

# JOZINI MUNICIPALITY ANNUAL BUDGET REPORT

SECTION 16 OF THE MFMA

2020-2021



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## **PART 1- ANNUAL BUDGET**

### **1. INTRODUCTION**

The Jozini Local Municipality is a Category B municipality located within the uMkhanyakude District in northern KwaZulu-Natal, and borders Swaziland and Mozambique. It is one of four municipalities in the district, making up a quarter of its geographical area.

#### **1.1 PURPOSE**

The sole purpose of this report is to present to the council of Jozini Local Municipality the 2020/2021 Annual budget as per section 16 of the MFMA

### **2. BACKGROUND**

Section 16 of the MFMA state that:

Annual budgets. — (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

### **Mayoral 2020/2021 Final Budget Speech**

Honourable Speaker, Deputy Mayor, Chief Whip and all Parties Whips, our distinguished *AmaKhosi* representing the House of Traditional Leaders in Jozini, Honourable Councillors of Jozini Municipal Council, The Municipal Manager and his Management Team, Auditor General Representatives and the citizens of the Jozini Municipal area. I would like to express a hearty warm welcome to you all and express my warm wishes to you and your families for 2021.

Hon. Members let me take this time to reflect on the extreme situation which our country found itself in recently. By then Jozini Municipality was about to table 2020-21 Budget which couldn't materialise, the situation required that we all hold hands to implement extraordinary measures tabled by our President Cyril Ramaphosa and his Cabinet. our country had to enter into an unprecedented nation-wide lockdown to contain the spread of Corona Virus Pandemic (COVID -19) which was declared as a State of National Disaster, this happened after all stakeholders were consulted. In following National Regulations Jozini had to embark in work as unusual which included redirecting our 2019-20 Budget towards curbing the spread of the virus to Jozini community, which yielded some positive results as we were sitting at 21 cases which subsequently got cured and we are cleared as uMkhanyakude District.

On the 15<sup>th</sup> of May 2020, we have managed to table our Budget on through a virtual meeting. Again, it is a great achievement since we were doing it for a very first time. On that note, Honourable members, we had to subsequently observe the period of public and other stakeholders comments before tabling yet our Final Budget which takes place on the 26<sup>th</sup> of June 2020, and this was done concurrently with our Special 2019-20 Adjustment budget to cater for Covid-19 Projects and programmes and Grants received thereof.

With the hope that by the time we implement our 2020-21 Budget our country will be sitting at a very promising level as it is sitting at level 3 advance, being a lockdown where the economic activities have begun to operate, which is then stipulated into systems tabled by our honourable president, we opt to table our Final Budget with the following prioritised projects that would improve lives of people of Jozini.

| <b>MIG Projects 2020-21</b>  |                      |
|--|----------------------|
| KZN272_KZN272-SD31_PMU Consultants                                     | 4,672,416.00         |
| KZN272_KZN272-SD 1.7 _Construction of Onaleni Community Hall           | 1,000,000.00         |
| KZN272_KZN272-SD 1.7 _Construction of Nhlangano Commuity Hall          | 2,000,000.00         |
| KZN272_KZN272-SD 1.7 _Construction of KwaPhaweni Community Hall        | 2,000,000.00         |
| KZN272_KZN272-SD 1.7 _Construction of KwaMbuzi Community Hall          | 3,000,000.00         |
| KZN272_KZN272_SD1.39_Empileni Community Hall                           | 3,000,000.00         |
| KZN272_KZN272_2017/18_Upgrade of Mkhuze CBD Roads                      | 2,200,000.00         |
| KZN272_KZN272_2017/18_Upgrade of Jozini Municipal Offices              | 6,387,584.00         |
| KZN272_KZN272_2017/18_Sidakeni Sports Field                            | 500,000.00           |
| KZN272_KZN272_2017/18_Construction of Emthojeni Sportsfield            | 1,000,000.00         |
| KZN272_KZN272_2017/18_Cezwana Youth Centre                             | 4,000,000.00         |
| KZN272_KZN272- SD 1.6_Constrcton of Ezinhlalavini Access Road          | 3,000,000.00         |
| KZN272_KZN272- SD 1.6_Construction of Mtshakela / Ekulingeni Access Ro | 3,000,000.00         |
| KZN272_KZN 272-SD1.10_Construction of Manyiseni Youth Centre           | 7,000,000.00         |
| EZIPHOSHENI COMMUNITY HALL   | 4,000,000.00         |
|  | <b>46,760,000.00</b> |
| <b>Funded from EQ 2020-21</b>  |                      |
| KZN272_KZN272-SD 1.7 _Construction of Nhlonhlela Community Hall        | 4,000,000.00         |
|  |                      |
| <b>Electrification 2020-21</b>   |                      |
| KZN272_KZN 272-SD1.2_1_Majozini/ Maqonjwana Electrification            | 2,000,000.00         |
| KZN272_KZN 272-SD1.2a_KwaQondile Electrical Connections                | 4,000,000.00         |
| KZN272_KZN 272-SD1.2a_Mkuze waManzi/ Mshophi Electrical Connections    | 1,000,000.00         |
| KZN272_KZN272-2017/18_Nhlangano Electrification                        | 7,000,000.00         |
|  | <b>14,000,000.00</b> |

In an initiative to curb COVID – 19 Pandemic, Jozini Municipality has to set aside the following allocations and suspend all events in compliance with COVID-19 regulations.

| <b>Other Programmes and Maintenance of Community Facilities</b>                              | <b>2020-21<br/>Budget</b> |
|--|---------------------------|
| Ward Committee Stipend   | 3,600,000.00              |
| Disaster Management - Framework  | 1,000,000.00              |
| Public Protection and Safety - crime prevention  | 400,000.00                |
| Ward Based Plans Development   | 500,000.00                |
| Community Bursaries  | 1,000,000.00              |
| Indigent Burial  | 1,000,000.00              |
| Operation Sukuma Sakhe   | 2,600,000.00              |
| Covid-19 Indigent Relief   | 4,740,000.00              |
| Ward Committee Support   | 500,000.00                |
| Community Tourism Organization   | 100,000.00                |
| Facilitate and grow SMME's   | 400,000.00                |
| Promoting economic growth by providing employment opportunities for vulnerable groups (EPWP) | 10,000,000.00             |
| Installation of markets stalls   | 1,500,000.00              |
| Ward Upliftment Programm   | 18,539,767.00             |
| Maintenance of Public toilets  | 1,066,239.00              |
| Maintenance of community halls   | 1,000,000.00              |
| Repairs and Maintenance of Municipal Access roads  | 3,000,000.00              |
| Purchase of Plant  | 6,000,000.00              |
| Maintenance of Ndumo Rental Stock  | 600,000.00                |
| KZN272_KZN272_2017/18_Establishment of 3 Cemeteries  | 1,000,000.00              |
|  | <b>58,546,006.00</b>      |

Never, never will again our rural people perish under the trees and scorching sun when they want to meet. I hope and trust that if only the people of Jozini can 'Trust Us' with one more term, the change in the lives of the people will forever be lasting in their minds and memories. No one doesn't know that we have an acute challenge in accessing town in Jozini, hence we are in serious talks with many stakeholders to construct the by-pass which will ease the traffic congestion in the main road cutting through the town of Jozini.

Poverty alleviation projects will increase to 18 million with each ward allocated R1m subject to a condition that each ward did not exceed its 2019-20 budget, should that be the case; exceeded wards will have their extra cost apportioned against 2020-21.

As a Local Municipality with very limited resource, urge the private sector to contribute to the poor and vulnerable as they have a social responsibility to better lives of the entire society. In those few words, I thank you.

Let us get up and quicken service delivery more than before. I, therefore, commit before you our 2020-21 Final Budget of **R319 053 000.00**

I thank you.

### 1.2.2 Council Resolutions

On 26<sup>th</sup> of March 2020, the Council of Jozini Local Municipality met to adopt the Annual Budget of the municipality for the financial year 2020/21. The Council will approve and adopt the following resolutions:

1. The Adopted Multi-Year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2020/21 and indicative for the projected outer years 2021/22 and 2022/23 be approved as set out in the Annual Budget Report and the Annual Budget tables A1 - A10
2. The 2020/21 Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the Jozini Local Municipality be approved as follows:

### 1.3 Executive Summary

#### Consolidated Summary

| Details              | 2019-20<br>Annual<br>Budget | 2020-21 Annual<br>Budget | 2021-22 Annual<br>Budget | 2022-23 Annual<br>Budget |
|----------------------|-----------------------------|--------------------------|--------------------------|--------------------------|
|                      | '000                        | '000                     | '000                     | '000                     |
| Total Revenue        | R 247 912                   | R258 293                 | R272 241                 | R286 942                 |
| Total<br>Expenditure | R 240 895                   | R274 190                 | R288 997                 | R304 603                 |
| Surplus/(Deficit)    | R7017                       | R (15 897)               | R (16 756)               | R(17 661)                |

The Municipal total Revenue has increase by 4 percent which is **R10.4** million when comparing to the Adjustment budget of **R248** millions of 2019\_20 financial year and the two outer years revenue is **R272** million and **R286** million

. The total operating revenue does not include the transfers Capital of **R46.7** million for Municipal Infrastructure grant (**MIG**) for 2020\_21 Financial Year and **R40.1** million and **R42.3**million for outer years. The Municipality is also allocated Electrification grant of **R14 Million** for 2020-21, 15 Million and 10 Million for outer yea

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### **1.3.1 Operating Revenue Framework**

The Jozini Municipality requires sustainable revenue streams to improve the lives of its citizens. The Municipality must continuously review revenue management processes to ensure that revenue is protected and the municipality can maximize the revenue-generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the Municipality.

In light of the above, revenue was prepared taking into cognisance the constrained economy which compels projected revenue growth to be more conservative and to minimise the impact on lower-income households.

**The municipality's revenue strategy is built around the following key components:**

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an above **58** per cent annual collection rate for property rates and other key service charges;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and
- The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.

**KZN272 Jozini - Table A4 Budgeted Financial Performance (revenue and expenditure)**

| Description  | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>R thousand</b>  | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Revenue By Source</b>   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 2   | -               | 24 278          | 18 443          | 31 523               | 27 620          | 27 620             | 27 620            | 29 077  | 30 414                 | 31 814                 |
| Service charges - electricity revenue                                | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - water revenue                                      | 2   | (0)             | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - sanitation revenue                                 | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - refuse revenue                                     | 2   | -               | 3 592           | 2 462           | 3 147                | 3 726           | 3 726              | 3 726             | 3 726   | 3 897                  | 4 076                  |
| Rental of facilities and equipment                                   |     | -               | 816             | 570             | 863                  | 849             | 849                | 849               | 849   | 888                    | 929                    |
| Interest earned - external investments                               |     | -               | 3 228           | 3 547           | 3 500                | 4 270           | 4 270              | 4 270             | 4 270   | 4 467                  | 4 672                  |
| Interest earned - outstanding debtors                                |     | -               | 7 649           | 8 814           | 10 000               | 11 059          | 11 059             | 11 059            | 11 059  | 11 568                 | 12 100                 |
| Dividends received   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Fines, penalties and forfeits  |     | -               | 1 325           | 930             | 114                  | 1 501           | 1 501              | 1 501             | 114   | 119                    | 124                    |
| Licences and permits   |     | -               | 1 159           | 896             | 1 270                | 2 395           | 2 395              | 2 395             | 2 395   | 2 505                  | 2 620                  |
| Agency services  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Transfers and subsidies  |     | -               | 169 628         | 134 575         | 195 128              | 193 828         | 193 828            | 193 828           | 206 316   | 215 807                | 225 734                |
| Other revenue  | 2   | -               | 781             | 944             | 488                  | 1 207           | 1 207              | 1 207             | 488   | 510                    | 534                    |
| Gains on disposal of PPE   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b> |     | <b>(0)</b>      | <b>212 456</b>  | <b>171 181</b>  | <b>246 032</b>       | <b>246 455</b>  | <b>246 455</b>     | <b>246 455</b>    | <b>258 293</b>                                      | <b>270 174</b>         | <b>282 603</b>         |

**Property Rates:** The property rates billing is expected to increase to at least R29 Million. A new valuation roll will come into effect on the 1<sup>st</sup> of July 2020 and the valuation process is currently underway, the objection period has just kicked in.

**Service Charges-Refuse:** The budget for refuse is R3.7 million. The Municipality is working on improving the service and address the complaints that customers are raising. The Municipality has held meetings with refuse collection customers and is taking their views seriously. We are however contemplating an increase in tariffs because of fuel costs that are always on the rise. There are instances where in terms of billing we are collecting 6 times a week whereas the refuse collection team is only collecting once and we have therefore adjusted down revenue.

**Rental of Facilities and equipment:** The rental is in terms of lease agreements that we have with government departments which are using the Thusong centre. The budget for rent is R849 thousand.

**Interest on external Investment:** The Municipality is increasing the interest on investments as we envisage to have surplus funds at the beginning of the year into the first two months and hence revenue anticipated to be R4.2 million.

**Interest on outstanding debtors:** We expect debtors to take advantage of the debt amnesty and waiving off of interest if they can pay a portion of their debt and continue to pay regularly. The Municipality is intending to hike cash collection and hence incentivising customers.

**Fines, Penalties and Forfeits:** This revenue depends on traffic fines infringements. The Municipality is anticipating to receive R 114 thousand

**Licenses and Permits:** The Annual Budget for Licence and permit is **R2.4 million**

**Transfer and Subsidies:** These are the allocations in terms of grants that are gazetted in terms of DORA.

|                                       |                  |
|---------------------------------------|------------------|
| ❖ Equitable share                     | R 195 084 000.00 |
| ❖ Finance Management Grant            | R 2 800 000.00   |
| ❖ Expanded Public Works Programme     | R 2 746 000.00   |
| ❖ Provincializations (Library grants) | R 5 186 000.00   |

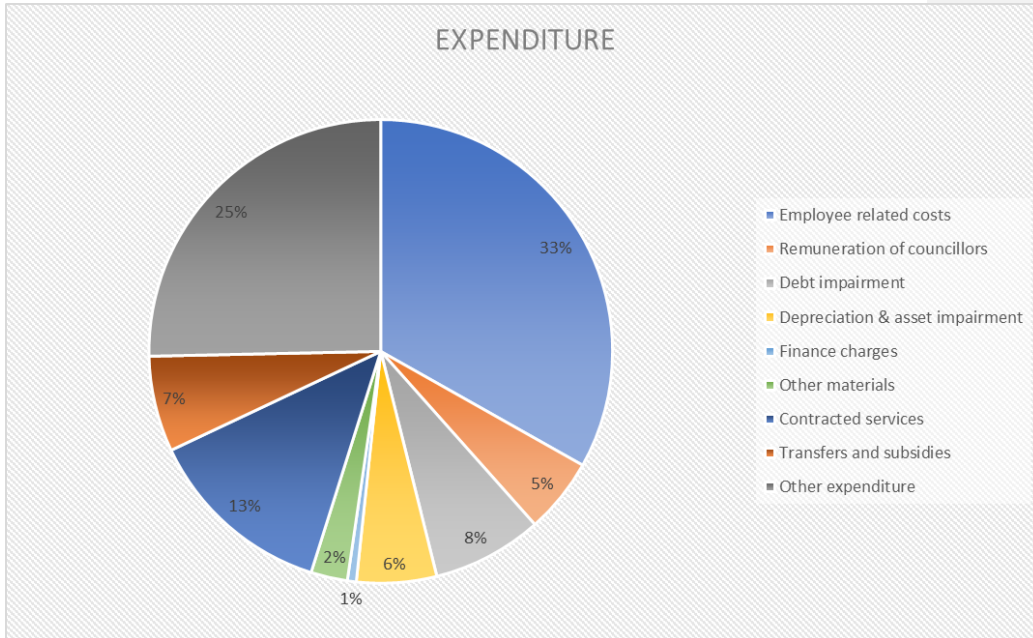
**Other Revenue-** The Budget for other revenue is R488 Thousand, Other revenues incorporate hall hire revenue, sale of bid documentation,

### **1.3.2 Operating Expenditure Framework**

The Municipality's expenditure framework for the 2020/21 Annual budget and MTREF is informed by the following:

- Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of "no project plans no budget". If there is no business plan no funding allocation can be made.

**The following pie chart illustrates the total operating expenditure for the Annual Budget of the 2020/2021 financial year.**



The following table is a high-level summary of the 2020/21 MTREF (classified per the main type of operating expenditure).

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description                     | Ref    | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---------------------------------|--------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|                                 |        | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Expenditure By Type</b>      |        | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Employee related costs          | 2      | -               | 80,712          | 86,015          | 87,774               | 91,409          | 91,409             | 91,409            | 93,533  | 98,583                 | 103,907                |
| Remuneration of councillors     | -      | -               | 13,826          | 12,660          | 14,832               | 13,778          | 13,778             | 13,778            | 14,836  | 15,637                 | 16,481                 |
| Debt impairment                 | 3      | -               | 14,950          | 15,827          | 25,074               | 16,011          | 16,011             | 16,011            | 21,676  | 22,846                 | 24,080                 |
| Depreciation & asset impairment | 2      | -               | 15,732          | 16,316          | 18,000               | 17,739          | 17,739             | 17,739            | 15,733  | 16,582                 | 17,478                 |
| Finance charges                 | -      | -               | 1,134           | 80              | -                    | 1,750           | 1,750              | 1,750             | 1,750   | 1,845                  | 1,944                  |
| Bulk purchases                  | 2      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other materials                 | 8      | -               | 50              | 385             | 120                  | 330             | 330                | 330               | 100   | 105                    | 111                    |
| Contracted services             | -      | -               | 27,882          | 23,976          | 26,900               | 26,290          | 26,290             | 26,290            | 37,298  | 39,313                 | 41,435                 |
| Transfers and subsidies         | -      | -               | 20,549          | 21,394          | 14,000               | 25,868          | 25,868             | 25,868            | 33,540  | 35,351                 | 37,260                 |
| Other expenditure               | 4<br>5 | -               | 45,002          | 51,929          | 48,360               | 47,719          | 47,719             | 47,719            | 55,726  | 58,735                 | 61,906                 |
| Loss on disposal of PPE         | -      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Expenditure</b>        | -      | -               | <b>219,838</b>  | <b>228,582</b>  | <b>235,059</b>       | <b>240,895</b>  | <b>240,895</b>     | <b>240,895</b>    | <b>274,190</b>                                      | <b>288,997</b>         | <b>304,603</b>         |

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**Operating Expenditure:**

- **Employee Related costs:** The employee-related costs increased to R93.5 million because of new posts that the Municipality intends to fill in the year 2019/2020.
- **Remuneration of Councillors:** The Municipality budgeted R14.8 million for councillors' remuneration.
- **Debt Impairment:** impairment is projected to be R21.7 million. There is anticipation to write off more debt
- **Depreciation:** The depreciation is reduced to R15.7 million because of assets that we intend to dispose of in the current year.
- **Contracted Services:** The municipality budgeted R37.2 million for contracted services.
- **Transfers & Subsidies:** These relate to poverty alleviation projects of R33.5 million and other projects like free basic electricity.
- **Other Expenditure:** The budget of other expenditure is R55.7 million. The other expenditure consists of all day to day operations. *See the attached working.*
- **Repairs & Maintenance:** The Budget for repairs and maintenance is R7.7 million.

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## 2 Capital Expenditure

The below table illustrates the capital expenditure funded internally and funded by Municipal Infrastructure grant, The Municipality is anticipating to receive **R46 760 000** million for Municipal Infrastructure grant.

Below is the list of all projects funded by Municipal Infrastructure Grants:

| <b>PROJECTS</b>                                    | <b>BUDGET</b>        |
|--|----------------------|
| Construction of Manyiseni Youth Centre             | 7 000 000.00         |
| Construction of Mtshakela / Ekulingeni Access Road | 3 000 000.00         |
| Constructon of Ezinhlalavini Access Road           | 3 000 000.00         |
| Cezwana Youth Centre                               | 4 000 000.00         |
| Construction of Emthojeni Sportsfield              | 1 000 000.00         |
| Sidekeni Sports Field                              | 500 000.00           |
| Upgrade of Jozini Municipal Offices                | 6 387 584.00         |
| Upgrading of Mkuze CBD Roads                       | 2 200 000.00         |
| Empileni Community Hall                            | 3 000 000.00         |
| Construction of KwaMbusi Community Hall            | 3 000 000.00         |
| Construction of KwaPhaweni Community Hall          | 2 000 000.00         |
| Construction of Nhlngano Commuity Hall             | 2 000 000.00         |
| Construction of Onaleni Community Hall             | 1 000 000.00         |
| PMU Consultants                                    | 4 672 416.00         |
| Phokweni Community Hall                            | 4 000 000.00         |
| <b>Total</b>                                       | <b>46 760 000.00</b> |

## ELECTRIFICATION PROJECTS

| <b>PROJECTS</b>                               | <b>BUDGET</b>        |
|---|----------------------|
| Majozini/ Maqonjwana Electrification          | 2 000 000.00         |
| KwaQondile Electrical Connections             | 4 000 000.00         |
| Mkuze waManzi/ Mshophi Electrical Connections | 1 000 000.00         |
| Nhlngano Electrification                      | 7 000 000.00         |
| <b>TOTAL</b>                                  | <b>14 000 000.00</b> |

JOZINI MUNICIPALITY ANNUAL BUDGET SECTION 16 MFMA 2020\_2021

| Vote Description                                  | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Capital expenditure - Vote</b>                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Multi-year expenditure, to be appropriated</b> | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Finance & Admin                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 2 - Executive & Council                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 3 - Community and Social Services            |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 4 - Internal Audit                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 5 - Water Management                         |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 6 - Waste Water Management                   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 7 - Waste Management                         |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 8 - Energy Sources                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 9 - Planning and Development                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 10 - Sports & Recreation                     |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 11 - Road Transport                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 12 - Health                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 13 - Housing                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 14 - Public Safety                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 15 - Finance & Admin 2                       |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Capital multi-year expenditure sub-total</b>   | 7   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Single-year expenditure to be appropriated</b> | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Finance & Admin                          |     | 2 650           | (1 589)         | 866             | 1 295                | 1 074           | 1 074              | 1 074             | 1 564   | 1 648                  | 1 737                  |
| Vote 2 - Executive & Council                      |     | -               | -               | 177             | -                    | 177             | 177                | 177               | -   | -                      | -                      |
| Vote 3 - Community and Social Services            |     | 9 934           | (2 079)         | 2 283           | 4 101                | 3 054           | 3 054              | 3 054             | 26 725  | 28 168                 | 29 689                 |
| Vote 4 - Internal Audit                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 5 - Water Management                         |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 6 - Waste Water Management                   |     | 1 360           | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 7 - Waste Management                         |     | (418)           | -               | 130             | -                    | 130             | 130                | 130               | 3 000   | 3 162                  | 3 333                  |
| Vote 8 - Energy Sources                           |     | -               | -               | -               | -                    | 5 000           | 5 000              | 5 000             | -   | -                      | -                      |
| Vote 9 - Planning and Development                 |     | 29 275          | (14 609)        | 7 377           | 11 313               | 16 271          | 16 271             | 16 271            | 13 588  | 14 321                 | 15 095                 |
| Vote 10 - Sports & Recreation                     |     | 393             | 1 476           | 5 552           | 4 600                | 5 552           | 5 552              | 5 552             | -   | -                      | -                      |
| Vote 11 - Road Transport                          |     | (22 063)        | (382)           | 9 390           | 18 000               | 8 906           | 8 906              | 8 906             | 14 200  | 14 967                 | 15 775                 |
| Vote 12 - Health                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 13 - Housing                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 14 - Public Safety                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 15 - Finance & Admin 2                       |     | 5 671           | 4 704           | 4               | 314                  | 1 250           | 1 250              | 1 250             | 1 550   | 1 634                  | 1 722                  |
| <b>Capital single-year expenditure sub-total</b>  |     | <b>26 802</b>   | <b>(12 478)</b> | <b>25 777</b>   | <b>39 523</b>        | <b>41 413</b>   | <b>41 413</b>      | <b>41 413</b>     | <b>60 626</b>                                       | <b>63 900</b>          | <b>67 351</b>          |
| <b>Total Capital Expenditure - Vote</b>           |     | <b>26 802</b>   | <b>(12 478)</b> | <b>25 777</b>   | <b>39 523</b>        | <b>41 413</b>   | <b>41 413</b>      | <b>41 413</b>     | <b>60 626</b>                                       | <b>63 900</b>          | <b>67 351</b>          |
| <b>Capital Expenditure - Functional</b>           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Governance and administration</b>              |     | <b>8 321</b>    | <b>3 115</b>    | <b>1 047</b>    | <b>1 609</b>         | <b>2 500</b>    | <b>2 500</b>       | <b>2 500</b>      | <b>3 114</b>  | <b>3 282</b>           | <b>3 459</b>           |
| Executive and council                             |     | -               | -               | 177             | -                    | 177             | 177                | 177               | -   | -                      | -                      |
| Finance and administration                        |     | 8 321           | 3 115           | 870             | 1 609                | 2 323           | 2 323              | 2 323             | 3 114   | 3 282                  | 3 459                  |
| Internal audit                                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Community and public safety</b>                |     | <b>15 074</b>   | <b>(408)</b>    | <b>7 959</b>    | <b>10 408</b>        | <b>10 259</b>   | <b>10 259</b>      | <b>10 259</b>     | <b>26 725</b>                                       | <b>28 168</b>          | <b>29 689</b>          |
| Community and social services                     |     | 9 934           | (2 079)         | 2 283           | 4 101                | 3 054           | 3 054              | 3 054             | 15 725  | 16 574                 | 17 469                 |
| Sport and recreation                              |     | 5 140           | 1 671           | 5 677           | 6 307                | 7 205           | 7 205              | 7 205             | 11 000  | 11 594                 | 12 220                 |
| Public safety                                     |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Housing   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Health  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Economic and environmental services</b>        |     | <b>3 665</b>    | <b>(15 297)</b> | <b>16 766</b>   | <b>29 313</b>        | <b>26 311</b>   | <b>26 311</b>      | <b>26 311</b>     | <b>27 788</b>                                       | <b>29 288</b>          | <b>30 870</b>          |
| Planning and development                          |     | 29 275          | (14 609)        | 7 377           | 11 313               | 16 271          | 16 271             | 16 271            | 13 588  | 14 321                 | 15 095                 |
| Road transport                                    |     | (25 610)        | (658)           | 9 390           | 18 000               | 10 039          | 10 039             | 10 039            | 14 200  | 14 967                 | 15 775                 |
| Environmental protection                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Trading services</b>                           |     | <b>942</b>      | <b>-</b>        | <b>130</b>      | <b>-</b>             | <b>5 130</b>    | <b>5 130</b>       | <b>5 130</b>      | <b>3 000</b>  | <b>3 162</b>           | <b>3 333</b>           |
| Energy sources                                    |     | -               | -               | -               | -                    | 5 000           | 5 000              | 5 000             | -   | -                      | -                      |
| Water management                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Waste water management                            |     | 1 360           | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Waste management                                  |     | (418)           | -               | 130             | -                    | 130             | 130                | 130               | 3 000   | 3 162                  | 3 333                  |
| <b>Other</b>                                      |     | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>          | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Total Capital Expenditure - Functional</b>     | 3   | <b>28 002</b>   | <b>(12 990)</b> | <b>25 902</b>   | <b>41 330</b>        | <b>44 200</b>   | <b>44 200</b>      | <b>44 200</b>     | <b>60 626</b>                                       | <b>63 900</b>          | <b>67 351</b>          |
| <b>Funded by:</b>                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| National Government                               |     | 10 893          | (6 757)         | 25 327          | 39 939               | 42 105          | 42 105             | 42 105            | 56 483  | 59 533                 | 62 747                 |
| Provincial Government                             |     | 6               | -               | -               | 25                   | 743             | 743                | 743               | 465   | 490                    | 517                    |
| District Municipality                             |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other transfers and grants                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Transfers recognised - capital</b>             | 4   | <b>10 899</b>   | <b>(6 757)</b>  | <b>25 327</b>   | <b>39 964</b>        | <b>42 849</b>   | <b>42 849</b>      | <b>42 849</b>     | <b>56 948</b>                                       | <b>60 023</b>          | <b>63 264</b>          |
| <b>Borrowing</b>                                  | 6   | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>          | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Internally generated funds                        |     | 4 605           | 1 996           | 576             | 1 366                | 1 351           | 1 351              | 1 351             | 3 679   | 3 877                  | 4 087                  |
| <b>Total Capital Funding</b>                      | 7   | <b>15 503</b>   | <b>(4 761)</b>  | <b>25 902</b>   | <b>41 330</b>        | <b>44 200</b>   | <b>44 200</b>      | <b>44 200</b>     | <b>60 626</b>                                       | <b>63 900</b>          | <b>67 351</b>          |

Commented [TN6]: Please update this table

### Cashflow Statement

The statement below indicates the funding position for the municipality.

After taking into account all the collection from property rates, service charges, Rental of facilities Interest earned on investments, Fines and penalties, licences and permits, all transfers and subsidies to the municipality and other revenue; Set off against operational and Capital expenditure. The Municipality will remain with **R38.6** million then set off retention monies, outstanding trade and other payables, Unspent conditional grants which are not expected to be more than what is reflected in the audited set of annual financial statements and provisions.

KZN272 Jozini - Table A7 Budgeted Cash Flows

| Description                                       | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates                                    |     | -               | -               | -               | -                    | -               | -                  | -                 | 16,500  | 17,391                 | 18,330                 |
| Service charges                                   |     | -               | -               | -               | -                    | -               | -                  | -                 | 1,700   | 1,792                  | 1,889                  |
| Other revenue                                     |     | -               | -               | -               | -                    | -               | -                  | -                 | 3,845   | 4,053                  | 4,272                  |
| Government - operating                            | 1   | -               | -               | -               | -                    | -               | -                  | -                 | 206,316   | 217,457                | 229,200                |
| Government - capital                              | 1   | -               | -               | -               | -                    | -               | -                  | -                 | 60,760  | 64,041                 | 67,499                 |
| Interest  |     | -               | -               | -               | -                    | -               | -                  | -                 | 4,270   | 4,501                  | 4,744                  |
| Dividends   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Payments</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Suppliers and employees                           |     | -               | (166,617)       | (174,965)       | (177,985)            | (179,527)       | (201,492)          | (201,492)         | (201,492)   | (212,373)              | (223,841)              |
| Finance charges                                   |     | -               | (1,134)         | (80)            | -                    | (1,750)         | (1,750)            | (1,750)           | (1,750)   | (1,845)                | (1,944)                |
| Transfers and Grants                              | 1   | -               | -               | -               | -                    | -               | (14,000)           | (14,000)          | (14,000)  | (14,756)               | (15,553)               |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |     | -               | (167,751)       | (175,045)       | (177,985)            | (181,277)       | (217,242)          | (217,242)         | 76,149  | 80,261                 | 84,585                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                       |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Decrease (Increase) in non-current debtors        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Decrease (increase) other non-current receivables |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Decrease (increase) in non-current investments    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Payments</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital assets                                    |     | 28,002          | (12,590)        | 25,902          | 41,330               | 44,200          | 44,200             | 44,200            | (60,626)  | (63,900)               | (67,351)               |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |     | 28,002          | (12,590)        | 25,902          | 41,330               | 44,200          | 44,200             | 44,200            | (60,626)  | (63,900)               | (67,351)               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Short term loans                                  |     | -               | -               | -               | -                    | -               | -                  | (831)             | -   | -                      | -                      |
| Borrowing long term/refinancing                   |     | -               | -               | -               | -                    | -               | -                  | (45,350)          | -   | -                      | -                      |
| Increase (decrease) in consumer deposits          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Payments</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Repayment of borrowing                            |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |     | -               | -               | -               | -                    | -               | -                  | (46,181)          | -   | -                      | -                      |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      |     | 28,002          | (180,341)       | (149,143)       | (136,656)            | (137,077)       | (173,042)          | (219,223)         | 15,523  | 16,361                 | 17,245                 |
| Cash/cash equivalents at the year begin:          | 2   | -               | -               | -               | -                    | -               | -                  | -                 | 23,168  | 38,690                 | 55,052                 |
| Cash/cash equivalents at the year end:            | 2   | 28,002          | (180,341)       | (149,143)       | (136,656)            | (137,077)       | (173,042)          | (219,223)         | 38,690  | 55,052                 | 72,296                 |

## Balance Sheet

KZN272 Jozini - Table A6 Budgeted Financial Position

| Description                              | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    |                   | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>ASSETS</b>                            |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Current assets</b>                    |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash                                     |     | (42 809)        | 25 063          | 15 809          | 30 211               | 258 593         | 258 593            | 808               | 38 690  | 40 780                 | 42 982                 |
| Call investment deposits                 | 1   | -               | -               | -               | 24 234               | (219 294)       | (219 294)          | (219 294)         | -   | -                      | -                      |
| Consumer debtors                         | 1   | 22 237          | 19 414          | 14 301          | 70 979               | 33 114          | 33 114             | 33 114            | 56 121  | 59 151                 | 62 346                 |
| Other debtors                            |     | 12 257          | (782)           | 8 255           | 846                  | -               | -                  | 22 358            | -   | -                      | -                      |
| Current portion of long-term receivables |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Inventory                                | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total current assets</b>              |     | <b>(8 315)</b>  | <b>43 695</b>   | <b>38 365</b>   | <b>126 272</b>       | <b>72 413</b>   | <b>72 413</b>      | <b>(163 015)</b>  | <b>94 811</b>                                       | <b>99 931</b>          | <b>105 327</b>         |
| <b>Non current assets</b>                |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Long-term receivables                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Investments                              |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Investment property                      |     | 169             | (169)           | -               | -                    | -               | -                  | 169               | -   | -                      | -                      |
| Investment in Associate                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Property, plant and equipment            | 3   | 54 408          | 18 059          | 10 864          | 320 643              | 265 093         | 265 093            | 265 093           | 332 372   | 350 320                | 369 238                |
| Biological Intangible                    |     | -               | (267)           | (244)           | 893                  | 893             | 893                | 559               | 1 293   | 1 362                  | 1 436                  |
| Other non-current assets                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total non current assets</b>          |     | <b>54 578</b>   | <b>17 889</b>   | <b>10 591</b>   | <b>320 376</b>       | <b>264 849</b>  | <b>265 985</b>     | <b>266 155</b>    | <b>333 265</b>                                      | <b>350 879</b>         | <b>370 530</b>         |
| <b>TOTAL ASSETS</b>                      |     | <b>46 263</b>   | <b>61 585</b>   | <b>48 956</b>   | <b>446 648</b>       | <b>337 262</b>  | <b>338 399</b>     | <b>103 140</b>    | <b>428 076</b>                                      | <b>450 811</b>         | <b>475 858</b>         |
| <b>LIABILITIES</b>                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Current liabilities</b>               |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Bank overdraft                           | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Borrowing                                | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Consumer deposits                        |     | 1               | 725             | 20              | -                    | (648)           | (648)              | -                 | 831   | 876                    | 923                    |
| Trade and other payables                 | 4   | 26 235          | 16 522          | 18 639          | 52 339               | 33 365          | 33 365             | 33 365            | 45 350  | 47 799                 | 50 380                 |
| Provisions                               |     | 19 625          | 9 136           | 16 908          | 16 689               | (100)           | (100)              | -                 | 22 408  | 23 618                 | 24 893                 |
| <b>Total current liabilities</b>         |     | <b>45 861</b>   | <b>26 388</b>   | <b>35 566</b>   | <b>69 028</b>        | <b>32 617</b>   | <b>32 617</b>      | <b>33 365</b>     | <b>68 589</b>                                       | <b>72 292</b>          | <b>76 196</b>          |
| <b>Non current liabilities</b>           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Borrowing                                |     | 0               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Provisions                               |     | 176             | 820             | -               | 16 689               | 10 000          | 10 000             | 10 000            | 1 000   | 1 054                  | 1 111                  |
| <b>Total non current liabilities</b>     |     | <b>176</b>      | <b>820</b>      | <b>-</b>        | <b>16 689</b>        | <b>10 000</b>   | <b>10 000</b>      | <b>10 000</b>     | <b>1 000</b>  | <b>1 054</b>           | <b>1 111</b>           |
| <b>TOTAL LIABILITIES</b>                 |     | <b>46 038</b>   | <b>27 208</b>   | <b>35 566</b>   | <b>85 718</b>        | <b>42 617</b>   | <b>42 617</b>      | <b>43 365</b>     | <b>69 589</b>                                       | <b>73 346</b>          | <b>77 307</b>          |
| <b>NET ASSETS</b>                        | 5   | <b>225</b>      | <b>34 377</b>   | <b>13 390</b>   | <b>360 930</b>       | <b>294 645</b>  | <b>295 782</b>     | <b>59 775</b>     | <b>358 487</b>                                      | <b>377 464</b>         | <b>398 550</b>         |
| <b>COMMUNITY WEALTH/EQUITY</b>           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Accumulated Surplus/(Deficit)            |     | 225             | 34 377          | 13 390          | 360 930              | 294 645         | 295 782            | 59 775            | 358 487   | 377 464                | 398 550                |
| Reserves                                 | 4   | 53              | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | 5   | <b>278</b>      | <b>34 377</b>   | <b>13 390</b>   | <b>360 930</b>       | <b>294 645</b>  | <b>295 782</b>     | <b>59 775</b>     | <b>358 487</b>                                      | <b>377 464</b>         | <b>398 550</b>         |

The above Table Illustrate the Financial position of the Municipality

## **PART 2**

### **2.1 Overview of Annual Budget process**

The below Table was tabled to the council before the 30<sup>th</sup> of August 2019 and was approved.

| <b>NO</b> | <b>DESCRIPTION OF ACTIVITY</b>  | <b>TARGET DATE</b> |
|-----------|---|--------------------|
| 1.        | Commence the Planning for 2019/20 budget, reviews of IDP and Budget policies and consultation- review previous year's budget evaluation checklist, council delegations and budget time schedule of key deadlines  | 31 August 2019     |
| 2.        | Commence Planning to review delegations and all budget-related policies including the review of tariffs, credit control, supply chain and cash management/ investment policies, funding and reserves policies, long term financial planning, borrowings policy, infrastructure investment and capital projects policy, asset disposal policy, indigent policy, etc. | 31 August 2019     |
| 3.        | Tabling of the Process plan to Council.   | 31 August 2019     |
| 4.        | Advertise budget/ IDP time schedule for public knowledge  | 7 September 2019   |
| 5.        | Submission of Quarter 1 PMS report to Internal Audit.   | 15 September 2019  |
| 6.        | Commence the process of review of the IDP and service delivery mechanism  | September 2019     |
| 7.        | Commence the process of determining strategic objectives that are measurable for service delivery and development including backlogs for the next three-year budget.  | September 2019     |
| 8.        | Implement budget and IDP time schedule of key deadlines   | 30 September 2019  |
| 9.        | Submission of quarter one report (Section 52 d) to the mayor  | 17- September 2019 |
| 10.       | Conclude initial consultation and review, confirm priorities, identify other financial and non-financial budget parameters including government allocations to determine revenue envelope and financial outlook to identify the need to review fiscal strategies.   | 31 October 2019    |
| 11.       | Commence preparation of departmental strategies, operational plans and Service Delivery and Budget Implementation Plan (SDBIP) aligned to strategic priorities in the IDP and inputs from other stakeholders including government and bulk service providers and National Energy Regulator (NER)  | 01 October 2019    |

|     |  |                      |
|-----|--|----------------------|
| 12. | Commence community and stakeholder consultation process, review inputs, financial models, assess the impact on tariffs and charges and consider funding decisions.   | October 2019         |
| 13. | Conclude the first budget policies for initial council discussions at the Strategic planning session.  | 31 October 2019      |
| 14. | Complete the community and stakeholder consultation process.   | 19 October 2019      |
| 15. | Conduct a strategic planning session   | 27- 30 November 2019 |
| 16. | Finalise the first of departmental strategies, operational plans for review against strategic priorities.  | 15 December 2019     |
| 17. | Adjust estimates based on plans and resources.   | 15 December 2019     |
| 18. | Finalise inputs from bulk resource providers and agree on the proposed price increase  | 12 January 2020      |
| 19. | Review whether all bulk resource providers have lodged a request with National Treasury and SALGA seeking comments on proposed price increases of bulk resources.  | 12 January 2020      |
| 20. | Submission of Quarter 2 PMS report to Internal Audit.  | 19 January 2020      |
| 21. | Submission of quarter two report (Section 52 d) to the mayor   | 19 January 2020      |
| 22. | Note the President's State of the Nation Address (SONA) for further budget priorities informed by National priorities per SONA.  | 31 January 2020      |
| 23. | Submit mid-year performance assessment   | 24 January 2020      |
| 24. | Finalise detailed operating and capital budgets and IDP in the prescribed formats by National Treasury and COGTA with all supporting schedules substantially completed including budget assumptions, an overview of the budget process plan etc incorporating National and Provincial budget allocations, integrate and align to IDP document and finalise all budget-related policies. Obtain the budget checklist from PT and COGTA to check against the municipal budget and IDP to ensure that all necessary information accompanying the budget and IDP is of good quality. | 31 January 2020      |
| 25. | Ensure internal analysis of financial and non-financial performance over the year are prepared, analyse gaps between actual and planned performance, assess the impact of plans. Determine financial position and assess financial capacity against future strategies.   | 31 January 2020      |

|     |   |                  |
|-----|---|------------------|
| 26. | Report to Council on status of the 2020/21 IDP and Budget including the tabling of capital projects and delayed projects to be approved by Council for consideration in the budget for 2020/21, 2018/19 Annual Report (i.e. including 2018/19 Annual Financial Statements, Auditor General's Report) and summarise overall findings of previous year's Annual Performance Report- reinforce upcoming process for budget approval and oversight. | 31 January 2020  |
| 27. | Finalise the Budget Adjustment  | 21 February 2020 |
| 28. | Receive budgeted plans and projects from the Sector departments.  | February 2020    |
| 29. | Note the State of the Province Address (SOPA) by the Premier for further Provincial Priorities to be considered.  | 28 February 2020 |
| 30. | Commence the preparation of all MIG funded capital projects business plans, designs, etc to ensure timely commencement of implementation and prepare cash flow projections per each capital project and plan for the early commencement of their actual construction.   | 01 March 2020    |
| 31. | Receive notification of any transfers (if any) that will be made to the municipality from other municipalities in each of the next three financial years.   | 16 March 2020    |
| 32. | Receive bulk resource providers' price increases as tabled in Parliament or Provincial Legislature.   | 16 March 2020    |
| 33. | Receive revised budget from sector departments.   | 21 March 2020    |
| 34. | Incorporate changes (if any) from sector departments and municipalities.  |                  |
| 35. | Consider the salary increment in budget of employees emanating from agreements between SALGA and municipal unions and expected upper limits of Councillors.   | 21 March 2020    |
| 36. | Table the budget with all documents and all budget related policies to the Steering Committee for inputs  | 14 March 2020    |
| 37. | Distribute the agenda for Budget and IDP together with supporting documents   | 20 March 2020    |
| 38. | Tabling of Budget and IDP to Council.   | 31 March 2020    |

## **2.2 Overview of Alignment of Annual Budget with Integrated Development Plan**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as

a method to plan future developments in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is,, a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. IDP developed by municipalities must correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Jozini Local Municipality, issues of national and provincial importance are reflected in the IDP of Jozini Local municipality. The Jozini Local Municipality has a clear understanding of such intent and is therefore consistently ensuring that strategically it complies with the key national and provincial priorities. The IDP drives the strategic development of the Jozini Local Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Annual report.

### **2.3 Measurable Performance Objectives and Indicators**

Legislative requirements Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers. The Municipal Planning and Performance Management



Regulations (2001) stipulates that a “municipality’s performance management system entails a framework that describes and represents how the municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players” (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001). Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following: - "Annual performance reports 46.

(1) A municipality must prepare for each financial year a performance report reflecting –  
 (a) the performance of the municipality and each external service provider during that financial year;

(b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and

(c) measures are taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act.” Performance Management framework. The Organisational Performance Management function of Jozini Local Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Officer.

## **2.4 Overview of Annual Budget related policies**

The following policies were taken into consideration when preparing the Annual Budget 2020\_21.

- Property Rates Policy;
- Fraud Prevention policy
- Review of credit control and debt collection procedures/policies
- Asset Management, Infrastructure Investment and Funding Policy
- Supply Chain Management Policy
- Virement Policy
- Investment, Working Capital and Capital Replacement Reserves Policy
- Tariff of Charges Policy

## **2.4 Overview of Annual Budget Assumptions**

## Overview of budget assumptions

2.4.1 External factors Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality finances

2.4.2 General inflation outlook and its impact on municipal activities. Five key factors have been taken into consideration in the compilation of the 2020/21 Annual MTREF:

- National Government macro-economic targets as per MFMA circular 89 and 91
- The general inflationary outlook and the impact on Municipality residents and businesses.
- The impact of municipal cost drivers
- The increase in the cost of remuneration and Employee related costs comprise 42 per cent of total operating expenditure in the 2020/21 MTREF.

2.4.3 Collection rate for revenue services. The base assumption is that tariff and rating increases will increase at a rate higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as 52 per cent of annual billings. Cash flow is assumed to be 52 per cent of billings.

2.4.4 The Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018 should be used when budgeting for employee-related costs for the 2019 MTREF. As per circular 93 Municipalities are encouraged to perform an annual headcount and payroll verification process by undertaking a once a year manual salary disbursement, to root out ghost employees. An annual increase of 7 per cent and 6.4 per cent has been included in the two outer years of the MTREF.

2.4.5 Impact of national, provincial and local policies Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Implementing growth-enhancing economic reforms

- Reprioritising public spending to support economic growth and job creation
- Establishing an infrastructure fund
- Addressing urgent matters in education and health
- Investing in municipal social infrastructure improvement

## 2.5 Overview of Annual Budget Funding

The Annual Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the Medium-term for the financial year 2020/2021.

| Description                                | Ref | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|---|------------------------|------------------------|
|  |     | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b> |     |   |                        |                        |
| <b>Receipts</b>                            |     |   |                        |                        |
| Property rates                             |     | 16 500  | 17 391                 | 18 330                 |
| Service charges                            |     | 1 700   | 1 792                  | 1 889                  |
| Other revenue                              |     | 3 845   | 4 053                  | 4 272                  |
| Government - operating                     | 1   | 206 316   | 217 457                | 229 200                |
| Government - capital                       | 1   | 60 760  | 64 041                 | 67 499                 |
| Interest                                   |     | 4 270   | 4 501                  | 4 744                  |
| Dividends                                  |     | -   | -                      | -                      |

### Breakdown of operating revenue over the 2020/21 Adjustment MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from Operating grants, Property rates organs of state and other minor charges (Rent, Interest on External Investment fines and licenses and permits etc.).

## 2.6 Expenditure on Allocations and grant programme

KZN272 Jozini - Supporting Table SA19 Expenditure on transfers and grant programme

| Description  | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>EXPENDITURE:</b>  | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating expenditure of Transfers and Grants:</b>      |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                                |     | -               | -               | -               | -                    | -               | -                  | 214,630   | 227,586                | 235,209                |
| Local Government Equitable Share                           |     |                 |                 |                 |                      |                 |                    | 195,084   | 209,586                | 222,009                |
| Finance Management   |     |                 |                 |                 |                      |                 |                    | 2,800   | 3,000                  | 3,200                  |
| EPWP Incentive   |     |                 |                 |                 |                      |                 |                    | 2,746   | -                      | -                      |
| Integrated National Electrification Programme              |     |                 |                 |                 |                      |                 |                    | 14,000  | 15,000                 | 10,000                 |
| Other transfers/grants [insert description]                |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Provincial Government:</b>                              |     | -               | -               | -               | -                    | -               | -                  | 500   | -                      | -                      |
| Other transfers/grants [insert description]                |     |                 |                 |                 |                      |                 |                    | 500   |                        |                        |
| <b>District Municipality:</b><br>[insert description]      |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Other grant providers:</b>                              |     | -               | -               | -               | -                    | -               | -                  | 5,186   | 5,517                  | 7,338                  |
| Provincialisation  |     |                 |                 |                 |                      |                 |                    | 905   | 935                    | 981                    |
| Community Service Library                                  |     |                 |                 |                 |                      |                 |                    | 4,281   | 4,582                  | 6,357                  |
| <b>Total operating expenditure of Transfers and Grants</b> |     | -               | -               | -               | -                    | -               | -                  | 220,316   | 233,103                | 242,547                |
| <b>Capital expenditure of Transfers and Grants:</b>        |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                                |     | -               | -               | -               | -                    | -               | -                  | 46,760  | 40,174                 | 42,380                 |
| Municipal Infrastructure Grant (MIG)                       |     |                 |                 |                 |                      |                 |                    | 46,760  | 40,174                 | 42,380                 |
| Other capital transfers/grants [insert desc]               |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Provincial Government:</b>                              |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other capital transfers/grants [insert description]        |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>District Municipality:</b><br>[insert description]      |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Other grant providers:</b>                              |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Provincialisation  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total capital expenditure of Transfers and Grants</b>   |     | -               | -               | -               | -                    | -               | -                  | 46,760  | 40,174                 | 42,380                 |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>           |     | -               | -               | -               | -                    | -               | -                  | 267,076   | 273,277                | 284,927                |

2.7

## **2.8 Allocations and grants made by the Municipality**

There are no grants and allocations made by Jozini Local Municipality

## **2.9 Councillors Allowances and Employee benefits**

- The **Remuneration of councillors** increased by 8 per cent on the Annual budget compared to the Final budget of R14.1 million of 2020\_21 Financial year, this is due to the upper limits.
- The **Senior Managers** of the Municipality were budgeted R3.8 million on the final budget of 2020\_21 and is increased by 33.6%, there are no vacant posts for Senior Managers.
- For other **Municipal staff**, the Final budget for 2020\_21 is R72.0 million and the budget for 2020\_21 is increased by 11.2% this is due to the vacant posts that are still pending.

**KZN272 Jozini - Supporting Table SA22 Summary councillor and staff benefits**

| Summary of Employee and Councillor remuneration<br>R thousand | Ref | 2016/17         | 2017/18         | 2018/19         | Current Year 2019/20 |                 |                    | 2020/21 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   |     | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2020/21                                 | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
|   |     | A               | B               | C               | D                    | E               | F                  | G   | H                      | I                      |
| <b>Councillors (Political Office Beams plus Other)</b>        | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                      |     | -               | 9 256           | 8 449           | 13 232               | 9 188           | 9 188              | 10 005  | 10 545                 | 11 114                 |
| Pension and UIF Contributions                                 |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Medical Aid Contributions                                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                       |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Cellphone Allowance   |     | -               | 1 636           | 1 465           | 1 600                | 1 595           | 1 595              | 1 661   | 1 751                  | 1 846                  |
| Housing Allowances  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other benefits and allowances                                 |     | -               | 2 934           | 2 746           | -                    | 2 996           | 2 996              | 3 170   | 3 341                  | 3 521                  |
| <b>Sub Total - Councillors</b>                                |     | -               | <b>13 826</b>   | <b>12 660</b>   | <b>14 832</b>        | <b>13 778</b>   | <b>13 778</b>      | <b>14 836</b>                                       | <b>15 637</b>          | <b>16 481</b>          |
| % increase  | 4   |                 | -               | (8.4%)          | 17.2%                | (7.1%)          | -                  | 7.7%  | 5.4%                   | 5.4%                   |
| <b>Senior Managers of the Municipality</b>                    | 2   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                      |     | -               | 3 570           | 4 718           | 10 609               | 5 150           | 5 150              | 6 182   | 6 516                  | 6 868                  |
| Pension and UIF Contributions                                 |     | -               | 7               | 10              | 35                   | 11              | 11                 | 11  | 11                     | 12                     |
| Medical Aid Contributions                                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Overtime  |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Performance Bonus   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                       | 3   | -               | 104             | 793             | -                    | 862             | 862                | 1 780   | 1 876                  | 1 978                  |
| Cellphone Allowance   | 3   | -               | 72              | 98              | 66                   | 106             | 106                | 105   | 111                    | 117                    |
| Housing Allowances  | 3   | -               | 237             | 496             | 279                  | 535             | 535                | 495   | 522                    | 550                    |
| Other benefits and allowances                                 | 3   | -               | 64              | 140             | -                    | 152             | 152                | 145   | 152                    | 161                    |
| Payments in lieu of leave                                     |     | -               | 61              | -               | 212                  | -               | -                  | -   | -                      | -                      |
| Long service awards   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Post-retirement benefit obligations                           | 6   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Senior Managers of Municipality</b>            |     | -               | <b>4 114</b>    | <b>6 254</b>    | <b>11 202</b>        | <b>6 816</b>    | <b>6 816</b>       | <b>8 719</b>  | <b>9 189</b>           | <b>9 686</b>           |
| % increase  | 4   |                 | -               | 52.0%           | 79.1%                | (39.2%)         | -                  | 27.9%   | 5.4%                   | 5.4%                   |
| <b>Other Municipal Staff</b>                                  |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Basic Salaries and Wages                                      |     | -               | 47 845          | 47 353          | 47 325               | 51 400          | 51 400             | 50 307  | 53 024                 | 55 887                 |
| Pension and UIF Contributions                                 |     | -               | 6 301           | 6 892           | 7 821                | 7 483           | 7 483              | 7 400   | 7 800                  | 8 221                  |
| Medical Aid Contributions                                     |     | -               | 2 849           | 3 156           | 9 143                | 3 423           | 3 423              | 3 294   | 3 472                  | 3 659                  |
| Overtime  |     | -               | 4 219           | 4 586           | 348                  | 5 201           | 5 201              | 5 576   | 5 877                  | 6 194                  |
| Performance Bonus   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Motor Vehicle Allowance                                       | 3   | -               | 6 490           | 7 442           | 4 543                | 8 037           | 8 037              | 8 501   | 8 960                  | 9 444                  |
| Cellphone Allowance   | 3   | -               | 104             | 36              | 8                    | 39              | 39                 | 38  | 40                     | 43                     |
| Housing Allowances  | 3   | -               | 242             | 265             | 23                   | 289             | 289                | 287   | 303                    | 319                    |
| Other benefits and allowances                                 | 3   | -               | 6 636           | 7 643           | 5 649                | 8 217           | 8 217              | 8 952   | 9 435                  | 9 945                  |
| Payments in lieu of leave                                     | 3   | -               | 1 622           | 2 217           | 1 711                | 310             | 310                | 370   | 390                    | 411                    |
| Long service awards   |     | -               | 290             | 171             | -                    | 194             | 194                | 89  | 94                     | 99                     |
| Post-retirement benefit obligations                           | 6   | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Sub Total - Other Municipal Staff</b>                      |     | -               | <b>76 598</b>   | <b>79 761</b>   | <b>76 572</b>        | <b>84 593</b>   | <b>84 593</b>      | <b>84 814</b>                                       | <b>89 394</b>          | <b>94 221</b>          |
| % increase  | 4   |                 | -               | 4.1%            | (4.0%)               | 10.5%           | -                  | 0.3%  | 5.4%                   | 5.4%                   |
| <b>Total Parent Municipality</b>                              |     | -               | <b>94 538</b>   | <b>98 675</b>   | <b>102 606</b>       | <b>105 187</b>  | <b>105 187</b>     | <b>108 368</b>                                      | <b>114 220</b>         | <b>120 388</b>         |
|   |     |                 | -               | 4.4%            | 4.0%                 | 2.5%            | -                  | 3.0%  | 5.4%                   | 5.4%                   |

## **Monthly Targets for revenue and Expenditure**

**KZN272 Jozini - Supporting Table SA25 Budgeted monthly revenue and expenditure**

| Description   | Ref      | Budget Year 2020/21 |                |                |                |                |                |                |                |                |                |                |                 | Medium Term Revenue and Expenditure Framework |                        |                        |
|---|----------|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|---|------------------------|------------------------|
|   |          | July                | August         | Sept.          | October        | November       | December       | January        | February       | March          | April          | May            | June            | Budget Year 2020/21                           | Budget Year +1 2021/22 | Budget Year +2 2022/23 |
| <b>Revenue By Source</b>  |          |                     |                |                |                |                |                |                |                |                |                |                |                 |   |                        |                        |
| Property rates  |          | 2 423               | 2 423          | 2 423          | 2 423          | 2 423          | 2 423          | 2 423          | 2 423          | 2 423          | 2 423          | 2 423          | 2 423           | 29 077  | 30 647                 | 32 302                 |
| Service charges - electricity revenue   |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Service charges - water revenue   |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Service charges - sanitation revenue  |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Service charges - refuse revenue  |          | 310                 | 310            | 310            | 310            | 310            | 310            | 310            | 310            | 310            | 310            | 310            | 3 726           | 3 927   | 4 139                  |                        |
| Rental of facilities and equipment  |          | 71                  | 71             | 71             | 71             | 71             | 71             | 71             | 71             | 71             | 71             | 71             | 849             | 895   | 943                    |                        |
| Interest earned - external investments  |          | 356                 | 356            | 356            | 356            | 356            | 356            | 356            | 356            | 356            | 356            | 356            | 4 270           | 4 501   | 4 744                  |                        |
| Interest earned - outstanding debtors   |          | 922                 | 922            | 922            | 922            | 922            | 922            | 922            | 922            | 922            | 922            | 922            | 11 059          | 11 656  | 12 286                 |                        |
| Dividends received  |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Fines, penalties and forfeits   |          | 9                   | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 9              | 114             | 120   | 126                    |                        |
| Licences and permits  |          | 200                 | 200            | 200            | 200            | 200            | 200            | 200            | 200            | 200            | 200            | 200            | 2 395           | 2 524   | 2 660                  |                        |
| Agency services   |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Transfers and subsidies   |          | 17 193              | 17 193         | 17 193         | 17 193         | 17 193         | 17 193         | 17 193         | 17 193         | 17 193         | 17 193         | 17 193         | 206 316         | 217 457                                       | 229 200                |                        |
| Other revenue   |          | 41                  | 41             | 41             | 41             | 41             | 41             | 41             | 41             | 41             | 41             | 41             | 488             | 514   | 542                    |                        |
| Gains on disposal of PPE  |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and contributions)</b>  |          | <b>21 524</b>       | <b>21 524</b>  | <b>21 524</b>  | <b>21 524</b>  | <b>21 524</b>  | <b>21 524</b>  | <b>21 524</b>  | <b>21 524</b>  | <b>21 524</b>  | <b>21 524</b>  | <b>21 524</b>  | <b>258 293</b>  | <b>272 241</b>                                | <b>286 942</b>         |                        |
| <b>Expenditure By Type</b>  |          |                     |                |                |                |                |                |                |                |                |                |                |                 |   |                        |                        |
| Employee related costs  |          | 7 794               | 7 794          | 7 794          | 7 794          | 7 794          | 7 794          | 7 794          | 7 794          | 7 794          | 7 794          | 7 794          | 93 533          | 98 583  | 103 907                |                        |
| Remuneration of councillors   |          | 1 236               | 1 236          | 1 236          | 1 236          | 1 236          | 1 236          | 1 236          | 1 236          | 1 236          | 1 236          | 1 236          | 14 836          | 15 637  | 16 481                 |                        |
| Debt impairment   |          | 1 806               | 1 806          | 1 806          | 1 806          | 1 806          | 1 806          | 1 806          | 1 806          | 1 806          | 1 806          | 1 806          | 21 676          | 22 846  | 24 080                 |                        |
| Depreciation & asset impairment   |          | 1 311               | 1 311          | 1 311          | 1 311          | 1 311          | 1 311          | 1 311          | 1 311          | 1 311          | 1 311          | 1 311          | 15 733          | 16 582  | 17 478                 |                        |
| Finance charges   |          | 146                 | 146            | 146            | 146            | 146            | 146            | 146            | 146            | 146            | 146            | 146            | 1 750           | 1 845   | 1 944                  |                        |
| Bulk purchases  |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Other materials   |          | 8                   | 8              | 8              | 8              | 8              | 8              | 8              | 8              | 8              | 8              | 8              | 100             | 105   | 111                    |                        |
| Contracted services   |          | 3 108               | 3 108          | 3 108          | 3 108          | 3 108          | 3 108          | 3 108          | 3 108          | 3 108          | 3 108          | 3 108          | 37 298          | 39 313  | 41 435                 |                        |
| Transfers and subsidies   |          | 2 795               | 2 795          | 2 795          | 2 795          | 2 795          | 2 795          | 2 795          | 2 795          | 2 795          | 2 795          | 2 795          | 33 540          | 35 351  | 37 260                 |                        |
| Other expenditure   |          | 4 644               | 4 644          | 4 644          | 4 644          | 4 644          | 4 644          | 4 644          | 4 644          | 4 644          | 4 644          | 4 644          | 55 726          | 58 735  | 61 906                 |                        |
| Loss on disposal of PPE   |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| <b>Total Expenditure</b>  |          | <b>22 849</b>       | <b>22 849</b>  | <b>22 849</b>  | <b>22 849</b>  | <b>22 849</b>  | <b>22 849</b>  | <b>22 849</b>  | <b>22 849</b>  | <b>22 849</b>  | <b>22 849</b>  | <b>22 849</b>  | <b>274 190</b>  | <b>288 997</b>                                | <b>304 603</b>         |                        |
| <b>Surplus/(Deficit)</b>  |          | <b>(1 325)</b>      | <b>(1 325)</b> | <b>(1 325)</b> | <b>(1 325)</b> | <b>(1 325)</b> | <b>(1 325)</b> | <b>(1 325)</b> | <b>(1 325)</b> | <b>(1 325)</b> | <b>(1 325)</b> | <b>(1 325)</b> | <b>(15 897)</b> | <b>(16 756)</b>                               | <b>(17 661)</b>        |                        |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)   |          | 5 063               | 5 063          | 5 063          | 5 063          | 5 063          | 5 063          | 5 063          | 5 063          | 5 063          | 5 063          | 5 063          | 60 760          | 64 041  | 67 499                 |                        |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Transfers and subsidies - capital (in-kind - all)   |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>  |          | <b>3 739</b>        | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>44 863</b>   | <b>47 285</b>                                 | <b>49 839</b>          |                        |
| Taxation  |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Attributable to minorities  |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| Share of surplus/ (deficit) of associate  |          | -                   | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -               | -   | -                      | -                      |
| <b>Surplus/(Deficit)</b>  | <b>1</b> | <b>3 739</b>        | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>3 739</b>   | <b>44 863</b>   | <b>47 285</b>                                 | <b>49 839</b>          |                        |



## **MONTHLY PROJECTIONS FOR CASHFLOW**

JOZINI MUNICIPALITY ANNUAL BUDGET SECTION 16 MFMA 2020\_2021

KZN272 Jozini - Supporting Table SA30 Budgeted monthly cash flow

| MONTHLY CASH FLOWS   | Budget Year 2020/21 |               |               |               |               |               |               |               |               |               |               |               | Medium Term Revenue and Expenditure Framework |                        |                        |  |
|--|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---|------------------------|------------------------|--|
|  | July                | August        | Sept.         | October       | November      | December      | January       | February      | March         | April         | May           | June          | Budget Year 2020/21                           | Budget Year +1 2021/22 | Budget Year +2 2022/23 |  |
| <b>R thousand</b>  |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |  |
| <b>Cash Receipts By Source</b>   |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |  |
| Property rates   | 1,375               | 1,375         | 1,375         | 1,375         | 1,375         | 1,375         | 1,375         | 1,375         | 1,375         | 1,375         | 1,375         | 1,375         | 16,500  | 17,391                 | 18,330                 |  |
| Service charges - electricity revenue  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Service charges - water revenue  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Service charges - sanitation revenue   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Service charges - refuse revenue   | 142                 | 142           | 142           | 142           | 142           | 142           | 142           | 142           | 142           | 142           | 142           | 142           | 1,700   | 1,792                  | 1,889                  |  |
| Rental of facilities and equipment   | 71                  | 71            | 71            | 71            | 71            | 71            | 71            | 71            | 71            | 71            | 71            | 71            | 849   | 895                    | 943                    |  |
| Interest earned - external investments   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Interest earned - outstanding debtors  | 356                 | 356           | 356           | 356           | 356           | 356           | 356           | 356           | 356           | 356           | 356           | 356           | 4,270   | 4,501                  | 4,744                  |  |
| Dividends received   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Fines, penalties and forfeits  | 9                   | 9             | 9             | 9             | 9             | 9             | 9             | 9             | 9             | 9             | 9             | 9             | 114   | 120                    | 126                    |  |
| Licences and permits   | 200                 | 200           | 200           | 200           | 200           | 200           | 200           | 200           | 200           | 200           | 200           | 200           | 2,395   | 2,524                  | 2,660                  |  |
| Agency services  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Transfer receipts - operational  | 17,193              | 17,193        | 17,193        | 17,193        | 17,193        | 17,193        | 17,193        | 17,193        | 17,193        | 17,193        | 17,193        | 17,193        | 206,316                                       | 217,457                | 229,200                |  |
| Other revenue  | 41                  | 41            | 41            | 41            | 41            | 41            | 41            | 41            | 41            | 41            | 41            | 41            | 488   | 514                    | 542                    |  |
| <b>Cash Receipts by Source</b>   | <b>19,386</b>       | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>19,386</b> | <b>232,631</b>                                | <b>245,194</b>         | <b>258,434</b>         |  |
| <b>Other Cash Flows by Source</b>  |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |  |
| Transfer receipts - capital  | 5,063               | 5,063         | 5,063         | 5,063         | 5,063         | 5,063         | 5,063         | 5,063         | 5,063         | 5,063         | 5,063         | 5,063         | 60,760  | 64,041                 | 67,499                 |  |
| 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) | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Proceeds on disposal of PPE  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Short term loans   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Borrowing long term/refinancing  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Increase (decrease) in consumer deposits   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Decrease (increase) in non-current debtors   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Decrease (increase) other non-current receivable   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Decrease (increase) in non-current investments   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| <b>Total Cash Receipts by Source</b>   | <b>24,449</b>       | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>24,449</b> | <b>293,391</b>                                | <b>309,235</b>         | <b>325,933</b>         |  |
| <b>Cash Payments by Type</b>   |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |  |
| Employee related costs   | 7,794               | 7,794         | 7,794         | 7,794         | 7,794         | 7,794         | 7,794         | 7,794         | 7,794         | 7,794         | 7,794         | 7,794         | 93,533  | 98,583                 | 103,907                |  |
| Remuneration of councillors  | 1,236               | 1,236         | 1,236         | 1,236         | 1,236         | 1,236         | 1,236         | 1,236         | 1,236         | 1,236         | 1,236         | 1,236         | 14,836  | 15,637                 | 16,481                 |  |
| Finance charges  | 146                 | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 146           | 1,750   | 1,845                  | 1,944                  |  |
| Bulk purchases - Electricity   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Bulk purchases - Water & Sewer   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Other materials  | 8                   | 8             | 8             | 8             | 8             | 8             | 8             | 8             | 8             | 8             | 8             | 8             | 100   | 105                    | 111                    |  |
| Contracted services  | 3,108               | 3,108         | 3,108         | 3,108         | 3,108         | 3,108         | 3,108         | 3,108         | 3,108         | 3,108         | 3,108         | 3,108         | 37,298  | 39,313                 | 41,435                 |  |
| Transfers and grants - other municipalities  | 1,167               | 1,167         | 1,167         | 1,167         | 1,167         | 1,167         | 1,167         | 1,167         | 1,167         | 1,167         | 1,167         | 1,167         | 14,000  | 14,756                 | 15,553                 |  |
| Transfers and grants - other   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Other expenditure  | 4,644               | 4,644         | 4,644         | 4,644         | 4,644         | 4,644         | 4,644         | 4,644         | 4,644         | 4,644         | 4,644         | 4,644         | 55,726  | 58,735                 | 61,906                 |  |
| <b>Cash Payments by Type</b>   | <b>18,104</b>       | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>18,104</b> | <b>217,242</b>                                | <b>228,973</b>         | <b>241,338</b>         |  |
| <b>Other Cash Flows/Payments by Type</b>   |                     |               |               |               |               |               |               |               |               |               |               |               |   |                        |                        |  |
| Capital assets   | 5,052               | 5,052         | 5,052         | 5,052         | 5,052         | 5,052         | 5,052         | 5,052         | 5,052         | 5,052         | 5,052         | 5,052         | 60,626  | 63,900                 | 67,351                 |  |
| Repayment of borrowing   | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| Other Cash Flows/Payments  | -                   | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -   | -                      | -                      |  |
| <b>Total Cash Payments by Type</b>   | <b>23,156</b>       | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>23,156</b> | <b>277,869</b>                                | <b>292,874</b>         | <b>308,689</b>         |  |
| <b>NET INCREASE/(DECREASE) IN CASH HELD</b>  | <b>1,294</b>        | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>1,294</b>  | <b>15,523</b>                                 | <b>16,361</b>          | <b>17,245</b>          |  |
| Cash/cash equivalents at the month/year begin:   | 23,168              | 24,461        | 25,755        | 27,048        | 28,342        | 29,635        | 30,929        | 32,223        | 33,516        | 34,810        | 36,103        | 37,397        | 23,168  | 38,690                 | 55,052                 |  |
| Cash/cash equivalents at the month/year end:   | 24,461              | 25,755        | 27,048        | 28,342        | 29,635        | 30,929        | 32,223        | 33,516        | 34,810        | 36,103        | 37,397        | 38,690        | 38,690  | 55,052                 | 72,296                 |  |

## **2.11 Annual Budget and Service Delivery and Budget Implementation internal Departments**

See Attached

## **2.12 Contracts having Future Budgetary Implications**

### **List of contracts with Future budgetary implication**

- Financial system support
- Asset Management support
- Valuation roll support
- VIP payroll System
- Server Support system
- Fleet Management
- Telephone System
- Cell phone Contract
- Lease contract

## **2.13 Capital Expenditure details**

The below table illustrates the capital expenditure funded internally and funded by Municipal Infrastructure grant, The Municipality is anticipating to receive **R46 760 000** million for Municipal Infrastructure grant. The original budget for capital expenditure funded internally is R5.8 million.

Below is the list of all projects funded by INEP:

|   |              |
|---|--------------|
| KZN272_KZN 272-SD1.2_1_Majozini/ Maqonjwana Electrification         | 2 000 000.00 |
| KZN272_KZN 272-SD1.2a_KwaQondile Electrical Connections             | 4 000 000.00 |
| KZN272_KZN 272-SD1.2a_Mkuze waManzi/ Mshophi Electrical Connections | 1 000 000.00 |
| KZN272_KZN272-2017/18_Nhlangano Electrification                     | 7 000 000.00 |

**Below is the list of all projects funded by Municipal Infrastructure Grants:**

| <b>PROJECTS</b>                                    | <b>BUDGET</b>        |
|--|----------------------|
| Construction of Manyiseni Youth Centre             | 7 000 000.00         |
| Construction of Mtshakela / Ekulingeni Access Road | 3 000 000.00         |
| Constructon of Ezinhlalavini Access Road           | 3 000 000.00         |
| Cezwana Youth Centre                               | 4 000 000.00         |
| Construction of Emthojeni Sportsfield              | 1 000 000.00         |
| Sidekeni Sports Field                              | 500 000.00           |
| Upgrade of Jozini Municipal Offices                | 6 387 584.00         |
| Upgrading of Mkuze CBD Roads                       | 2 200 000.00         |
| Empileni Community Hall                            | 3 000 000.00         |
| Construction of KwaMbusi Community Hall            | 3 000 000.00         |
| Construction of KwaPhaweni Community Hall          | 2 000 000.00         |
| Construction of Nhlanguano Commuity Hall           | 2 000 000.00         |
| Construction of Onaleni Community Hall             | 1 000 000.00         |
| PMU Consultants                                    | 4 672 416.00         |
| Phokweni Community Hall                            | 4 000 000.00         |
| <b>Total</b>                                       | <b>46 760 000.00</b> |

**2.14 Legislation Compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year Reporting to National Treasury in electronic format was fully complied with monthly. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipalities website.
2. Internship programme The Jozini Local Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office: The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee: An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan The detail SDBIP document is at a stage and will be finalised after approval of the 2020/21 MTREF in May 2019 directly aligned and informed by the 2019/20 MTREF.
6. Annual Report is compiled in terms of the MFMA and National Treasury requirements.

8. MFMA Training:5 Interns and 1 Financial employee are attending the MFMA training and will be completing on this current financial year.6 Financial Official will attend training in 2020\_21 financial year.

## **2.15 Other Supporting Documents**

- *See Attached A Schedule*
- *Budget Workings*

## **2.16 Conclusion.**

**2.16.1.** The Municipality considered Provincial Treasury comments on Mid-year Budget review and Performance Assessment when preparing this analysis report, and were accordingly tabled to council on the 26<sup>th</sup> of June 2020.

**2.16.2.** This report has been prepared in terms of Municipal Budget reporting and regulations. And all reasonable steps have been taken to ensure that this municipal Annual budget for 2020-21 Financial year is accordingly funded

## **2.17 Municipal Manager quality Certificate**

**QUALITY CERTIFICATE**

I, **JA Mngomezulu MUNICIPAL MANAGER** of the Jozini Local Municipality, hereby certify that the section 16 report for the period ending 30 June 2021 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: .....

Municipal Manager of the Jozini Local Municipality

Signature: \_\_\_\_\_

Date: \_\_\_\_\_









