



**ADJUSTMENT BUDGET FOR UBHLEBEZWE
MUNICIPALITY**

2022/23 FINANCIAL YEAR

23 February 2023

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

SUBJECT: ADJUSTMENT BUDGET FOR 2022/2023 MTREF

PURPOSE:

To table the 2022/2023 adjustment budget in terms of section 28 of the MFMA

Discussion

The tabling of the 2022/2023 adjustment budget was as a result of the mid – term budget review which was submitted and approved by council on the 24th of January 2023.

Council resolution CBTO01/23 Resolved that inter alia due to material variances identified during the mid- year budget review process, the accounting officer hereby recommends in terms of S72 (3)(a) of the MFMA that Council considers an adjustment budget for approval in accordance with S28 of the MFMA

As such council is presented with the adjustment budget for 2022/2023 financial year in compliance with S28 of the MFMA and Municipal budget and reporting regulations.

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

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Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

MAYOR'S REPORT

Honorable Speaker of the Council, Executive Committee members, Councilors, Amakhosi, Management and everyone present today, I greet you.

We are gathered here 14 days after the State President released State of The National Address (SONA), it was a very sad moment for all South Africans that such an important event can be done in a hall and not in chamber of the National Assembly our icon not pre-empting the work of the Judiciary, It is an open secret that at the end we will learn that this wicked deed of burning our National Parliament was done by a South African. This instance reminds me of Prof PLO Lumumba of Kenya when he says "If we as South Africans remain this united Africa in the next 25 years, will be recolonized.

Honorable Speaker, on the 24th of January 2023, we assembled at this chamber as we were tabling the Municipality's Mid-term budget review. From the report it was agreed by this council that the budget for this financial year there is indeed a need for adjustment based on the evidential trends of expenditure as well as an additional funds received.

Section 28(4) of the Municipal Finance Management Act, 2003 empowers the mayor to table an adjustment budget when necessary to the Municipal Council. The performance of our economy is the main reason of this tabling of adjustment today.

The Executive Committee (EXCO) and the Finance committee held a very productive session where all line items from operational to capital expenditure were scrutinized for the current year budget and performance. On the gathering, it was realized that the debt collection is still a major challenge and thus putting a little bit of uncertainty of the financial viability of the municipality as we know that the municipality is totally in grant dependent, and that the Municipality has a greater need to construct projects and programs that can generate revenue. The sitting also yielded some of the fruits as it was resolved that each department has to ensure that they come up with an innovative strategy in relation to the revenue generation.

The focus on downwards adjustments was on operational budget. We could not do much on capital budget specifically on projects funded by conditional grants since we cannot interfere with service delivery which is our core existence as the Municipality.

Honorable Speaker allow me to touch on some items that needs some adjustments I

thank you

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

LEGISLATIVE BACKGROUND

Section 28 of the Municipal Finance Management Act, 2003 (MFMA) allows a municipality to revise its approved Annual budget through an adjustment budget.

An adjustment Budget-

1. Must adjust the revenue and expenditure estimates downwards if there is a material under- collection of revenues during the current year.
 2. May appropriate additional revenue that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budget for.
 3. May, within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality.
 4. May authorize the utilization of projected savings in one vote towards spending under another vote,
 5. May authorize the spending of funds that were that were un spend at the end of the past financial year where the under spending could not reasonably have been fore seen at the time to include projected roll – overs where the annual budget for the current year was approved by the council.
 6. May correct any errors in the annual budget.
- a) Only the mayor may table an adjustments budget in the municipal council, when an adjustments budget is so tabled it must be accompanied by-
1. An explanation of how the adjustment budget affects the annual budget.
 2. A motivation of any material changes to the annual budget
 3. Any other supporting documentation that be prescribed.

EXECUTIVE SUMMARY

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

The adjustment budget is based on the cash flow turnaround strategy where implementation of effective financial management is crucial; appropriation funds were transferred from low-to high – priority programmes so as maintain sound financial stewardship.

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Main Priorities

Our priorities are derived from the national priorities and closely streamlined to our community needs which are identified as part of the IDP process.

and directly reflect the municipality's efforts to address backlogs and basic services delivery needs of our communities.

The municipality's investment priorities in the form of capital projects collated from the relevant sectorial departments. The municipality's broader strategic and financial planning objectives provide an indication of:

- The extent infrastructural projects to be implemented.
- The CAPEX budget required for these infrastructural projects.
- The availability of finance for this capital expenditure (Capex).
- The operational expenditure (Opex) budget required for the operation and maintenance of the infrastructure to be provided; and
- The available revenue options in terms of grants and borrowing within the provisions of the municipal fiscal framework.

MUNICIPAL ENTITIES / EXTERNAL MECHANISMS

- The Municipality does not make use of any entities or external mechanisms for services delivery within the municipal area.

FINANCIAL AND SERVICE DELIVERY IMPLICATIONS

- The municipality has an approved five-year plan, which is the Integrated Development Plan. This plan is then aligned to the budget, which is then aligned to the Service Delivery and Budget Implementation Plan.
- The adjustments budget document has been prepared according to the Municipal Budget and Reporting Regulations as prescribed by National Treasury; B-Schedules (Vision 6.6).

EFFECT OF THE ADJUSTMENTS BUDGET ON SERVICE DELIVERY AND BUDGET IMPLIMENTATION PLAN, SERVICE DELIVERY AGREEMENTS AND MEDIUM-TERM EXPENDITURE FRAMEWORK

- The adjustments on the original budget will be cascaded down to the Service Delivery and Budget Implementation Plan
- Targets from the Service Delivery Adjusted will be adjusted to accommodate the new projects and adjust revenue and expenditure targets according to the adjusted figures.
- Time frames for the performance agreements will be adjusted to be in line with the Service Delivery and Budget Implementation Plan.

RESOLUTION

ADJUSTMENT BUDGET RESOLUTIONS

Section 28(1) of the Municipal Finance management Act no 56 of 2003 (MFMA) requires that a municipality may revise an approved annual budget through an adjustment budget. The Municipal Budget and Reporting Regulations states that an adjustments budget may be tabled in municipal council at any time after the midyear budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.

The following resolutions were tabled by the Accounting Officer before the Mayor and Council for adoption and approval on the 23rd of February 2023.

a. That: -

The Adjustment budget may be approved as set out in the tables:

- Table B1 – Adjustment Budget Summary
- Table B2 – Adjustment Budget Financial Performance
- Table B2B – Adjustment Budget Financial Performance
- Table B3 – Adjustment Budget Performance (Revenue and Expenditure)
- Table B3B – Adjustment Budget Financial Performance (Revenue and Expenditure)
- Table B4 – Adjustment Budget Financial Performance
- Table – B5 Adjustment Capital
- Table – B5B Adjustment Capital Expenditure
- Table B6 – Budgeted Financial Position
- Table B7 – Budgeted Cash flow
- Table B8 – Cash Reserves – Accumulated Surplus
- Table B9 – Assets Management
- Table B10 – Basic Delivery Measurement

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

■ Supporting Documents

SB (1-20)

ADJUSTMENTS BUDGET ASSUMPTIONS

The 2022/2023 adjustments budget was prepared in accordance with guidelines and assumptions as outlined in Municipal Budget and Reporting Regulations, taking into consideration the following aspects:

- National budget assumptions, guidelines, and projections.
- Alignment with national and provincial priorities.
- Headline inflation and gross domestic products forecasts; and
- Revenue assumptions regarding grants allocation in terms of revised DORA.
- Anticipated own revenue from rates and services charges, sundry charges and other revenues and affordability of ratepayers and consumers services.
- The ability of municipality to collect revenue (payment level).
- Operating expenditure cost drivers and growth thereof.
- Capital budget funding model.
- Provincial Gazette, reflection provincial allocations.
- Protecting the poor by ensuring access to basic services.

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

This adjustment budget will be tabled under two main broad headings, being operational budget, which will be divided into (i.e. operational revenue per revenue source and operational expenditure by type) and capital budget.

OPERATIONAL ADJUSTMENT BUDGET

REVENUE

Revenue

Description	Original Budget 2022-2023	Adjustment Budget 2022-2023
Property Rates	R 24 602 145	R 24 602 145
Services Charges	R 3 682 197	R 3 682 197
Rental	R 800 000	R 1 101 633
Interest on Investment	R 10 000 000	R 11 500 000
Fines Issued	R 500 000	R 829 344
Transfers and Subsidies- Operational	R 139 082 000	R 139 082 000
Transfers and Subsidies- Capital	R 35 351 000	R 35 351 000
Licence and Permit	R 3 436 612	R 3 446 612
Agency Services	R 1 886 400	R 2 086 400
Other Revenue	R 290 278	R 970 278

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

KZN434 Ubuhlebezwe - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	24 602	-	-	-	-	-	-	-	24 602	25 685	26 840
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3 682	-	-	-	-	-	-	-	3 682	3 844	4 017
Rental of facilities and equipment		800						302	302	1 102	1 150	1 202
Interest earned - external investments		10 000						1 500	1 500	11 500	12 006	12 546
Interest earned - outstanding debtors		-						-	-	-	-	-
Dividends received		-						-	-	-	-	-
Fines, penalties and forfeits		500						329	329	829	866	905
Licences and permits		3 437						10	10	3 447	3 598	3 760
Agency services		1 886						200	200	2 086	2 178	2 276
Transfers and subsidies		139 082						-	-	139 082	141 986	149 884
Other revenue	2	290	-	-	-	-	-	680	680	970	1 013	1 059
Gains		-						-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		184 280	-	-	-	-	-	3 021	3 021	187 301	192 326	202 490
Expenditure By Type												
Employee related costs		91 435	-	-	-	-	-	-	-	91 435	95 429	99 695
Remuneration of councillors		10 689						270	270	10 960	11 442	11 957
Debt impairment		2 271						-	-	2 271	2 371	2 478
Depreciation & asset impairment		36 000	-	-	-	-	-	-	-	36 000	37 584	39 275
Finance charges		-						-	-	-	-	-
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-	-
Inventory consumed		1 667	-	-	-	-	-	(123)	(123)	1 544	1 612	1 684
Contracted services		26 184	-	-	-	-	-	1 596	1 596	27 779	25 839	26 971
Transfers and subsidies		6 654						(1 901)	(1 901)	4 753	2 618	2 736
Other expenditure		27 699	-	-	-	-	-	3 410	3 410	31 110	32 479	33 940
Losses		-						-	-	-	-	-
Total Expenditure		202 600	-	-	-	-	-	3 252	3 252	205 852	209 375	218 737
Surplus/(Deficit)		(18 320)	-	-	-	-	-	(231)	(231)	(18 551)	(17 048)	(16 247)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		35 351						-	-	35 351	31 563	32 852
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		17 031	-	-	-	-	-	(231)	(231)	16 800	14 515	16 605
Taxation		-						-	-	-	-	-
Surplus/(Deficit) after taxation		17 031	-	-	-	-	-	(231)	(231)	16 800	14 515	16 605
Attributable to minorities		-						-	-	-	-	-
Surplus/(Deficit) attributable to municipality		17 031	-	-	-	-	-	(231)	(231)	16 800	14 515	16 605
Share of surplus/ (deficit) of associate		-						-	-	-	-	-
Surplus/ (Deficit) for the year		17 031	-	-	-	-	-	(231)	(231)	16 800	14 515	16 605

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

The original approved 2022/2023 revenue budget was R184 279 623. The outcome of this adjustment budget has increased the revenue base of the municipality by R3 020 986 to R187 300 609 and this decrease is as result of the following movements in the revenue category:

- **Property rates and Service charges.**
 - Property rates remained the same because our billing is in line with the existing valuation roll
 - Service charges** remained the same as there were no changes in total number of customers and billing,
- **Rentals**
 - The rental of facilities and equipment revenue category has been adjusted upwards by R301 633 this is a result after signing of renewal of lease agreement by our customers. Hence the anticipated budget will amount to R1 101 633 for 2022/2023 financial year
- **Interest Income**
 - Interest income generated from investments has been adjusted upwards by R1 500 000, markets are slowly opening, and a repo rate has been increased. by 25 basis points and thus will also increase interest rates as the country recovers from the pandemic.
- **Transfers and Subsidies**
 - The municipality has not received any additional funding from national and provincial treasury hence there are no changes under this revenue category.
- **Licences and Permits**
 - license and permits have been adjusted upwards by R10 000 this is because of the more than originally anticipated demand for these licenses
- **Agency Services**

The agency services have been adjusted upwards by R200 000 this is due to a high percentage of license commission received from department of transport

- **Fines**

Traffic fines were adjusted upwards by R329 344 as a result of a high rate of issuing sitting at 82% as at end of December 2022. Making the new budget amount increase to R829 344.00 for 2022/2023 financial year.

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

- **Other Revenue**

Other revenue will increase by R680 000 during this adjustment budget.

The most contributing factor to this adjustment is the insurance refund where the insurer settled most of the claims made by the municipality for incidents that happened in the past months.

Expenditure

Description	Original Budget 2022-2023	Adjustment Budget 2022-2023
Employee Related Cost	R 91 434 652.00	R 91 434 652.00
Remuneration of Councillors	R 10 689 137.00	R 10 959 521.00
Debts of Impairment	R 2 271 399.00	R 2 271 399.00
Depreciation	R 36 000 000.00	R 36 000 000.00
Other Material	R 1 667 000.00	R 1 544 000.00
Contracted Services	R 26 183 913.00	R 27 779 483.00
Transfers and Subsidies	R 6 654 153.00	R 4 752 953.00
Other Expenditure	R 27 699 328.00	R 31 109 692.00
Total Expenditure	R 202 599 582.00	R 205 851 700.00

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

The originally approved operational expenditure budget for 2022/2023 was R202 599 582. however, this adjustment has resulted to operational budget of the municipality to increase by R3 252 118 to R205 851 700. This is in line with the increase of internally generated revenue as indicated above. The adjustments are as follows:

- **Employee Related Cost**

- Expenditure trends for the past six months indicated that employee costs are sitting on norm, and we have not received any circulars from Salga, therefore there will be no adjustment.

- **The Remuneration of Councilors**

The remuneration of councilors has been adjusted upwards by R270 384; this is in line with the upper limits as advised by Cogta.

- **Other Expenditure**

Other expenditure has been adjusted upwards by R3 410 000 during this adjustment budget when compared to original budget.

This adjustment is attributed to the reprioritization of the budget from one vote towards spending to another vote to ensure that no unauthorized

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

expenditure is incurred by the municipality as a result of under budgeting in certain votes.

- **Contracted services.**

There are no significant adjustments under this category, the adjustments made was to ensure that there are no unauthorized or overspending incurred by the municipality, insurance premiums and auditing fees was showing signs of overspending.

- **Depreciation and Asset impairment**

There are no adjustments made under this category.

- **Transfers and subsidies**

There is a downwards adjustment on transfers and subsidies, the number of households assisted by the municipality is very low, but the municipality is working with our district municipality to get new database.

REPAIRS AND MAINTENANCE EXPENDITURE

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

KZN434 Ubuhlebezwe - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class -

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	Unform. Unavoid.	Nat. 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		
R thousands												
Repairs and maintenance expenditure by Asset Class/Sub-class												
Infrastructure		830	-	-	-	-	-	(240)	(240)	590	616	644
Roads Infrastructure		330	-	-	-	-	-	200	200	530	553	578
Roads		-	-	-	-	-	-	-	-	-	-	-
Road Structures		-	-	-	-	-	-	-	-	-	-	-
Road Furniture		330	-	-	-	-	-	200	200	530	553	578
Capital Spares		-	-	-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		500	-	-	-	-	-	(440)	(440)	60	63	65
MV Switching Stations		-	-	-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-	-	-
LV Networks		500	-	-	-	-	-	(440)	(440)	60	63	65
Capital Spares		-	-	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community Assets		10	-	-	-	-	-	-	-	10	10	11
Community Facilities		5	-	-	-	-	-	-	-	5	5	5
Halls		-	-	-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-	-	-
Capital Spares		5	-	-	-	-	-	-	-	5	5	5
Sport and Recreation Facilities		5	-	-	-	-	-	-	-	5	5	5
Indoor Facilities		-	-	-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	-	-	-	-	-	-	-	-
Capital Spares		5	-	-	-	-	-	-	-	5	5	5
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		1350	-	-	-	-	-	(150)	(150)	1200	1253	1309
Operational Buildings		1350	-	-	-	-	-	(150)	(150)	1200	1253	1309
Municipal Offices		1350	-	-	-	-	-	(150)	(150)	1200	1253	1309
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-	-	-
Water Rights		-	-	-	-	-	-	-	-	-	-	-
Effluent Licences		-	-	-	-	-	-	-	-	-	-	-
Solid Waste Licences		-	-	-	-	-	-	-	-	-	-	-
Computer Software and Applications		-	-	-	-	-	-	-	-	-	-	-
Load Settlement Software Applications		-	-	-	-	-	-	-	-	-	-	-
Unspecified		-	-	-	-	-	-	-	-	-	-	-
Computer Equipment		120	-	-	-	-	-	100	100	220	230	240
Computer Equipment		120	-	-	-	-	-	100	100	220	230	240
Furniture and Office Equipment		158	-	-	-	-	-	-	-	158	165	172
Furniture and Office Equipment		158	-	-	-	-	-	-	-	158	165	172
Machinery and Equipment		820	-	-	-	-	-	(16)	(16)	804	839	877
Machinery and Equipment		820	-	-	-	-	-	(16)	(16)	804	839	877
Transport Assets		1400	-	-	-	-	-	(500)	(500)	900	940	982
Transport Assets		1400	-	-	-	-	-	(500)	(500)	900	940	982
Land		-	-	-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure to be	1	4 688	-	-	-	-	-	(806)	(806)	3 882	4 053	4 235

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

- The municipality repairs and maintenance budget will decrease by R806 000 during this adjustment budget to R 3 882 000 when compared to original budget of R4 688 000
- Even though this is still below the required percentage of 8 % of the PPE, the municipality is hoping that in the next financial years it will be able to comply with the norm as that will assist the municipality in ensuring that its assets are well managed to ensure that the service delivery is not disturbed.

ADJUSTED SURPLUS /DEFICIT FOR 2022/2023 MTREF

- The municipality budgeted for a surplus of R17 031 050 for 2022/2023 financial year and this has changed to R16 799 909
- This was necessitated by the budget adjustment which required we tap into the budgeted surplus.
- This is in line with circular 72 of the MFMA which encourages municipality to budget at a surplus.
- The municipality currently relies on the non-cash budgeted items to have reserves to supplement the internally funded capital programmes.

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

KZN434 Ubuhlebezwe - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands	1											
Total Revenue (excluding capital transfers and contributions)		184 280	-	-	-	-	-	3 021	3 021	187 301	192 326	202 490
Total Expenditure		202 600	-	-	-	-	-	3 252	3 252	205 852	209 375	218 737
Surplus/(Deficit)		(18 320)	-	-	-	-	-	(231)	(231)	(18 551)	(17 048)	(16 247)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		35 351						-	-	35 351	31 563	32 852
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		17 031	-	-	-	-	-	(231)	(231)	16 800	14 515	16 605
Taxation		-						-	-	-	-	-
Surplus/(Deficit) after taxation		17 031	-	-	-	-	-	(231)	(231)	16 800	14 515	16 605
Attributable to minorities		-						-	-	-	-	-
Surplus/(Deficit) attributable to municipality		17 031	-	-	-	-	-	(231)	(231)	16 800	14 515	16 605
Share of surplus/ (deficit) of associate		-						-	-	-	-	-
Surplus/ (Deficit) for the year		17 031	-	-	-	-	-	(231)	(231)	16 800	14 515	16 605

CAPITAL BUDGET

The municipality's original approved R50 949 million as a capital budget in the current financial year, with most of the funding being allocated towards service delivery projects. The 2022/2023 adjustment budget has seen the capital budget of the municipality decrease to R49 822 316.

CAPITAL BUDGET FUNDING

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

The municipal capital budgets are funded as follows.

- Municipal infrastructure grant (MIG)
- Internal funding
- Financial management grant (FMG)
- Small Town Rehabilitation

MIG GRANT

- MIG amounts to R30 291 000 with all being allocated to fund the construction of infrastructure assets.
- As at mid -year budget assessment the municipality reported that almost 32% of the grant had already been spent, the municipality is expected to fully spend MIG grant by the end of the financial year since all contractors for MIG projects are on site continuing with the projects.

INTERNAL FUNDING

- Internal funding will decrease from R 15 998 million to R14 471 million during this adjustment budget.
- The mid- year budget assessment shows a significant low percentage of spending on projects funded by this source of funding. the low expenditure is due to some delays in some projects such as the golf course and statistics building refurbishment which have been moved to the next financial year.

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

CAPITAL EXPENDITURE

KZN434 Ubuhlebezwe - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2022/23									Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Energy Services		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		5 035	-	-	-	-	-	1 183	1 183	6 218	5 254	5 488
Vote 3 - Community and Social Services		9 242	-	-	-	-	-	968	968	10 210	9 612	10 006
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		110	-	-	-	-	-	-	-	110	115	120
Vote 6 - Road Transport		13 410	-	-	-	-	-	(1 423)	(1 423)	11 987	13 962	14 552
Vote 7 - Waste Management		886	-	-	-	-	-	171	171	1 057	925	967
Vote 8 - Energy Services		200	-	-	-	-	-	-	-	200	209	218
Vote 9 - Planning & Development		10 092	-	-	-	-	-	(3 392)	(3 392)	6 700	5 316	5 555
Vote 10 - Sports & Recreation		11 974	-	-	-	-	-	1 366	1 366	13 341	12 453	12 963
Vote 11 - Other		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - 0		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		50 949	-	-	-	-	-	(1 127)	(1 127)	49 822	47 846	49 869
Total Capital Expenditure - Vote		50 949	-	-	-	-	-	(1 127)	(1 127)	49 822	47 846	49 869
Capital Expenditure - Functional												
Governance and administration		5 035	-	-	-	-	-	1 183	1 183	6 218	5 254	5 488
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		5 035	-	-	-	-	-	1 183	1 183	6 218	5 254	5 488
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		21 326	-	-	-	-	-	2 335	2 335	23 661	22 181	23 090
Community and social services		9 242	-	-	-	-	-	968	968	10 210	9 612	10 006
Sport and recreation		11 974	-	-	-	-	-	1 366	1 366	13 341	12 453	12 963
Public safety		110	-	-	-	-	-	-	-	110	115	120
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		23 502	-	-	-	-	-	(4 815)	(4 815)	18 687	19 278	20 107
Planning and development		10 092	-	-	-	-	-	(3 392)	(3 392)	6 700	5 316	5 555
Road transport		13 410	-	-	-	-	-	(1 423)	(1 423)	11 987	13 962	14 552
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		1 086	-	-	-	-	-	171	171	1 257	1 134	1 185
Energy sources		200	-	-	-	-	-	-	-	200	209	218
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		886	-	-	-	-	-	171	171	1 057	925	967
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	50 949	-	-	-	-	-	(1 127)	(1 127)	49 822	47 846	49 869
Funded by:												
National Government		30 351	-	-	-	-	-	-	-	30 351	31 562	32 852
Provincial Government		5 000	-	-	-	-	-	-	-	5 000	-	-
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	35 351	-	-	-	-	-	-	-	35 351	31 562	32 852
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		15 598	-	-	-	-	-	(1 127)	(1 127)	14 471	16 284	17 017
Total Capital Funding		50 949	-	-	-	-	-	(1 127)	(1 127)	49 822	47 846	49 869

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

Capital Expenditure by Functions

Finance & Admin

Finance and admin vote have been adjusted upwards by R 1 183 000, to cater for the acquiring technical equipment for the new building.

Community and Social Services

Social Development vote has been adjusted upwards by R 986 000; material adjustment included the new generator and tractor budget top-up.

Sport and Recreation

This has been adjusted upwards by R 1 366 000 specifically for the completion of Mleyi sports fields from little flower to Fair view road.

Planning and development, Road transport

Planning and Development vote has been adjusted by R3 392 000, to the next financial year due to delays in some projects such as Statistics Building and Golf Course Refurbishment.

Infrastructure roads by R 1 423 000; this was as a result of moving funds from Little Flower to Fair view road to Meli sports field.

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

Income and Expenditure Summary

Description	Original Budget 2022-2023	Adjustment 2022-2023	Budget 2022-2023
Operating Revenue Including Capital	R 219 630 632.00	R 222 651 604	
Total Operating Expenditure	R 202 600 000	R 205 852 000	
Surplus / (Deficit) before capital Expenditure	R 17 030 632	R 16 799 909	
Total Capital Expenditure	R 50 949 000	R 49 822 000	

ADJUSTMENTS TO ALLOCATIONS AND GRANTS

Grant	Original Budget 2022-2023	Adjustments 2022-2023	Adjusted Budget 2022-2023
Equitable Share	R 131 712 000.00	Nil	R 131 712 000.00
FMG	R 1 950 000.00	Nil	R 1 950 000.00
EPWP	R 2 245 000.00	Nil	R 2 245 000.00
PROVINCIALISATION LIBRARY GRANTS	R 254 000.00	Nil	R 254 000.00
COMMUNITY LIBRARY SERVICES GRANT	R 981 000.00	Nil	R 981 000.00
MIG	R 30 291 000.00	Nil	R 30 291 000.00
Electrification from DOE	R 6 994 000.00	Nil	R 6 994 000.00
Title Deed Restoration	R 100 000.00	Nil	R 100 000.00
Small Town Rehab	R5 000 000.00		R 5 000 000.00
LED Grant	R2 000 000 000 .00		R 2 000 000 000.00

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

KZN434 Ubuhlebezwe - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Ref	Budget Year 2022/23							Budget Year +1 2023/24	Budget Year +2 2024/25
		Original Budget A	Prior Adjusted 7 A1	Multi-year capital 8 B	Nat. or Prov. Govt 9 C	Other Adjusts. 10 D	Total Adjusts. 11 E	Adjusted Budget 12 F	Adjusted Budget	Adjusted Budget
R thousands										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		142 841	-	-	-	-	-	142 841	11 390	12 861
Local Government Equitable Share		131 712	-	-	-	-	-	131 712		
EPWP Incentive	-	2 245	-	-	-	-	-	2 245	-	-
Finance Management	-	1 890	-	-	-	-	-	1 890	1 890	1 890
Integrated National Electrification Programme	-	6 994	-	-	-	-	-	6 994	9 500	10 971
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Provincial Government:		86 271	-	-	-	-	-	86 271	87 533	38 748
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant	-	83 036	-	-	-	-	-	83 036	86 552	37 724
KwaZulu-Natal_Infrastructure_Specify (Add grant description)_R	-	981	-	-	-	-	-	981	981	1 024
KwaZulu-Natal_Infrastructure_Specify (Add grant description)_R	4	254	-	-	-	-	-	254		
KwaZulu-Natal_Infrastructure_Specify (Add grant description)_Receipts	5	2 000	-	-	-	-	-	2 000		
Other transfers and grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	6	229 112	-	-	-	-	-	229 112	98 923	51 609
<u>Capital Transfers and Grants</u>										
National Government:		30 351	-	-	-	-	-	30 351	31 503	32 792
Municipal Infrastructure Grant (MIG)	-	30 291	-	-	-	-	-	30 291	31 503	32 792
Finance Management	-	60	-	-	-	-	-	60	-	-
Other capital transfers [insert description]										
Provincial Government:		5 000	-	-	-	-	-	5 000	-	-
KwaZulu-Natal_Infrastructure_Infrastructure_RECEIPTS	-	5 000	-	-	-	-	-	5 000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	6	35 351	-	-	-	-	-	35 351	31 503	32 792
TOTAL RECEIPTS OF TRANSFERS & GRANTS		264 463	-	-	-	-	-	264 463	130 426	84 401

Ubuhlebezwe Municipality Adjusted Budget for 2022/2023

ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

There were no major adjustments to the Service Delivery and Budget Implementation Plan, adjustments made in service delivery and budget implementation plan are based on the explanations that have been mentioned above.