

# MKHAMBATHINI MUNICIPALITY





# **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK**

## **ADJUSTMENT BUDGET FOR 2020/2021 FINANCIAL YEAR**

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## **1.1 Mayor's Report**

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

**CLLR. E. NGCONGO PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF THE TABLING OF ADJUSTMENT BUDGET  
FOR 2020/2021 FINANCIAL YEAR VIA THE VIRTUAL PLATFORM,**

**ON THURSDAY, 25 FEBRUARY 2021**

Speaker of the Council,

Deputy Mayor,

Executive Committee Members,

Councillors,

Traditional leaders,

Municipal Manager,

All Senior Managers,

Chief Financial Officer,

All Staff members present,

Members of the media if any are present and Public,

Distinguish guest, Ladies and Gentlemen.

It is a great honour to present to you the adjustment budget for Mkhambathini Municipality in respect of the 2020/2021 financial year which seeks to address the pandemic which was declared by the President as National State Disaster.

Speaker and members of Council, this special budget is tabled in terms of the Municipal Finance Management Act (MFMA), No 56 of 2003 and in terms of the Municipal Budget & Reporting Regulations and Directive that was issued by the National Government through National Treasury.

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

#### **Current Economic Conditions, Funding and COVID19**

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

I THANK YOU

**The Mayor: Mkhambathini Local Municipality**

**1.2 Council Resolution** *(copy attached)*

### **1.3 Executive Summary**

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

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

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

The main challenges experienced during the compilation of the 2020/21 special adjustment can be summarised as follows:

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

## 1.4 Budget Summary

### Revenue and Expenditure

Revenue and expenditure for the municipality for 2021/21 financial year with comparison figures for original annual budget and proposed adjusted budget can be summarized as follows:

Revenue		2020			2021		2022
Budget	Budget	Adjustment	Adjusted Budget 1	Adjustment	Adjusted Budget 2 2020/21	Budget 2021/22 Yr 1	Budget 2022/23 Yr 2
Equitable Share	67,330,000.00	12,405,000.00	79,735,000.00	-	79,735,000.00	82,924,400.00	86,241,376.00
Finance Management Grant	2,800,000.00		2,800,000.00	-	2,800,000.00	2,912,000.00	3,028,480.00
MIG	15,996,000.00		15,996,000.00	-	15,996,000.00	16,635,840.00	17,301,273.60
Arts and Culture	1,817,000.00		1,817,000.00	-	1,817,000.00	1,889,680.00	1,965,267.20
DSR Sports Maintenance Subsidy	-		-	-	-	-	-
EPWP Grant	1,143,000.00		1,143,000.00	-	1,143,000.00	1,188,720.00	1,236,268.80
Rates	19,781,621.69		19,781,621.69	-	19,781,621.69	20,572,886.56	21,395,802.02
Refuse Removal	574,286.80		574,286.80		574,286.80	597,258.27	621,148.60
Operational Income	14,780,546.71		14,780,546.71	- 728,410.74	14,052,135.98	15,371,768.58	15,986,639.33
<b>TOTAL</b>	<b>124,222,455.21</b>	<b>12,405,000.00</b>	<b>136,627,455.21</b>	- 728,410.74	<b>135,899,044.47</b>	<b>142,092,553.41</b>	<b>147,776,255.55</b>
<b>Expenditure</b>							
Salaries & Wages	43,891,582.96		43,891,582.96	714,300.00	44,605,882.96	46,963,993.77	50,251,473.33
Councillors Allowances	6,373,920.00		6,373,920.00	-	6,373,920.00	6,373,920.00	6,373,920.00
General Expenses	54,071,393.90		54,071,393.90	4,932,246.41	59,003,640.31	56,504,606.63	59,047,313.93
Repairs & Maintenance	17,200,000.00		17,200,000.00	7,231,019.85	24,431,019.85		
CAPITAL EXPENDITURE	25,696,000.00	6,245,000.00	31,941,000.00	3,362,950.00	35,303,950.00	17,027,000.00	17,781,000.00
<b>TOTAL</b>	<b>147,232,896.87</b>	<b>6,245,000.00</b>	<b>153,477,896.87</b>	16,240,516.26	<b>169,718,413.12</b>	<b>126,869,520.40</b>	<b>133,453,707.26</b>
<b>Supl/Dif</b>	<b>- 23,010,441.66</b>	<b>6,160,000.00</b>	<b>- 16,850,441.66</b>	<b>- 16,968,926.99</b>	<b>- 33,819,368.65</b>	<b>15,223,033.02</b>	<b>14,322,548.29</b>
<b>Non cash item</b>	<b>- 14,313,472.51</b>	<b>-</b>	<b>- 14,313,472.51</b>	<b>-</b>	<b>- 14,313,472.51</b>	<b>-</b>	<b>-</b>
<b>Dif</b>	<b>- 8,696,969.15</b>	<b>6,160,000.00</b>	<b>- 2,536,969.15</b>	<b>-</b>	<b>- 19,505,896.14</b>	<b>15,223,033.02</b>	<b>14,322,548.29</b>



## **REVENUE SECTION**

### **Property Rates and Grants**

**Property rates was not adjusted and the grants anticipated to be received remained the same.**

### **Interest on outstanding Debtors.**

**The municipality took a decision not to charge interest on outstanding debtors there fore there will be revenue that will be receive from outstanding debtors**

### **Service Chagres and other Revenue**

The municipality generated more revenue than was anticipated from the building plan fees hence it was adjusted upwards. However there downwards adjustment from the revenue that was anticipated to the received from community services operation.

## **Expenditure Section**

### **Employee related costs**

There were changes or movements in the employee related costs from the original budget. This to the fact that medical aids and Pension were under budget.

### **Remuneration for councillors**

National Department of Cooperative Governance and Traditional Affairs have not yet released the new upper limit for remuneration for councillors hence they is no adjustment for remuneration for councillors.

### **Contracted Services.**

. This vote was adjusted by an amount of R2,2 million in the adjustment budget.

### **General Expenditure**

The general expenses have increased by R4.9 million and Repairs and maintenance also increased by R7 231 019.85

### **Capital Expenditure**

The over-commitment on Capital Projects resulted on the adjustment on the capital expenditure. The municipality needs an additional funding of R 2.8 Million for MIG projects. The other significant funding that was needed was R550 000 for the procurement of 1 municipal vehicles .

**Votes that affected by adjustment Budget**

**Department: Executive**

Account	Item Description	Original Budget 2020/21	Adjusted Budget 2020/21
O1244-12/IE00534/F0041/X044/R1331/001/EXEC	Materials and Supplies	500,000.00	800,000.00
O0001/IE00060/F0041/X044/R1331/001/EXEC	Accommodation	120,000.00	40,000.00
O0001/IE00143/F0041/X044/R1331/001/EXEC	Car Rental	50,000.00	130,000.00
	Car (Backup)		

**Department: Office of MM**

Account	Item Description	Original Budget 2020/21	Adjusted Budget 2020/21
O1236-2/IE00677/F0041/X045/R1331/001/MM	Catering Services	150,000.00	250,000.00
O1337-2/IE00645/F0041/X045/R1331/001/MM	Graphic Designers	550,000.00	500,000.00
O1305-2/IE00694/F0041/X045/R1331/001/MM	VIP Protection	-	1,300,000.00
O1236-1/IE00534/F0041/X045/R1331/001/MM	Materials and Supplies	1,500,000.00	1,700,000.00
O2734-1/IE00679/F0041/X045/R1331/001/MM	Maintenance of Unspecified Assets Grass	700,000.00	500,000.00
O0001/IE00060/F0041/X045/R1331/001/MM	Accommodation	200,000.00	100,000.00
O1236-2/IE00571/F0041/X045/R1331/001/MM	Hire Charges	100,000.00	150,000.00

**Department: Finance**

Account	Item Description	Draft Budget 2020/21	Adjusted Budget 2020/21
O0001/IE00830/F0041/X049/R1330/001/FIN	Accounting and Auditing	3,000,000.00	2,474,200.00
O0001/IE00108/F0041/X049/R1330/001/FIN	Past Service Cost		5,000.00
O0001/IE01521/F0041/X049/R1330/001/FIN	Housing Benefits	-	10,000.00
O0001/IE01533/F0041/X049/R1330/001/FIN	Long Service Award		350,000.00
O0001/IE03969/F0041/X049/R1330/001/FIN	Non Structured		8,000.00
O0001/IE06067/F0041/X049/R1330/001/FIN	Medical		40,000.00
O0001/IE06069/F0041/X049/R1330/001/FIN	Pension		26,000.00
O0001/IE06772/F0041/X049/R1330/001/FIN	Travel or Motor Vehicle	-	86,000.00

**Department: Technical Services**

Account	Item Description	Original Budget 2020/21	Adjusted Budget 2020/21
O2391-1/IE00649/F0041/X116/R1331/001/TECH	Plant hire Project	9,000,000.00	12,268,512.00
O1762-1/IE00651/F0041/X116/R1814/001/TECH	Maintenance of Roads	2,000,000.00	3,182,733.25
O3259-1/IE00631/F0041/X006/R1331/001/TECH	Building Halls and Chreches	2,000,000.00	4,979,774.60
O0008-3/IE00566/F0041/X035/R1817/001/TECH	Professional Staff (Electrification)	-	4,081,605.94
O0001/IE00114/F0041/X116/R1330/001/TECH	Defined Contribution Fund Expenses		66,000.00
O0001/IE00126/F0041/X116/R1330/001/TECH	Travel or Motor Vehicle		100,000.00
O0001/IE03969/F0041/X116/R1330/001/TECH	Non Structured		70,000.00

**Department: Corporate Services**

Account	Item Description	Original Budget 2020/21	Adjusted Budget 2020/21
D0001/IR01519/F0001/X091/R1331/001/CORP	Drivers Licence Application/Duplicate Drivers	-	3,416,567.64
D0001/IR01520/F0001/X091/R1331/001/CORP	Drivers Licence Certificate	3,416,567.64	-
O0001/IE00655/F0041/X046/R1330/001/CORP	Pest Control and Fumigation	20,000.00	240,000.00
O0001/IE00841/F0041/X051/R1330/001/CORP	Medical Examinations	50,000.00	30,000.00
O1300-2/IE00694/F0041/X051/R1330/001/CORP	Professional Staff	480,000.00	280,000.00
O1336-2/IE00694/F0041/X052/R1331/001/CORP	Professional Staff	200,000.00	70,000.00
O1551-1/IE00851/F0041/X061/R1330/001/CORP	Maintenance of Unspecified Assets	380,000.00	980,000.00
<b>Total</b>	<b>4200 - Contracted Services [Expenditure]</b>	<b>1,735,000.00</b>	<b>2,205,000.00</b>
O0001/IE00738/F0041/X046/R1331/001/CORP	Standard Rated	180,000.00	-
<b>Total</b>	<b>4600 - Inventory Consumed [Expenditure]</b>	<b>840,000.00</b>	<b>660,000.00</b>
O0001/IE00060/F0041/X046/R1331/001/CORP	Accommodation	150,000.00	50,000.00
O0001/IE00595/F0041/X046/R1330/001/CORP	Skills Development Fund Levy		50,000.00
O0001/IE00604/F0041/X046/R1331/001/CORP	Uniform and Protective Clothing	200,000.00	300,000.00
O0001/IE00778/F0041/X046/R1330/001/CORP	Telephone, Fax, Telegraph and Telex	450,000.00	300,000.00
O0001/IE00792/F0041/X052/R1331/001/CORP	Software Licences	950,000.00	1,850,000.00
O0029-1/IE00793/F0041/X052/R1331/001/CORP	Specialised Computer Service	50,000.00	-
O1297-1/IE00571/F0041/X046/R1331/001/CORP	Hire Charges	20,000.00	-
O1299-2/IE00062/F0041/X051/R1331/001/CORP	Food and Beverage (Served)	50,000.00	100,000.00
O1299-2/IE00754/F0041/X051/R1331/001/CORP	Gifts and Promotional Items	60,000.00	120,000.00
O1300-1/IE00555/F0041/X051/R1331/001/CORP	Bursaries (Employees)	80,000.00	160,000.00
O0001/IE00108/F0041/X046/R1330/001/CORP	Past Service Cost		1,000.00
O0001/IE00126/F0041/X046/R1330/001/CORP	Travel or Motor Vehicle		39,500.00
O0001/IE01525/F0041/X046/R1330/001/CORP	Acting and Post Related Allowances		60,000.00
O0001/IE01533/F0041/X046/R1330/001/CORP	Long Service Award		450,000.00
O0001/IE03969/F0041/X046/R1330/001/CORP	Non Structured		100,000.00
O0001/IE06076/F0041/X046/R1330/001/CORP	Basic Salary	930,269.52	280,269.52
	the amount is included in corp salaries		
	In-service Trainees	240,000.00	190,000.00

**Department: Community Services**

Account	Item Description	Budget 2020/21	Adjusted Budget 2020/21
1200 - Licences or Permits [Revenue - Exchange Rev			
D0001/R01410/F0001/X091/R1331/001/COMM	Trading	800.00	2,000.00
Total	1200 - Licences or Permits [Revenue - Exchange Rev	800.00	2,000.00
	National Disaster Relief Fund	372,500.00	-
O0007-1/E00677/F0041/X028/R1331/001/COMM	Catering Services	47,900.00	-
O0007-1/E00703/F0041/X028/R1331/001/COMM	Transport Services	40,000.00	-
O0013-1/E00694/F0041/X028/R1331/001/COMM	Professional Staff	30,000.00	70,000.00
O1219-1/E00677/F0041/X076/R1331/001/COMM	Catering Services	50,000.00	5,000.00
O1220-1/E00677/F0041/X076/R1331/001/COMM	Catering Services	30,000.00	-
O1220-2/E00677/F0041/X076/R1330/001/COMM	Catering Services	30,000.00	12,480.20
O1220-2/E00677/F0041/X076/R1331/001/COMM	Catering Services	40,000.00	-
O1220-2/E00694/F0041/X076/R1331/001/COMM	Professional Staff	20,000.00	55,000.00
O1243-4/E00677/F0041/X028/R1331/001/COMM	Catering Services	80,000.00	100,000.00
O1243-4/E00703/F0041/X028/R1331/001/COMM	Transport Services	80,600.00	80,000.00
O1244-1/E00677/F0041/X020/R1331/001/COMM	Catering Services	60,000.00	-
O1244-1/E00703/F0041/X020/R1331/001/COMM	Transport Services	50,000.00	-
O1244-2/E00671/F0041/X018/R1331/001/COMM	Transportation	-	30,000.00
O1244-2/E00677/F0041/X018/R1331/001/COMM	Catering Services	150,000.00	172,000.00
O1244-6/E00677/F0041/X002/R1331/001/COMM	Catering Services	180,000.00	131,000.00
O1244-6/E00703/F0041/X002/R1331/001/COMM	Transport Services	50,000.00	46,000.00
O1244-9/E00677/F0041/X025/R1331/001/COMM	Catering Services	120,000.00	100,000.00
O1244-9/E00694/F0041/X025/R1331/001/COMM	Professional Staff	80,000.00	100,000.00
O1244-9/E00703/F0041/X025/R1331/001/COMM	Transport Services	30,000.00	20,000.00
O1245-1/E00677/F0041/X028/R1331/001/COMM	Catering Services	30,000.00	47,750.00
O1245-1/E00703/F0041/X028/R1331/001/COMM	Transport Services	50,000.00	58,300.00
O1245-2/E00677/F0041/X028/R1331/001/COMM	Catering Services	100,000.00	-
O1245-2/E00703/F0041/X028/R1331/001/COMM	Transport Services	50,000.00	-
O1248-1/E00677/F0041/X012/R1331/001/COMM	Catering Services	40,000.00	45,000.00
O1248-1/E00703/F0041/X012/R1331/001/COMM	Transport Services	30,000.00	34,000.00
O1264-1/E00677/F0041/X019/R1331/001/COMM	Catering Services	50,000.00	39,750.00
O1264-1/E00703/F0041/X019/R1331/001/COMM	Transport Services	30,000.00	27,000.00
O1305-1/E00632/F0041/X098/R1331/001/COMM	Catering Services	35,000.00	25,220.00
O1305-1/E00694/F0041/X098/R1331/001/COMM	Professional Staff	30,000.00	55,000.00
O1305-1/E00703/F0041/X098/R1331/001/COMM	Transport Services	45,000.00	20,000.00
O1333-1/E00677/F0041/X129/R1331/001/COMM	Catering Services	10,000.00	-
O1333-1/E00703/F0041/X129/R1331/001/COMM	Transport Services	20,000.00	-
O1333-2/E00640/F0041/X125/R1331/001/COMM	First Aid	5,000.00	-
O1333-2/E00666/F0041/X125/R1331/001/COMM	Sports and Recreation	250,000.00	-
O1333-2/E00677/F0041/X125/R1331/001/COMM	Catering Services	130,000.00	-
O1333-2/E00703/F0041/X125/R1331/001/COMM	Transport Services	120,000.00	-
O1333-5/E00677/F0041/X129/R1331/001/COMM	Catering Services	10,000.00	30,270.00
O1333-5/E00694/F0041/X129/R1331/001/COMM	Professional Staff	30,000.00	17,930.00
O1333-5/E00703/F0041/X129/R1331/001/COMM	Transport Services	5,000.00	10,000.00

O1333-6/AE00640/F0041/X129/R1331/001/COMM	First Aid	10,000.00	-
O1333-6/AE00703/F0041/X129/R1331/001/COMM	Transport Services	50,000.00	59,300.00
O1333-7/AE00640/F0041/X129/R1331/001/COMM	First Aid	30,000.00	-
O1333-7/AE00677/F0041/X129/R1331/001/COMM	Catering Services	30,000.00	-
O1333-7/AE00703/F0041/X129/R1331/001/COMM	Transport Services	5,000.00	-
O1333-8/AE00677/F0041/X129/R1331/001/COMM	Catering Services	50,000.00	-
O1333-8/AE00703/F0041/X129/R1331/001/COMM	Transport Services	50,000.00	-
O1444-6/AE00677/F0041/X028/R1331/001/COMM	Catering Services	30,000.00	28,934.82
O0001/AE00738/F0041/X132/R1331/001/COMM	Standard Rated	50,000.00	300,000.00
O0013-1/AE00534/F0041/X028/R1331/001/COMM	Materials and Supplies	20,000.00	70,000.00
O1243-4/AE00534/F0041/X028/R1331/001/COMM	Materials and Supplies	736,500.00	600,000.00
O1244-4/AE00534/F0041/X018/R1331/001/COMM	Materials and Supplies	30,000.00	32,000.00
O1245-1/AE00703/F0041/X028/R1331/001/COMM	Materials and Supplies	20,000.00	12,000.00
O1245-1/AE00534/F0041/X028/R1331/001/COMM	Materials and Supplies	20,000.00	26,500.00
O1245-1/AE00534/F0041/X028/R1812/001/COMM	Materials and Supplies	20,000.00	-
O1264-2/AE00534/F0041/X019/R1331/001/COMM	Disaster COVID19	400,000.00	-
O1265-1/AE00534/F0041/X019/R1331/001/COMM	Materials and Supplies	100,000.00	600,000.00
O1275-1/AE00534/F0041/X132/R1331/001/COMM	Materials and Supplies	30,000.00	20,000.00
O1333-6/AE00738/F0041/X129/R1331/001/COMM	Standard Rated	80,000.00	110,000.00
O0001/AE00571/F0041/X132/R1331/001/COMM	Hire Charges	-	40,000.00
O0001/AE00602/F0041/X129/R1331/001/COMM	Toll Gate Fees	5,000.00	-
O0001/AE00607/F0041/X129/R1331/001/COMM	Wet Fuel	20,000.00	-
O0007-1/AE00571/F0041/X028/R1331/001/COMM	Hire Charges	60,000.00	26,040.00
O1444-2/AE00694/F0041/X025/R1331/001/COMM	Professional (training) fees	130,000.00	160,000.00
O1444-2/AE00677/F0041/X025/R1331/001/COMM	Catering	100,000.00	200,000.00
O1444-2/AE00703/F0041/X025/R1331/001/COMM	Transport	50,000.00	80,000.00
O0013-1/AE00060/F0041/X028/R1331/001/COMM	Accommodation	20,000.00	100,000.00
O1219-1/AE00754/F0041/X076/R1331/001/COMM	Gifts and Promotional Items	70,000.00	57,405.00
O1220-2/AE00583/F0041/X076/R1331/001/COMM	Printing, Publications and Books	-	30,000.00
O1241-1/AE00573/F0041/X028/R1331/001/COMM	Indigent Relief	250,000.00	500,000.00
O1243-4/AE00571/F0041/X028/R1331/001/COMM	Hire Charges	586,500.00	362,235.80
O1244-1/AE00060/F0041/X021/R1331/001/COMM	Accommodation	90,000.00	-
O1244-1/AE00142/F0041/X021/R1331/001/COMM	Other Transport Provider	60,000.00	-
O1244-1/AE00602/F0041/X021/R1331/001/COMM	Toll Gate Fees	1,500.00	-
O1244-1/AE00607/F0041/X021/R1331/001/COMM	Wet Fuel	5,000.00	-
O1244-1/AE00571/F0041/X020/R1331/001/COMM	Hire Charges	30,000.00	-
O1244-1/AE00754/F0041/X020/R1331/001/COMM	Gifts and Promotional Items	50,000.00	-
O1244-2/AE00549/F0041/X018/R1331/001/COMM	Achievements and Awards	320,000.00	200,000.00
O1244-2/AE00571/F0041/X018/R1331/001/COMM	Hire Charges	50,000.00	200,000.00
O1244-4/AE00583/F0041/X018/R1331/001/COMM	Printing, Publications and Books	2,000.00	-
O1244-6/AE00571/F0041/X002/R1331/001/COMM	Hire Charges	10,000.00	-
O1244-6/AE00754/F0041/X002/R1331/001/COMM	Gifts and Promotional Items	150,000.00	124,571.61
O1244-9/AE00571/F0041/X025/R1331/001/COMM	Hire Charges	70,000.00	50,000.00
O1245-2/AE00571/F0041/X028/R1331/001/COMM	Hire Charges	10,000.00	-
O1245-2/AE00754/F0041/X028/R1331/001/COMM	Gifts and Promotional Items	50,000.00	-
O1275-1/AE00571/F0041/X132/R1331/001/COMM	Hire Charges	50,000.00	70,000.00
O1333-1/AE00060/F0041/X129/R1331/001/COMM	Accommodation	20,000.00	-
O1333-2/AE00060/F0041/X125/R1331/001/COMM	Accommodation	120,000.00	-
O1333-5/AE00751/F0041/X129/R1331/001/COMM	Corporate and Municipal Activities	200,000.00	150,000.00
O1333-6/AE00549/F0041/X129/R1331/001/COMM	Achievements and Awards	35,000.00	85,000.00
O1333-8/AE00060/F0041/X129/R1331/001/COMM	Accommodation	120,000.00	-
O1278-2/AE00036/F0041/X132/R1331/001/COMM	EPWP Program	800,000.00	-
O1444-1/AE00754/F0041/X025/R1331/001/COMM	Gifts and Promotional Items	30,000.00	70,000.00
O1444-6/AE00060/F0041/X028/R1331/001/COMM	Accommodation	50,000.00	45,753.04

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

Description	Budget Year 2020/21									Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
	A	A1	B	C	D	E	F	G	H		
<b>R thousands</b>											
<b>Financial Performance</b>											
Property rates	19,782	19,782	-	-	-	-	-	-	19,782	21,043	22,379
Service charges	574	574	-	-	-	-	-	-	574	299	305
Investment revenue	3,850	3,850	-	-	-	-	-	-	3,850	4,081	4,326
Transfers recognised - operational	73,463	85,868	-	-	-	-	(373)	(373)	85,495	77,240	81,898
Other own revenue	10,558	10,558	-	-	-	-	(356)	(356)	10,202	11,139	11,754
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>108,226</b>	<b>120,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(728)</b>	<b>(728)</b>	<b>119,903</b>	<b>113,802</b>	<b>120,662</b>
Employee costs	43,892	43,892	-	-	-	-	714	714	44,606	50,764	53,761
Remuneration of councillors	6,374	6,374	-	-	-	-	-	-	6,374	3,384	3,406
Depreciation & asset impairment	11,173	11,173	-	-	-	-	-	-	11,173	12,291	13,520
Finance charges	-	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	6,367	6,367	-	-	-	-	-	-	6,367	5,710	6,110
Transfers and grants	309	309	-	-	-	-	-	-	309	340	374
Other expenditure	53,422	53,422	-	-	-	-	12,163	12,163	65,585	53,065	56,156
<b>Total Expenditure</b>	<b>121,537</b>	<b>121,537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,878</b>	<b>12,878</b>	<b>134,414</b>	<b>125,554</b>	<b>133,327</b>
<b>Surplus/(Deficit)</b>	<b>(13,310)</b>	<b>(905)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,606)</b>	<b>(13,606)</b>	<b>(14,511)</b>	<b>(11,752)</b>	<b>(12,666)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	15,996	15,996	-	-	-	-	-	-	15,996	17,027	17,781
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2,686</b>	<b>15,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,606)</b>	<b>(13,606)</b>	<b>1,485</b>	<b>5,275</b>	<b>5,115</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>2,686</b>	<b>15,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,606)</b>	<b>(13,606)</b>	<b>1,485</b>	<b>5,275</b>	<b>5,115</b>

## 1.5 Capital Expenditure

<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		6,700	6,700	-	-	-	-	(3,478)	(3,478)	3,222	14,000	6,600
Executive and council		-	-					-	-	-	-	-
Finance and administration		6,700	6,700					(3,478)	(3,478)	3,222	14,000	6,600
Internal audit		-	-					-	-	-	-	-
<b>Community and public safety</b>		9,529	9,529	-	-	-	-	3,478	3,478	13,007	-	-
Community and social services		9,529	9,529					3,478	3,478	13,007	-	-
Sport and recreation		-	-					-	-	-	-	-
Public safety		-	-					-	-	-	-	-
Housing		-	-					-	-	-	-	-
Health		-	-					-	-	-	-	-
<b>Economic and environmental services</b>		9,468	17,192	-	-	-	-	1,883	1,883	19,075	18,227	17,781
Planning and development		-	-					-	-	-	-	-
Road transport		9,468	17,192					1,883	1,883	19,075	18,227	17,781
Environmental protection		-	-					-	-	-	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-					-	-	-	-	-
Water management		-	-					-	-	-	-	-
Waste water management		-	-					-	-	-	-	-
Waste management		-	-					-	-	-	-	-
<b>Other</b>		-	-					-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	25,697	33,421	-	-	-	-	1,883	1,883	35,304	32,227	24,381
<b>Funded by:</b>												
National Government		15,997	15,996					-	-	15,996	17,027	17,781
Provincial Government		-	-					-	-	-	-	-
District Municipality		-	-					-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Entities, Public Entities, etc.)		-	-					-	-	-	-	-
<b>Transfers recognised - capital</b>	4	15,997	15,996	-	-	-	-	-	-	15,996	17,027	17,781
<b>Borrowing</b>		-	-					-	-	-	-	-
<b>Internally generated funds</b>		9,700	17,425					1,883	1,883	19,308	15,200	6,600
<b>Total Capital Funding</b>		25,697	33,421	-	-	-	-	1,883	1,883	35,304	32,227	24,381

Mkhambathini Municipality has increased its capital budget by R3.3 million in order to address the current roads situation in different wards.



## 1.6 Operational Expenditure

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

Description	Ref	Budget Year 2020/21									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	
		3	4	5	6	7	8	9	10	11	12		
R thousands	1	A	A1	B	C	D	E	F	G	H			
<b>Revenue By Source</b>													
Property rates	2	19,782	19,782	-	-	-	-	-	-	19,782	21,043	22,379	
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	(309)	(340)	
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	2	574	574	-	-	-	-	-	-	574	609	645	
Rental of facilities and equipment		345	345	-	-	-	-	-	-	345	366	388	
Interest earned - external investments		3,850	3,850	-	-	-	-	-	-	3,850	4,081	4,326	
Interest earned - outstanding debtors		1,883	1,883	-	-	-	-	(1,883)	(1,883)	-	1,959	2,037	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		34	34	-	-	-	-	-	-	34	36	38	
Licences and permits		7,121	7,121	-	-	-	-	1	1	7,122	7,548	8,001	
Agency services		-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies		73,463	85,868	-	-	-	-	(373)	(373)	85,495	77,240	81,898	
Other revenue	2	1,174	1,174	-	-	-	-	1,526	1,526	2,700	1,230	1,289	
Gains		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>108,226</b>	<b>120,631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(728)</b>	<b>(728)</b>	<b>119,903</b>	<b>113,802</b>	<b>120,662</b>	
<b>Expenditure By Type</b>													
Employee related costs		43,892	43,892	-	-	-	-	714	714	44,606	50,764	53,761	
Remuneration of councillors		6,374	6,374	-	-	-	-	-	-	6,374	3,384	3,406	
Debt impairment		3,140	3,140	-	-	-	-	-	-	3,140	3,580	4,081	
Depreciation & asset impairment		11,173	11,173	-	-	-	-	-	-	11,173	12,291	13,520	
Finance charges		-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	
Other materials		6,367	6,367	-	-	-	-	-	-	6,367	5,710	6,110	
Contracted services		31,220	31,220	-	-	-	-	7,231	7,231	38,451	28,336	30,244	
Transfers and subsidies		309	309	-	-	-	-	-	-	309	340	374	
Other expenditure		19,062	19,062	-	-	-	-	4,932	4,932	23,994	21,149	21,831	
Losses		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>121,537</b>	<b>121,537</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,878</b>	<b>12,878</b>	<b>134,414</b>	<b>125,554</b>	<b>133,327</b>	
<b>Surplus/(Deficit)</b>		<b>(13,310)</b>	<b>(905)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,606)</b>	<b>(13,606)</b>	<b>(14,511)</b>	<b>(11,752)</b>	<b>(12,666)</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		15,996	15,996	-	-	-	-	-	-	15,996	17,027	17,781	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) before taxation</b>		<b>2,686</b>	<b>15,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,606)</b>	<b>(13,606)</b>	<b>1,485</b>	<b>5,275</b>	<b>5,115</b>	
Taxation		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after taxation</b>		<b>2,686</b>	<b>15,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,606)</b>	<b>(13,606)</b>	<b>1,485</b>	<b>5,275</b>	<b>5,115</b>	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>		<b>2,686</b>	<b>15,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,606)</b>	<b>(13,606)</b>	<b>1,485</b>	<b>5,275</b>	<b>5,115</b>	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>		<b>2,686</b>	<b>15,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,606)</b>	<b>(13,606)</b>	<b>1,485</b>	<b>5,275</b>	<b>5,115</b>	

## 1.7 Operating Transfers and Capital Transfers

Per the approved original budget the operating revenue grants were R106.4M which is made up of the following:

<b>Description</b>	<b>Allocation</b>
INEP Grant: Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	5 000 000.00
FMG: Local Government Financial Management Grant [Schedule 5B]	2 800 000.00
MIG: Municipal Infrastructure Grant [Schedule 5B]	15 996 000.00
Equitable Share: Equitable Share	79 735 000.00
Provincial Library : Community Library Services Grant	1 817 000.00
EPWP Grant: Expanded Public Works Programme	1 143 000.00
Disaster Relief Grant	
<b>Total</b>	<b>106 490 000</b>

# 1.8 The supporting document SB8 consolidated adjustments budget reconciliation of transfers, grants receipts, and unspent funds.

KZN226 Mkhambathini - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme -

Description	Ref	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23	
		Original Budget A	Prior Adjusted 2 A1	Multi-year capital 3 B	Nat. or Prov. Govt 4 C	Other Adjusts. 5 D	Total Adjusts. 6 E	Adjusted Budget 7 F	Adjusted Budget	
<b>R thousands</b>										
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		88,678	-	-	-	-	-	88,678	83,423	89,081
Local Government Equitable Share		79,735						79,735	72,423	76,881
Finance Management		2,800						2,800	3,000	3,200
EPWP Incentive		1,143						1,143	-	-
Integrated National Electrification Programme		5,000						5,000	8,000	9,000
<b>Other transfers and grants [insert description]</b>										
<b>Provincial Government:</b>		1,817	-	-	-	-	-	1,817	-	-
Provincialisation		1,817						1,817	-	-
<b>Other transfers and grants [insert description]</b>										
<b>District Municipality:</b> <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b> <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		90,495	-	-	-	-	-	90,495	83,423	89,081
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		15,996	-	-	-	-	-	15,996	17,027	17,781
Municipal Infrastructure Grant (MIG)		15,996						15,996	17,027	17,781
<b>Other capital transfers [insert description]</b>										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b> <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b> <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		15,996	-	-	-	-	-	15,996	17,027	17,781
<b>Total capital expenditure of Transfers and Grants</b>		106,491	-	-	-	-	-	106,491	100,450	106,862

## 1.9 Cash flow

The original budgeted net cash inflow and the adjusted net cash inflow after adjustments.

KZN226 Mkhambathini - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2020/21									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	A1	B	C	D	E	F	G	H		
<b>R thousands</b>												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates		16,814	16,814					-	-	16,814	17,886	19,022
Service charges		574	574					-	-	574	574	574
Other revenue		8,675	8,675					-	-	8,675	9,282	9,932
Transfers and Subsidies - Operational	1	76,871	85,495					-	-	85,495	173,000	184,974
Transfers and Subsidies - Capital	1	15,996	15,996					-	-	15,996	17,027	17,781
Interest		5,733	5,733					(1,883)	(1,883)	3,850	-	-
Dividends		-	-					-	-	-	-	-
<b>Payments</b>												
Suppliers and employees		(96,134)	(104,758)					20,772	20,772	(83,986)	(102,543)	(119,093)
Finance charges		-	-					-	-	-	-	-
Transfers and Grants	1	-	-					-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>28,530</b>	<b>28,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,889</b>	<b>18,889</b>	<b>47,418</b>	<b>115,226</b>	<b>113,190</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE		-	-					-	-	-	-	-
Decrease (increase) in non-current receivables		-	-					-	-	-	-	-
Decrease (increase) in non-current investments		-	-					-	-	-	-	-
<b>Payments</b>												
Capital assets		(31,941)	(31,941)					(3,363)	(3,363)	(35,304)	(32,227)	(24,381)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(31,941)</b>	<b>(31,941)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,363)</b>	<b>(3,363)</b>	<b>(35,304)</b>	<b>(32,227)</b>	<b>(24,381)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans		-	-					-	-	-	-	-
Borrowing long term/refinancing		-	-					-	-	-	-	-
Increase (decrease) in consumer deposits		-	-					-	-	-	-	-
<b>Payments</b>												
Repayment of borrowing		-	-					-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(3,411)</b>	<b>(3,411)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,526</b>	<b>15,526</b>	<b>12,115</b>	<b>82,999</b>	<b>88,809</b>
Cash/cash equivalents at the year begin:	2	65,455	65,455					-	-	65,455	-	-
Cash/cash equivalents at the year end:	2	62,044	62,044					15,526	15,526	77,569	82,999	88,809



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

OFFICE OF THE MUNICIPAL MANAGER

### **QUALITY CERTIFICATE**

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

**Print Name: Mr. S Mngwengwe**

**Municipal Manager of Mkhambathini Local Municipality KZ226**

Signature:

Date 25 February 2021