14,682	14,682	15,328	16,002
Finance charges		-	-	260	-	-	25	25	25	25	25	25	25	410	410	415	420
Bulk purchases - Electricity	2	5,065	5,152	-	7,840	-	6,584	2,401	2,403	2,401	2,401	2,401	2,401	39,050	44,908	35,444	37,393
Acquisitions - water & other inventory	3	168	89	144	173	242	131	691	691	691	691	691	691	5,093	5,857	2,926	2,982
Contracted services		1,827	5,512	3,766	4,963	4,471	7,180	6,767	6,767	6,767	6,767	6,767	6,767	68,318	62,041	64,646	
Transfers and grants - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		1,654	2,990	5,790	3,462	3,410	5,527	4,141	4,141	4,141	4,141	4,141	4,141	47,680	47,680	46,706	47,964
Cash Payments by Type		19,238	23,693	22,758	26,598	18,855	29,956	26,407	26,409	27,043	26,407	26,287	26,407	231,743	306,683	290,556	302,687
Other Cash Flows/Payments by Type																	
Capital assets		3,106	3,592	3,990	1,498	8,813	11,413	4,448	6,549	5,603	7,563	15,658	28,866	101,101	101,101	30,321	31,620
Repayment of borrowing		43	43	53	29	37	23	-	-	-	-	-	-	225	225	-	-
Other Cash Flows/Payments		7,334	-	513	1,171	68	473	1,369	1,369	1,369	1,369	1,369	20	16,422	16,422	-	-
Total Cash Payments by Type		29,721	27,328	27,313	29,296	27,773	41,865	32,224	34,327	34,015	35,339	43,314	55,293	349,491	424,432	320,878	334,307
NET INCREASE/(DECREASE) IN CASH		76,838	(13,123)	(6,347)	(16,835)	(17,617)	44,252	(26,468)	(28,571)	54,616	(29,583)	(38,268)	(46,388)	20,824	(45,970)	48,126	54,097
Cash/cash equivalents at the month/year		207,982	284,819	271,696	265,349	248,515	230,898	275,150	248,682	220,111	274,727	245,144	206,876	207,982	207,982	162,012	210,138
Cash/cash equivalents at the month/year		284,819	271,696	265,349	248,515	230,898	275,150	248,682	220,111	274,727	245,144	206,876	160,488	162,012	210,138	264,235	

Table 22 Supporting Table SB17- Adjustment Budget- Monthly Capital Expenditure

KZN291 Mandeni - Supporting Table SB17 Adjustments Budget - monthly capital expenditure (functional classification) - 28-02-2023																
Description	Ref	Budget Year 2022/23											Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands																
Capital Expenditure - Functional																
Governance and administration		432	432	432	432	432	432	432	432	432	432	432	432	5,189	-	-
Executive and council		44	44	44	44	44	44	44	44	44	44	44	44	527	-	-
Finance and administration		388	388	388	388	388	388	388	388	388	388	388	388	4,662	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	1,538	18,454	15,691	8,200
Community and social services		551	551	551	551	551	551	551	551	551	551	551	551	6,614	5,000	3,200
Sport and recreation		987	987	987	987	987	987	987	987	987	987	987	987	11,840	10,691	5,000
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental serv		4,057	4,057	4,057	4,057	4,057	4,057	4,057	4,057	4,057	4,057	4,057	4,057	48,682	16,500	23,134
Planning and development		1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	16,949	-	-
Road transport		2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	31,733	16,500	23,134
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	13,611	1,500	3,500
Energy sources		725	725	725	725	725	725	725	725	725	725	725	725	8,704	1,500	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		409	409	409	409	409	409	409	409	409	409	409	409	4,907	-	3,500
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure -		7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	7,161	85,936	33,691	34,834

2.8 Municipal Manager's quality certificate

I S.G. Khuzwayo, Municipal Manager of Mandeni Municipality,

hereby certify that the Adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the:

- **mSCOA Adjustment Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.**

Print Name Mr. S.G. Khuzwayo

Municipal manager of Mandeni Municipality (KZN 291)

Signature_____

Date 28th February 2023

