

uMNGENI MUNICIPALITY



ADJUSTMENTS BUDGET

2022/2023

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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June 2023

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Abbreviations and Acronym

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

Part 1 – Adjustments Budget

1.1 Mayor's Report

Introduction

Speaker of Council, Deputy Mayor, Members of the Executive Committee, Councillors and the administration of the Municipality led by the Municipal Manager: we are convened here today to advance the business of local government which is to ensure that quality and sustainable services are offered to all our communities.

The purpose of this late adjustment budget is to ensure that Council is able to meet all its contractual obligations come 30th June 2023, Council also eliminates chances of unauthorised expenditures due to limited budget to cover until the end of the financial year. The adoption of this adjustment budget will have a positive impact on 2023/2024 Annual budget.

Adjustment Budget

Section 28 of the Municipal Finance Management Act (MFMA) read together with Budget and Reporting Regulations determines that municipalities must table an Adjustments Budget annually. Adjustments are made to the Main Appropriation in terms of Section 28 of the MFMA.

In terms of Section 28 Act which reads as follows:-

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

(g) may provide for any other expenditure within a prescribed framework.

As per the MFMA only the Mayor may table an adjustments budget in the municipal Council, but an adjustments budget in terms of sub-section (2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

The Acts also states that when an adjustments budget is tabled, it must be accompanied by:-

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

With the above accompanied by the assessment of the implementation of the budget for the current financial year, it is imperative that the adjustment budget be approved in line with the relevant legislation. According to this assessment it was recommended to Council that the 2022/2023 annual budget be amended in June 2023 to accommodate additional projections for revenue and expenditures (Operating and Capital) amongst the different votes.

Budgeted operating revenue has been decreased from R 520,2 million to R 520,1 million. Our total budgeted operating expenditure has been decreased by R 47 thousand from R 520,0 million to R 519,9 million. This has left us with an unchanged surplus of R 185 thousand. It is very important that the municipality work to increase this surplus. A surplus allows our municipality to make important financial and capital investments and to improve the outlook of the municipality to outside partners.

This will have no effect on the rate randage or any other tariffs and charges of the municipality.

The adjustments budget I am presenting today was increased due to these factors, amongst other elements:

1. Transfers recognised-operational increased by R 26 thousand – a transfer from Operational grants for the Demand Energy Grant and R24 thousand for MIG, these has been transferred into Capital Budget. There is also an additional donation by the Department of Arts and Culture of R75 thousand, this is however a donation in kind.
2. Gains – The Municipality had over-provided for this item, whereas the Actual amount that was realised during the Public Auction for Capital Asset Disposal was R 601 thousand, therefore the adjustment / correction against what was paid by the Auctioneer needed to be made in the budget.

Factors that compelled the Municipality to adjust the operating expenditure budget:

The operating expenditure budgets has decreased by R 47 thousand,

June 2023

Below are some of the factors that led to the adjustment of the expenditure budget: -

- (a) An increase in Employee related costs of R 114 thousand is to make enough provision for the Acting position and the movement of items within the EPWP Grant to provide enough till the last month of the financial year
- (b) Bulk Purchases – the Municipality has decreased by R 3,6 million, an analysis has been made on this item and it appeared that there are funds that will remain unspent, and this has been moved to items where there are shortage of funds to allow the Municipality to honour its Contractual obligations in other votes.
- (d) Inventory Consumed – a downward adjustment of R 121 thousand this is transferred to votes where there are shortages.
- (e) There is an increase by R 2,0 million Contracted Services a further provision for the maintenance of the Land fill site and other Contracted services items had to be made for the Municipality to be able to pay for the services until 30th June.
- (f) Other Expenditure has increased by R 1,5 million to cater for IT expenses, Insurance – pothole claims submitted by residents, audit committee payments, legal fees – the provisions made are to ensure that all invoices due within the current financial year are indeed paid in the current year.

Executive Summary

The format and contents of the adjustments budget and supporting documentation must be in the format as specified in schedule B of the Municipal Budget and Reporting Regulations. The adjustments budget as submitted herewith contains the applicable adjustments budget tables B1 to B10.

It should be noted that municipal taxes and tariffs may not be increased during a financial year, and any amendments to the annual budget must remain funded in accordance with section 18 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA).

Table B1 provides high level summary on the adjusted budgeted financial performance, capital expenditure and funds sources, financial position, cash flows, cash backing/surplus reconciliation, asset management and free services whilst table B2-B10.

The adjustments budget herewith presented provides for a net decrease in the total operating revenue of R 47 thousand to the amount of R 520,1million (original budget: R 520,2 million). When analysing this, the following factors become apparent.

- a. Transfers recognised-operational increased by R 26 thousand – a transfer from Operational grants for the Demand Energy Grant and R24 thousand for MIG, this has been transferred into Capital Budget. There is also an additional donation by the Department of Arts and Culture of R75 thousand, this is however a donation in kind.

- b. Gains – The Municipality had over-provided for this item, whereas the Actual amount that was realised during the Public Auction for Capital Asset Disposal was R601 thousand, therefore the adjustment / correction as per what was paid by the Auctioneer needed to be made in the budget.

The adjusted operating expenditure amounts to R 519,9 million (original budget: R 520,0 million) which reflects a decrease of R 47 thousand. The main contributing factors for the decrease are as follows:

- (a) A decrease in Employee related costs of R 114 thousand is to make enough provision for the Acting position and the movement of items within the EPWP Grant line items .
- (b) Bulk Purchases – the Municipality has decreased by R 3,6 million, an analysis has been made on this item and it appeared that there are funds that will remain unspent, and this has been moved to items where there are shortage of funds to allow the Municipality to honour the Municipal obligations.
- (c) Inventory Consumed – a downward adjustment of R 121 thousand this is transferred to votes where there are shortages.
- (d) There is an increase by R 2,0 million Contracted Services a further provision for the maintenance of the Landfill site and other votes within Contracted services had to be made for the Municipality to be able to pay for the services / commitments until 30th June.
- (e) Other Expenditure has increased by R 1,5 million to cater for IT expenses, Insurance – pothole claims submitted by residents, audit committee payments, legal fees – the provisions made are to ensure that all invoices due within the current financial year are indeed paid in the current year.

The adjusted capital expenditure for 2022/2023 amounted to R 69,8 million.

- (a) In the Capital Budget there is a provision of the following items:
- Additional R50 thousand has been transferred from Operational MIG (R 24 thousand) and Demand Energy Efficiency Grant (R26 thousand) to Capital MIG and Demand Energy Grant.

The total capital budget has increased by R50 thousand.

1.3 Adjustments Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2022/2023 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 1 MBRR Table B1 – Adjustments Budget Summary

KZN222 uMngeni - Table B1 Adjustments Budget Summary - 27/06/2023											
Description	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	239,768	240,779	-	-	-	-	-	-	240,779	250,318	261,583
Service charges	140,092	142,226	-	-	-	-	-	-	142,226	147,459	160,989
Investment revenue	1,783	2,877	-	-	-	-	-	-	2,877	1,861	2,225
Transfers recognised - operational	124,627	101,491	-	-	-	-	26	26	101,516	123,128	126,809
Other own revenue	31,517	32,841	-	-	-	-	(72)	(72)	32,768	32,904	34,089
Total Revenue (excluding capital transfers and contributions)	537,787	520,213	-	-	-	-	(47)	(47)	520,166	553,670	585,714
Employee costs	133,380	136,866	-	-	-	-	114	114	136,979	139,007	145,044
Remuneration of councillors	10,746	10,746	-	-	-	-	-	-	10,746	11,219	11,724
Depreciation & asset impairment	47,230	48,650	-	-	-	-	-	-	48,650	49,308	51,527
Finance charges	1,874	468	-	-	-	-	-	-	468	756	790
Inventory consumed and bulk purchases	163,623	157,793	-	-	-	-	(3,753)	(3,753)	154,040	179,150	196,194
Transfers and grants	1,270	1,870	-	-	-	-	-	-	1,870	1,326	1,386
Other expenditure	179,478	163,635	-	-	-	-	3,593	3,593	167,228	174,453	178,582
Total Expenditure	537,601	520,028	-	-	-	-	(47)	(47)	519,981	555,219	585,247
Surplus/(Deficit)	186	185	-	-	-	-	0	0	185	450	467
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	28,525	49,653	-	-	-	-	50	50	49,703	29,465	31,467
Surplus/(Deficit) after capital transfers & contributions	28,712	49,838	-	-	-	-	50	50	49,888	29,916	31,934
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	28,712	49,838	-	-	-	-	50	50	49,888	29,916	31,934
Capital expenditure & funds sources											
Capital expenditure	41,603	69,883	-	-	-	-	50	50	69,933	42,346	44,927
Transfers recognised - capital	28,525	49,653	-	-	-	-	50	50	49,703	29,465	31,467
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	13,077	20,230	-	-	-	-	-	-	20,230	12,880	13,460
Total sources of capital funds	41,603	69,883	-	-	-	-	50	50	69,933	42,346	44,927
Financial position											
Total current assets	155,629	141,484	-	-	-	-	46	46	141,530	196,092	236,171
Total non current assets	1,068,947	1,115,932	-	-	-	-	126	126	1,116,058	1,061,985	1,075,365
Total current liabilities	98,221	98,907	-	-	-	-	122	122	97,028	96,325	97,563
Total non current liabilities	95,230	88,257	-	-	-	-	-	-	88,257	95,230	95,230
Community wealth/Equity	1,051,126	1,072,252	-	-	-	-	-	-	1,072,252	1,061,042	1,112,756
Cash flows											
Net cash from (used) operating	53,369	91,251	-	-	-	-	168	168	91,419	55,397	57,225
Net cash from (used) investing	(41,603)	(69,210)	-	-	-	-	(123)	(123)	(69,332)	-	-
Net cash from (used) financing	(3,215)	(10,176)	-	-	-	-	-	-	(10,176)	(3,311)	(3,411)
Cash/cash equivalents at the year end	38,856	42,170	-	-	-	-	46	46	42,216	90,741	101,584
Cash backin/surplus reconciliation											
Cash and investments available	38,856	42,170	-	-	-	-	46	46	42,216	48,396	56,657
Application of cash and investments	995,746	1,029,639	-	-	-	-	172	172	1,029,811	993,356	995,691
Balance - surplus (shortfall)	(956,890)	(987,469)	-	-	-	-	(126)	(126)	(987,595)	(944,960)	(939,034)
Asset Management											
Asset register summary (WDV)	1,083,229	1,110,213	-	-	-	-	202	202	1,110,416	1,076,267	1,069,667
Depreciation	47,230	48,650	-	-	-	-	-	-	48,650	49,306	51,527
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	33,135	33,548	-	-	-	-	300	300	33,848	33,132	37,362
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	(76,444)	(72,144)	-	-	-	-	-	-	(72,144)	(80,068)	(83,951)
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table B1 – Adjustments Budget Summary

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 emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - (a) The operating surplus / deficit (after Total Expenditure) is positive over the MTREF
 - (b) Capital expenditure is balanced by capital funding sources, of which
 - (i) Transfers recognised is reflected on the Financial Performance Budget;
 - (ii) Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - (iii) Internally generated funds are financed from a combination of the current Operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing / surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This placed the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections was highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations.
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 2 MBRR Table B2 – Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN222 uMngeni - Table B2 Adjustments Budget Financial Performance (functional classification) - 27/06/2023													
Standard Description	Ref	Budget Year 2022/23										Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjuts.	Total Adjuts.	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>		329,435	334,758	-	-	-	-	(72)	(72)	334,696	345,580	364,969	
Executive and council		66,595	66,750	-	-	-	-	-	-	66,750	72,712	79,620	
Finance and administration		262,840	268,018	-	-	-	-	(72)	(72)	267,946	272,868	285,349	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		16,194	8,520	-	-	-	-	76	76	8,596	11,903	11,802	
Community and social services		5,092	5,476	-	-	-	-	76	76	5,552	5,125	4,892	
Sport and recreation		0	3	-	-	-	-	-	-	3	0	0	
Public safety		2,802	2,802	-	-	-	-	-	-	2,802	2,925	3,057	
Housing		8,300	240	-	-	-	-	-	-	240	3,853	3,853	
Health		-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		35,590	39,348	-	-	-	-	0	0	39,348	37,010	38,524	
Planning and development		5,157	3,966	-	-	-	-	-	-	3,966	5,384	5,627	
Road transport		30,432	35,383	-	-	-	-	0	0	35,383	31,626	32,897	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		185,069	187,203	-	-	-	-	-	-	187,203	196,098	207,887	
Energy sources		165,631	167,254	-	-	-	-	-	-	167,254	175,336	185,639	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		25	25	-	-	-	-	-	-	25	26	27	
Waste management		19,414	19,924	-	-	-	-	-	-	19,924	20,735	22,202	
<i>Other</i>		24	26	-	-	-	-	-	-	26	25	26	
Total Revenue - Functional	2	566,312	569,886	-	-	-	-	4	4	569,860	590,615	623,188	
Expenditure - Functional													
<i>Governance and administration</i>		204,009	220,840	-	-	-	-	2,194	2,194	223,034	210,958	220,406	
Executive and council		36,804	39,959	-	-	-	-	520	520	40,479	38,421	40,149	
Finance and administration		164,808	178,079	-	-	-	-	1,674	1,674	179,753	170,035	177,644	
Internal audit		2,397	2,802	-	-	-	-	-	-	2,802	2,501	2,613	
<i>Community and public safety</i>		48,916	43,285	-	-	-	-	-	-	43,285	46,063	47,782	
Community and social services		13,143	13,375	-	-	-	-	-	-	13,375	13,529	13,960	
Sport and recreation		10,011	12,003	-	-	-	-	-	-	12,003	10,452	10,922	
Public safety		16,068	16,203	-	-	-	-	-	-	16,203	16,774	17,527	
Housing		9,694	1,705	-	-	-	-	-	-	1,705	5,308	5,373	
Health		-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		43,130	37,898	-	-	-	-	(363)	(363)	37,333	42,356	46,992	
Planning and development		15,985	16,831	-	-	-	-	(350)	(350)	16,481	16,687	17,436	
Road transport		27,145	20,865	-	-	-	-	(13)	(13)	20,852	25,669	29,566	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		240,745	217,157	-	-	-	-	(1,878)	(1,878)	215,279	255,008	269,195	
Energy sources		205,439	188,650	-	-	-	-	(3,378)	(3,378)	185,272	218,149	230,677	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		3,124	3,244	-	-	-	-	200	200	3,444	3,261	3,408	
Waste management		32,181	25,262	-	-	-	-	1,300	1,300	26,562	33,597	35,109	
<i>Other</i>		800	1,050	-	-	-	-	-	-	1,050	835	873	
Total Expenditure - Functional	3	537,601	520,028	-	-	-	-	(47)	(47)	519,981	555,219	585,247	
Surplus/ (Deficit) for the year		28,712	49,858	-	-	-	-	50	50	49,888	35,396	37,941	

Table 2 MBRR Table B2 – Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

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 9 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. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive and Council.

Table 3 MBRR Table B3 – Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN222 uMngeni - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 27/06/2023												
Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	NaL. 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												
Revenue by Vote	1											
Vote 1 - EXECUTIVE AND COUNCIL		321,980	324,632	-	-	-	-	-	-	324,632	339,335	350,240
Vote 2 - BUDGET AND TREASURY		4,719	7,355	-	-	-	-	(72)	(72)	7,282	4,851	5,272
Vote 3 - CORPORATE SERVICES		1,510	1,556	-	-	-	-	-	-	1,556	1,576	1,647
Vote 4 - Planning Services		13,481	4,232	-	-	-	-	-	-	4,232	9,262	9,506
Vote 5 - Community Services		31,775	32,207	-	-	-	-	76	76	32,283	33,449	35,024
Vote 6 - Technical Services		192,847	199,884	-	-	-	-	0	0	199,884	202,142	213,499
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	566,312	569,866	-	-	-	-	4	4	569,869	590,615	623,188
Expenditure by Vote	1											
Vote 1 - EXECUTIVE AND COUNCIL		46,599	47,204	-	-	-	-	520	520	47,724	48,646	50,833
Vote 2 - BUDGET AND TREASURY		86,485	88,650	-	-	-	-	150	150	88,800	89,214	93,189
Vote 3 - CORPORATE SERVICES		49,917	64,557	-	-	-	-	1,400	1,400	65,957	52,633	54,999
Vote 4 - Planning Services		26,480	19,586	-	-	-	-	(350)	(350)	19,236	22,830	23,682
Vote 5 - Community Services		76,939	72,942	-	-	-	-	1,300	1,300	74,242	80,130	83,556
Vote 6 - Technical Services		251,182	227,069	-	-	-	-	(3,067)	(3,067)	224,022	261,769	278,968
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	537,601	520,028	-	-	-	-	(47)	(47)	519,981	555,219	585,247
Surplus/ (Deficit) for the year	2	28,712	49,838	-	-	-	-	50	50	49,888	35,396	37,941

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

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 organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 4 MBRR Table B4 – Adjustments Budgeted Financial Performance (revenue and expenditure)

KZN222 uMngeni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 27/06/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3	4	5	6	7	8	9	10		
			A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	239,788	240,779	-	-	-	-	-	-	240,779	250,318	261,583
Service charges - electricity revenue	2	130,401	132,024	-	-	-	-	-	-	132,024	137,342	150,427
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	9,691	10,202	-	-	-	-	-	-	10,202	10,117	10,573
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,300	1,300	-	-	-	-	-	-	1,300	1,357	1,418
Interest earned - external investments		1,783	2,877	-	-	-	-	-	-	2,877	1,861	2,225
Interest earned - outstanding debtors		15,617	17,080	-	-	-	-	-	-	17,080	16,304	17,038
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2,803	2,832	-	-	-	-	-	-	2,832	2,927	3,068
Licences and permits		4,640	4,178	-	-	-	-	-	-	4,178	4,845	5,063
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		124,627	101,491	-	-	-	-	26	26	101,516	123,128	126,609
Other revenue	2	7,156	6,779	-	-	-	-	-	-	6,779	7,471	7,522
Gains		-	673	-	-	-	-	(72)	(72)	601	-	-
Total Revenue (excluding capital transfers and contributions)		537,787	520,213	-	-	-	-	(47)	(47)	520,166	555,670	585,714
Expenditure By Type												
Employee related costs		133,380	136,966	-	-	-	-	114	114	136,979	139,007	145,044
Remuneration of councillors		10,746	10,746	-	-	-	-	-	-	10,746	11,219	11,724
Debt impairment		9,618	9,824	-	-	-	-	-	-	9,824	10,041	10,493
Depreciation & asset impairment		47,230	48,650	-	-	-	-	-	-	48,650	49,308	51,527
Finance charges		1,874	468	-	-	-	-	-	-	468	756	790
Bulk purchases - electricity		160,370	154,455	-	-	-	-	(3,632)	(3,632)	150,823	175,781	192,674
Inventory Consumed		3,253	3,337	-	-	-	-	(121)	(121)	3,216	3,369	3,520
Contracted services		109,617	91,842	-	-	-	-	2,070	2,070	93,912	102,944	103,854
Transfers and subsidies		1,270	1,870	-	-	-	-	-	-	1,870	1,326	1,386
Other expenditure		60,243	61,969	-	-	-	-	1,523	1,523	63,492	61,468	64,236
Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		537,601	520,026	-	-	-	-	(47)	(47)	519,981	555,219	585,247
Surplus/(Deficit)												
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		28,525	49,653	-	-	-	-	50	50	49,703	29,465	31,467
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		28,712	49,838	-	-	-	-	50	50	49,888	29,916	31,934
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		28,712	49,838	-	-	-	-	50	50	49,888	29,916	31,934
Atributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		28,712	49,838	-	-	-	-	50	50	49,888	29,916	31,934
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		28,712	49,838	-	-	-	-	50	50	49,888	29,916	31,934

EXPLANATORY NOTES TO TABLE B4 – Adjustments Budgeted Financial Performance (revenue and expenditure)

1. Total Original revenue is R 537,7million in 2022/2023 and decreased to R 520,1 million.
2. Revenue to be generated from property rates is R 240,7 million in the 2022/2023 financial year of operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.
3. Service charges relating to electricity and refuse removal contributes to the revenue basket of the Municipality totalling R142,2 million for the 2022/2023 financial year.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.

5. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 5 MBRR Table B5 – Adjustments Budgeted Capital Expenditure by vote, standard classification and funding source

KZN222 uMngeni - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 27/06/2023													
Description	Ref	Budget Year 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		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H			
Capital expenditure - Vote													
Multi-year expenditure to be adjusted													
Vote 1 - EXECUTIVE AND COUNCIL	2	580	384	-	-	-	-	-	-	384	606	633	
Vote 2 - BUDGET AND TREASURY		483	703	-	-	-	-	(200)	(200)	503	504	527	
Vote 3 - CORPORATE SERVICES		628	828	-	-	-	-	-	-	828	855	885	
Vote 4 - Planning Services		729	729	-	-	-	-	-	-	729	761	795	
Vote 5 - Community Services		3,139	1,339	-	-	-	-	490	490	1,829	2,964	3,097	
Vote 6 - Technical Services		5,418	20,551	-	-	-	-	26	26	20,577	5,481	6,547	
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure sub-total	3	10,977	24,534	-	-	-	-	316	316	24,850	10,971	12,285	
Single-year expenditure to be adjusted													
Vote 1 - EXECUTIVE AND COUNCIL	2	-	-	-	-	-	-	-	-	-	-	-	
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-	-	
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-	
Vote 4 - Planning Services		-	-	-	-	-	-	-	-	-	-	-	
Vote 5 - Community Services		440	3,840	-	-	-	-	(290)	(290)	3,550	-	-	
Vote 6 - Technical Services		30,185	41,508	-	-	-	-	24	24	41,533	31,374	32,642	
Vote 7 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	
Vote 8 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	
Capital single-year expenditure sub-total		30,625	45,348	-	-	-	-	(296)	(296)	45,053	31,374	32,642	
Total Capital Expenditure - Vote		41,603	69,883	-	-	-	-	50	50	69,933	42,346	44,927	
Capital Expenditure - Functional													
Governance and administration		1,691	3,805	-	-	-	-	(490)	(490)	3,315	1,768	1,945	
Executive and council		580	384	-	-	-	-	-	-	384	606	633	
Finance and administration		1,111	3,421	-	-	-	-	(490)	(490)	2,931	1,160	1,212	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	
Community and public safety		2,939	1,239	-	-	-	-	590	590	1,829	2,964	3,097	
Community and social services		2,939	1,239	-	-	-	-	590	590	1,829	2,964	3,097	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		31,485	42,396	-	-	-	-	24	24	42,420	32,428	33,743	
Planning and development		729	729	-	-	-	-	-	-	729	761	795	
Road transport		30,756	41,667	-	-	-	-	24	24	41,691	31,667	32,948	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
Trading services		5,488	22,442	-	-	-	-	(74)	(74)	22,368	5,188	6,241	
Energy sources		5,138	20,392	-	-	-	-	26	26	20,418	5,188	6,241	
Water management		150	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	
Waste management		200	2,050	-	-	-	-	(100)	(100)	1,950	-	-	
Other		-	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Functional	3	41,603	69,883	-	-	-	-	50	50	69,933	42,346	44,927	
Funded by:													
National Government		28,525	49,653	-	-	-	-	50	50	49,703	29,465	31,467	
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	
District Municipality		-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - capital	4	28,525	49,653	-	-	-	-	50	50	49,703	29,465	31,467	
Borrowing		-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds		13,077	20,230	-	-	-	-	-	-	20,230	12,880	13,460	
Total Capital Funding		41,603	69,883	-	-	-	-	50	50	69,933	42,346	44,927	

Explanatory notes to Table B5 – Adjustments Budgeted Capital Expenditure

1. Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (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.
3. Single-year capital expenditure has been appropriated at R 69,8 million for the 2022/2023 financial year.
4. The capital programme is funded from National grants and internally generated funds. For 2022/2023, capital transfers totals R 49,7 million (R30,6 MIG, R3,8 Energy Efficiency and Demand Side Grant and INEP R15 million) and internally generated funding totalling to R 20,2 million.

Table 6 MBRR Table B6 – Adjustments Budgeted Financial Position

KZN222 uMngeni - Table B6 Adjustments Budget Financial Position - 27/06/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2
		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		24 802	27 255	--	--	--	46	46	27 301	33 173	39 841	
Call investment deposits	1	13 965	14 915	--	--	--	--	--	14 915	15 222	16 816	
Consumer debtors	1	103 779	86 282	--	--	--	--	--	86 282	133 756	165 279	
Other debtors		12 994	13 032	--	--	--	--	--	13 032	13 285	13 549	
Current portion of long-term receivables		--	--	--	--	--	--	--	--	--	--	
Inventory		--	--	--	--	--	--	--	--	855	805	
Total current assets		155 620	141 484	--	--	--	46	46	141 530	198 092	236 171	
Non current assets												
Long-term receivables		5 718	5 718	--	--	--	--	--	5 718	5 718	5 718	
Investments		--	--	--	--	--	--	--	--	--	--	
Investment property		56 968	50 726	--	--	--	--	--	56 726	56 647	56 280	
Investment in Associate		--	--	--	--	--	--	--	--	--	--	
Property, plant and equipment	1	1 020 833	1 048 089	--	--	--	126	126	1 048 215	1 014 222	1 007 888	
Agricultural		--	--	--	--	--	--	--	--	--	--	
Biological		--	--	--	--	--	--	--	--	--	--	
Intangible		--	--	--	--	--	--	--	--	--	--	
Other non-current assets		5 388	5 388	--	--	--	--	--	5 388	5 388	5 388	
Total non current assets		1 088 947	1 115 932	--	--	--	126	126	1 116 058	1 081 965	1 075 985	
TOTAL ASSETS		1 244 577	1 257 416	--	--	--	172	172	1 257 588	1 278 078	1 311 556	
LIABILITIES												
Current liabilities												
Bank overdraft		--	--	--	--	--	--	--	--	--	--	
Borrowing		2 283	2 275	--	--	--	--	--	2 275	(856)	(4 075)	
Consumer deposits		4 578	4 578	--	--	--	--	--	4 578	4 380	4 195	
Trade and other payables		60 288	59 240	--	--	--	122	122	59 362	55 983	54 652	
Provisions		31 091	30 812	--	--	--	--	--	30 812	36 812	42 781	
Total current liabilities		98 221	96 907	--	--	--	122	122	97 028	96 325	97 563	
Non current liabilities												
Borrowing	1	6 973	--	--	--	--	--	--	--	6 973	6 973	
Provisions	1	88 257	88 257	--	--	--	--	--	88 257	88 257	88 257	
Total non current liabilities		95 230	88 257	--	--	--	--	--	88 257	95 230	95 230	
TOTAL LIABILITIES		193 451	185 164	--	--	--	122	122	185 286	191 556	192 793	
NET ASSETS	2	1 051 126	1 072 252	--	--	--	50	50	1 072 302	1 086 522	1 118 763	
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1 051 126	1 072 252	--	--	--	--	50	1 072 302	1 061 042	1 112 756	
Reserves		--	--	--	--	--	--	--	--	--	--	
TOTAL COMMUNITY WEALTH/EQUITY		1 051 126	1 072 252	--	--	--	50	50	1 072 302	1 061 042	1 112 756	

Explanatory notes to Table B6 – Adjustments Budgeted Financial Position

1. Table B6 is consistent with international standards of good financial management practice and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity, i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. 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 7 MBRR Table B7 – Adjustments Budgeted Cash Flow Statement

KZN222 uMngeni - Table B7 Adjustments Budget Cash Flows - 27/06/2023												
Description	Ref	Budget Year 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		A	3	4	5	6	7	8	9	10	+1 2023/24	+2 2024/25
		A1	B	C	D	E	F	G	H			
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		215,792	242,805	-	-	-	-	-	-	242,805	225,286	235,424
Service charges		128,209	138,946	-	-	-	-	-	-	138,946	139,865	152,626
Other revenue		15,506	14,893	-	-	-	-	-	-	14,893	16,188	16,631
Transfers and Subsidies - Operational	1	124,627	100,453	-	-	-	(50)	(50)	(50)	100,403	123,128	126,809
Transfers and Subsidies - Capital	1	28,525	49,653	-	-	-	50	50	50	49,703	29,465	31,467
Interest		15,838	2,877	-	-	-	-	-	-	2,877	16,535	17,559
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(471,964)	(456,039)	-	-	-	-	168	168	(455,871)	(492,089)	(521,115)
Finance charges		(1,674)	(468)	-	-	-	-	-	-	(468)	(756)	(790)
Transfers and Grants	1	(1,270)	(1,670)	-	-	-	-	-	-	(1,870)	(1,326)	(1,386)
NET CASH FROM/(USED) OPERATING ACTIVITIES		53,369	91,251	-	-	-	-	168	168	91,419	55,397	57,225
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-	673	-	-	-	-	(72)	(72)	601	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets		(41,603)	(69,883)	-	-	-	-	(50)	(50)	(69,933)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(41,603)	(69,210)	-	-	-	-	(123)	(123)	(69,332)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(184)	(184)	-	-	-	-	-	-	(184)	(199)	(195)
Payments												
Repayment of borrowing		(3,031)	(9,992)	-	-	-	-	-	-	(9,992)	(3,122)	(3,216)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3,215)	(10,176)	-	-	-	-	-	-	(10,176)	(3,311)	(3,411)
NET INCREASE/ (DECREASE) IN CASH HELD		8,552	11,865	-	-	-	-	46	46	11,911	32,085	53,814
Cash/cash equivalents at the year begin:	2	30,305	30,305	-	-	-	-	-	-	30,305	38,656	47,770
Cash/cash equivalents at the year end:	2	38,856	42,170	-	-	-	-	46	46	42,216	90,741	101,584

Explanatory notes to Table B7 – Adjustments Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The collection rate for Property rate, Penalties and Collection charges, Rental of Facilities and equipment, service charges and Other Revenue is 95 percent, the audited collection rate for the 2022/2023 financial year was also at 95%.
4. Licensing and Permits, Interest on External Investment and Operating and Capital Grants are at 100 percent.
5. Total expenditure is at 100% as per table B4 excluding non-cash items.

Table 8 MBRR Table B8 – Cash Backed Reserves / Accumulated Surplus Reconciliation

KZN222 uMngeni - Table B8 Cash backed reserves/accumulated surplus reconciliation - 27/06/2023												
Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3	4	5	6	7	8	9	10		
		A	A1	B	C	D	E	F	G	H		
Cash and Investments available												
Cash/cash equivalents at the year end	1	38,856	42,170	-	-	-	-	46	46	42,216	90,741	101,584
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	(42,346)	(44,927)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and Investments available:		38,856	42,170	-	-	-	-	46	46	42,216	48,396	56,657
Applications of cash and investments												
Unspent conditional transfers		2,163	1,490	-	-	-	-	(0)	(0)	1,490	5,666	5,301
Unspent borrowing		(6,973)	-	-	-	-	-	-	-	-	(6,973)	(6,973)
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	(55,029)	(48,562)	-	-	-	-	122	122	(48,440)	(91,034)	(120,257)
Other provisions		4,459	4,459	-	-	-	-	-	-	4,459	4,655	4,864
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		1,051,126	1,072,252	-	-	-	-	50	50	1,072,302	1,081,042	1,112,756
Total Application of cash and investments:		995,746	1,029,639	-	-	-	-	172	172	1,029,811	993,356	995,691
Surplus(shortfall)		(956,890)	(987,469)	-	-	-	-	(126)	(126)	(987,595)	(944,960)	(939,034)

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Table 9 MBRR Table B9 - Asset Management

uMngeni Municipality - Table B9 Asset Management - 27/06/2023		Budget Year 2022/23										Budget Year 2023/24	Budget Year 2024/25
Description	R#	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unavail. Unalloc.	Rev. or Prov	Other Adjust.	Total Adjust.	Adjusted Budget	Budget Year 2022/23 Adjusted Budget	Budget Year 2023/24 Adjusted Budget	
		A	A1	B	C	D	E	F	G	H	I	J	
INSTRUMENTS													
CAPITAL EXPENDITURE													
TOTAL ASSETS to be adjusted	1	41,000	49,750	-	-	-	-	100	100	49,850	49,850	44,907	
Roads Infrastructure		5,000	10,810	-	-	-	-	-	-	10,810	5,908	5,176	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		5,128	20,362	-	-	-	-	26	26	20,418	5,188	5,241	
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Road Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		10,750	31,990	-	-	-	-	38	38	31,958	11,067	13,418	
Community Facilities		-	-	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	
Community Assets		100	-	-	-	-	-	-	-	-	-	-	
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Operational Buildings		-	360	-	-	-	-	-	-	360	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Other Assets		-	360	-	-	-	-	-	-	360	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-	
Services		-	-	-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	
Computer Equipment		-	-	-	-	-	-	380	380	4,400	5,704	4,044	
Furniture and Office Equipment		8,800	4,400	-	-	-	-	380	380	1,000	-	-	
Machinery and Equipment		360	1,800	-	-	-	-	380	380	1,000	-	-	
Transport Assets		24,828	23,988	-	-	-	-	24	24	23,925	24,448	26,407	
Land		-	-	-	-	-	-	-	-	-	-	-	
SOA, Netting and Non-Physical Assets													
TOTAL ASSETS TO BE ADJUSTED	2	49,850	100	-	-	-	-	(100)	(100)	49,750	49,750	44,907	
Roads Infrastructure		5,000	10,810	-	-	-	-	-	-	10,810	5,908	5,176	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		5,128	20,362	-	-	-	-	26	26	20,418	5,188	5,241	
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Road Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		10,750	31,990	-	-	-	-	(74)	(74)	31,916	11,067	13,418	
Community Facilities		100	-	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	
Community Assets		100	-	-	-	-	-	-	-	-	-	-	
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Operational Buildings		-	360	-	-	-	-	-	-	360	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Other Assets		-	360	-	-	-	-	-	-	360	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-	
Services		-	-	-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	
Computer Equipment		-	-	-	-	-	-	380	380	4,400	5,704	4,044	
Furniture and Office Equipment		8,800	4,400	-	-	-	-	380	380	1,000	-	-	
Machinery and Equipment		360	1,800	-	-	-	-	380	380	1,000	-	-	
Transport Assets		24,828	23,988	-	-	-	-	24	24	23,925	24,448	26,407	
Land		-	-	-	-	-	-	-	-	-	-	-	
SOA, Netting and Non-Physical Assets													
TOTAL ASSETS TO BE ADJUSTED	3	49,850	100	-	-	-	-	(100)	(100)	49,750	49,750	44,907	
Roads Infrastructure		5,000	10,810	-	-	-	-	-	-	10,810	5,908	5,176	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		5,128	20,362	-	-	-	-	26	26	20,418	5,188	5,241	
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Road Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		10,750	31,990	-	-	-	-	(74)	(74)	31,916	11,067	13,418	
Community Facilities		100	-	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	
Community Assets		100	-	-	-	-	-	-	-	-	-	-	
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Operational Buildings		-	360	-	-	-	-	-	-	360	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Other Assets		-	360	-	-	-	-	-	-	360	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-	
Services		-	-	-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	
Computer Equipment		-	-	-	-	-	-	380	380	4,400	5,704	4,044	
Furniture and Office Equipment		8,800	4,400	-	-	-	-	380	380	1,000	-	-	
Machinery and Equipment		360	1,800	-	-	-	-	380	380	1,000	-	-	
Transport Assets		24,828	23,988	-	-	-	-	24	24	23,925	24,448	26,407	
Land		-	-	-	-	-	-	-	-	-	-	-	
SOA, Netting and Non-Physical Assets													
TOTAL ASSETS TO BE ADJUSTED	4	49,850	100	-	-	-	-	(100)	(100)	49,750	49,750	44,907	
Roads Infrastructure		5,000	10,810	-	-	-	-	-	-	10,810	5,908	5,176	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		5,128	20,362	-	-	-	-	26	26	20,418	5,188	5,241	
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Road Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Infrastructure		10,750	31,990	-	-	-	-	(74)	(74)	31,916	11,067	13,418	
Community Facilities		100	-	-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	
Community Assets		100	-	-	-	-	-	-	-	-	-	-	
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	-	
Operational Buildings		-	360	-	-	-	-	-	-	360	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Other Assets		-	360	-	-	-	-	-	-	360	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-	
Services		-	-	-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-	
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	
Computer Equipment		-	-	-	-	-	-	380	380	4,400	5,704	4,044	
Furniture and Office Equipment		8,800	4,400	-	-	-	-	380	380	1,000	-	-	
Machinery and Equipment		360	1,800	-	-	-	-	380	380	1,000	-	-	
Transport Assets		24,828	23,988	-	-	-	-	24	24	23,925	24,448	26,407	
Land		-	-	-	-	-	-	-	-	-	-	-	
SOA, Netting and Non-Physical Assets													

1. Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 10 MBRR Table B10 - Basic Service Delivery Measurement

KZN222 uMngeni - Table B10 Basic service delivery measurement - 27/06/2023													
Description	Ref	Budget Year 2022/23									Budget Year +1	Budget Year +2	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
		A	7	8	9	10	11	12	13	14			
Household service targets	1												
Water:													
Piped water inside dwelling													
Piped water inside yard (but not in dwelling)													
Using public tap (at least min service level)	2												
Other water supply (at least min service level)													
<i>Minimum Service Level and Above sub-total</i>													
Using public tap (< min.service level)	3												
Other water supply (< min.service level)	3.4												
No water supply													
<i>Below Minimum Service Level sub-total</i>													
Total number of households	5												
Sanitation/sewerage:													
Flush toilet (connected to sewerage)													
Flush toilet (with septic tank)													
Chemical toilet													
Pit toilet (ventilated)													
Other toilet provisions (> min.service level)													
<i>Minimum Service Level and Above sub-total</i>													
Bucket toilet													
Other toilet provisions (< min.service level)													
No toilet provisions													
<i>Below Minimum Service Level sub-total</i>													
Total number of households	5												
Energy:													
Electricity (at least min. service level)													
Electricity - prepaid (> min.service level)													
<i>Minimum Service Level and Above sub-total</i>													
Electricity (< min.service level)													
Electricity - prepaid (< min. service level)													
Other energy sources													
<i>Below Minimum Service Level sub-total</i>													
Total number of households	5												
Refuse:													
Removed at least once a week (min service)													
<i>Minimum Service Level and Above sub-total</i>													
Removed less frequently than once a week													
Using communal refuse dump													
Using own refuse dump													
Other rubbish disposal													
No rubbish disposal													
<i>Below Minimum Service Level sub-total</i>													
Total number of households	5												
Households receiving Free Basic Service	15												
Water (6 kilolites per household per month)													
Sanitation (free minimum level service)													
Electricity/other energy (50kwh per household per month)													
Refuse (removed at least once a week)													
Cost of Free Basic Services provided (R'000)	16												
Water (6 kilolites per indigent household per month)													
Sanitation (free sanitation service to indigent households)													
Electricity/other energy (50kwh per indigent household per month)													
Refuse (removed once a week for indigent households)													
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)													
Total cost of FBS provided													
Highest level of free service provided													
Property rates (R'000 value threshold)													
Water (kilolites per household per month)													
Sanitation (kilolites per household per month)													
Sanitation (Rend per household per month)													
Electricity (kwh per household per month)													
Refuse (average litres per week)													
Revenue cost of free services provided (R'000)	17												
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)													
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		(64,109)	(64,109)							(64,109)	(66,930)	(69,942)	
Water (in excess of 6 kilolites per indigent household per month)													
Sanitation (in excess of free sanitation service to indigent households)													
Electricity/other energy (in excess of 50 kwh per indigent household per month)		(5,000)	(700)							(700)	(5,481)	(6,007)	
Refuse (in excess of one removal a week for indigent households)		(7,334)	(7,334)							(7,334)	(7,657)	(8,002)	
Municipal Housing - rental rebates													
Housing - top structure subsidies													
Other													
Total revenue cost of subsidised services provided		(76,444)	(72,144)							(72,144)	(80,068)	(83,951)	

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for + 3 050 households to be registered as indigent in 2022/2023, and therefore entitled to receiving Free Basic Services. The number is set to increase households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R 700 thousand in 2022/2023. This is covered by the municipality's equitable share allocation from national government.

1.4 Council Resolutions

On 27 June 2023 the Council of uMngeni Local Municipality met in the Council Chambers of uMngeni Municipality to consider the adjustments budget of the municipality for the financial year 2022/2023. The Council approved and adopted the following resolutions:

1. That Council adopts the Adjustments Budget for the 2022/2023 financial year in terms of section 28 of the Municipal Finance Management Act, No. 56 of 2003 as set out in the following adjustments budget tables:

- 1.1 Table B1: Adjustments Budget Summary
- 1.2 Table B2: Adjustments Budget Financial Performance (Standard Classification)
- 1.3 Table B3: Adjustments Budget Financial Performance (Revenue & Expenditure by Vote)
- 1.3.1 Table B4: Adjustments Budget Financial Performance (Revenue by Source and Expenditure by Type)
- 1.4 Table B5: Adjustments Capital Expenditure Budget by Vote & Funding
- 1.5 Table B6: Adjustments Budget on Financial Position
- 1.6 Table B7: Adjustments Budget on Cash Flow
- 1.7 Table B8: Cash Backed Reserves / Accumulated Surplus Reconciliation
- 1.8 Table B9: Asset Management
- 1.8.1 Table B10: Basic Service Delivery Measurement

1. That the Adjustments Budget as per section 21 of the Municipal Budget & Reporting Regulations be submitted to Provincial and National Treasuries within 10 days after approval by Council.

Part 2 – Supporting Documentation

Part 2 of the Adjustments Budget contains supporting tables SB1 to SB20 of which information on the supporting tables is as follows: -

1. Adjustments to Budget Funding

The original budget expenditure of R 520,0 million and decreased adjustment budget of R 519,9 million is mainly funded by revenue from R 520,2 to R 520,1 million respectively. On the capital side, the net amount of R 49,7million is funded from the MIG and INEP and Energy Efficiency and Demand Side Grant, R 20,2 funded from internal generated funds which is catered for in the cash-flow forecast up to June 2023. All conditional grants will either be spent and / or invested on those projects that will not be completed by 30 June 2023.

2. Adjustments to Expenditure on transfers and Grant Programme

Supporting Table SB8 provides details on the adjusted expenditure on transfers and grant programmes. The main adjustments are on other grant rollovers which can be summarised as follows:

3. Adjustments made to Councillor Allowances and Employee Benefits

Supporting Table SB11 provides details on the proposed adjustments to councillor and staff benefits, but there are adjustments provided for Councillor's Allowance.

Supporting tables SB13, SB14, SB16 and SB17 reflects the adjustments to the monthly targets for operating revenue and expenditure as well as capital expenditure. The financial indicators presented with the annual budget remain unchanged and the projected performance indicators and benchmarks are reflected in supporting tables SB4.

4. Adjustments made to Capital Expenditure

The adjustment to the capital programmes is reflected in supporting table B5 and constitute an increase in capital expenditure of R 50 thousand.

- An amount of R 50 thousand for MIG and Demand Efficiency Grant has been transferred from Operating budget to Capital Budget.

2.14 Municipal manager's quality certificate



uMngeni Municipality

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Website: www.umngeni.gov.za

Our Ref.:

Your Ref.:

OFFICE OF THE MUNICIPAL MANAGER

- **Quality Certificate**

I, Mzingisi Hloba, Municipal Manager of uMngeni Municipality, hereby certify that the 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 annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME

MZINGISI HLOBA

MUNICIPAL MANAGER

UMNGENI MUNICIPALITY (KZN222) _____

SIGNATURE

DATE

27 June 2023 _____