

**INKOSI LANGALIBALELE
MUNICIPALITY
KZN 237**



**ADJUSTMENTS BUDGET
2023/24**



Contents

PART 1 - ADJUSTMENT'S BUDGET	3
Mayor's Report	3
Resolutions	4
Executive Summary	4
BACKGROUND	4
SUMMARY OF ADJUSTMENTS	5
CAPITAL EXPENDITURE	10
CONCLUSION	11
PART 2 - SUPPORTING DOCUMENTATION	21
Adjustments to expenditure on allocations and grant programmes	23
Adjustments to allocations and grants made by the municipality	24
Adjustments to capital expenditure	24
Municipal manager's quality certificate	27

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 2023 was tabled in Council on the 26th of January 2024. 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 R64 million from R38 million. The overall original surplus, including capital transfers, will decrease in the adjustments budget to R2 million from R21,5 million.

In summary, the Adjustments Budget figures are as follows:

	Original Budget	Adjustments Budget
Total Revenue	718,037,637.00	723,538,571.00
Total Expenditure	756,798,402.00	788,314,446.00
Surplus/ Deficit	21,503,785.00	2,002, 000.00

**HIS WORSHIP, THE MAYOR
COUNCILLOR MYEZA**

Resolutions

It is recommended:

1. THAT THE 2023/24 ADJUSTMENTS BUDGET BE APPROVED.

Executive Summary

A Mid-Year Budget Performance Report was tabled in Council on the 26th of January 2024. 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 analyzed and 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 2023 which effectively means that the adjustments budget should be tabled before the 28th of February 2024.

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

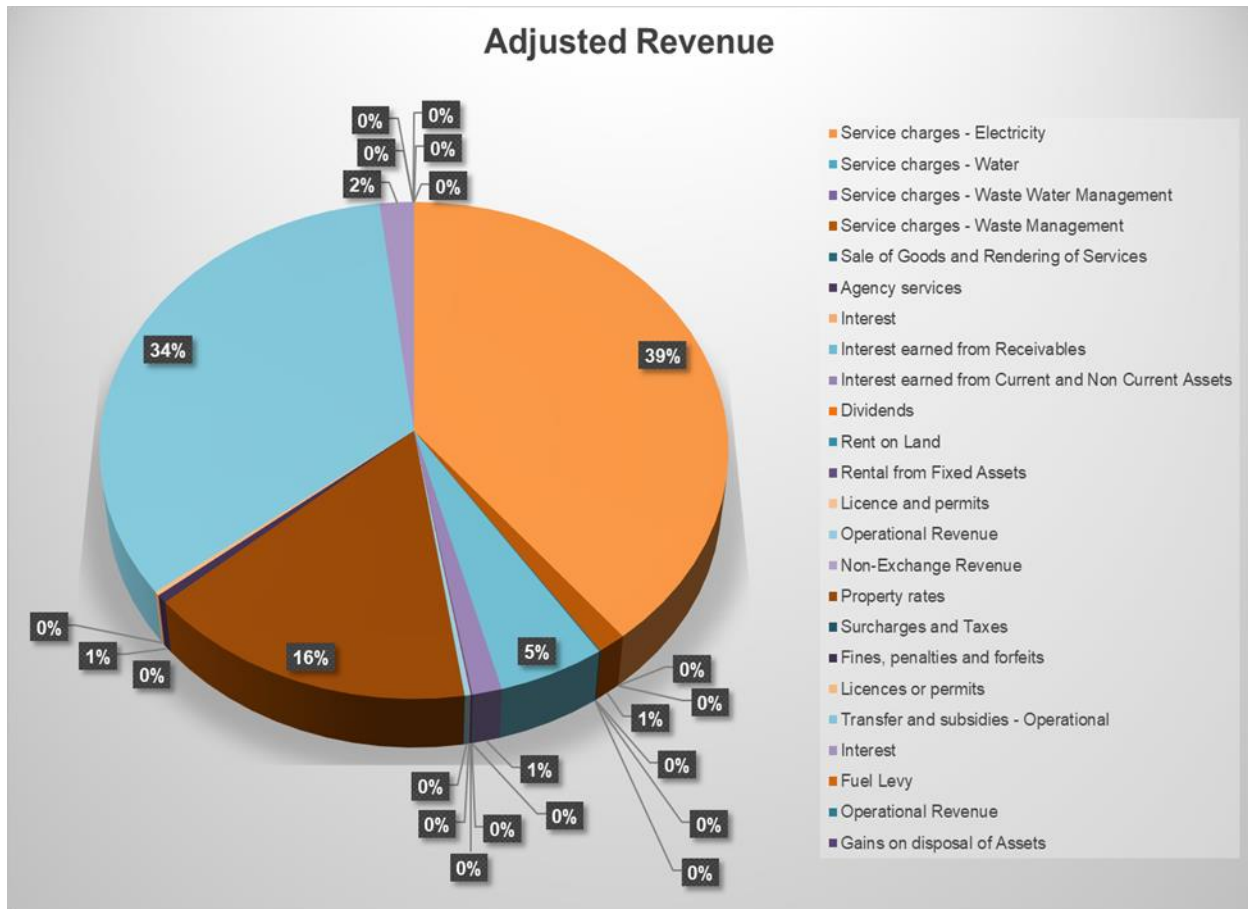
Total operating income increased from the original budget of R718 million to R723 million. This is due to high collection on Service Charges – Electricity due to curbed load shedding,

The total operating expenditure has increased from R756 million to R788 million. This was mainly due to non- cash items and depreciation which is adjusted downward by 14 million. Bulk Purchases were also adjusted downward by 7.7 million.



ADJUSTMENTS BUDGET 2022/23

Description	Budget Year 2023/24			
	Original Budget	YearTD actual	Adjusted by	Adjusted Budget 2023/24
R thousands				
Revenue				
Exchange Revenue				
Service charges - Electricity	280 466 797.00	165 669 284.80	3 537 691.23	284 004 488.23
Service charges - Water	-	-	-	
Service charges - Waste Water Management	-	-	-	
Service charges - Waste management	10 190 302.00	5 826 763.10	- 201 565.26	9 988 736.74
Sale of Goods and Rendering of Services	377 163.00	263 868.54	75 183.07	452 346.07
Agency services	29 293.00	23 591.26	11 149.16	40 442.16
Interest	-	-	-	
Interest earned from Receivables	30 535 205.00	21 657 118.17	6 591 283.29	37 126 488.29
Interest from Current and Non Current Assets	7 895 344.00	7 057 317.76	2 329 502.95	10 224 846.95
Dividends	-	-	-	
Rent on Land	-	-	-	
Rental from Fixed Assets	624 188.00	393 090.50	49 681.43	673 869.43
Licence and permits	1 618 042.00	167 721.29	- 1 330 519.79	287 522.21
Operational Revenue	2 109 027.00	1 001 296.40	- 392 518.89	1 716 508.11
Non-Exchange Revenue			-	
Property rates	118 971 976.00	75 875 449.34	- 3 619 077.32	115 352 898.68
Surcharges and Taxes	-	-	-	
Fines, penalties and forfeits	1 874 273.00	2 252 400.00	1 986 984.14	3 861 257.14
Licence and permits	616 700.00	1 080 104.12	1 234 907.06	1 851 607.06
Transfers and subsidies - Operational	246 785 450.00	188 631 251.57	- 1 490 000.00	245 295 450.00
Interest	15 943 877.00	8 029 542.85	- 2 178 946.40	13 764 930.60
Fuel Levy	-	-	-	
Operational Revenue	-	-	-	
Gains on disposal of Assets	-	-	-	
Other Gains	-	-	-	
Discontinued Operations	-	-	-	
Total Revenue (excluding capital transfers and contr	718 037 637.00	477 928 799.70	6 603 754.68	724 641 391.68



The following revenue items have been adjusted:

1. **Service charges-** electricity has been adjusted upwards to accommodate income trend for the past 6 months mostly attributable to high collection and curbing of 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 due additional grant being allocated.
5. **Fines, penalties** have been adjusted due to income trend for the first six months and receipts were timeously done

6. **Licenses and permits** have been adjusted upwards considering income trend for the past six months.
7. **Transfers and subsidies – Operational** Downward adjustment of 1.1 million MIG top slice was made.
8. **Other revenue** was adjusted due to income trends for the first six months of the year as low income was recorded.

Employee related costs	192 208 620.00	115 731 542.18	7 864 875.27	200 073 495.27
Remuneration of councillors	18 269 950.00	15 352 433.39	4 863 026.84	23 132 976.84
Bulk purchases - electricity	249 453 978.00	141 005 449.79	- 7 730 349.00	241 723 629.00
Inventory consumed	17 950 000.00	10 531 887.40	2 218 000.00	20 168 000.00
Debt impairment	11 969 616.00	1 572 319.53	-	11 969 616.00
Depreciation and amortisation	144 733 759.00	-	- 14 384 721.22	130 349 037.78
Interest	512 474.00	390 767.85	1 192 002.74	1 704 476.74
Contracted services	77 008 570.00	53 530 817.95	23 915 483.00	100 924 053.00
Transfers and subsidies	100 000.00	-	100 000.00	200 000.00
Irrecoverable debts written off	16 298 590.00	-	7 108 601.76	23 407 191.76
Operational costs	28 292 845.00	18 395 438.16	6 319 123.66	34 661 968.66
Losses on Disposal of Assets	-	-		-
Other Losses	-	-		-
Total Expenditure	756 798 402.00	356 510 656.25	31 466 043.04	788 314 445.04

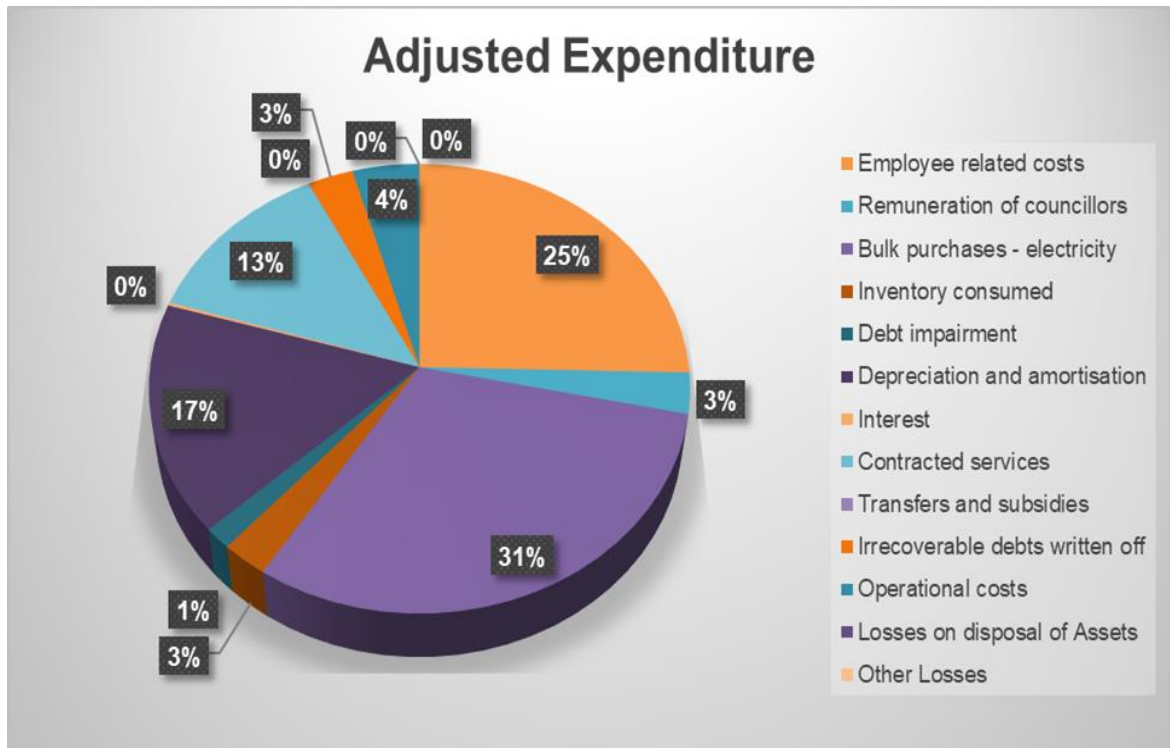
The following expenditure items have been adjusted

1. Employee Related Cost

The basis of calculation was based on fact that there were employees that were appointed and not budgeted for. Therefore, funds were budgeted for to cater for new employees

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 upwards as the trend in its expenditure indicated projection of high spending percentage at year end.

4. Other Expenditure

Was increased to accommodate variety of expenses such as auditor general fees, uniform, of the municipality Mayors operational programmes.

5. Inventory consumed

This was mainly adjusted in 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 loan Amortization Schedule

CAPITAL EXPENDITURE

The Municipality adjusted 33 million for Disaster Relief Grant which was the rollover from 2022-23 as it was not included in the 2022-23 Budget. 1.5 million was adjusted downwards as per DORA Amendment Gazette which is part of the 2.9 million total Municipal Infrastructure Grant adjustment. The internally generated funds were increased by R 100 thousand. Museum and Library Grants of R100 and 290 thousand are transferred from operational budget to Capital Budget respectively

Description	Original Budget 2023/2024	Year to date	Adjustments	Adjusted Budget 2023/2024
R thousand				
Capital Expenditure - Functional				
Governance and administration	1 300 000.00	319 000.00	-	1 300 000.00
Executive and council	100 000.00	100 000.00		100 000.00
Finance and administration	1 200 000.00	219 000.00		1 200 000.00
Internal audit				
Community and public safety	100 000.00	94 000.00	290 000.00	390 000.00
Community and social services	100 000.00	94 000.00	290 000.00	390 000.00
Sport and recreation				
Public safety				
Housing				
Health				
Economic and environmental services	36 951 782.61	52 389 000.00	39 230 060.26	76 181 842.87
Planning and development	100 000.00	27 889 000.00	40 824 660.26	40 924 660.26
Road transport	36 851 782.61	24 500 000.00	(1 594 600.00)	35 257 182.61
Environmental protection				
Trading services	15 652 173.91	8 291 000.00	-	15 652 174.00
Energy sources	15 652 173.91	8 291 000.00		15 652 174.00
Water management				
Waste water management				
Waste management				
Other				
Total Capital Expenditure - Functional	54 003 956.52	61 093 000.00	39 520 060.26	93 524 016.87
Funded by:				
National Government	52 403 956.52	60 675 000.00	39 030 060.26	91 434 016.78
Provincial Government			390 000.00	390 000.00
District Municipality				
Other transfers and grants				
Transfers recognised - capital	52 403 956.52	60 675 000.00	39 420 060.26	91 824 016.78
Borrowing				
Internally generated funds	1 600 000.00	418 000.00	100 000.00	1 700 000.00
Total Capital Funding	54 003 956.52	61 093 000.00	39 520 060.26	93 524 016.78



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	2023/24									Budget Year 2024/25	Budget Year 2025/26
	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	2	3	4	5	6	7	8		
	A1	B	C	D	E	F	G	H			
Financial Performance											
Property rates	118 972	-	-	-	-	-	(3 619)	(3 619)	115 353	124 802	130 667
Service charges	290 657	-	-	-	-	-	3 336	3 336	293 993	304 899	319 230
Investment revenue	7 895	-	-	-	-	-	2 330	2 330	10 225	8 282	8 671
Transfers recognised - operational	246 785	-	-	-	-	-	(1 490)	(1 490)	245 295	263 132	257 788
Other own revenue	53 728	-	-	-	-	-	6 047	6 047	59 775	56 360	59 009
Total Revenue (excluding capital transfers and contributions)	718 038	-	-	-	-	-	6 604	6 604	724 641	757 476	775 366
Employee costs	192 209	-	-	-	-	-	7 865	7 865	200 073	202 588	213 528
Remuneration of councillors	18 270	-	-	-	-	-	4 863	4 863	23 133	19 165	20 066
Depreciation & asset impairment	156 703	-	-	-	-	-	(14 385)	(14 385)	142 319	164 358	172 083
Finance charges	512	-	-	-	-	-	1 192	1 192	1 704	538	563
Inventory consumed and bulk purchases	267 404	-	-	-	-	-	(5 512)	(5 512)	261 892	280 507	293 691
Transfers and subsidies	100	-	-	-	-	-	100	100	200	100	100
Other expenditure	121 600	-	-	-	-	-	37 393	37 393	158 993	127 558	133 533
Total Expenditure	756 798	-	-	-	-	-	31 516	31 516	788 614	794 814	833 563
Surplus/(Deficit)	(38 761)	-	-	-	-	-	(24 912)	(24 912)	(63 673)	(37 338)	(58 197)
Transfers and subsidies - capital (monetary allocations)	60 265	-	-	-	-	-	6 514	6 514	66 779	64 083	61 651
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	21 504	-	-	-	-	-	(18 398)	(18 398)	3 105	26 745	3 454
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	21 504	-	-	-	-	-	(18 398)	(18 398)	3 105	26 745	3 454
Capital expenditure & funds sources											
Capital expenditure	54 004	-	-	-	-	-	39 520	39 520	93 524	56 324	54 210
Transfers recognised - capital	52 404	-	-	-	-	-	39 420	39 420	91 824	55 724	53 610
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1 600	-	-	-	-	-	100	100	1 700	600	600
Total sources of capital funds	54 004	-	-	-	-	-	39 520	39 520	93 524	56 324	54 210
Financial position											
Total current assets	451 815	-	-	-	-	-	(68 135)	(68 135)	383 680	685 321	909 283
Total non current assets	1 135 381	-	-	-	-	-	53 905	53 905	1 189 286	1 039 880	935 128
Total current liabilities	259 402	-	-	-	-	-	4 168	4 168	263 570	370 661	486 418
Total non current liabilities	19 190	-	-	-	-	-	-	-	19 190	19 190	19 190
Community wealth/Equity	1 280 080	-	-	-	-	-	(18 398)	(18 398)	1 261 682	1 306 825	1 310 278
Cash flows											
Net cash from (used) operating	87 710	-	-	-	-	-	8 111	8 111	95 821	96 112	75 355
Net cash from (used) investing	(54 004)	-	-	-	-	-	(39 520)	(39 520)	(93 524)	(56 324)	(54 210)
Net cash from (used) financing	152	-	-	-	-	-	35	35	187	159	167
Cash/cash equivalents at the year end	127 212	-	-	-	-	-	(31 374)	(31 374)	95 838	165 630	185 349
Cash backing/surplus reconciliation											
Cash and investments available	125 683	-	-	-	-	-	(33 828)	(33 828)	91 855	164 037	183 690
Application of cash and investments	45 687	-	-	-	-	-	13 114	13 114	58 901	37 479	28 820
Balance - surplus (shortfall)	79 996	-	-	-	-	-	(46 942)	(46 942)	33 054	126 558	154 870
Asset Management											
Asset register summary (WDV)	1 047 771	-	-	-	-	-	21 541	21 541	1 069 312	913 936	769 202
Depreciation	144 734	-	-	-	-	-	(14 385)	(14 385)	130 349	151 826	158 962
Renewal and Upgrading of Existing Assets	20 336	-	-	-	-	-	25 038	25 038	45 374	42 681	39 982
Repairs and Maintenance	23 686	-	-	-	-	-	3 064	3 064	26 750	24 847	26 014
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 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. 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	2023/24										Budget Year 2024/25	Budget Year 2025/26
		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													
Governance and administration		383 344	-	-	-	-	-	(1 838)	(1 838)	381 506	408 381	410 201	
Executive and council		-	-	-	-	-	-	-	-	-	-	-	
Finance and administration		383 344	-	-	-	-	-	(1 838)	(1 838)	381 506	408 381	410 201	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	
Community and public safety		8 600	-	-	-	-	-	1 047	1 047	9 647	8 986	9 081	
Community and social services		7 340	-	-	-	-	-	1	1	7 341	7 664	7 696	
Sport and recreation		18	-	-	-	-	-	9	9	27	19	19	
Public safety		1 242	-	-	-	-	-	1 037	1 037	2 279	1 303	1 365	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		49 534	-	-	-	-	-	4 778	4 778	54 312	49 744	51 897	
Planning and development		237	-	-	-	-	-	8 102	8 102	8 340	249	261	
Road transport		49 297	-	-	-	-	-	(3 324)	(3 324)	45 973	49 495	51 636	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
Trading services		336 790	-	-	-	-	-	9 074	9 074	345 864	354 411	365 800	
Energy sources		324 494	-	-	-	-	-	7 662	7 662	332 155	341 512	352 295	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	
Waste management		12 296	-	-	-	-	-	1 413	1 413	13 709	12 899	13 505	
Other		35	-	-	-	-	-	56	56	90	36	38	
Total Revenue - Functional	2	778 302	-	-	-	-	-	13 118	13 118	791 420	821 559	837 017	
Expenditure - Functional													
Governance and administration		230 280	-	-	-	-	-	94	94	230 373	242 501	255 292	
Executive and council		48 947	-	-	-	-	-	7 814	7 814	56 761	51 340	53 749	
Finance and administration		170 090	-	-	-	-	-	(7 705)	(7 705)	162 385	179 367	189 195	
Internal audit		11 243	-	-	-	-	-	(16)	(16)	11 227	11 794	12 348	
Community and public safety		38 630	-	-	-	-	-	26 200	26 200	64 831	40 526	42 134	
Community and social services		27 664	-	-	-	-	-	13 099	13 099	40 763	29 024	30 091	
Sport and recreation		3 132	-	-	-	-	-	7 696	7 696	10 828	3 286	3 440	
Public safety		6 227	-	-	-	-	-	4 724	4 724	10 952	6 532	6 839	
Housing		1 606	-	-	-	-	-	681	681	2 287	1 685	1 764	
Health		-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		169 054	-	-	-	-	-	(4 287)	(4 287)	164 767	177 347	185 979	
Planning and development		13 660	-	-	-	-	-	1 827	1 827	15 487	14 334	15 008	
Road transport		155 394	-	-	-	-	-	(6 114)	(6 114)	149 280	163 013	170 971	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
Trading services		318 539	-	-	-	-	-	9 805	9 805	328 343	334 129	349 833	
Energy sources		289 120	-	-	-	-	-	(11 994)	(11 994)	277 126	303 264	317 538	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	
Waste management		29 419	-	-	-	-	-	21 799	21 799	51 217	30 845	32 295	
Other		296	-	-	-	-	-	(296)	(296)	-	311	325	
Total Expenditure - Functional	3	756 798	-	-	-	-	-	31 516	31 516	788 314	794 814	833 563	
Surplus/ (Deficit) for the year		21 504	-	-	-	-	-	(18 398)	(18 398)	3 105	26 745	3 454	

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 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.
2. 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.
3. 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	2023/24									Budget Year 2024/25	Budget Year 2025/26
		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 & Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		383 361	-	-	-	-	-	(1 855)	(1 855)	381 506	408 400	410 220
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		7 340	-	-	-	-	-	1	1	7 341	7 664	7 696
Vote 5 - Sport & Recreation		-	-	-	-	-	-	27	27	27	-	-
Vote 6 - Public Safety		1 242	-	-	-	-	-	1 037	1 037	2 279	1 303	1 365
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		652	-	-	-	-	-	8 102	8 102	8 754	684	716
Vote 10 - Road Transport		49 297	-	-	-	-	-	(3 324)	(3 324)	45 973	49 495	51 636
Vote 11 - Energy Sources		324 494	-	-	-	-	-	7 662	7 662	332 155	341 512	352 295
Vote 12 - Waste Management		11 882	-	-	-	-	-	1 413	1 413	13 295	12 464	13 050
Vote 13 - Other		35	-	-	-	-	-	56	56	90	36	38
Vote 14 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	778 302	-	-	-	-	-	13 118	13 118	791 420	821 559	837 017
Expenditure by Vote	1											
Vote 1 - Executive & Council		48 947	-	-	-	-	-	7 814	7 814	56 761	51 340	53 749
Vote 2 - Finance and Admin		140 051	-	-	-	-	-	(25 409)	(25 409)	114 642	147 856	156 223
Vote 3 - Internal Audit		11 243	-	-	-	-	-	(16)	(16)	11 227	11 794	12 348
Vote 4 - Community and Social Services		32 579	-	-	-	-	-	20 167	20 167	52 746	34 179	35 468
Vote 5 - Sport & Recreation		198	-	-	-	-	-	1 106	1 106	1 304	208	218
Vote 6 - Public Safety		6 227	-	-	-	-	-	4 724	4 724	10 952	6 532	6 839
Vote 7 - Housing		1 606	-	-	-	-	-	681	681	2 287	1 685	1 764
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		15 101	-	-	-	-	-	2 422	2 422	17 523	15 846	16 591
Vote 10 - Road Transport		155 394	-	-	-	-	-	(6 114)	(6 114)	149 280	163 013	170 971
Vote 11 - Energy Sources		289 120	-	-	-	-	-	(11 994)	(11 994)	277 126	303 284	317 538
Vote 12 - Waste Management		27 978	-	-	-	-	-	21 204	21 204	49 181	29 333	30 712
Vote 13 - Other		296	-	-	-	-	-	(296)	(296)	-	311	325
Vote 14 - Finance and Admin2		28 058	-	-	-	-	-	17 227	17 227	45 285	29 433	30 817
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	756 798	-	-	-	-	-	31 516	31 516	788 314	794 814	833 563
Surplus/ (Deficit) for the year	2	21 504	-	-	-	-	-	(18 398)	(18 398)	3 105	26 745	3 454

1. Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and refuse trading services.

Table B4

Description	Ref	2023/24									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	2024/25	2025/26	
		3	4	5	6	7	8	9	10	Adjusted Budget	Adjusted Budget		
R thousands	1	A	A1	B	C	D	E	F	G	H			
Revenue By Source													
Exchange Revenue													
Service charges - Electricity	2	280 467	-	-	-	-	-	3 538	3 538	284 004	294 210	308 038	
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - Waste Management	2	10 190	-	-	-	-	-	(202)	(202)	9 989	10 690	11 192	
Sale of Goods and Rendering of Services		377	-	-	-	-	-	75	75	452	396	414	
Agency services		29	-	-	-	-	-	11	11	40	31	32	
Interest		-	-	-	-	-	-	-	-	-	-	-	
Interest earned from Receivables		30 535	-	-	-	-	-	6 591	6 591	37 126	32 031	33 537	
Interest earned from Current and Non Current Assets		7 895	-	-	-	-	-	2 330	2 330	10 225	8 282	8 671	
Dividends		-	-	-	-	-	-	-	-	-	-	-	
Rent on Land		-	-	-	-	-	-	-	-	-	-	-	
Rental from Fixed Assets		624	-	-	-	-	-	50	50	674	655	686	
Licence and permits		1 618	-	-	-	-	-	(1 331)	(1 331)	288	1 697	1 777	
Operational Revenue		2 109	-	-	-	-	-	(393)	(393)	1 717	2 212	2 316	
Non-Exchange Revenue													
Property rates	2	118 972	-	-	-	-	-	(3 619)	(3 619)	115 353	124 802	130 667	
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		1 874	-	-	-	-	-	1 987	1 987	3 861	1 966	2 059	
Licences or permits		617	-	-	-	-	-	1 235	1 235	1 852	647	677	
Transfer and subsidies - Operational		246 785	-	-	-	-	-	(1 490)	(1 490)	245 295	263 132	257 788	
Interest		15 944	-	-	-	-	-	(2 179)	(2 179)	13 765	16 725	17 511	
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-	
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-	
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	
Other Gains		-	-	-	-	-	-	-	-	-	-	-	
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		718 038	-	-	-	-	-	6 604	6 604	724 641	757 476	775 366	
Expenditure By Type													
Employee related costs		192 209	-	-	-	-	-	7 865	7 865	200 073	202 588	213 528	
Remuneration of councillors		18 270	-	-	-	-	-	4 863	4 863	23 133	19 165	20 066	
Bulk purchases - electricity		249 454	-	-	-	-	-	(7 730)	(7 730)	241 724	261 677	273 976	
Inventory consumed		17 950	-	-	-	-	-	2 218	2 218	20 168	18 830	19 715	
Debt impairment		11 970	-	-	-	-	-	-	-	11 970	12 532	13 121	
Depreciation and amortisation		144 734	-	-	-	-	-	(14 385)	(14 385)	130 349	151 826	158 962	
Interest		512	-	-	-	-	-	1 192	1 192	1 704	538	563	
Contracted services		77 009	-	-	-	-	-	23 915	23 915	100 924	80 782	84 579	
Transfers and subsidies		100	-	-	-	-	-	100	100	200	100	100	
Irrecoverable debts written off		16 299	-	-	-	-	-	7 109	7 109	23 407	17 097	17 901	
Operational costs		28 293	-	-	-	-	-	6 369	6 369	34 662	29 679	31 054	
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	
Other Losses		-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure		756 798	-	-	-	-	-	31 516	31 516	788 314	794 814	833 563	
Surplus/(Deficit)		(38 761)	-	-	-	-	-	(24 912)	(24 912)	(63 673)	(37 338)	(58 197)	
Transfers and subsidies - capital (monetary allocations)		60 265	-	-	-	-	-	6 514	6 514	66 779	64 063	61 651	
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) before taxation		21 504	-	-	-	-	-	(18 398)	(18 398)	3 105	26 745	3 454	
Income Tax		-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after taxation		21 504	-	-	-	-	-	(18 398)	(18 398)	3 105	26 745	3 454	
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-	
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		21 504	-	-	-	-	-	(18 398)	(18 398)	3 105	26 745	3 454	
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-	
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year	1	21 504	-	-	-	-	-	(18 398)	(18 398)	3 105	26 745	3 454	

1. Total revenue was R718 million and increased to R724 million in the Adjustments Budget. This represents a decrease of 0.9% from the original budget of 2023/24.

Table B5

Description	Ref	2023/24									Budget Year	Budget Year
		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	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	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
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		5 116	-	-	-	-	-	(5 116)	(5 116)	-	-	-
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	5 116	-	-	-	-	-	(5 116)	(5 116)	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		100	-	-	-	-	-	20	20	120	100	100
Vote 2 - Finance and Admin		1 200	-	-	-	-	-	-	-	1 200	200	200
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		100	-	-	-	-	-	290	290	390	100	100
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		100	-	-	-	-	-	40 825	40 825	40 925	100	100
Vote 10 - Road Transport		31 735	-	-	-	-	-	3 502	3 502	35 237	38 433	40 082
Vote 11 - Energy Sources		15 652	-	-	-	-	-	-	-	15 652	17 391	13 628
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		48 888	-	-	-	-	-	44 636	44 636	93 524	56 324	54 210
Total Capital Expenditure - Vote		54 004	-	-	-	-	-	39 520	39 520	93 524	56 324	54 210
Capital Expenditure - Functional												
Governance and administration		1 300	-	-	-	-	-	20	20	1 320	300	300
Executive and council		100	-	-	-	-	-	20	20	120	100	100
Finance and administration		1 200	-	-	-	-	-	-	-	1 200	200	200
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		100	-	-	-	-	-	290	290	390	100	100
Community and social services		100	-	-	-	-	-	290	290	390	100	100
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		36 952	-	-	-	-	-	39 210	39 210	76 162	38 533	40 182
Planning and development		100	-	-	-	-	-	40 825	40 825	40 925	100	100
Road transport		36 852	-	-	-	-	-	(1 615)	(1 615)	35 237	38 433	40 082
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		15 652	-	-	-	-	-	-	-	15 652	17 391	13 628
Energy sources		15 652	-	-	-	-	-	-	-	15 652	17 391	13 628
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	54 004	-	-	-	-	-	39 520	39 520	93 524	56 324	54 210
Funded by:												
National Government		52 404	-	-	-	-	-	39 030	39 030	91 434	55 724	53 610
Provincial Government		-	-	-	-	-	-	390	390	390	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	52 404	-	-	-	-	-	39 420	39 420	91 824	55 724	53 610
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		1 600	-	-	-	-	-	100	100	1 700	600	600
Total Capital Funding		54 004	-	-	-	-	-	39 520	39 520	93 524	56 324	54 210

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 2023/24 R93.5 million has been allocated.
3. The capital programmes is funded from national grants and transfers and internally generated funds from current year surpluses. For 2023/24, capital transfers totals R93.5 million. For Internally Funded items: R1.7 thousand.

Table B6

Description	Ref	2023/24									Budget Year	Budget Year	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	2024/25	2025/26
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
R thousands													
ASSETS													
Current assets													
Cash and cash equivalents		125 683	-	-	-	-	-	(808)	(808)	124 875	164 037	183 690	
Trade and other receivables from exchange transactions	1	93 420	-	-	-	-	-	1 412	1 412	94 832	152 408	214 155	
Receivables from non-exchange transactions	1	178 289	-	-	-	-	-	(29 941)	(29 941)	148 348	270 443	366 928	
Current portion of non-current receivables	2	-	-	-	-	-	-	-	-	-	-	-	
Inventory		10 500	-	-	-	-	-	-	-	10 500	10 500	10 500	
VAT		45 818	-	-	-	-	-	(5 778)	(5 778)	40 041	89 828	135 906	
Other current assets		(1 896)	-	-	-	-	-	-	-	(1 896)	(1 896)	(1 896)	
Total current assets		451 815	-	-	-	-	-	(35 114)	(35 114)	416 701	685 321	909 283	
Non current assets													
Investments		-	-	-	-	-	-	-	-	-	-	-	
Investment property		84 016	-	-	-	-	-	-	-	84 016	84 016	84 016	
Property, plant and equipment	3	1 039 723	-	-	-	-	-	53 905	53 905	1 093 628	944 298	839 625	
Biological assets		-	-	-	-	-	-	-	-	-	-	-	
Living and non-living resources		-	-	-	-	-	-	-	-	-	-	-	
Heritage assets		9 570	-	-	-	-	-	-	-	9 570	9 570	9 570	
Intangible assets		2 071	-	-	-	-	-	-	-	2 071	1 996	1 916	
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-	-	
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-	-	
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-	
Total non current assets		1 135 381	-	-	-	-	-	53 905	53 905	1 189 286	1 039 880	935 128	
TOTAL ASSETS		1 587 197	-	-	-	-	-	18 790	18 790	1 605 987	1 725 200	1 844 411	
LIABILITIES													
Current liabilities													
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-	
Financial liabilities		255	-	-	-	-	-	(116)	(116)	139	96	(71)	
Consumer deposits		5 396	-	-	-	-	-	-	-	5 396	5 396	5 396	
Trade and other payables from exchange transactions		164 837	-	-	-	-	-	3 656	3 656	168 493	231 624	300 832	
Trade and other payables from non-exchange transactions		1 187	-	-	-	-	-	41 024	41 024	42 211	1 187	1 187	
Provisions		30 072	-	-	-	-	-	-	-	30 072	30 072	30 072	
VAT		51 822	-	-	-	-	-	448	448	52 269	96 453	143 169	
Other current liabilities		5 834	-	-	-	-	-	-	-	5 834	5 834	5 834	
Total current liabilities		259 402	-	-	-	-	-	45 012	45 012	304 414	370 661	486 418	
Non current liabilities													
Borrowing	1	1 124	-	-	-	-	-	-	-	1 124	1 124	1 124	
Provisions	1	18 066	-	-	-	-	-	-	-	18 066	18 066	18 066	
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-	-	
Other non-current liabilities		28 525	-	-	-	-	-	-	-	28 525	28 525	28 525	
Total non current liabilities		19 190	-	-	-	-	-	-	-	19 190	19 190	19 190	
TOTAL LIABILITIES		278 592	-	-	-	-	-	45 012	45 012	323 604	389 851	505 608	
NET ASSETS	2	1 308 605	-	-	-	-	-	(26 221)	(26 221)	1 282 383	1 335 349	1 338 803	
COMMUNITY WEALTH/EQUITY													
Accumulated Surplus/(Deficit)		1 280 080	-	-	-	-	-	(26 221)	(26 221)	1 253 859	1 306 825	1 310 278	
Funds and Reserves		-	-	-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY		1 280 080	-	-	-	-	-	(26 221)	(26 221)	1 253 859	1 306 825	1 310 278	

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	2023/24									Budget Year 2024/25	Budget Year 2025/26
		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												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		40 569	-	-	-	-	-	22 875	22 875	63 444	42 557	44 558
Service charges		286 785	-	-	-	-	-	4 212	4 212	290 997	300 837	314 977
Other revenue		27 982	-	-	-	-	-	10 207	10 207	38 189	29 304	29 964
Transfers and Subsidies - Operational	1	246 785	-	-	-	-	-	(1 490)	(1 490)	245 295	263 132	257 788
Transfers and Subsidies - Capital	1	60 265	-	-	-	-	-	6 514	6 514	66 779	64 083	61 651
Interest		7 895	-	-	-	-	-	2 330	2 330	10 225	8 282	8 671
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(583 184)	-	-	-	-	-	(36 625)	(36 625)	(619 809)	(612 721)	(642 917)
Finance charges		512	-	-	-	-	-	1 192	1 192	1 704	538	563
Transfers and Subsidies	1	100	-	-	-	-	-	-	-	100	100	100
NET CASH FROM/(USED) OPERATING ACTIVITIES		87 710	-	-	-	-	-	9 214	9 214	96 924	96 112	75 355
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		(54 004)	-	-	-	-	-	(39 520)	(39 520)	(93 524)	(56 324)	(54 210)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(54 004)	-	-	-	-	-	(39 520)	(39 520)	(93 524)	(56 324)	(54 210)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing		152	-	-	-	-	-	116	116	268	159	167
NET CASH FROM/(USED) FINANCING ACTIVITIES		152	-	-	-	-	-	116	116	268	159	167
NET INCREASE/ (DECREASE) IN CASH HELD		33 858	-	-	-	-	-	(30 191)	(30 191)	3 667	39 947	21 312
Cash/cash equivalents at the year begin:	2	93 354	-	-	-	-	-	31 998	31 998	125 352	125 683	164 037
Cash/cash equivalents at the year end:	2	127 212	-	-	-	-	-	1 808	1 808	129 020	165 630	185 349

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 2023/24.

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: 100%
- Refuse: 70%
- Property Rates: 55%
- Interest on outstanding- 40%

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 90 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 8 million allocation for the municipal disaster recovery grant, and a downward amendment of R2,9 million on the Municipal Infrastructure grant.

The below table excludes equitable share

The municipality received equitable share of R 233.2 million.

Description	2023/24							Budget Year	Budget Year
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt.	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	2 A1	3 B	4 C	5 D	6 E	7 F	2024/25	2025/26
R thousands									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	6 384	-	-	-	(1 100)	(1 100)	5 284	6 038	6 276
Expanded Public Works Programme Integrated Grant	1 860	-	-	-	-	-	1 860	-	-
Local Government Financial Management Grant	2 300	-	-	-	-	-	2 300	3 718	3 856
Municipal Infrastructure Grant	2 224	-	-	-	(1 100)	(1 100)	1 124	2 320	2 420
Provincial Government:	7 128	-	-	-	(390)	(390)	6 738	7 442	7 464
Specify (Add grant description)	7 128	-	-	-	(390)	(390)	6 738	7 442	7 464
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	13 512	-	-	-	(1 490)	(1 490)	12 022	13 480	13 740
Capital expenditure of Transfers and Grants									
National Government:	60 265	-	-	-	6 124	6 124	66 389	64 083	61 651
Municipal Disaster Relief Grant	-	-	-	-	8 000	8 000	8 000	-	-
Energy Efficiency and Demand Side Management Grant	3 000	-	-	-	-	-	3 000	5 000	-
Municipal Infrastructure Grant	42 265	-	-	-	(1 876)	(1 876)	40 389	44 083	45 979
Integrated National Electrification Programme Grant	15 000	-	-	-	-	-	15 000	15 000	15 672
Provincial Government:	-	-	-	-	390	390	390	-	-
Specify (Add grant description)	-	-	-	-	390	390	390	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	60 265	-	-	-	6 514	6 514	66 779	64 083	61 651
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	73 777	-	-	-	5 024	5 024	78 801	77 563	75 391

Adjustments to allocations and grants made by the municipality

There were no allocations and grants made by Inkosi Langalibalele Municipality to any other municipality. There is a budget allocation of R 200 thousand that was allocated to deserving students as a donation from the municipality to assist with registration fees.

Adjustments to capital expenditure

The municipality will be receiving R 8 million in the 2023-24 financial year in relation to capital expenditure for disaster relief grant as per DORA Amendment gazette, that has been provided in the adjustments budget. R 2,9 million has been adjusted downward on Municipal Infrastructure Grants. Internally generated expenditure has been increased. The Municipality adjusted 33 million for Disaster Relief Grant which was the rollover from 2022-23 as it was not included in the 2022-23 Budget. Museum and Library Grants of R100 and 290 thousand are transferred from operational budget to Capital Budget respectively



ADJUSTMENTS BUDGET 2022/23

Description	Ref	2023/24									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
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		5 116	-	-	-	-	-	(5 116)	(5 116)	-	-	-
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	5 116	-	-	-	-	-	(5 116)	(5 116)	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		100	-	-	-	-	-	20	20	120	100	100
Vote 2 - Finance and Admin		1 200	-	-	-	-	-	-	-	1 200	200	200
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		100	-	-	-	-	-	290	290	390	100	100
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		100	-	-	-	-	-	40 825	40 825	40 925	100	100
Vote 10 - Road Transport		31 735	-	-	-	-	-	3 502	3 502	35 237	38 433	40 082
Vote 11 - Energy Sources		15 652	-	-	-	-	-	-	-	15 652	17 391	13 628
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		48 888	-	-	-	-	-	44 636	44 636	93 524	56 324	54 210
Total Capital Expenditure - Vote		54 004	-	-	-	-	-	39 520	39 520	93 524	56 324	54 210
Capital Expenditure - Functional												
Governance and administration		1 300	-	-	-	-	-	20	20	1 320	300	300
Executive and council		100	-	-	-	-	-	20	20	120	100	100
Finance and administration		1 200	-	-	-	-	-	-	-	1 200	200	200
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		100	-	-	-	-	-	290	290	390	100	100
Community and social services		100	-	-	-	-	-	290	290	390	100	100
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		36 952	-	-	-	-	-	39 210	39 210	76 162	38 533	40 182
Planning and development		100	-	-	-	-	-	40 825	40 825	40 925	100	100
Road transport		36 852	-	-	-	-	-	(1 615)	(1 615)	35 237	38 433	40 082
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		15 652	-	-	-	-	-	-	-	15 652	17 391	13 628
Energy sources		15 652	-	-	-	-	-	-	-	15 652	17 391	13 628
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	54 004	-	-	-	-	-	39 520	39 520	93 524	56 324	54 210
Funded by:												
National Government		52 404	-	-	-	-	-	39 030	39 030	91 434	55 724	53 610
Provincial Government		-	-	-	-	-	-	390	390	390	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	52 404	-	-	-	-	-	39 420	39 420	91 824	55 724	53 610
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		1 600	-	-	-	-	-	100	100	1 700	600	600
Total Capital Funding		54 004	-	-	-	-	-	39 520	39 520	93 524	56 324	54 210

Adjustments to Councilors Allowances and Employee benefits

4.8 million had been adjusted for councilor allowance and 7.8 million for employee benefits.

Summary of remuneration	Ref	2023/24									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		1 071	-			-		-	-	1 071	0.0%
Pension and UIF Contributions		-	-			-		-	-	-	
Medical Aid Contributions		-	-			-		-	-	-	
Motor Vehicle Allowance		-	-			-		-	-	-	
Cellphone Allowance		1 918	-			-		-	-	1 918	0.0%
Housing Allowances		-	-			-		-	-	-	
Other benefits and allowances		15 282	-			-		4 863	4 863	20 145	31.8%
Sub Total - Councillors		18 270	-			-		4 863	4 863	23 133	26.6%
% increase			(0)							0	
Senior Managers of the Municipality											
Basic Salaries and Wages		3 555	-			-		527	527	4 081	14.8%
Pension and UIF Contributions		8 542	-			-		(8 356)	(8 356)	187	-97.8%
Medical Aid Contributions		19	-			-		(19)	(19)	-	
Overtime		-	-			-		-	-	-	
Performance Bonus		252	-			-		(252)	(252)	-	
Motor Vehicle Allowance		1 947	-			-		(921)	(921)	1 027	-47.3%
Cellphone Allowance		1 348	-			-		(1 126)	(1 126)	222	-83.6%
Housing Allowances		1 926	-			-		(1 926)	(1 926)	-	
Other benefits and allowances		-	-			-		326	326	326	#DIV/0!
Payments in lieu of leave		-	-			-		-	-	-	
Long service awards		-	-			-		-	-	-	
Post-retirement benefit obligations	5	-	-			-		-	-	-	
Entertainment		-	-			-		-	-	-	
Scarcity		-	-			-		-	-	-	
Acting and post related allowance		4	-			-		(4)	(4)	-	
In kind benefits		-	-			-		-	-	-	
Sub Total - Senior Managers of Municipality		17 594	-			-		(11 751)	(11 746)	5 843	-66.8%
% increase			(0)							(0)	
Other Municipal Staff											
Basic Salaries and Wages		67 628	-			-		58 241	58 241	125 869	86.1%
Pension and UIF Contributions		17 278	-			-		7 731	7 731	25 009	44.7%
Medical Aid Contributions		1 377	-			-		9 485	9 485	10 862	688.8%
Overtime		2 693	-			-		5 735	5 735	8 427	213.0%
Performance Bonus		6 864	-			-		4 053	4 053	10 917	
Motor Vehicle Allowance		2 769	-			-		2 624	2 624	5 393	94.7%
Cellphone Allowance		403	-			-		(214)	(214)	189	-53.2%
Housing Allowances		689	-			-		501	501	1 190	
Other benefits and allowances		68 568	-			-		(65 389)	(65 389)	3 179	-95.4%
Payments in lieu of leave		5 824	-			-		(4 702)	(4 702)	1 122	-80.7%
Long service awards		464	-			-		1 280	1 280	1 745	275.7%
Post-retirement benefit obligations	5	-	-			-		-	-	-	
Entertainment		-	-			-		-	-	-	
Scarcity		-	-			-		-	-	-	
Acting and post related allowance		58	-			-		270	270	328	
In kind benefits		-	-			-		-	-	-	
Sub Total - Other Municipal Staff		174 615	-			-		19 616	19 616	194 230	11.2%
% increase											
Total Parent Municipality		210 479	-			-		12 728	12 732	223 206	6.0%
% increase											
TOTAL MANAGERS AND STAFF		192 209	-			-		7 865	7 869	200 073	4.1%

Municipal manager's quality certificate

I, **Mr. SB Mthembu**, the Municipal Manager of Inkosi Langalibalele Municipality, hereby certify that the 2023/24 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 2023/24 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: _____