

**INKOSI LANGALIBALELE
MUNICIPALITY
KZN 237**



**ADJUSTMENTS BUDGET
2022/23**



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PART 1 – ADJUSTMENT’S BUDGET

Mayor’s Report

Section 28 of the Municipal Finance Management Act, No. 56 of 2003, states that the Mayor must table an Adjustments Budget in the Municipal Council at any time after the mid-year budget and performance assessment has been tabled in council but no later than the 28th of February as per Treasury guidelines.

The Mid-Year Budget and Performance Assessment for the six months ending December 2022 was tabled in Council on the 26th of January 2023. Recommendations were made in the report that an Adjustments Budget be drafted as a result of some of the variances detailed in the assessment. The adjustments budget is detailed in this report and takes into consideration all the matters raised in the Mid-Year Budget and Performance Assessment.

The budgeted operating financial performance of the municipality will increase the deficit to R34 million from R4 million. The overall original surplus, including capital transfers, will increase in the adjustments budget to R123 million from R62 million.

In summary, the Adjustments Budget figures are as follows:

	Original Budget	Adjustments Budget
Total Revenue	715,959,907.00	661,045,702.78
Total Expenditure	720,944,566.00	695,727,669.53
Surplus/ Deficit	62,640,841.00	124,544,532.90

**HIS WORSHIP, THE MAYOR
COUNCILLOR MYEZA**

Resolutions

It is recommended:

1. THAT THE 2022/23 ADJUSTMENTS BUDGET BE APPROVED.

Executive Summary

A Mid-Year Budget Performance Report was tabled in Council on the 26th of January 2023. This report highlighted the financial and non-financial performance of the Municipality for the first half of the financial year. In this report certain recommendations had been made based on the financial performance of the Municipality. These recommendations and additional trends that had been analysed have been taken into account when drafting this adjustments budget. In addition to this, the economic climate, both internal and external, was considered.

BACKGROUND

An adjustments budget is usually tabled before Council on the prescribed time, namely, 60 days after the adjustments to the Division of Revenue Act (DORA) have been gazetted. The Adjusted DORA was gazetted in December 2022 which effectively means that the adjustments budget should be tabled before the 28th of February 2023.

The Mid-Year Budget Performance Report highlighted variances in terms of year to date income and expenditures versus year to date budgets. These variances were considered and adjustments made, where necessary, in this adjustments budget.

When drafting the adjustments budget, consideration was always given to Section 18 of the MFMA which states that:

“An annual budget may only be funded from-

- a) realistically anticipated revenues to be collected;*
- b) cash-backed accumulated funds from previous years’ surpluses not committed for other purposes; and*
- c) borrowed funds, but only for the capital budget referred to in section 17(2)*

- (2) *Revenue projections in the budget must be realistic, taking into account-*
- a) projected revenue for the current year based on collection levels to date; and*
 - b) actual revenue collected in previous financial years.”*

Great emphasis was placed in ensuring that the budget is realistically funded. A complete analysis of the various financial scenarios and outcomes was done and the best viable solution sought. The supporting document on budget funding highlights the various funding sources identified to ensure that cash reserves are always available to fund expenditure. The eventual outcome was to ensure that the adjustments budget was credible.

A credible budget is described as one that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality
- Is achievable in terms of agreed service delivery and performance targets
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions
- Does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

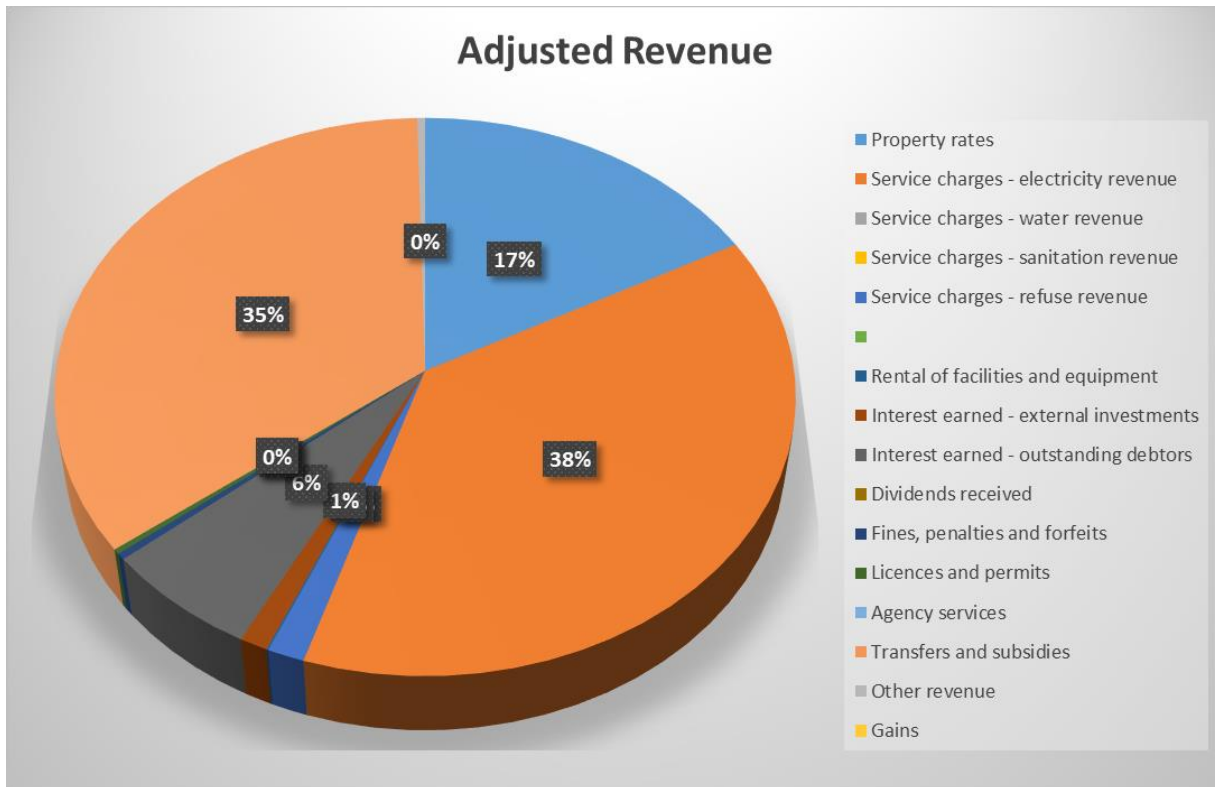
SUMMARY OF ADJUSTMENTS

OPERATING BUDGET

Total operating income decreased from the original budget of R715 million to R661 million. This is due to fines, penalties on revenue no longer being charged by the municipality, as well as service charges- electricity dropping significantly due to load shedding.

The total operating expenditure has decreased from R720 million to R695 million. This was mainly due to non- cash items debt impairment and depreciation. Contracted services were also adjusted by 4.5 million, as the municipality is highly dependent on consultant fees. Security services was adjusted by 7 million.

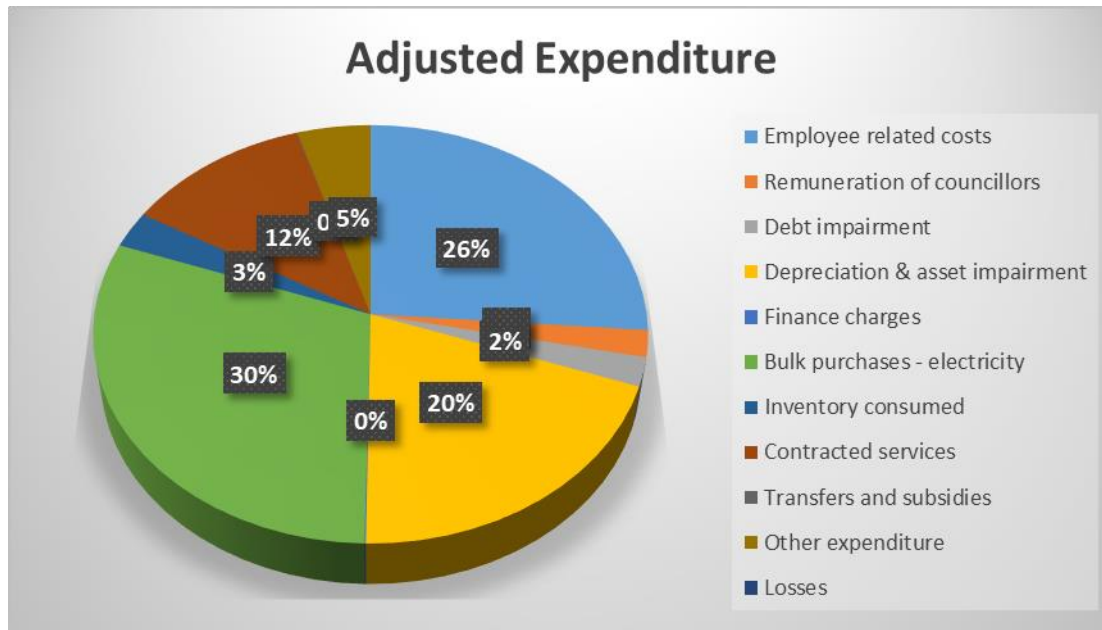
	Original Budget	YearTD actual De	Adjustment budget
R thousands			
Revenue By Source			
Property rates	112,983,844.00	77,220,403.50	112,983,844.00
Service charges - electricity rev	271,473,611.00	124,785,642.96	249,571,286.00
Service charges - water revenue	-	-	
Service charges - sanitation rev	-	-	
Service charges - refuse revenue	10,072,328.00	4,980,969.19	9,878,432.00
Rental of facilities and equipm	750,368.00	271,889.32	543,778.64
Interest earned - external inve	2,781,571.00	3,572,511.28	7,497,952.03
Interest earned - outstanding c	53,141,384.00	21,111,419.54	42,222,839.08
Dividends received	-	-	
Fines, penalties and forfeits	24,197,165.00	224,010.87	2,350,316.00
Licences and permits	4,449,808.00	829,863.50	1,817,929.47
Agency services	49,256.00	27,339.11	54,678.00
Transfers and subsidies	231,670,500.00	156,288,362.80	231,670,500.00
Other revenue	4,390,072.00	1,227,073.78	2,454,147.56
Gains	-	-	
Total Revenue (excluding capi	715,959,907.00	390,539,485.85	661,045,702.78



The following revenue items have been adjusted:

1. Service charges- electricity has been adjusted downwards to accommodate income trend for the past 6 months mostly attributable to load shedding.
2. Refuse revenue has been adjusted based on income trend for the first six months
3. Interest on outstanding debtors have been adjusted due to income trend for the first six months.
4. Interest on investments has been increased as the municipality has substantial grants invested and earning interest.
5. Fines, penalties have been adjusted as penalties are no longer being charged by the municipality.
6. Licences and permits have been adjusted due to over budgeting considering income trend for the past six months, no proper records of the two systems being used.
7. Other revenue was adjusted due to income trends for the first six months of the year as low income was recorded.

Expenditure By Type	Original Budget	Year TD	Adjustments Budget
Employee related costs	182,361,118.00	90,415,949.86	182,361,118.00
Remuneration of councillors	14,298,678.00	4,563,948.12	14,298,678.00
Debt impairment	144,310,595.00	-	15,478,242.12
Depreciation & asset impairment	62,758,457.00	-	137,448,964.42
Finance charges	1,888,482.00	227,348.60	486,680.00
Bulk purchases - electricity	210,527,452.00	129,890,359.60	210,527,452.00
Inventory consumed	17,678,036.00	6,953,218.51	19,568,036.00
Contracted services	59,214,960.00	45,631,184.30	82,620,185.35
Transfers and subsidies	400,000.00	-	400,000.00
Other expenditure	27,506,788.00	17,323,961.55	32,538,313.64
Losses	-	-	-
Total Expenditure	720,944,566.00	295,005,970.54	695,727,669.53



The following expenditure items have been adjusted

1. Debt impairment

The basis of calculation was based on annual financial statements adding inflation, as there are no monthly processes being done.

2. Depreciation

The basis of calculation was based on annual financial statements adding inflation as there is no monthly processing being done

3. Contracted Services

The municipality is highly dependent on consultant, and consultant fees had to be adjusted highly to accommodate such. Security services had to also adjusted to accommodate the security guards of the new council.

4. Other Expenditure

Was increased to accommodate auditor general fees, uniform of the municipality, as well as UThukela bill which the municipality has now paid off.

5. Inventory consumed

Although it was below par at mid- year, the municipality had to take into consideration the fuel and oil expenditure which was almost exceeded due to high increases in fuel.

6. Finance Charges

Finance charges were calculated based on the first six months' trend, considering also that the municipality had overpaid DBSA and wont' be paying interest for this current financial year.

CAPITAL EXPENDITURE

The adjustments made on the capital budget, was to accommodate the disaster funds that the municipality received in the prior year, as well as the new allocation that was gazetted for the adjustments budget. The municipality also took into account the human settlements grant which was omitted in the original budget. The internally generated funds were also decreased based on the first six months and needs analysis.

Description	Orriginal Budget	YTD 2023	Adjustments Budget
R thousand			2022/23
Capital Expenditure - Functional			
Governance and administration	2,300,000.00	278,000.00	550,000.00
Executive and council	2,100,000.00	113,000.00	200,000.00
Finance and administration	200,000.00	165,000.00	350,000.00
Internal audit			
Community and public safety	338,328.00	100,000.00	100,000.00
Community and social services	338,328.00	100,000.00	100,000.00
Sport and recreation			
Public safety			
Housing			
Health			
Economic and environmental services	35,227,324.00	50,041,000.00	153,897,521.78
Planning and development	100,000.00	27,153,000.00	12,840,000.00
Road transport	35,127,324.00	22,888,000.00	141,057,521.78
Environmental protection			
Trading services	23,539,150.00	4,519,000.00	23,439,130.00
Energy sources	23,539,150.00	4,519,000.00	23,439,130.00
Water management			
Waste water management			
Waste management			
Other			
Total Capital Expenditure - Functional	61,404,802.00	54,938,000.00	177,986,651.78
Funded by:			
National Government	58,804,782.00	54,485,000.00	164,396,651.00
Provincial Government			12,740,000.00
District Municipality			
Other transfers and grants			
Transfers recognised - capital	58,804,782.00	54,485,000.00	177,136,651.00
Borrowing			
Internally generated funds	2,600,000.00	453,000.00	850,000.00
Total Capital Funding	61,404,782.00	54,938,000.00	177,986,651.00

CONCLUSION

The adjustments that have been made in the adjustments budget is necessary due to the changes that have taken place in terms of Provincial Gazette, the results of the mid-year budget and performance review and other items deemed necessary to ensure service delivery.



BUDGET TABLES

Table B1

Description	2022/23									Budget Year 2023/24	Budget Year 2024/25
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	112,984	-	-	-	-	-	-	-	112,984	-	-
Service charges	281,546	-	-	-	-	-	(22,096)	(22,096)	259,450	-	-
Investment revenue	2,782	-	-	-	-	-	4,716	4,716	7,498	-	-
Transfers recognised - operational	231,671	-	-	-	-	-	-	-	231,671	-	-
Other own revenue	86,978	-	-	-	-	-	(37,534)	(37,534)	49,444	-	-
Total Revenue (excluding capital transfers and contributions)	715,960	-	-	-	-	-	(54,914)	(54,914)	661,046	-	-
Employee costs	182,361	-	-	-	-	-	-	-	182,361	-	-
Remuneration of councillors	14,299	-	-	-	-	-	-	-	14,299	-	-
Depreciation & asset impairment	62,758	-	-	-	-	-	74,691	74,691	137,449	-	-
Finance charges	1,888	-	-	-	-	-	(1,402)	(1,402)	487	-	-
Inventory consumed and bulk purchases	228,205	-	-	-	-	-	1,890	1,890	230,095	-	-
Transfers and grants	400	-	-	-	-	-	-	-	400	-	-
Other expenditure	231,032	-	-	-	-	-	(100,396)	(100,396)	130,637	-	-
Total Expenditure	720,945	-	-	-	-	-	(25,217)	(25,217)	695,728	-	-
Surplus/(Deficit)	(4,985)	-	-	-	-	-	(29,697)	(29,697)	(34,682)	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	67,626	-	-	-	-	-	91,601	91,601	159,227	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	62,641	-	-	-	-	-	61,904	61,904	124,545	-	-
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	62,641	-	-	-	-	-	61,904	61,904	124,545	-	-
Capital expenditure & funds sources											
Capital expenditure	61,405	-	-	-	-	-	116,582	116,582	177,987	-	-
Transfers recognised - capital	58,805	-	-	-	-	-	118,332	118,332	177,137	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2,600	-	-	-	-	-	(1,750)	(1,750)	850	-	-
Total sources of capital funds	61,405	-	-	-	-	-	116,582	116,582	177,987	-	-
Financial position											
Total current assets	155,242	-	-	-	-	-	338,167	338,167	493,409	(243,219)	(243,219)
Total non current assets	910,338	-	-	-	-	-	379,132	379,132	1,289,470	-	-
Total current liabilities	71,736	-	-	-	-	-	185,606	185,606	257,342	-	-
Total non current liabilities	5,089	-	-	-	-	-	42,138	42,138	47,227	-	-
Community wealth/Equity	988,755	-	-	-	-	-	354,095	354,095	1,342,851	-	-
Cash flows											
Net cash from (used) operating	40,180	-	-	-	-	-	129,799	129,799	169,978	-	-
Net cash from (used) investing	(74,762)	-	-	-	-	-	(103,225)	(103,225)	(177,987)	-	-
Net cash from (used) financing	(401)	-	-	-	-	-	-	-	(401)	-	-
Cash/cash equivalents at the year end	632	-	-	-	-	-	92,722	92,722	93,354	93,354	93,354
Cash backing/surplus reconciliation											
Cash and investments available	632	-	-	-	-	-	93,105	93,105	93,736	-	-
Application of cash and investments	23,257	-	-	-	-	-	(63,254)	(63,254)	(39,996)	-	-
Balance - surplus (shortfall)	(22,626)	-	-	-	-	-	156,358	156,358	133,733	-	-
Asset Management											
Asset register summary (WDV)	886,029	-	-	-	-	-	278,538	278,538	1,164,567	-	-
Depreciation	62,758	-	-	-	-	-	74,691	74,691	137,449	-	-
Renewal and Upgrading of Existing Assets	13,469	-	-	-	-	-	106,694	106,694	120,164	-	-
Repairs and Maintenance	15,250	-	-	-	-	-	6,613	6,613	21,863	-	-
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

1. 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).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Internally generated funds is 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. Although the Cash flow has a positive balance, the municipality's cash flow position is still weak. Hence the municipality has decided to keep its internally generated capital funding low.
4. The Municipality plans to work hard on collecting its old debt. The revenue section has put a plan in action in this regard, as the municipality is putting great emphasis on regaining its financial stability.
5. 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.

Table B2

Standard Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
<i>Governance and administration</i>		415,058	-	-	-	-	-	83,761	83,761	498,818	-	-
Executive and council		881	-	-	-	-	-	(881)	(881)	-	-	-
Finance and administration		414,177	-	-	-	-	-	84,641	84,641	498,818	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		9,235	-	-	-	-	-	91,436	91,436	100,670	-	-
Community and social services		7,492	-	-	-	-	-	76,760	76,760	84,252	-	-
Sport and recreation		132	-	-	-	-	-	(115)	(115)	17	-	-
Public safety		1,610	-	-	-	-	-	140	140	1,750	-	-
Housing		-	-	-	-	-	-	14,651	14,651	14,651	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		50,644	-	-	-	-	-	(3,213)	(3,213)	47,431	-	-
Planning and development		380	-	-	-	-	-	(154)	(154)	225	-	-
Road transport		50,265	-	-	-	-	-	(3,059)	(3,059)	47,206	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		308,616	-	-	-	-	-	(135,296)	(135,296)	173,320	-	-
Energy sources		298,544	-	-	-	-	-	(137,102)	(137,102)	161,441	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		10,072	-	-	-	-	-	1,806	1,806	11,878	-	-
Other		33	-	-	-	-	-	-	-	33	-	-
Total Revenue - Functional	2	783,585	-	-	-	-	-	36,687	36,687	820,272	-	-
Expenditure - Functional												
<i>Governance and administration</i>		352,976	-	-	-	-	-	(31,692)	(31,692)	321,284	-	-
Executive and council		21,667	-	-	-	-	-	3,466	3,466	25,133	-	-
Finance and administration		325,250	-	-	-	-	-	(37,411)	(37,411)	287,839	-	-
Internal audit		6,059	-	-	-	-	-	2,254	2,254	8,313	-	-
<i>Community and public safety</i>		66,120	-	-	-	-	-	(533)	(533)	65,587	-	-
Community and social services		38,051	-	-	-	-	-	(823)	(823)	37,228	-	-
Sport and recreation		12,878	-	-	-	-	-	290	290	13,168	-	-
Public safety		11,723	-	-	-	-	-	-	-	11,723	-	-
Housing		3,468	-	-	-	-	-	-	-	3,468	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		43,197	-	-	-	-	-	5,573	5,573	48,770	-	-
Planning and development		8,968	-	-	-	-	-	4,454	4,454	13,422	-	-
Road transport		34,229	-	-	-	-	-	1,119	1,119	35,348	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		257,633	-	-	-	-	-	1,434	1,434	259,067	-	-
Energy sources		238,259	-	-	-	-	-	984	984	239,243	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		19,374	-	-	-	-	-	450	450	19,824	-	-
Other		1,020	-	-	-	-	-	-	-	1,020	-	-
Total Expenditure - Functional	3	720,945	-	-	-	-	-	(25,217)	(25,217)	695,728	-	-
Surplus/ (Deficit) for the year		62,641	-	-	-	-	-	61,904	61,904	124,545	-	-

- 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 06 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4.

- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the other departments.

Table B3

Vote Description <i>[Insert departmental structure etc]</i>	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
Revenue by Vote	1											
Vote 1 - Executive & Council		881	-	-	-	-	-	(881)	(881)	-	-	-
Vote 2 - Finance and Admin		414,235	-	-	-	-	-	84,600	84,600	498,835	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		7,492	-	-	-	-	-	76,760	76,760	84,252	-	-
Vote 5 - Sport & Recreation		74	-	-	-	-	-	(74)	(74)	-	-	-
Vote 6 - Public Safety		1,610	-	-	-	-	-	140	140	1,750	-	-
Vote 7 - Housing		-	-	-	-	-	-	14,651	14,651	14,651	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		773	-	-	-	-	-	(154)	(154)	619	-	-
Vote 10 - Road Transport		50,265	-	-	-	-	-	(3,059)	(3,059)	47,206	-	-
Vote 11 - Energy Sources		298,544	-	-	-	-	-	(137,102)	(137,102)	161,441	-	-
Vote 12 - Waste Management		9,679	-	-	-	-	-	1,806	1,806	11,485	-	-
Vote 13 - Other		33	-	-	-	-	-	-	-	33	-	-
Vote 14 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	783,585	-	-	-	-	-	36,687	36,687	820,272	-	-
Expenditure by Vote	1											
Vote 1 - Executive & Council		21,667	-	-	-	-	-	3,466	3,466	25,133	-	-
Vote 2 - Finance and Admin		290,314	-	-	-	-	-	(44,371)	(44,371)	245,943	-	-
Vote 3 - Internal Audit		6,059	-	-	-	-	-	2,254	2,254	8,313	-	-
Vote 4 - Community and Social Services		48,688	-	-	-	-	-	(573)	(573)	48,116	-	-
Vote 5 - Sport & Recreation		1,585	-	-	-	-	-	-	-	1,585	-	-
Vote 6 - Public Safety		11,723	-	-	-	-	-	-	-	11,723	-	-
Vote 7 - Housing		3,468	-	-	-	-	-	-	-	3,468	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		10,839	-	-	-	-	-	4,304	4,304	15,143	-	-
Vote 10 - Road Transport		34,229	-	-	-	-	-	1,119	1,119	35,348	-	-
Vote 11 - Energy Sources		238,259	-	-	-	-	-	984	984	239,243	-	-
Vote 12 - Waste Management		17,503	-	-	-	-	-	600	600	18,103	-	-
Vote 13 - Other		1,020	-	-	-	-	-	-	-	1,020	-	-
Vote 14 - Finance and Admin2		35,591	-	-	-	-	-	7,000	7,000	42,591	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	720,945	-	-	-	-	-	(25,217)	(25,217)	695,728	-	-
Surplus/ (Deficit) for the year	2	62,641	-	-	-	-	-	61,904	61,904	124,545	-	-

- 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. The following table is an analysis of the surplus or deficit for the electricity and refuse trading services.

Table B4

Description	Ref	2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	112,984	-	-	-	-	-	-	-	112,984	-	-
Service charges - electricity revenue	2	271,474	-	-	-	-	-	(21,902)	(21,902)	249,571	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	10,072	-	-	-	-	-	(194)	(194)	9,878	-	-
Rental of facilities and equipment		750	-	-	-	-	-	(207)	(207)	544	-	-
Interest earned - external investments		2,782	-	-	-	-	-	4,716	4,716	7,498	-	-
Interest earned - outstanding debtors		53,141	-	-	-	-	-	(10,919)	(10,919)	42,223	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		24,197	-	-	-	-	-	(21,847)	(21,847)	2,350	-	-
Licences and permits		4,450	-	-	-	-	-	(2,632)	(2,632)	1,818	-	-
Agency services		49	-	-	-	-	-	5	5	55	-	-
Transfers and subsidies		231,671	-	-	-	-	-	-	-	231,671	-	-
Other revenue	2	4,390	-	-	-	-	-	(1,936)	(1,936)	2,454	-	-
Gains		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		715,960	-	-	-	-	-	(54,914)	(54,914)	661,046	-	-
Expenditure By Type												
Employee related costs		182,361	-	-	-	-	-	-	-	182,361	-	-
Remuneration of councillors		14,299	-	-	-	-	-	-	-	14,299	-	-
Debt impairment		144,311	-	-	-	-	-	(128,832)	(128,832)	15,478	-	-
Depreciation & asset impairment		62,758	-	-	-	-	-	74,691	74,691	137,449	-	-
Finance charges		1,888	-	-	-	-	-	(1,402)	(1,402)	487	-	-
Bulk purchases - electricity		210,527	-	-	-	-	-	-	-	210,527	-	-
Inventory consumed		17,678	-	-	-	-	-	1,900	1,900	19,578	-	-
Contracted services		59,215	-	-	-	-	-	23,405	23,405	82,620	-	-
Transfers and subsidies		400	-	-	-	-	-	-	-	400	-	-
Other expenditure		27,507	-	-	-	-	-	5,032	5,032	32,538	-	-
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		720,945	-	-	-	-	-	(25,207)	(25,207)	695,738	-	-
Surplus/(Deficit)		(4,985)	-	-	-	-	-	(29,707)	(29,707)	(34,692)	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		67,626	-	-	-	-	-	91,601	91,601	159,227	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		62,641	-	-	-	-	-	61,894	61,894	124,535	-	-
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		62,641	-	-	-	-	-	61,894	61,894	124,535	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		62,641	-	-	-	-	-	61,894	61,894	124,535	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		62,641	-	-	-	-	-	61,894	61,894	124,535	-	-

1. Total revenue was R715 million and decreased to R661 million in the Adjustments Budget. This represents a decrease of 8% from the original budget of 2022/23.

Table B5

Description	Ref	2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	2023/24
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted												
Vote 1 - Executive & Council	2	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted												
Vote 1 - Executive & Council	2	2,100	-	-	-	-	-	(1,900)	(1,900)	200	-	-
Vote 2 - Finance and Admin		200	-	-	-	-	-	150	150	350	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		338	-	-	-	-	-	(238)	(238)	100	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	12,740	12,740	12,740	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		100	-	-	-	-	-	105,692	105,692	105,792	-	-
Vote 10 - Road Transport		35,127	-	-	-	-	-	238	238	35,366	-	-
Vote 11 - Energy Sources		23,539	-	-	-	-	-	(100)	(100)	23,439	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		61,405	-	-	-	-	-	116,582	116,582	177,987	-	-
Total Capital Expenditure - Vote		61,405	-	-	-	-	-	116,582	116,582	177,987	-	-
Capital Expenditure - Functional												
Governance and administration		2,300	-	-	-	-	-	(1,750)	(1,750)	550	-	-
Executive and council		2,100	-	-	-	-	-	(1,900)	(1,900)	200	-	-
Finance and administration		200	-	-	-	-	-	150	150	350	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		338	-	-	-	-	-	12,502	12,502	12,840	-	-
Community and social services		338	-	-	-	-	-	(238)	(238)	100	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	12,740	12,740	12,740	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		35,227	-	-	-	-	-	105,930	105,930	141,158	-	-
Planning and development		100	-	-	-	-	-	105,692	105,692	105,792	-	-
Road transport		35,127	-	-	-	-	-	238	238	35,366	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		23,539	-	-	-	-	-	(100)	(100)	23,439	-	-
Energy sources		23,539	-	-	-	-	-	(100)	(100)	23,439	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	61,405	-	-	-	-	-	116,582	116,582	177,987	-	-
Funded by:												
National Government		58,805	-	-	-	-	-	105,592	105,592	164,397	-	-
Provincial Government		-	-	-	-	-	-	12,740	12,740	12,740	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	58,805	-	-	-	-	-	118,332	118,332	177,137	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2,600	-	-	-	-	-	(1,750)	(1,750)	850	-	-
Total Capital Funding		61,405	-	-	-	-	-	116,582	116,582	177,987	-	-

1. 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.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to single-year appropriations, for 2022/23 R177 million has been allocated.
3. The capital programmes is funded from national grants and transfers and internally generated funds from current year surpluses. For 2022/23, capital transfers totals R177 million. For Internally Funded items: R850 thousand.

Table B6

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
ASSETS												
Current assets												
Cash		632	-	-	-	-	-	(5,857)	(5,857)	(5,226)	-	-
Call investment deposits	1	-	-	-	-	-	-	98,962	98,962	98,962	-	-
Consumer debtors	1	83,349	-	-	-	-	-	228,945	228,945	312,293	(253,729)	(253,729)
Other debtors		60,870	-	-	-	-	-	15,999	15,999	76,869	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Inventory		10,391	-	-	-	-	-	119	119	10,510	10,510	10,510
Total current assets		155,242	-	-	-	-	-	338,167	338,167	493,409	(243,219)	(243,219)
Non current assets												
Long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		64,597	-	-	-	-	-	19,420	19,420	84,016	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	834,361	-	-	-	-	-	359,379	359,379	1,193,740	-	-
Biological		-	-	-	-	-	-	-	-	-	-	-
Intangible		1,810	-	-	-	-	-	334	334	2,144	-	-
Other non-current assets		9,570	-	-	-	-	-	-	-	9,570	-	-
Total non current assets		910,338	-	-	-	-	-	379,132	379,132	1,289,470	-	-
TOTAL ASSETS		1,065,580	-	-	-	-	-	717,300	717,300	1,782,879	(243,219)	(243,219)
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Borrowing		401	-	-	-	-	-	407	407	808	-	-
Consumer deposits		5,137	-	-	-	-	-	(10,532)	(10,532)	(5,396)	-	-
Trade and other payables		61,428	-	-	-	-	-	236,407	236,407	297,836	-	-
Provisions		4,769	-	-	-	-	-	(40,675)	(40,675)	(35,906)	-	-
Total current liabilities		71,736	-	-	-	-	-	185,606	185,606	257,342	-	-
Non current liabilities												
Borrowing	1	2,009	-	-	-	-	-	(1,373)	(1,373)	636	-	-
Provisions	1	3,079	-	-	-	-	-	43,511	43,511	46,591	-	-
Total non current liabilities		5,089	-	-	-	-	-	42,138	42,138	47,227	-	-
TOTAL LIABILITIES		76,825	-	-	-	-	-	227,745	227,745	304,569	-	-
NET ASSETS	2	988,755	-	-	-	-	-	489,555	489,555	1,478,310	(243,219)	(243,219)
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		988,755	-	-	-	-	-	354,095	354,095	1,342,851	-	-
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		988,755	-	-	-	-	-	354,095	354,095	1,342,851	-	-

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. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the 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.

Table B7

Description	Ref	2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		76,829	-	-	-	-	-	(33,335)	(33,335)	43,494	-	-
Service charges		195,956	-	-	-	-	-	45,807	45,807	241,762	-	-
Other revenue		43,299	-	-	-	-	-	(14,134)	(14,134)	29,165	-	-
Transfers and Subsidies - Operational	1	231,671	-	-	-	-	-	-	-	231,671	-	-
Transfers and Subsidies - Capital	1	80,983	-	-	-	-	-	78,244	78,244	159,227	-	-
Interest		2,782	-	-	-	-	-	4,689	4,689	7,470	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(589,051)	-	-	-	-	-	47,127	47,127	(541,924)	-	-
Finance charges		(1,888)	-	-	-	-	-	1,402	1,402	(487)	-	-
Transfers and Grants	1	(400)	-	-	-	-	-	-	-	(400)	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		40,180	-	-	-	-	-	129,799	129,799	169,978	-	-
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		(74,762)	-	-	-	-	-	(103,225)	(103,225)	(177,987)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(74,762)	-	-	-	-	-	(103,225)	(103,225)	(177,987)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing		(401)	-	-	-	-	-	-	-	(401)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(401)	-	-	-	-	-	-	-	(401)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(34,983)	-	-	-	-	-	26,574	26,574	(8,410)	-	-
Cash/cash equivalents at the year begin:	2	35,615	-	-	-	-	-	66,149	66,149	101,764	93,354	93,354
Cash/cash equivalents at the year end:	2	632	-	-	-	-	-	92,722	92,722	93,354	93,354	93,354

1. The adjustments amongst others include different collection rates to that applied on original budget, as well adjustments that were explained on financial performance that have a direct bearing on the cashflow.

PART 2 – SUPPORTING DOCUMENTATION

Adjustments to budget assumptions

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the Adjusted 2022/23 MTREF:

- National Government macro -economic targets;
- The general inflationary outlook and the impact on municipality’s residents and businesses;
- The impact of municipal cost drivers;

Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. Amortisation schedule were obtained from the financial institutions and used to calculate the finance charges the municipality will incur in the 2022/23.

Collection rate for revenue services

With the help from provincial treasury, we have calculated the municipality's collection rate on Rates, Electricity and Refuse. Both the Debtors and Revenue collection rate were calculated. For cash flow purposes, the Revenue collection rate was used because we felt its more accurate reflection of the income that is collected. The Revenue collection rates were as follows:

- Electricity: 91%
- Refuse: 62%
- Property Rates: 34.1%
- Interest on outstanding- 32.8

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes.

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2022/23 MTREF of which performance has been factored into the cash flow budget.

Adjustments to budget funding

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as electricity, solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of average 80 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Adjustments to expenditure on allocations and grant programs.

National treasury has further gazetted R 76 million allocation for the municipal disaster recovery grant, and a further R1.2 million on the human settlements grant.

The below table excludes equitable share

The municipality received equitable share of R 218 million.

Description	Ref	2022/23						
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
		A	2 A1	3 B	4 C	5 D	6 E	7 F
R thousands								
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1							
Operating expenditure of Transfers and Grants								
National Government:		4,343	-	-	-	-	-	4,343
Expanded Public Works Programme Integrated Grant		2,043	-	-	-	-	-	2,043
Local Government Financial Management Grant		2,300	-	-	-	-	-	2,300
Provincial Government:		7,101	-	-	-	-	-	7,101
Specify (Add grant description)		449	-	-	-	-	-	449
Specify (Add grant description)		6,652	-	-	-	-	-	6,652
District Municipality:		-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		11,444	-	-	-	-	-	11,444
Capital expenditure of Transfers and Grants								
National Government:		69,760	-	-	-	76,950	76,950	146,710
Energy Efficiency and Demand Side Management Grant		5,000	-	-	-	-	-	5,000
Municipal Infrastructure Grant		42,690	-	-	-	-	-	42,690
Integrated National Electrification Programme Grant		22,070	-	-	-	-	-	22,070
Municipal Disaster Recovery Grant		-	-	-	-	76,950	76,950	76,950
Provincial Government:		-	-	-	-	14,651	14,651	14,651
Specify (Add grant description)		-	-	-	-	14,651	14,651	14,651
District Municipality:		-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		69,760	-	-	-	91,601	91,601	161,361
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		81,204	-	-	-	91,601	91,601	172,805

Adjustments to allocations and grants made by the municipality

There were no allocations and grants made by Inkosi Langa libalele Municipality to any other municipality. There is a budget allocation of R 400 thousand that was allocated to deserving students as a donation from the municipality to assist with registration fees.

Adjustments to capital expenditure

The municipality received R 44 million last financial year in relation to capital expenditure for disaster relief grant, that has been provided in the adjustments budget. A further R 76 million has been adjusted for with regards to disaster recovery funds. Internally generated expenditure has also been decreased.



Description	Ref	2022/23									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	2023/24
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted												
Vote 1 - Executive & Council	2	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted												
Vote 1 - Executive & Council	2	2,100	-	-	-	-	-	(1,900)	(1,900)	200	-	-
Vote 2 - Finance and Admin		200	-	-	-	-	-	150	150	350	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		338	-	-	-	-	-	(238)	(238)	100	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	12,740	12,740	12,740	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		100	-	-	-	-	-	105,692	105,692	105,792	-	-
Vote 10 - Road Transport		35,127	-	-	-	-	-	238	238	35,366	-	-
Vote 11 - Energy Sources		23,539	-	-	-	-	-	(100)	(100)	23,439	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		61,405	-	-	-	-	-	116,582	116,582	177,987	-	-
Total Capital Expenditure - Vote		61,405	-	-	-	-	-	116,582	116,582	177,987	-	-
Capital Expenditure - Functional												
Governance and administration		2,300	-	-	-	-	-	(1,750)	(1,750)	550	-	-
Executive and council		2,100	-	-	-	-	-	(1,900)	(1,900)	200	-	-
Finance and administration		200	-	-	-	-	-	150	150	350	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		338	-	-	-	-	-	12,502	12,502	12,840	-	-
Community and social services		338	-	-	-	-	-	(238)	(238)	100	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	12,740	12,740	12,740	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		35,227	-	-	-	-	-	105,930	105,930	141,158	-	-
Planning and development		100	-	-	-	-	-	105,692	105,692	105,792	-	-
Road transport		35,127	-	-	-	-	-	238	238	35,366	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		23,539	-	-	-	-	-	(100)	(100)	23,439	-	-
Energy sources		23,539	-	-	-	-	-	(100)	(100)	23,439	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	61,405	-	-	-	-	-	116,582	116,582	177,987	-	-
Funded by:												
National Government		58,805	-	-	-	-	-	105,592	105,592	164,397	-	-
Provincial Government		-	-	-	-	-	-	12,740	12,740	12,740	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	58,805	-	-	-	-	-	118,332	118,332	177,137	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2,600	-	-	-	-	-	(1,750)	(1,750)	850	-	-
Total Capital Funding		61,405	-	-	-	-	-	116,582	116,582	177,987	-	-

Adjustments to Councilors Allowances and Employee benefits

No adjustments had been made on councilor allowance and employee benefits.

Summary of remuneration	Ref	2022/23									% change
		Original Budget A	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H	
R thousands											
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		1,213	-	-	-	-	-	-	-	1,213	0.0%
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-	-
Cellphone Allowance		1,542	-	-	-	-	-	-	-	1,542	-
Housing Allowances		-	-	-	-	-	-	-	-	-	-
Other benefits and allowances		11,544	-	-	-	-	-	-	-	11,544	-
Sub Total - Councillors		14,299	-	-	-	-	-	-	-	14,299	0.0%
% increase			(0)								
Senior Managers of the Municipality											
Basic Salaries and Wages		5,166	-	-	-	-	-	-	-	5,166	0.0%
Pension and UIF Contributions		14	-	-	-	-	-	-	-	14	0.0%
Medical Aid Contributions		-	-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1,734	-	-	-	-	-	-	-	1,734	0.0%
Cellphone Allowance		125	-	-	-	-	-	-	-	125	0.0%
Housing Allowances		-	-	-	-	-	-	-	-	-	-
Other benefits and allowances		0	-	-	-	-	-	-	-	0	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	5	-	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		7,040	-	-	-	-	-	-	-	7,040	0.0%
% increase			(0)								
Other Municipal Staff											
Basic Salaries and Wages		111,700	-	-	-	-	-	-	-	111,700	0.0%
Pension and UIF Contributions		29,342	-	-	-	-	-	-	-	29,342	0.0%
Medical Aid Contributions		7,420	-	-	-	-	-	-	-	7,420	0.0%
Overtime		3,671	-	-	-	-	-	-	-	3,671	0.0%
Performance Bonus		11,425	-	-	-	-	-	-	-	11,425	0.0%
Motor Vehicle Allowance		5,605	-	-	-	-	-	-	-	5,605	0.0%
Cellphone Allowance		391	-	-	-	-	-	-	-	391	0.0%
Housing Allowances		695	-	-	-	-	-	-	-	695	0.0%
Other benefits and allowances		3,920	-	-	-	-	-	-	-	3,920	0.0%
Payments in lieu of leave		709	-	-	-	-	-	-	-	709	0.0%
Long service awards		444	-	-	-	-	-	-	-	444	0.0%
Post-retirement benefit obligations	5	-	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		175,321	-	-	-	-	-	-	-	175,321	0.0%
% increase											
Total Parent Municipality		196,660	-	-	-	-	-	-	-	196,660	0.0%

Municipal manager's quality certificate

I, **Mr. SB Mthembu**, the Municipal Manager of Inkosi Langalibalele Municipality, hereby certify that the 2022/23 adjustments 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 2022/23 adjustments budget and the supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name: **Sithembiso Blessing Mthembu**

Municipal Manager of Inkosi Langalibalele Municipality, KZN237

Signature: _____

Date: _____