



**UBUHLEBEZWE LOCAL MUNICIPALITY ADJUSTMENT
BUDGET 2023/24**

22 February 2024

Municipal Council Chamber

REPORT TO COUNCIL ON ADJUSTMENT BUDGET FOR 2023/2024 MTREF

Date: 22 February 2023

Levels: 1st Level: Council

Author: SY Sityata

1.PURPOSE:

To table the 2023/2024 adjustment budget in terms of section 28 of the MFMA

2. LEGAL / STATUTORY REQUIREMENTS

- Municipal Finance Management Act
- Municipal Budget and Reporting Regulation

4. AUTHORITY

Council

5. BACKGROUND AND REASONING

The Section 28 of the Municipal Finance Management Act states that the municipality may revise an approved annual budget through an adjustment budget. The budget has been prepared in accordance with a legislation and is funded appropriately.

Discussion

The tabling of the 2023/2024 adjustment budget was as a result of the mid – term budget review which was submitted and approved by council on the 25th of January 2024.

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 the council is presented with the adjustment budget for 2023/2024 financial year in compliance with S28 of the MFMA and Municipal budget and reporting regulations.

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- 6. Adjustments to budget assumptions**
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MAYOR'S REPORT

Honourable Speaker of Council, Cllr N.M.S Chiya,

Deputy Mayor

Members of the Executive Committee

Fellow Councillors

Ondabezitha

The entire Management led by the Municipal Manager, Mr M.E Mkhize

All distinguished guests present.

I greet you all.

We are gathered here 13 days after the State President released, State of The National Address (SONA). The address is an important milestone that brings certainty to the country's social and economic landscape. It demonstrates the South Africa's democracy remains robust. In His address, President Cyril Ramaphosa sets out governments key policy objectives and deliverables for the year ahead, flag challenges and outline interventions to unlock our Nations potential. During His address, The President also highlights what has been achieved since His last address in 2023. He also reflects on the progress made in implementing the Economic Reconstruction and Recovery Plan (ERRP).

Honourable Speaker, on the 25th of January 2024, 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 will be adjusted in order to adjust expenditure and revenues. 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 for this tabling of adjustment today.

The Executive Committee (EXCO) and the council met on the strategic planning from the 29th of January 2024 to the 2nd of February 2024 and scrutinized the current budget. At the gathering, it was realized that the debt collection is still a major challenge. Employee-related costs are 49% of the total of operational expenditure, this is above the norm on 25% to 40%. This tells us that some other general posts need to be put on hold. The strategic session sitting realized that the municipality is still totally grant dependent, and that the Municipality has a greater need to construct projects and programs that can generate revenue. It was also agreed that in February, there will be a revenue enhancement strategy workshop, which will assist the

municipality to stimulate its revenue base. The innovative revenue enhancement strategy by each department was applauded and agreed that close monitoring by executive committee is still required.

The main focus on downwards adjustments was on the operational budget. We could not do much on capital budget, since we cannot interfere in service delivery which is our core existence as the Municipality.

Honourable Speaker, allow me to touch on some items that were adjusted.

I thank you.

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

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 (mSCOA Vision 6.7).

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 22nd of February 2024.

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 per function)
- 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 Measurements
- Supporting Documents - **SB (1-20)**

ADJUSTMENTS BUDGET ASSUMPTIONS

The 2023/2024 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.

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

Kwazulu-Natal: Ubuhlebezwe (KZN434) - Table A4 Budgeted Financial Performance (All) for year ending 30 June 2024		
Description	Current year 2023/24	
	Original Budget	Adjusted Budget
R thousands		
Revenue		
Exchange Revenue		
Service charges - Waste Management	3 506 893.00	3 986 370.00
Sale of Goods and Rendering of Services	168 000.00	21 881 000.00
Agency services	1 300 000.00	1 300 000.00
Interest earned from Receivables	-	911 916.00
Interest earned from Investments	12 500 000.00	19 500 000.00
Rental from Fixed Assets	1 859 000.00	2 437 701.00
Licence and permits	371 100.00	132 200.00
Operational Revenue	1 225 250.00	1 724 816.00
Non-Exchange Revenue		
Property rates	52 763 951.00	52 485 792.00
Fines, penalties and forfeits	870 810.00	870 811.00
Licences or permits	2 081 000.00	3 260 000.00
Transfer and subsidies - Operational	150 333 000.00	149 860 000.00
Interest	110 000.00	8 088 084.00
Total Revenue (excluding capital transfers and	227 089 004.00	266 438 690.00
Transfers and subsidies - capital (monetary allocations)	41 499 000.00	43 508 366.00
Total Revenue	268 588 004.00	309 947 056.00

The original approved 2023/2024 revenue budget was R268 588 004. The outcome of this adjustment budget has increased the revenue base of the municipality by R 41 359 052.00 to R309 947 056.00 and this increment is as result of the following movements in the revenue category:

- **Property rates and Service charges** - Property rates have been adjusted downwards from R52 763 951.00 to R52 485 792.00 due to writeoff of Mariathal and Mahehle rates. There were also adjustments that were implemented due as per Sec 78 of property rates act.
- **Service charges** - Service charges have been adjusted upwards from R3 506 893.00 to R3 986 370.00 due to new properties and subdivision of properties.
- **Sales of goods and services**– Upwards adjustment from R168 000.00 to R21 881 000.00 due to the change of Accounting Treatment for INEP as per guide that was issued after budget had been approved for 2023/24 Financial Year. The guide states that revenue for INEP must be recognised as Contract Revenue (Grap 11) under sales of goods and rendering of services (mSCOA). An upwards adjustment will be made implemented to cater for this change.

- **Interest earned from Receivables** - Interest on outstanding debtors has been adjusted upwards from R110 000.00 to R9 000 000.00 taking into account historical data of the first 6 months as this was the first-year municipality implemented interest charge on outstanding debtors.
- **Interest Earned on investments** - An upwards adjustment from R12 500 000.00 to R19 500 000.00 has been implemented during the Adjusted Budget 2023/24 and this is due to the gradual improvement in the markets.
- **The rental of facilities** – An upwards adjustment from R1 859 000.00 to R2 437 701.00 has been implemented. This is due to an addition of Stats Building.
- **Licence and permits** have been adjusted downwards from R371 100.00 to R132 200.00 due to low revenue collection on this line items.
- **Operational Revenue** has been adjusted upwards from R1225 250.00 to R1724 816.00 due to refund from contractor that was received.
- **Fines and Penalties** – No adjustments
- **Licence and Permits** – An upwards adjustment from R2 081 000.00 to R3260 000.00 due to high collection on this line item.
- **Transfers and subsidies capital** – A downwards adjustments from R39 499 000.00 to R36 857 000.00 on MIG as per adjusted DORA and an Upwards adjustment on Small town rehabilitation and LED grant due to approval of Grants Rollover.
- **Transfers and subsidies operational** – A downwards adjustment from R150 333 000.00 to R149 860 000.00 due to a decrease in EPWP grant as per adjusted DORA.

EXPENDITURE

Kwazulu-Natal: Ubuhlebezwe (KZN434) - Table A4 Budgeted Financial Performance (All) for year ending 30 June 2024			
Description	Current year 2023/24		
	R thousands	Original Budget	Adjusted Budget
Expenditure			
Employee related costs	R	94 410 179.00	R 94 528 197.00
Remuneration of councillors	R	10 959 521.00	R 11 415 517.00
Inventory consumed	R	1 535 479.00	R 1 533 838.00
Debt impairment	R	1 700 000.00	R 10 655 000.00
Depreciation and amortisation	R	36 000 000.00	R 35 999 976.00
Interest	R	5 000.00	R 2 000.00
Contracted services	R	25 446 914.00	R 45 674 855.00
Transfers and subsidies	R	9 826 230.00	R 3 164 760.00
Irrecoverable debts written off	R	2 378 155.00	R 2 378 154.00
Operational costs	R	31 318 781.00	R 41 274 170.00
Total Expenditure	R	213 580 259.00	R 246 626 467.00

The originally approved operational expenditure budget for 2023/2024 was R213 580 259.00 however, this adjustment budget has resulted to operational budget of the municipality to increase by R33 046 208.00 to R246 626 467.00. The adjustments are as follows:

- **Employee Cost** – An upwards adjustment from R94 410 179.00 to R94 528 197.00 due to salaries of Mayors bodyguards and driver being moved from Security Company to municipality’s payroll. Organogram has also been amended and approved by the council. There was also a downwards adjustment of overtime under Disaster department.
- **The Remuneration of Councillors** - The remuneration of councillors has been adjusted upwards by R455 996.00; this is in line with the upper limits as gazetted by Cogta , which had not been issued at the time of the initial budget.
- **Debt Impairment** – An upwards adjustment R8 955 000.00 has been implemented to address audit finding for 2022.23 Financial Year that non-cash items should be budgeted for to avoid unauthorised expenditure.
- **Depreciation and Amortisation** – No adjustments
- **Interest Expense** – Downwards adjustment of R3000 has been implemented. Municipality is trying by all means to avoid Fruitless and wasteful expenditure.
- **Contracted Services** – Upwards adjustment emanating from to the change of Accounting Treatment for INEP as per guide that was issued after budget had been approved for 2023/24 Financial Year. The guide states that expenditure for INEP must be recognised as Contract Costs (Grap 11) under contracted services (mSCOA).

- **Transfers and subsidies** – Downwards adjustment has been implemented to correct misclassification expenditure for EPWP stipend which has now been moved to Operational costs.
- **Irrecoverable debts written off.** – No adjustments
- **Operational costs** – An upwards adjustment has been implemented to correct misclassification expenditure for EPWP stipend which has now been moved to Operational costs.

REPAIRS AND MAINTENANCE EXPENDITURE

Choose name from list - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class -													
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 Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
		A	7	8	9	10	11	12	13	14			
R thousands		A1	B	C	D	E	F	G	H				
Repairs and maintenance expenditure by Asset Class/Sub-class													
Infrastructure		565	-	-	-	-	-	-	-	565	593	620	
Roads Infrastructure		555	-	-	-	-	-	-	-	555	582	609	
Roads		-	-	-	-	-	-	-	-	-	-	-	
Road Structures		-	-	-	-	-	-	-	-	-	-	-	
Road Furniture		555	-	-	-	-	-	-	-	555	582	609	
Capital Spares		-	-	-	-	-	-	-	-	-	-	-	
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-	
Drainage Collection		-	-	-	-	-	-	-	-	-	-	-	
Storm water Conveyance		-	-	-	-	-	-	-	-	-	-	-	
Attenuation		-	-	-	-	-	-	-	-	-	-	-	
Electrical Infrastructure		10	-	-	-	-	-	-	-	10	10	11	
Power Plants		-	-	-	-	-	-	-	-	-	-	-	
HV Substations		-	-	-	-	-	-	-	-	-	-	-	
HV Switching Station		-	-	-	-	-	-	-	-	-	-	-	
HV Transmission Conductors		-	-	-	-	-	-	-	-	-	-	-	
MV Substations		-	-	-	-	-	-	-	-	-	-	-	
MV Switching Stations		-	-	-	-	-	-	-	-	-	-	-	
MV Networks		-	-	-	-	-	-	-	-	-	-	-	
LV Networks		10	-	-	-	-	-	-	-	10	10	11	
Capital Spares		-	-	-	-	-	-	-	-	-	-	-	
Community Assets		5	-	-	-	-	-	(5)	(5)	-	-	-	
Community Facilities		5	-	-	-	-	-	(5)	(5)	-	-	-	
Halls		-	-	-	-	-	-	-	-	-	-	-	
Centres		-	-	-	-	-	-	-	-	-	-	-	
Crèches		-	-	-	-	-	-	-	-	-	-	-	
Clinics/Care Centres		-	-	-	-	-	-	-	-	-	-	-	
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-	-	-	
Testing Stations		-	-	-	-	-	-	-	-	-	-	-	
Museums		-	-	-	-	-	-	-	-	-	-	-	
Galleries		-	-	-	-	-	-	-	-	-	-	-	
Theatres		-	-	-	-	-	-	-	-	-	-	-	
Libraries		-	-	-	-	-	-	-	-	-	-	-	
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-	-	-	
Police		-	-	-	-	-	-	-	-	-	-	-	
Parks		-	-	-	-	-	-	-	-	-	-	-	
Public Open Space		-	-	-	-	-	-	-	-	-	-	-	
Nature Reserves		-	-	-	-	-	-	-	-	-	-	-	
Public Ablution Facilities		-	-	-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	-	-	
Stalls		-	-	-	-	-	-	-	-	-	-	-	
Abattoirs		-	-	-	-	-	-	-	-	-	-	-	
Airports		-	-	-	-	-	-	-	-	-	-	-	
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-	-	-	
Capital Spares		5	-	-	-	-	-	(5)	(5)	-	-	-	
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-	
Indoor Facilities		-	-	-	-	-	-	-	-	-	-	-	
Outdoor Facilities		-	-	-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	-	-	

Heritage assets													
Monuments													
Historic Buildings													
Works of Art													
Conservation Areas													
Other Heritage													
Investment properties													
Revenue Generating													
Improved Property													
Unimproved Property													
Non-revenue Generating													
Improved Property													
Unimproved Property													
Other assets	1 078						(200)	(200)	878	921	965		
Operational Buildings	1 078						(200)	(200)	878	921	965		
Municipal Offices	1 078						(200)	(200)	878	921	965		
Pay/Enquiry Points													
Building Plan Offices													
Workshops													
Yards													
Stores													
Laboratories													
Training Centres													
Manufacturing Plant													
Depots													
Capital Spares													
Housing													
Staff Housing													
Social Housing													
Capital Spares													
Biological or Cultivated Assets													
Biological or Cultivated Assets													
Intangible Assets													
Servitudes													
Licences and Rights													
Water Rights													
Effluent Licenses													
Solid Waste Licenses													
Computer Software and Applications													
Local Settlement Software Applications													
Unspecified													
Computer Equipment	230						(230)	(230)					
Computer Equipment	230						(230)	(230)					
Furniture and Office Equipment	165								165	173	181		
Furniture and Office Equipment	165								165	173	181		
Machinery and Equipment	1 321						1 635	1 635	2 956	3 086	3 217		
Machinery and Equipment	1 321						1 635	1 635	2 956	3 086	3 217		
Transport Assets	900						1 950	1 950	2 850	1 311	1 373		
Transport Assets	900						1 950	1 950	2 850	1 311	1 373		
Land													
Land													
Zoo's, Marine and Non-biological Animals													
Zoo's, Marine and Non-biological Animals													
Living resources													
Mature													
Policing and Protection													
Zoological plants and animals													
Immature													
Policing and Protection													
Zoological plants and animals													
Total Repairs and Maintenance Expenditure to be adjusted	1	4 265						3 150	3 150	7 414	6 084	6 356	

- The municipality repairs and maintenance budget has increased by R3149 000 which bring this adjustment budget to R 7 414 000 when compared to original budget of R4 265 000
- 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. Utilization of internal resources/plant will further be extended to increase the coverage for maintenance of municipal infrastructure.

ADJUSTED SURPLUS /DEFICIT FOR 2023/2024 MTREF

- The municipality budgeted upwards adjustment for surplus from R55 007 745.00 to R63 320 589.00 for 2023/2024 financial year end.
- This is in line with circular 72 of the MFMA which encourages municipality to budget at a surplus.

Kwazulu-Natal: Ubuhlebezwe (KZN434) - Table A4 Budgeted Financial Performance (All) for year ending 30 June 2024		
Description	Current year 2023/24	
	Original Budget	Adjusted Budget
R thousands		
Total Revenue (excluding capital transfers an	R 227 089 004.00	R 266 438 690.00
Total Expenditure	R 213 580 259.00	R 246 626 467.00
Surplus/(Deficit)	R 13 508 745.00	R 19 812 223.00
Transfers and subsidies - capital (monetary allocations)	R 41 499 000.00	R 43 508 366.00
Transfers and subsidies - capital (in-kind)	R -	R -
Surplus/(Deficit) after capital transfers and contributions	R 55 007 745.00	R 63 320 589.00
Income Tax	R -	R -
Surplus/(Deficit) after income tax	R 55 007 745.00	R 63 320 589.00
Share of Surplus/Deficit attributable to Joint Ve	R -	R -
Share of Surplus/Deficit attributable to Minoritie	R -	R -
Surplus/(Deficit) attributable to municipality	R 55 007 745.00	R 63 320 589.00
Share of Surplus/Deficit attributable to Associa	R -	R -
Intercompany/Parent subsidiary transactions	R -	R -
Surplus/(Deficit) for the year	R 55 007 745.00	R 63 320 589.00

CAPITAL BUDGET

The municipality's original approved R59 605 000 million as a capital budget in the current financial year, with most of the funding being allocated towards service delivery projects. The municipality has adjusted Capital Budget to increase to R61 823 000 which is an increment of R2 218 000 and is in line with Grants Rollover approval and Dora downwards adjustment of MIG.

CAPITAL BUDGET FUNDING

The municipal capital budgets are funded as follows.

- Municipal infrastructure grant (MIG)
- Internal funding
- Small Town Rehabilitation
- LED

MIG GRANT

- MIG approved the Original Budget was R39 499 000.00 and adjusted downwards as per DORA by R2 642 000.00. The Adjustment budget is therefore R36 857 000.00 with all being allocated to fund the construction of infrastructure assets.
- As at mid -year budget assessment the municipality reported that almost 62% 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

- There is no significant adjustment on Internal funding.
- The mid- year budget assessment shows a significant low percentage of spending on projects funded by this source of funding. However, the municipality is committing to complete all the projects as per adjusted SDBIP timeframes.

Choose name from list - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

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
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted												
Vote 1 - Executive & Council	2	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - 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												
Vote 1 - Executive & Council	2	750	-	-	-	-	-	69	69	819	859	899
Vote 2 - Finance and Admin		6 034	-	-	-	-	-	244	244	6 278	6 585	6 895
Vote 3 - Community and Social Services		8 977	-	-	-	-	-	775	775	9 752	10 230	10 711
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		1 410	-	-	-	-	-	(120)	(120)	1 290	1 353	1 417
Vote 6 - Road Transport		17 222	-	-	-	-	-	(3 281)	(3 281)	13 941	14 624	15 312
Vote 7 - Waste Management		112	-	-	-	-	-	16	16	128	134	140
Vote 8 - Energy Services		4 740	-	-	-	-	-	(1 628)	(1 628)	3 112	3 264	3 418
Vote 9 - Planning & Development		5 630	-	-	-	-	-	4 893	4 893	10 523	11 039	11 558
Vote 10 - Sports & Recreation		14 680	-	-	-	-	-	822	822	15 502	16 261	17 026
Vote 11 - Other		50	-	-	-	-	-	429	429	479	502	526
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		59 605	-	-	-	-	-	2 218	2 218	61 823	64 852	67 900
Total Capital Expenditure - Vote		59 605	-	-	-	-	-	2 218	2 218	61 823	64 852	67 900
Capital Expenditure - Functional												
Governance and administration												
Executive and council		6 784	-	-	-	-	-	313	313	7 096	7 444	7 794
Finance and administration		750	-	-	-	-	-	69	69	819	859	899
Internal audit		6 034	-	-	-	-	-	244	244	6 278	6 585	6 895
Community and public safety		25 067	-	-	-	-	-	1 477	1 477	26 544	27 845	29 153
Community and social services		8 977	-	-	-	-	-	775	775	9 752	10 230	10 711
Sport and recreation		14 680	-	-	-	-	-	822	822	15 502	16 261	17 026
Public safety		1 410	-	-	-	-	-	(120)	(120)	1 290	1 353	1 417
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		22 852	-	-	-	-	-	1 612	1 612	24 464	25 663	26 869
Planning and development		5 630	-	-	-	-	-	4 893	4 893	10 523	11 039	11 558
Road transport		17 222	-	-	-	-	-	(3 281)	(3 281)	13 941	14 624	15 312
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		4 852	-	-	-	-	-	(1 613)	(1 613)	3 239	3 398	3 558
Energy sources		4 740	-	-	-	-	-	(1 628)	(1 628)	3 112	3 264	3 418
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		112	-	-	-	-	-	16	16	128	134	140
Other		50	-	-	-	-	-	429	429	479	502	526
Total Capital Expenditure - Functional	3	59 605	-	-	-	-	-	2 218	2 218	61 823	64 852	67 900
Funded by:												
National Government		39 499	-	-	-	-	-	(2 642)	(2 642)	36 857	38 663	40 480
Provincial Government		2 000	-	-	-	-	-	4 651	4 651	6 651	6 977	7 305
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	41 499	-	-	-	-	-	2 009	2 009	43 508	45 640	47 785
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		18 106	-	-	-	-	-	209	209	18 315	19 212	20 115
Total Capital Funding		59 605	-	-	-	-	-	2 218	2 218	61 823	64 852	67 900

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
- Capital expenditure by standard classification must reconcile to the appropriations by vote
- Must reconcile to supporting table SB7 and to Adjustments Budget Financial Performance (revenue and expenditure)
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably
- Increases of funds approved under MFMA section 31
- Adjustments approved in accordance with MFMA section 29
- Adjustments to transfers from National or Provincial Government
- Adjusts. = 'Other' Adjustments proposed to be approved: including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
- G = B + C + D + E + F
- Adjusted Budget H = (A or A1/2 etc) + G

CAPEX BY FUNCTION

The originally approved Capital Expenditure budget for 2023/2024 was R59 604 599.00 however, this adjustment budget has resulted to Capital budget of the municipality to increase by R 2 218 367.00 to R61 822 966.00. The adjustments are as follows:

- **Executive and Council** – There is an upwards adjustment 68 530.00 to cover for shortfall on purchase of Municipal Vehicle. The original budget was R700 000.00 and the actual price was R768 530.00.
- **Finance and administration** – An upwards adjustment from R6 033 600 to R6 277 797 budget has been implemented under this function. This is due to addition of Laptops and server room door.
- **Community and social services** – An adjustment of R 775 232.00, original budget was R8 977 054 and adjusted to R9 752 286. This adjustment is due to adjustment of upwards adjustment on Thusong / Traffic Refurb and restoration of rail way budget.
- **Public safety** – Downwards adjustment of R120 000 has been implemented on Fire Equipment. This equipment will be prioritized on 2024.25 Financial Year Capex budget.
- **Sports and recreation** – An upwards adjustment implemented from R14 680 000 to R15 501 698. This is due to the alignment of Bayempini Sportfield W9 budget to Supplier's Contract Value.
- **Planning and development** – An upwards adjustment has been implemented from R5 630 000 to R10 523 063 due to Grants Rollover approval of Small Town Rehabilitation and LED Grant.
- **Roads and Transport** –A downwards adjustment from R17 222 000 to R13 941 000 has been made due to Dora Adjustment on MIG which resulted to Mgunyathi Road and Phambuka Hall being changed to multi-year projects.
- **Energy sources** – Downwards adjustment from R4 740 000 to R3 112 000 due to Amazabeko Highmast W12 being changed to multi-year project.
- **Waste Management** – Upwards adjustment has been made from R112 000 to R128 000 due to additions of brushcutters.

INCOME AND EXPENDITURE SUMMARY

Kwazulu-Natal: Ubuhlebezwe (KZN434) - Table A4 Budgeted Financial Performance (All) for year ending 30 June 2024			
Description	Current year 2023/24		
	R thousands	Original Budget	Adjusted Budget
Total Revenue (excluding capital transfers an	R	227 089 004.00	R 266 438 690.00
Total Expenditure	R	213 580 259.00	R 246 626 467.00
Transfers and subsidies - capital (monetary allocations)	R	41 499 000.00	R 43 508 366.00
Surplus/(Deficit) for the year	R	55 007 745.00	R 63 320 589.00

ADJUSTMENTS ON GRANTS

	FINAL BUDGET 2023/24	PROPOSED ADJUSTMENTS +/-	TOTAL ADJUSTED BUDGET
Equitable Share	139 317 000.00	-	139 317 000.00
Support of councillor remuneration and wa	-	-	-
Small Town Rehab	-	-	-
Community Library Services Grant	981 000.00	-	981 000.00
Provincial Library Grant - Cyber	254 000.00	-	254 000.00
Expanded Public Works Programme Integra	7 831 000.00	- 437 000.00	7 394 000.00
LED Grant	2 000 000.00	-	2 000 000.00
Local Government Financial Management C	-	-	-
Local Government Financial Management C	1 950 000.00	-	1 950 000.00
Housing Projects	-	-	-
Integrated National Electrification Program	21 863 000.00	-	21 863 000.00
Municipal Infrastructure Grant [Schedule 5]	39 499 000.00	- 2 642 000.00	36 857 000.00
Total Transfers and Subsidies excluding 3	150 333 000.00	- 3 079 000.00	149 896 000.00

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

Description	Ref	Budget Year 2023/24						Budget Year	Budget Year	
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	+1 2024/25	+2 2025/26	
R thousands		A	7 A1	8 B	9 C	10 D	11 E	12 F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		170 961	170 961	-	-	(473)	(473)	170 488	189 631	185 685
EPWP Incentive	-	7 831	7 831	-	-	(473)	(473)	7 358	7 394	7 394
Finance Management	-	1 950	1 950	-	-	-	-	1 950	1 950	2 088
Integrated National Electrification Programme	-	21 863	21 863	-	-	-	-	21 863	32 784	34 123
Local Government Equitable Share	-	139 317	139 317	-	-	-	-	139 317	147 503	142 080
Municipal Drought Relief	-	-	-	-	-	-	-	-	-	-
Provincial Government:		1 235	1 235	-	-	-	-	1 235	1 235	1 235
KwaZulu Natal Department of Arts and Culture-Cyber	4	254	254	-	-	-	-	254	254	254
KwaZulu Natal Department of Arts and Culture-Library	4	981	981	-	-	-	-	981	981	981
District Municipality:	5	-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	6	172 196	172 196	-	-	(473)	(473)	171 723	190 866	186 920
Capital Transfers and Grants										
National Government:		39 499	39 499	-	-	(2 642)	(2 642)	36 857	38 663	40 480
Municipal Infrastructure Grant (MIG)	-	39 499	39 499	-	-	(2 642)	(2 642)	36 857	38 663	40 480
Provincial Government:		2 000	-	-	-	4 651	4 651	6 651	-	-
Infrastructure Economic development	-	2 000	-	-	-	1 855	1 855	3 855	-	-
Small town rehabilitation	-	-	-	-	-	2 796	2 796	2 796	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	6	41 499	39 499	-	-	2 009	2 009	43 508	38 663	40 480
TOTAL RECEIPTS OF TRANSFERS & GRANTS		213 695	211 695	-	-	1 536	1 536	215 231	229 529	227 400

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.