

uMNGENI MUNICIPALITY



ADJUSTMENTS BUDGET

2023/2024

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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June 2024

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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	
kℓ	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 30 June 2024, 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 2023/2024 annual budget be amended in June 2024 to accommodate additional projections for revenue and expenditures (Operating and Capital) amongst the different votes.

Total budgeted operating revenue has been decreased from R 577,9m to R 577,5 million. Our total budgeted operating expenditure has been decreased by R 9,6m from R 587,0 million to R 577,4 million. This has left us with a surplus of R163k. It is very important to note that the municipality has worked hard to reduce the operating expenditure that yielded the 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. Increase in Electricity Service Charges – within this item is a disconnection / reconnection vote which has performed positively, the Municipality has conducted some disconnections as a strategy to reduce electricity theft, several debtors paid these fees, hence the Municipality saw a need to increase this line item for disconnections
2. Transfers recognised-operational decreased by R 3,8m – this is due to reclassification from Operational grants to capital grants of the Demand Energy Grant that is in line with business plan.
3. Gains – The Municipality conducted a public Auction where the redundant assets were disposed off, it became apparent that additional amount of R384k be added to increase this line item to R700k as per the property, plant and equipment proceeds received by the Municipality.

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

The operating expenditure budgets has decreased by R 9,6m,

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

- (a) An increase in Employee related costs of R 1,9m is to make enough provision for the Acting positions and the payment of Directors Backpay as per the Circular from Cogta dated 30 May 2024.
- (b) Bulk Purchases – the Municipality has decreased this line item by R 7 million, an analysis has been made on this item and it appeared that there are funds that will remain unspent, and this has been allocated to items where there is shortage of funds to allow the Municipality to honour its Contractual obligations in other votes.
- (d) Inventory Consumed – a downward adjustment of R 355k this is allocated to votes where there are shortages.
- (e) Contracted Services - there is a decrease by R 7,6m on Contracted Services – R 4,663m was transferred to Capital budget for an electrification project in Checkers Development Project and consultants fee of R345k was reduced, there is also R2,649m that was withheld by National Treasury for INEP.
- (f) Other Expenditure has increased by R 3,1 million to cater for IT expenses, Insurance – claims submitted by residents, wet fuel and other operational items.

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 577,9k to the amount of R 577,5m (original budget: R 577,8m). When analysing this, the following factors become apparent.

- a. Service charges Electricity – there is an upward movement of R 1.4m from the disconnection, this is because of the campaign the Municipality embarked on as part of a strategy that was approved by Council for Electricity losses reduction.

- b. Rental on fixed assets – there has been strict controls in place which yielded positive results and therefore led to an increase to the budget.
- c. Licences and permits – the item did not perform well throughout the year, there is hope in the next financial year as the Municipality will be appointing the service provider to assist with e-fines.
- d. Operational Revenue – the claim from the Insurance company for the excavator that was damaged has been received by the Municipality,
- e. Transfers recognised-operational decreased by 3,9m – a transfer from Operational grants for the Demand Energy Grant and INEP, this has been transferred into Capital Budget.
- f. Gains – The Municipality had under-provided for this item, the Actual amount that has been realised during the Public Auction for Capital Asset Disposal is R700k therefore an upward adjustment has been necessary.

The adjusted operating expenditure amounts to R 577,4m (original budget: R587,0million) which reflects a decrease of R9,6m. The main contributing factors for the decrease are as follows:

- (a) An increase in Employee related costs by R 1,9m is to make enough provision for the positions that had acting positions, payment for leave days for employees that resigned as well as those whose contracts came to an end.
- (b) Remuneration of Councillors – Councillors were paid the backpays following the Circular that was issued by Cogta during the year, therefore the Municipality needed to increase the budget to cover up for the additional cost that was incurred by the Municipality.
- (c) Bulk Purchases – the Municipality has decreased by R 7m, 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 shortages of funds to allow the Municipality to honour the Municipal obligations.
- (d) Inventory Consumed – a downward adjustment of R 355k this is transferred to votes where there are shortages.
- (e) Debt Impairment – an upward adjustment this is to minimise any unauthorised expenditure that may arise at year end.
- (f) Depreciation and Amortisation – a reduction has been made to split the depreciation and impairment provision, an error was made in February where the Municipality combined these items under asset depreciation and amortisation.
- (g) Contracted Services - there is a decrease by R 7,6m on Contracted Services – R 4,663m was transferred to Capital budget for an electrification project in Checkers Development Project and consultants fee of R345k was reduced, there is also R2,649m that was withheld by National Treasury for INEP.

- (h) Transfers and Subsidies – the Municipality received several requests for subsidies from the community.
- (i) Other Expenditure has increased by R 3,1m to cater for IT expenses, Insurance – pothole claims submitted by residents, wet fuel and other items within other expenditure.

The adjusted capital expenditure for 2023 /2024 amounts to R104,7m.

In the Capital Budget there is a provision of the following items:

- Additional R3m for the Operating Lease (Absa Fleet) that will be settled before the end of the current year, R3,8m and R2,6m from Operational Budget has been transferred to Capital Budget. R1,1m has been received as a donation to the Municipality from the District Municipality. The total capital budget has increased by R11,1m.

Service Delivery and Budget Implementation Plan

The Municipality considered the service delivery plan in the process of adjusting this budget, so that the ongoing project are not affected, the budget's intention is to adjust mainly on the operational budget not to disturb the projects.

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 2023/2024 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 - 26/06/2024											
Description	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 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 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	253 564	255 064	-	-	-	-	-	-	255 064	265 989	278 491
Service charges	166 917	172 410	-	-	-	-	1 490	1 490	173 899	187 008	209 580
Investment revenue	3 030	3 030	-	-	-	-	-	-	3 030	3 178	3 327
Transfers recognised - operational	114 187	114 022	-	-	-	-	(3 942)	(3 942)	110 080	122 660	132 125
Other own revenue	34 199	33 448	-	-	-	-	2 073	2 073	35 521	35 869	37 554
Total Revenue (excluding capital transfers and contributions)	571 897	577 974					(380)	(380)	577 594	614 705	661 078
Employee costs	155 966	149 480	-	-	-	-	1 970	1 970	151 450	163 248	170 912
Remuneration of councillors	11 327	11 729	-	-	-	-	188	188	11 916	11 870	12 428
Depreciation & asset impairment	51 439	62 468	-	-	-	-	(2 415)	(2 415)	60 053	53 986	56 496
Interest	47	61	-	-	-	-	-	-	61	50	52
Inventory consumed and bulk purchases	194 921	84 018	-	-	-	-	(7 535)	(7 535)	76 483	93 577	98 320
Transfers and subsidies	1 520	1 945	-	-	-	-	122	122	2 067	1 593	1 668
Other expenditure	166 370	277 356	-	-	-	-	(1 954)	(1 954)	275 402	290 031	320 811
Total Expenditure	571 590	587 056					(9 624)	(9 624)	577 431	614 355	660 688
Surplus/(Deficit)	307	(9 081)					9 244	9 244	163	350	390
Transfers and subsidies - capital (monetary allocation)	48 108	54 392	-	-	-	-	1 942	1 942	56 334	41 618	38 196
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	1 130	1 130	1 130	-	-
Surplus/(Deficit) after capital transfers & contributions	48 415	45 311					12 317	12 317	57 627	41 968	38 586
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	48 415	45 311					12 317	12 317	57 627	41 968	38 586
Capital expenditure & funds sources											
Capital expenditure	83 818	93 627					11 110	11 110	104 737	73 832	71 924
Transfers recognised - capital	48 108	54 392	-	-	-	-	3 072	3 072	57 464	41 618	38 196
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	35 710	39 235	-	-	-	-	8 037	8 037	47 273	32 215	33 729
Total sources of capital funds	83 818	93 627					11 110	11 110	104 737	73 832	71 924
Financial position											
Total current assets	162 751	100 201	-	-	-	-	-	-	100 201	155 794	192 814
Total non current assets	1 142 810	1 054 716	-	-	-	-	1 171	1 171	1 055 886	1 162 657	1 159 271
Total current liabilities	109 218	93 092	-	-	-	-	0	0	93 092	116 189	124 127
Total non current liabilities	82 711	113 276	-	-	-	-	-	-	113 276	82 711	82 711
Community wealth/Equity	1 113 632	948 549					1 171	1 171	949 720	1 119 550	1 145 246
Cash flows											
Net cash from (used) operating	95 076	113 447	-	-	-	-	(1 965)	(1 965)	111 481	90 001	87 976
Net cash from (used) investing	(96 074)	(107 356)	-	-	-	-	(11 107)	(11 107)	(118 463)	(84 518)	(82 366)
Net cash from (used) financing	(189)	(189)	-	-	-	-	-	-	(189)	(195)	(205)
Cash/cash equivalents at the year end	40 982	18 152					(13 073)	(13 073)	5 079	10 367	15 919
Cash backing/surplus reconciliation											
Cash and investments available	40 982	5 079	-	-	-	-	-	-	5 079	10 367	15 919
Application of cash and investments	(44 608)	(28 556)	-	-	-	-	1 300	1 300	(27 256)	(65 264)	(94 433)
Balance - surplus (shortfall)	85 590	33 635					(1 300)	(1 300)	32 335	75 632	110 352
Asset Management											
Asset register summary (WDV)	1 137 092	1 047 832	-	-	-	-	1 171	1 171	1 049 003	1 156 938	1 153 552
Depreciation	51 439	62 468	-	-	-	-	(2 415)	(2 415)	60 053	53 986	56 496
Renewal and Upgrading of Existing Assets	19 700	26 298	-	-	-	-	(1 091)	(1 091)	25 207	19 637	21 685
Repairs and Maintenance	27 577	31 427	-	-	-	-	(3 583)	(3 583)	27 844	34 466	36 488
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	75 975	73 357	-	-	-	-	-	-	73 357	79 690	83 435
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) - 26/06/2024													
Standard Description	Ref	Budget Year 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	
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2024/25	+2 2025/26	
Revenue - Functional													
<i>Governance and administration</i>		357 070	357 736	-	-	-	-	2 285	2 285	360 001	376 597	397 158	
Executive and council		74 474	74 606	-	-	-	-	1 876	1 876	76 494	82 683	89 410	
Finance and administration		282 596	283 126	-	-	-	-	389	389	283 517	293 914	307 747	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>		8 087	8 456	-	-	-	-	8	8	8 464	8 459	8 846	
Community and social services		5 134	5 067	-	-	-	-	1	1	5 088	5 362	5 603	
Sport and recreation		3	11	-	-	-	-	7	7	16	3	3	
Public safety		2 950	3 118	-	-	-	-	-	-	3 118	3 095	3 240	
Housing		-	240	-	-	-	-	-	-	240	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		37 653	42 348	-	-	-	-	930	930	43 279	38 721	38 229	
Planning and development		6 471	6 205	-	-	-	-	1 125	1 125	7 330	4 266	4 467	
Road transport		31 182	36 144	-	-	-	-	(195)	(195)	35 948	32 455	33 772	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		217 166	223 796	-	-	-	-	(510)	(510)	223 285	234 517	255 001	
Energy sources		195 463	198 052	-	-	-	-	(510)	(510)	197 542	211 112	230 079	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		56	58	-	-	-	-	-	-	56	59	62	
Waste management		21 629	25 687	-	-	-	-	-	-	25 687	23 346	24 860	
Other		27	30	-	-	-	-	-	-	30	28	30	
Total Revenue - Functional	2	620 065	632 366	-	-	-	-	2 692	2 692	635 059	656 323	699 274	
Expenditure - Functional													
<i>Governance and administration</i>		214 671	227 876	-	-	-	-	4 296	4 296	232 172	218 780	228 980	
Executive and council		42 844	46 556	-	-	-	-	3 113	3 113	49 669	47 780	50 026	
Finance and administration		167 733	177 562	-	-	-	-	67	67	177 629	166 710	174 462	
Internal audit		4 094	3 758	-	-	-	-	1 118	1 118	4 875	4 290	4 492	
<i>Community and public safety</i>		65 779	61 939	-	-	-	-	1 190	1 190	63 129	71 422	74 768	
Community and social services		13 710	13 027	-	-	-	-	(451)	(451)	12 577	14 352	15 017	
Sport and recreation		16 270	12 561	-	-	-	-	692	692	13 274	17 051	17 852	
Public safety		34 055	34 398	-	-	-	-	800	800	35 199	38 191	39 966	
Housing		1 744	1 932	-	-	-	-	148	148	2 080	1 828	1 814	
Health		-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		35 432	40 881	-	-	-	-	1 073	1 073	41 954	41 111	43 446	
Planning and development		19 889	21 852	-	-	-	-	(474)	(474)	21 378	19 062	19 856	
Road transport		15 743	19 029	-	-	-	-	1 547	1 547	20 576	22 049	23 487	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		254 239	255 237	-	-	-	-	(16 452)	(16 452)	238 785	281 502	311 681	
Energy sources		223 744	227 442	-	-	-	-	(14 841)	(14 841)	212 601	249 543	278 420	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		3 420	3 438	-	-	-	-	(680)	(680)	2 758	3 584	3 752	
Waste management		27 075	24 357	-	-	-	-	(931)	(931)	23 426	28 375	29 709	
Other		1 469	1 123	-	-	-	-	288	288	1 392	1 540	1 612	
Total Expenditure - Functional	3	571 590	587 056	-	-	-	-	(9 624)	(9 624)	577 431	614 355	690 688	
Surplus/ (Deficit) for the year		48 415	45 311	-	-	-	-	12 317	12 317	57 627	41 968	38 586	

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) - 26/06/2024												
Vote Description <i>(Insert departmental structure etc)</i>	Ref	Budget Year 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	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2024/25	+2 2025/26
R thousands												
Revenue by Vote	1											
Vote 1 - EXECUTIVE AND COUNCIL		346 024	347 759	-	-	-	-	1 876	1 876	348 634	367 538	387 654
Vote 2 - BUDGET AND TREASURY		7 281	6 309	-	-	-	-	289	289	6 599	7 532	7 905
Vote 3 - CORPORATE SERVICES		1 670	1 687	-	-	-	-	100	100	1 787	1 750	1 833
Vote 4 - Planning Services		6 498	6 474	-	-	-	-	1 125	1 125	7 599	4 295	4 497
Vote 5 - Community Services		33 931	36 439	-	-	-	-	(192)	(192)	36 247	36 228	38 336
Vote 6 - Technical Services		224 622	233 697	-	-	-	-	(505)	(505)	233 192	238 980	259 049
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
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	620 005	632 366	-	-	-	-	2 692	2 692	635 059	656 323	699 274
Expenditure by Vote	1											
Vote 1 - EXECUTIVE AND COUNCIL		51 616	54 983	-	-	-	-	6 644	6 644	61 637	56 978	59 656
Vote 2 - BUDGET AND TREASURY		90 400	103 572	-	-	-	-	(3 119)	(3 119)	100 453	94 735	99 158
Vote 3 - CORPORATE SERVICES		47 556	43 656	-	-	-	-	3 064	3 064	46 720	43 824	46 883
Vote 4 - Planning Services		22 902	24 907	-	-	-	-	(57)	(57)	24 850	22 430	23 484
Vote 5 - Community Services		88 149	81 210	-	-	-	-	849	849	82 059	94 236	98 655
Vote 6 - Technical Services		270 966	278 718	-	-	-	-	(17 005)	(17 005)	261 713	302 152	333 851
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
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	571 590	587 056	-	-	-	-	(9 624)	(9 624)	577 431	614 355	660 688
Surplus/ (Deficit) for the year	2	48 415	45 311	-	-	-	-	12 317	12 317	57 627	41 968	38 586

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) - 26/06/2024												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 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	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue												
Exchange Revenue												
Service charges - Electricity	2	156 164	158 599	-	-	-	-	1 490	1 450	160 088	175 740	197 782
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	10 752	13 811	-	-	-	-	-	-	13 811	11 269	11 798
Sale of Goods and Rendering of Services		5 609	6 039	-	-	-	-	8	8	6 047	5 880	6 156
Agency services		-	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		4 308	4 409	-	-	-	-	-	-	4 409	4 519	4 731
Interest earned from Current and Non Current Assets		3 030	3 030	-	-	-	-	-	-	3 030	3 178	3 327
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		1 370	1 375	-	-	-	-	100	100	1 475	1 436	1 503
Licence and permits		2 445	2 566	-	-	-	-	100	100	2 666	2 564	2 685
Operational Revenue		1 563	789	-	-	-	-	1 781	1 781	2 570	1 639	1 716
Non-Exchange Revenue												
Property rates		253 564	255 064	-	-	-	-	-	-	255 064	265 989	278 491
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		2 957	3 105	-	-	-	-	-	-	3 105	3 102	3 248
Licences or permits		1 954	1 173	-	-	-	-	(300)	(300)	873	2 050	2 147
Transfer and subsidies - Operational		114 187	114 022	-	-	-	-	(3 942)	(3 942)	110 080	122 660	132 125
Interest		13 677	13 677	-	-	-	-	-	-	13 677	14 348	15 022
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		316	316	-	-	-	-	384	384	700	331	347
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		571 897	577 974	-	-	-	-	(380)	(380)	577 594	614 705	661 678
Expenditure By Type												
Employee related costs		155 966	149 480	-	-	-	-	1 970	1 970	151 450	163 248	170 912
Remuneration of councillors		11 327	11 729	-	-	-	-	188	188	11 916	11 670	12 426
Bulk purchases - electricity		190 198	191 398	-	-	-	-	(7 000)	(7 000)	184 398	214 354	241 577
Inventory consumed		4 722	6 292	-	-	-	-	(355)	(355)	5 937	2 958	3 097
Debt impairment		10 243	10 243	-	-	-	-	2 415	2 415	12 658	10 742	11 247
Depreciation and amortisation		51 439	62 468	-	-	-	-	(2 415)	(2 415)	60 053	53 966	56 496
Interest		47	61	-	-	-	-	-	-	61	50	52
Contracted services		80 964	82 073	-	-	-	-	(7 657)	(7 657)	74 416	91 983	96 651
Transfers and subsidies		1 520	1 945	-	-	-	-	122	122	2 067	1 593	1 668
Irrecoverable debts written off		-	1 030	-	-	-	-	-	-	1 030	-	-
Operational costs		65 163	69 275	-	-	-	-	3 108	3 108	72 384	63 571	66 559
Losses on disposal of Assets		-	1 062	-	-	-	-	-	-	1 062	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		571 590	587 056	-	-	-	-	(9 624)	(9 624)	577 431	614 355	660 688
Surplus/(Deficit)		307	(9 081)	-	-	-	-	9 244	9 244	163	350	390
Transfers and subsidies - capital (monetary allocations)		48 108	54 392	-	-	-	-	1 942	1 942	56 334	41 618	38 196
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	1 130	1 130	1 130	-	-
Surplus/(Deficit) after capital transfers & contributions		48 415	45 311	-	-	-	-	12 317	12 317	57 627	41 968	38 586
Income Tax		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		48 415	45 311	-	-	-	-	12 317	12 317	57 627	41 968	38 586
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		48 415	45 311	-	-	-	-	12 317	12 317	57 627	41 968	38 586
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		48 415	45 311	-	-	-	-	12 317	12 317	57 627	41 968	38 586

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

1. Total Original revenue is R 577,9m in 2023/2024 and decreased to R 577,6m.
2. Revenue to be generated from property rates is R 255 m in the 2023/2024 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 R173,8 m for the 2023/2024 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 - 26/06/2024												
Description	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unwvold.	Nat. or Prov. Govt	Other Adjuts.	Total Adjuts.	Adjusted Budget	+1 2024/25	+2 2025/26
		A	5	6	7	8	9	10	11	12	Adjusted Budget	Adjusted Budget
<i>R thousands</i>												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - EXECUTIVE AND COUNCIL		1 100	824	--	--	--	--	300	300	1 124	1 154	1 208
Vote 2 - BUDGET AND TREASURY		290	700	--	--	--	--	(54)	(54)	646	210	220
Vote 3 - CORPORATE SERVICES		450	402	--	--	--	--	368	368	800	472	494
Vote 4 - Planning Services		300	300	--	--	--	--	400	400	700	315	329
Vote 5 - Community Services		780	780	--	--	--	--	175	175	955	818	857
Vote 6 - Technical Services		43 786	51 953	--	--	--	--	265	265	52 217	38 328	36 039
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--	--	--
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	46 616	54 958	--	--	--	--	1 484	1 484	56 442	41 297	39 148
Single-year expenditure to be adjusted	2											
Vote 1 - EXECUTIVE AND COUNCIL		--	646	--	--	--	--	3 000	3 000	3 646	--	--
Vote 2 - BUDGET AND TREASURY		--	500	--	--	--	--	--	--	500	--	--
Vote 3 - CORPORATE SERVICES		631	--	--	--	--	--	--	--	--	1 000	1 000
Vote 4 - Planning Services		3 650	3 176	--	--	--	--	1 280	1 280	4 436	--	--
Vote 5 - Community Services		900	900	--	--	--	--	--	--	900	--	--
Vote 6 - Technical Services		32 120	33 447	--	--	--	--	5 366	5 366	38 813	31 535	31 777
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--	--	--
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		37 202	38 669	--	--	--	--	9 625	9 625	48 295	32 535	32 777
Total Capital Expenditure - Vote		83 818	93 627	--	--	--	--	11 110	11 110	104 737	73 832	71 924
Capital Expenditure - Functional												
Governance and administration		2 381	3 072	--	--	--	--	3 645	3 645	6 716	2 836	2 922
Executive and council		1 100	1 220	--	--	--	--	3 300	3 300	4 520	1 154	1 208
Finance and administration		1 281	1 802	--	--	--	--	345	345	1 946	1 682	1 714
Internal audit		--	250	--	--	--	--	--	--	250	--	--
Community and public safety		1 580	1 580	--	--	--	--	75	75	1 655	713	747
Community and social services		--	680	--	--	--	--	75	75	755	--	--
Sport and recreation		900	900	--	--	--	--	--	--	900	--	--
Public safety		680	--	--	--	--	--	--	--	--	713	747
Housing		--	--	--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--	--	--
Economic and environmental services		53 770	61 468	--	--	--	--	4 131	4 131	65 599	51 749	54 066
Planning and development		3 850	3 476	--	--	--	--	1 660	1 660	5 136	315	329
Road transport		51 920	57 991	--	--	--	--	2 471	2 471	60 463	51 435	53 737
Environmental protection		--	--	--	--	--	--	--	--	--	--	--
Trading services		24 086	27 508	--	--	--	--	3 259	3 259	30 767	18 534	14 189
Energy sources		22 486	23 407	--	--	--	--	5 259	5 259	28 665	16 655	12 432
Water management		--	--	--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--	--	--
Waste management		1 600	4 101	--	--	--	--	(2 000)	(2 000)	2 101	1 678	1 757
Other		--	--	--	--	--	--	--	--	--	--	--
Total Capital Expenditure - Functional	3	83 818	93 627	--	--	--	--	11 110	11 110	104 737	73 832	71 924
Funded by:												
National Government		46 708	52 892	--	--	--	--	1 942	1 942	54 934	41 618	38 195
Provincial Government		1 400	1 400	--	--	--	--	--	--	1 400	--	--
District Municipality		--	--	--	--	--	--	1 130	1 130	1 130	--	--
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)		--	--	--	--	--	--	--	--	--	--	--
Transfers recognised - capital		48 108	54 392	--	--	--	--	3 072	3 072	57 464	41 618	38 195
Borrowing		--	--	--	--	--	--	--	--	--	--	--
Internally generated funds		35 710	39 235	--	--	--	--	8 037	8 037	47 273	32 215	33 729
Total Capital Funding		83 818	93 627	--	--	--	--	11 110	11 110	104 737	73 832	71 924

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 104m for the 2023/2024 financial year.
4. The capital programme is funded from National grants and internally generated funds. For 2023/2024, capital transfers totals R 56,2m and internally generated funding totalling to R 47,2m and a donation of R1,1m.

Table 6 MBRR Table B6 – Adjustments Budgeted Financial Position

KZN222 uMngeni - Table B6 Adjustments Budget Financial Position - 26/06/2024												
Description	Ref	Budget Year 2023/24									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
ASSETS												
Current assets												
Cash and cash equivalents		40 982	5 079	--	--	--	--	--	--	5 079	10 367	15 919
Trade and other receivables from exchange transactions	1	24 686	25 266	--	--	--	--	--	--	25 266	26 178	34 436
Receivables from non-exchange transactions	1	85 471	58 437	--	--	--	--	--	--	58 437	107 637	130 845
Current portion of non-current receivables		--	--	--	--	--	--	--	--	--	--	--
Inventory		--	--	--	--	--	--	--	--	--	--	--
VAT		11 612	10 419	--	--	--	--	--	--	10 419	11 612	11 612
Other current assets		--	--	--	--	--	--	--	--	--	--	--
Total current assets		162 751	100 201	--	--	--	--	--	--	100 201	155 794	192 814
Non current assets												
Investments		--	--	--	--	--	--	--	--	--	--	--
Investment property		56 067	18 960	--	--	--	--	--	--	18 960	55 419	54 714
Property, plant and equipment		1 075 606	1 026 553	--	--	--	--	1 171	1 171	1 027 724	1 099 124	1 093 441
Biological assets		--	--	--	--	--	--	--	--	--	--	--
Living and non-living resources	1	--	--	--	--	--	--	--	--	--	--	--
Heritage assets		5 368	3 361	--	--	--	--	--	--	3 361	5 368	5 368
Intangible assets		--	(1 062)	--	--	--	--	--	--	(1 062)	--	--
Trade and other receivables from exchange transactions		5 718	6 884	--	--	--	--	--	--	6 884	5 718	5 718
Non-current receivables from non-exchange transactions		--	--	--	--	--	--	--	--	--	--	--
Other non-current assets		--	--	--	--	--	--	--	--	--	--	--
Total non current assets		1 142 810	1 054 716	--	--	--	--	1 171	1 171	1 055 886	1 162 657	1 159 271
TOTAL ASSETS		1 305 561	1 154 917	--	--	--	--	1 171	1 171	1 156 088	1 318 451	1 352 085
LIABILITIES												
Current liabilities												
Bank overdraft		--	--	--	--	--	--	--	--	--	--	--
Financial liabilities		2 275	478	--	--	--	--	--	--	478	2 275	2 275
Consumer deposits		4 300	4 561	--	--	--	--	--	--	4 561	4 195	3 980
Trade and other payables from exchange transactions		51 427	62 656	--	--	--	--	0	0	62 656	51 753	54 595
Trade and other payables from non-exchange transactions		1 819	0	--	--	--	--	--	--	0	1 819	855
Provisions		41 840	24 019	--	--	--	--	--	--	24 019	47 586	53 801
VAT		7 466	1 076	--	--	--	--	--	--	1 076	8 562	8 811
Other current liabilities		--	--	--	--	--	--	--	--	--	--	--
Total current liabilities		109 218	93 692	--	--	--	--	0	0	93 692	116 169	124 127
Non current liabilities												
Financial liabilities	1	--	--	--	--	--	--	--	--	--	--	--
Provisions	1	82 711	113 276	--	--	--	--	--	--	113 276	82 711	82 711
Long term portion of trade payables		--	--	--	--	--	--	--	--	--	--	--
Other non-current liabilities		--	--	--	--	--	--	--	--	--	--	--
Total non current liabilities		82 711	113 276	--	--	--	--	--	--	113 276	82 711	82 711
TOTAL LIABILITIES		191 929	206 968	--	--	--	--	0	0	206 968	198 880	206 838
NET ASSETS	2	1 113 632	948 549	--	--	--	--	1 171	1 171	949 720	1 119 550	1 145 246
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1 113 632	948 549	--	--	--	--	1 171	1 171	949 720	1 119 550	1 145 246
Funds and Reserves		--	--	--	--	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--	--	--	--	--
TOTAL COMMUNITY WEALTH/EQUITY		1 113 632	948 549	--	--	--	--	1 171	1 171	949 720	1 119 550	1 145 246

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 - 26/06/2024												
Description	Ref	Budget Year 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	+1 2024/25	+2 2025/26
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	Adjusted Budget	Adjusted Budget
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		240 886	237 210	-	-	-	-	-	237 210	252 890	264 556	
Service charges		190 150	187 661	-	-	-	-	453	453	188 114	213 028	238 728
Other revenue		77 829	86 613	-	-	-	-	(3 189)	(3 189)	83 425	82 509	88 212
Transfers and Subsidies - Operational	1	114 187	113 388	-	-	-	-	(3 942)	(3 942)	109 456	122 660	132 125
Transfers and Subsidies - Capital	1	48 108	54 192	-	-	-	-	2 142	2 142	56 334	41 618	38 196
Interest		3 030	3 030	-	-	-	-	-	-	3 030	3 178	3 327
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(577 540)	(566 920)	-	-	-	-	2 982	2 982	(563 938)	(624 031)	(675 449)
Finance charges		(47)	(61)	-	-	-	-	-	-	(61)	(50)	(52)
Transfers and Grants	1	(1 528)	(1 676)	-	-	-	-	(412)	(412)	(2 088)	(1 602)	(1 677)
NET CASH FROM/(USED) OPERATING ACTIVITIES		95 076	113 447	-	-	-	-	(1 965)	(1 965)	111 481	90 001	87 976
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		316	316	-	-	-	-	384	384	700	331	347
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets		(96 380)	(107 672)	-	-	-	-	(11 491)	(11 491)	(119 163)	(84 850)	(82 713)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(96 074)	(107 356)	-	-	-	-	(11 107)	(11 107)	(118 463)	(84 519)	(82 366)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(189)	(189)	-	-	-	-	-	-	(189)	(195)	(205)
Payments												
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(189)	(189)	-	-	-	-	-	-	(189)	(195)	(205)
NET INCREASE/ (DECREASE) IN CASH HELD		(1 189)	5 902	-	-	-	-	(13 073)	(13 073)	(7 171)	5 288	5 405
Cash/cash equivalents at the year begin:	2	42 170	12 250	-	-	-	-	-	-	12 250	5 079	10 514
Cash/cash equivalents at the year end:	2	40 982	18 152	-	-	-	-	(13 073)	(13 073)	5 079	10 367	15 919

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 93 percent, the audited collection rate for the 2023/2024 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 - 26/06/2024												
Description	Ref	Budget Year 2023/24									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjsts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2024/25	+2 2025/26
Cash and investments available												
Cash/cash equivalents at the year end	1	40 982	18 152	-	-	-	-	(13 073)	(13 073)	5 079	10 367	15 919
Other current investments > 90 days		-	(13 073)	-	-	-	-	13 073	13 073	(0)	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		40 982	5 079	-	-	-	-	-	-	5 079	10 367	15 919
Applications of cash and investments												
Unspent conditional transfers		1 819	0	-	-	-	-	-	-	0	1 819	855
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		(4 146)	(9 343)	-	-	-	-	-	-	(9 343)	(3 050)	(2 800)
Other working capital requirements	2	(64 122)	(43 232)	-	-	-	-	1 300	1 300	(41 932)	(111 619)	(146 088)
Other provisions		41 840	24 019	-	-	-	-	-	-	24 019	47 586	53 601
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(44 608)	(28 556)	-	-	-	-	1 300	1 300	(27 256)	(65 264)	(94 433)
Surplus(shortfall)		85 590	33 635	-	-	-	-	(1 300)	(1 300)	32 335	75 632	110 352

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

Explanatory notes to Table B9 - Asset Management

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 - 26/06/2024												
Description	Ref	Budget Year 2023/24									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Net. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
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)		-	-	-	-	-	-	-	-	-	-	-
Informal Settlements		-	-	-	-	-	-	-	-	-	-	-
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 (Rand per household per month)		-	-	-	-	-	-	-	-	-	-	-
Electricity (kw 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		67 507	67 507	-	-	-	-	-	-	67 507	70 815	74 143
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)		737	1 178	-	-	-	-	-	-	1 178	773	810
Refuse (in excess of one removal a week for indigent households)		7 731	4 672	-	-	-	-	-	-	4 672	8 102	8 482
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	75 975	73 357	-	-	-	-	-	-	73 357	79 690	83 435

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 2023/2024, 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 2023/2024. This is covered by the municipality's equitable share allocation from national government.

1.4 Council Resolutions

On 26th June 2024 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 2023/2024. The Council approved and adopted the following resolutions:

1. That Council adopts the Adjustments Budget for the 2023/2024 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 587,0m and decreased adjustment budget of R 577,4m is mainly funded by revenue from R577,9m to R 577,5m respectively. On the capital side, the net amount of R 56,2m is funded from the MIG and INEP and Energy Efficiency and Demand Side Grant, R 47,2m will be funded from internal generated funds which is catered for in the cash-flow forecast up to June 2024. All conditional grants will either be spent and / or invested on those projects that will not be completed by 30 June 2024.

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 11,1m.

- . Additional R3m for the Finance/ Operating Lease (Absa Fleet) that will be settled before the end of the current year, R3,8m and R2,6m from Operational Budget has been transferred to Capital Budget, R1,1m has been donated by the District Municipality The total capital budget has increased by R 11,1m

2.14 Municipal manager’s quality certificate



uMngeni Municipality

PO Box 5
3290
Howick, South Africa

Tel: +27 (33) 239 9200
Fax: +27 (33) 330 4183
Email: manager@umngeni.gov.za
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

26 June 2024