

JOZINI MUNICIPALITY ADJUSTMENT BUDGET REPORT

2019-20



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PART 1-ADJUSTMENT 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 2019/2020 Adjustment budget as per section 28 of the MFMA

2. BACKGROUND

Section 28 of the MFA state that:

(1) A municipality may revise an approved annual budget through an adjustments budget

(2) An adjustments budget-

a) Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year:

b) May appropriate additional revenues that have become available over and above

Those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for:

c) May, within a prescribed framework, authorise unforeseeable and unavoidable

Expenditure recommended by the mayor of the municipality:

d) May authorise the utilisation of projected savings in one vote toward

Spending under another vote;

e) May authorise the spending of funds that were unspent at the end of the part

Financial year where the under-spending could not reasonably, have been

Foreseen at the time to include projected roll-overs when the annual budget for

The current year was approved by the council;

f) May correct any errors in the annual budget: and

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

(3) An adjustments budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council. But an

Adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any

Prescribed limitations as to timing or frequency.

(5) When an adjustments budget is tabled, it must be accompanied by-

a) An explanation how the adjustments budget affects the annual budget:

b) A motivation of any material changes to the annual budget:

(c) An explanation of the impact of any increased spending on the annual budget

And the annual budgets for the next two financial years: and

d) Any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan

Mayoral Budget Adjustment 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, Audit 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 2020. This would indeed be twenty plenty for the people of Jozini

Hon. Members let me take this time to bestow trust to Municipal Manager, Management Team and the rest of personnel to redress the Adverse Audit Outcomes of 2018/19 Financial year. The difficult and trying times our newly appointed Section 56 inherited requires their expertise to resolve. I once more commit myself to the monitor current implementation of the A-G action plans on a monthly basis to ensure that we improve the Audit rating received.

We opted to adjust the budget here and there to try implement prioritized projects that would better Jozini land scaping. Although we are quite behind on Municipal Infrastructure Grant spending, we are however at about 50%, we trust that the upcoming four months we would have exhausted the implementation of MIG projects. We have successfully appointed Contractors to implement MIG projects. We have not forgotten the people of Jozini, by accelerating service delivery in Ward 18, by completing that Ngonyameni Community Hall after a mischief delay. Cezwana Youth Centre at ward 4, is on a verge of completion with the overall progress status of 90%. Machobeni Community Hall has further progressed to 75% after being under scrutiny. Magwangu Community Hall in ward 16, has been accelerated 95% with due diligence. 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 time 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 acute challenge in accessing town in Jozini, hence we are in serious talks with many stake holders.

Poverty Reduction Projects our Qualifying matter, despite the fact that the advocacy documents were not proper, I am proud to say all of poverty alleviation projects have been delivered to the people. "Okwabantu kubantu, akukho okwehle ngemikhono yamabhulukwe." We are certain that we reduced poverty to most of Jozini Community, by implementing IDP prioritized projects. I would like to appeal to council through you Madam Speaker, that this transparently deliver Poverty Reduction Project to beneficiaries.

As a Local Municipality with very limited resource, urge 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 arise and accelerate service delivery more than before. I therefore commit before you our adjusted budget of **R282 476 000.00** for 2019/20 financial year.

Ngiyathokoza

I thank you.

1.2.2 Council Resolutions

On 26th February 2020, the Council of Jozini Local Municipality will meet to adopt the adjustment budget of the municipality for the financial year 2019/20. The Council will approve and adopt the following resolutions:

1. the Adopted Adjustment Multi-Year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2019/20 and indicative for the projected outer years 2019/20 and 2020/21 be approved as set out in the Adjustment Budget Report and in the Adjustment, Budget tables B1 - B10
2. the Adopted 2019/20 Adjustment 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 Original Budget	2019-20 Adjustment Budget	2019-20 Final Budget
	'000	'000	'000
Total Revenue	R 246 032	R 423	R 246 455
Total Expenditure	R 235 059	R (10 023)	R 245 082
Surplus/(Deficit)	R 10 972	R (9 600)	R 1 372

The Municipal total Revenue has increase by **R423** thousand when comparing to the original budget of **R246** million and adjustment budget is **R246** million. The total revenue does not include the transfers Capital of **R37** million for Municipal Infrastructure grant (**MIG**). The total expenditure has decreased by **R10** million this is due to the housing emergency grant withheld by treasury.

1.3.1 Operating Revenue Framework

The Jozini Municipality requires sustainable revenue streams in order to improve the lives of its citizens. The Municipality must continuously review revenue management processes to ensure that revenue is protected and the municipality has an ability to 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 consecutive 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 **54** 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 B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	31 523	-	-	-	-	-	(3 903)	(3 903)	27 620	29 111	30 683
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	3 147	-	-	-	-	-	579	579	3 726	3 927	4 139
Rental of facilities and equipment		863	-	-	-	-	-	(14)	(14)	849	895	943
Interest earned - external investments		3 500	-	-	-	-	-	770	770	4 270	4 501	4 744
Interest earned - outstanding debtors		10 000	-	-	-	-	-	1 059	1 059	11 059	13 951	14 704
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		114	-	-	-	-	-	1 388	1 388	1 501	1 583	1 668
Licences and permits		1 270	-	-	-	-	-	1 125	1 125	2 395	2 524	2 660
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		195 128	-	-	-	-	-	(1 300)	(1 300)	193 828	204 295	215 327
Other revenue	2	488	-	-	-	-	-	719	719	1 207	1 746	1 840
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		246 032	-	-	-	-	-	423	423	246 455	262 532	276 708

Property Rates: Property rates are reduced by R3.9 Million to R27.6 Million as the incorrect tariffs were applied in rating the Rural Development and Land Reform properties. Our continuous meetings with the government departments with a view to enhance self-generated revenue has led to proper reconciliations and verifications of properties and adjustments have been made.

Service Charges-Refuse: the R579 Thousand increase is due to new sites that have been added for whom we collect refuse. We have adjusted upwards to R3.9 Million.

Rental of Facilities and equipment: A slight decrease by R14 Thousand is due to the past six months performance in rentals for community halls. The final budget is adjusted to R849 Thousand.

Interest on external Investment: An increase by R770 Thousand is due to surplus funds that have been invested as there were delays in hiring consultants to implement capital projects. The final budget is R4.3 Million.

Interest on outstanding debtors: Our debtors' book is 164 Million as debtors are taking longer than anticipated to settle their accounts in the current year as reflected in the debtors age analysis. More than 90% is more than 90 days and debts by the ITB in the notch of R40 million and households at R47 million have contributed to an increased interest rate. We are reviewing the indigent register with the intention to write off indigent customers' debts. We are increasing the final budget from R10 Million to R11 Million.

Fines, Penalties and Forfeits: are adjusted up to R1.4 Million to reflect fines issued. The original budget of R114 Thousand was based on anticipated receipts.

Licenses and Permits: The increase to R2.4 Million is based on the past six months performance as more people are applying for learners' licences.

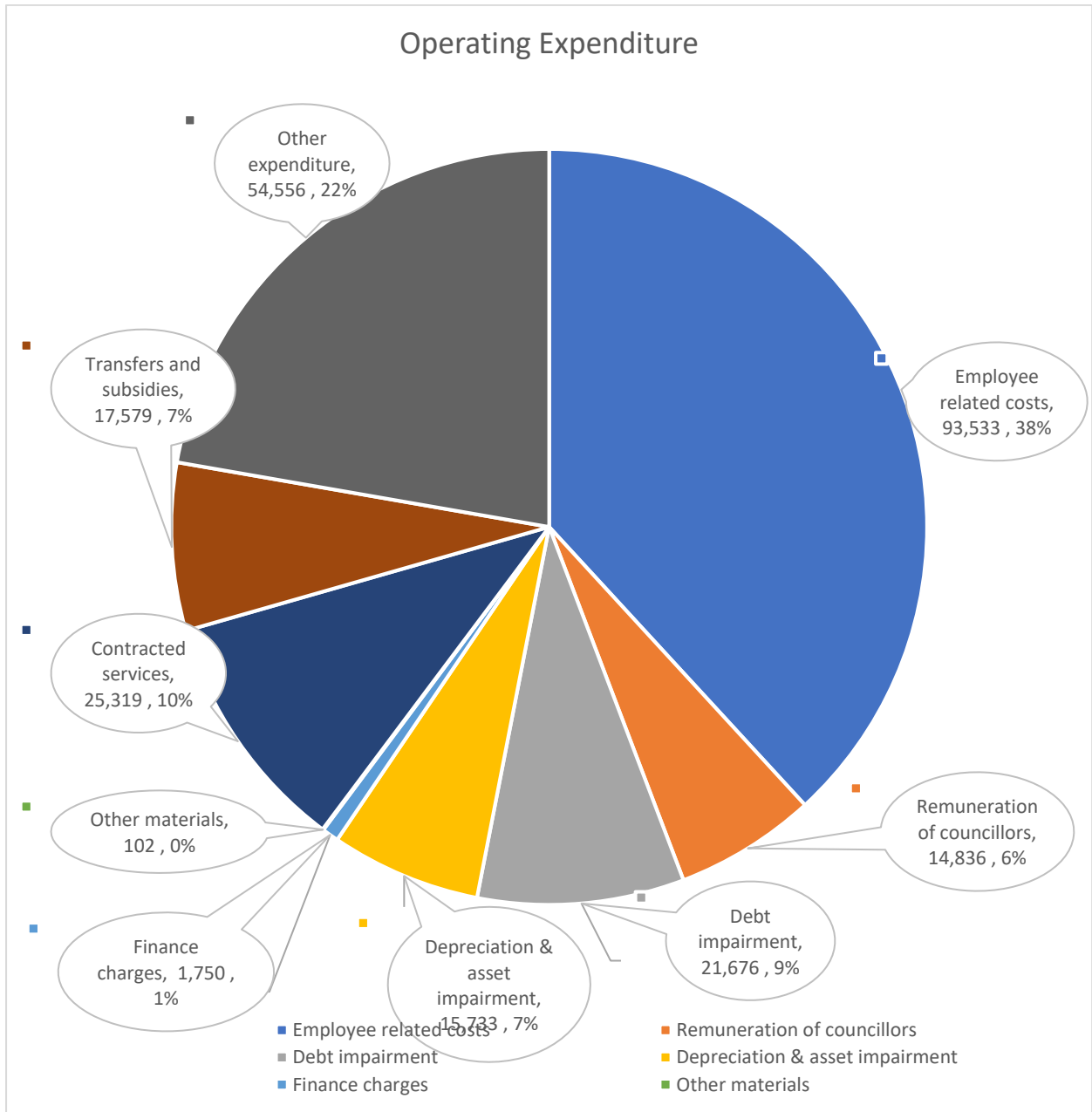
- **Transfer and Subsidies:** The R1.3 Million decrease is due to grants recalled by **Provincial**. The final budget is R193.8 Million.
- **Other Revenue-** Other revenue is increased to R1.2 Million due to high volume of SCM documents that sold.

1.3.2 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 Adjustment budget and MTREF is informed by the following:

- Given that one of the primary drivers of this budget is to keep tariff increases with the inflationary envelope of 5.6 per cent, expenditure allocations in excess of the 2019/20 Adjustments budget are very limited;
- Despite the above restriction the Municipality have decrease the Repairs and Maintenance to the provision of 1.6 per cent. The Municipality is having financial constraints so more repairs and maintenance of asset will be provided in 2019/2020 annual budget.
- 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 adjustment 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 plan no budget”. If there is no business plan no funding allocation can be made.

The following pie chart illustrate the total operating expenditure for the adjustment Budget of the 2019/2020 financial year.



The following table is a high-level summary of the 2019/20 Adjustment MTREF (classified per main type of operating expenditure).

KZN272 Jozini - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -												
Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	4	5	6	7	8	9	10		
R thousands	1	A	A1	B	C	D	E	F	G	H		
Expenditure By Type												
Employee related costs		87 774	-	-	-	-	-	5 759	5 759	93 533	98 583	103 907
Remuneration of councillors		14 832	-	-	-	-	-	4	4	14 836	15 637	16 481
Debt impairment		25 074	-	-	-	-	-	(3 398)	(3 398)	21 676	22 846	24 080
Depreciation & asset impairment		18 000	-	-	-	-	-	(2 267)	(2 267)	15 733	16 582	17 477
Finance charges		-	-	-	-	-	-	1 750	1 750	1 750	791	833
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-
Other materials		120	-	-	-	-	-	(18)	(18)	102	107	113
Contracted services		26 900	-	-	-	-	-	(1 581)	(1 581)	25 319	26 377	27 801
Transfers and subsidies		14 000	-	-	-	-	-	3 579	3 579	17 579	18 529	19 529
Other expenditure		48 360	-	-	-	-	-	6 196	6 196	54 556	57 057	60 138
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		235 059	-	-	-	-	-	10 023	10 023	245 082	256 508	270 360

Operating Expenditure:

- **Employee Related costs:** are increased by R5.8 Million to incorporate overtime and standby allowances which were not originally budgeted for.
- **Remuneration of Councillors:** the final budget is R14.8 Million.
- **Debt Impairment:** the final budget is R21.2 Million, down from the original R25 Million as we have reassessed the risk profile of businesses to be lower than that of residents.
- **Depreciation:** the final budget is down to R15.7 Million as we will dispose of redundant and old assets.
- **Contracted Services:** the final budget is R25.3 Million revised down from R26.9 Million as we are becoming less reliant on consultants.
- **Transfers & Subsidies:** the final budget is increased to R17.6 Million to up service delivery.
- **Other Expenditure:** the final budget is R54.6 Million.

2 Capital Expenditure

The below table illustrate the capital expenditure funded internally and funded by Municipal Infrastructure grant, The Municipality has already received all the allocation for MIG and anticipating to use all the grant as there are projects that are in a work in progress stage, Due to the financial constraints the Municipality adjusted the internally funded capital expenditure to R3.8 million from the Original budget of R11.6 million.

Below is the List of all projects funded by Municipal Infrastructure Grants in **2019/2020**:

Project Description	Original Budget	Actual	Variance	Adjustment	Final Budget
KZN272_KZN272-PMU Consultants	-	436 125.12	- 436 125.12	1 433 574.88	1 869 700.00
KZN272_KZN272-SD 1.7 _Construction of Onaleni Community Hall	4 000 000.00	-	4 000 000.00	- 1 500 000.00	2 500 000.00
KZN272_KZN272_SD1.39_Empileni Community Hall	500 000.00	-	500 000.00	300 000.00	800 000.00
KZN272_KZN272_2017/18_Construction of Emthojeni Sportsfield	1 913 100.00	274 234.79	1 638 865.21	663 025.63	1 250 074.37
KZN272_KZN272_2017/18_Ngonyameni Community Hall	2 000 000.00	352 125.32	1 647 874.68	1 640 000.00	452 125.32
KZN272_KZN272-SD 1.7 _Construction of Machobeni Community Hall	1 673 940.00	-	1 673 940.00	1 173 940.00	500 000.00
KZN272_KZN 272-SD1.10_Construction of Munywana Sportsfield	4 500 000.00	4 577 108.57	- 77 108.57	1 000 000.00	5 500 000.00
KZN272_KZN272_2017/18_Cezwana Youth Centre	1 806 960.00	124 883.95	1 682 076.05	- 1 000 000.00	806 960.00
KZN272_KZN272_2017/18_Upgrading of Mkuze CBD Roads	7 000 000.00	-	7 000 000.00	- 4 800 000.00	2 200 000.00
KZN272_KZN272- SD 1.6_Construction of Ndumane Access Road	3 500 000.00	3 663 729.21	- 163 729.21	7 100 000.00	10 600 000.00
KZN272_KZN272- SD 1.6_Construction of Ezinhlalavini Access Road	3 500 000.00	-	3 500 000.00	- 1 800 000.00	1 700 000.00
KZN272_KZN272_2017/18_Sidekeni Sports Field	3 000 000.00	-	3 000 000.00		3 000 000.00
KZN272_KZN272- SD 1.6_Construction of Mtshakela / Ekulingeni Access Road	4 000 000.00	664 101.35	3 335 898.65	- 2 300 000.00	1 700 000.00
KZN272_KZN272-SD 1.7 _Construction of Nhlangu Community Hall		699 643.95	- 699 643.95	699 643.95	699 643.95
KZN272_KZN 272-SD1.41_Magwangu Community Hall		395 496.39	- 395 496.39	1 045 496.36	1 045 496.36
KZN272_KZN272-SD 1.7 _Construction of KwaMbusi Community Hall		-	-	2 000 000.00	2 000 000.00
KZN272_KZN272_2017/18_Upgrade of Jozini Municipal Offices		721 770.86	- 721 770.86	770 000.00	770 000.00
	37 394 000.00	11 909 219.51	25 484 780.49	6 425 680.82	37 394 000.00

KZN272 Jozini - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	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 Management		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Finance & Admin 2		37 394	-	-	-	-	-	-	-	37 394	39 413	41 542
Capital multi-year expenditure sub-total	3	37 394	-	-	-	-	-	-	-	37 394	39 413	41 542
Single-year expenditure to be adjusted	2											
Vote 1 - Finance & Admin		-	-	-	-	-	-	178	178	178	188	198
Vote 2 - Executive & Council		8 449	-	-	-	-	-	(5 575)	(5 575)	2 874	3 029	3 193
Vote 3 - Community and Social Services		1 157	-	-	-	-	-	(1 004)	(1 004)	153	161	170
Vote 4 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Planning and Development		400	-	-	-	-	-	229	229	629	662	698
Vote 14 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Finance & Admin 2		1 500	-	-	-	-	-	(1 500)	(1 500)	-	-	-
Capital single-year expenditure sub-total		11 506	-	-	-	-	-	(7 672)	(7 672)	3 834	4 041	4 259
Total Capital Expenditure - Vote		48 900	-	-	-	-	-	(7 672)	(7 672)	41 228	43 454	45 800

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 R49 million then set off retention monies, outstanding trade and other payables, Unspent conditional grants which is not expected to be more than what is reflected in the audited set of annual financial statements and provisions.

JOZINI MUNICIPALITY ADJUSTMENT BUDGET SECTION 28 MFMA 2019/2020

Detail	Month 1 July	Month 2 Aug	Month 3 Sept	Month 4 Oct	Month 5 Nov	Month 6 Dec	Month 7 Jan	Month 8 Feb	Month 9 Mar	Month 10 Apr	Month 11 May	Month 12 June	TOTAL	Original Budget	Full year Focus	Adjustment
Cash Receipts by Source																1.00
Property rates	733 973.00	380 073.00	1 095 248.00	2 025 979.00	2 004 496.00	6 060 772.00	1 216 756.83	1 216 756.83	1 216 756.83	1 216 756.83	1 216 756.83	1 216 756.83	12 300 541.00	17 786 296.00	19 601 082.00	1 814 786.00
Property rates - penalties & collection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	78 197.00	67 728.00	232 577.00	124 048.00	112 432.00	258 256.00	34 460.33	34 460.33	34 460.33	34 460.33	34 460.33	34 460.33	873 238.00	1 809 183.00	1 080 000.00	- 729 183.00
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	95 276.00	23 775.00	60 510.00	47 829.00	43 376.00	181 824.00	24 568.33	24 568.33	24 568.33	24 568.33	24 568.33	24 568.33	452 590.00	862 812.00	600 000.00	- 262 812.00
Interest earned - external investments	397 011.00	713 942.00	513 024.00	418 066.00	316 766.00	422 031.00	248 212.23	248 212.23	248 212.23	248 212.23	248 212.23	248 212.23	2 780 840.00	3 500 000.00	4 270 113.40	770 113.40
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	10 400.00	5 600.00	15 810.00	11 364.00	10 012.00	3 650.00	9 472.67	9 472.67	9 472.67	9 472.67	9 472.67	9 472.67	56 836.00	113 809.00	113 672.00	- 137.00
Licences and permits	132 563.00	139 491.00	79 734.00	142 446.00	87 306.00	92 060.00	112 266.67	112 266.67	112 266.67	112 266.67	112 266.67	112 266.67	673 600.00	200 000.00	1 347 200.00	1 147 200.00
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	76 528 958.00	3 240 000.00	-	-	-	50 865 078.00	8 732 327.17	-	-	-	-	-	130 634 037.00	195 128 000.00	183 028 000.00	- 12 100 000.00
Other revenue	320 947.00	2 010 389.00	88 101.00	282 754.00	367 657.00	19 333.00	433 532.17	-	-	-	-	-	3 089 181.00	487 988.00	487 988.00	-
Cash Receipts by Source	78 297 326.00	6 580 998.00	2 085 004.00	3 052 486.00	2 942 045.00	57 903 004.00	-	-	-	-	-	-	150 860 863.00	219 888 088.00	210 528 055.40	- 9 360 032.60
Other Cash Flows/Receipts by Source																
Transfer receipts - capital	15 000 000.00	-	-	-	-	15 000 000.00	1 232 333.33	1 232 333.33	1 232 333.33	1 232 333.33	1 232 333.33	1 232 333.33	30 000 000.00	37 394 000.00	37 394 000.00	-
Contributions recognised - capital & Co	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer depos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current deb	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current i	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current inve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	93 297 326.00	6 580 998.00	2 085 004.00	3 052 486.00	2 942 045.00	72 903 004.00	-	-	-	-	-	-	180 860 863.00	257 282 088.00	247 922 055.40	- 9 360 032.60
Cash Payments by Type																
Employee related costs	5 107 429.00	10 133 533.00	9 045 187.00	7 251 641.00	5 950 223.00	7 959 169.00	7 546 442.63	7 546 442.63	7 546 442.63	7 546 442.63	7 546 442.63	7 546 442.63	45 447 182.00	87 773 686.79	90 725 837.78	2 952 150.99
Remuneration of councillors	800 034.00	894 858.00	928 693.00	897 733.00	881 811.00	987 728.00	1 506 578.29	1 370 443.13	1 370 443.13	1 370 443.13	1 370 443.13	1 370 443.13	5 390 857.00	14 832 072.98	14 430 326.73	- 401 746.25
Collection costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	1 948 184.00	948 574.00	1 321 704.00	975 474.00	854 939.00	957 406.00	3 248 953.00	2 405 997.08	2 405 997.08	2 405 997.08	2 405 997.08	2 405 997.08	7 006 281.00	26 499 999.01	26 499 999.01	-
Grants and subsidies paid - other munic	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other	2 441 816.10	2 441 816.10	2 441 816.10	2 441 816.10	2 441 816.10	2 441 816.10	392 721.57	392 721.57	392 721.57	392 721.57	392 721.57	392 721.57	14 650 896.59	14 000 000.00	17 007 226.00	3 007 226.00
General expenses	8 718 951.00	5 050 013.00	9 964 517.00	4 450 277.00	9 615 326.00	22 338 210.00	537 556.14	222 359.50	222 359.50	222 359.50	222 359.50	222 359.50	45 486 397.41	48 711 734.27	48 711 734.27	-
Cash Payments by Type	16 574 598.00	17 026 978.00	21 260 101.00	13 575 125.00	17 302 299.00	32 242 513.00	13 232 251.63	11 493 244.91	11 493 244.91	11 493 244.91	11 493 244.91	11 493 244.91	188 680 090.18	191 937 493.04	197 375 123.78	
Other Cash Flows/Payments by Type																
Capital assets	3 296 419.00	2 722 025.00	1 706 967.00	1 989 655.00	3 216 034.00	4 882 149.00	5 181 088.00	5 181 088.00	5 181 088.00	5 181 088.00	5 181 088.00	5 181 088.00	17 813 249.00	48 899 777.00	48 899 777.00	-
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	19 871 017.00	19 749 003.00	22 967 068.00	15 564 780.00	20 518 333.00	37 124 662.00	-	-	-	-	-	-	135 794 863.00	240 837 270.04	246 274 900.78	5 437 630.74
Net Increase/(Decrease) in Cash Held	73 426 309.00	13 168 005.00	20 882 064.00	12 512 294.00	17 576 288.00	35 778 342.00	-	-	-	-	-	-	45 066 000.00	16 444 817.96	1 647 154.62	- 14 797 663.34
Cash/cash equivalents at the month/ye	39 363 961.00	112 790 270.00	99 622 265.00	78 740 201.00	66 227 907.00	48 651 619.00	84 429 961.00	84 429 961.00	84 429 961.00	84 429 961.00	84 429 961.00	84 429 961.00	-	38 000 000.00	3 411 913.08	- 34 588 086.92
Cash/cash equivalents at the month/ye	112 790 270.00	99 622 265.00	78 740 201.00	66 227 907.00	48 651 619.00	84 429 961.00	84 429 961.00	84 429 961.00	84 429 961.00	84 429 961.00	84 429 961.00	84 429 961.00	-	54 444 817.96	5 059 067.70	- 49 385 750.26

Balance Sheet

KZN272 Jozini - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
R thousands		A	A1	B	C	D	E	F	G	H	Adjusted Budget	Adjusted Budget
ASSETS												
Current assets												
Cash		28 396	-	-	-	-	-	12 550	12 550	40 946	49 378	52 044
Call investment deposits	1	26 049	-	-	-	-	-	(26 049)	(26 049)	(0)	-	-
Consumer debtors	1	22 718	-	-	-	-	-	12 354	12 354	35 071	(140 442)	(140 658)
Other debtors		-	-	-	-	-	-	17 048	17 048	17 048	17 969	18 939
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Inventory		-	-	-	-	-	-	-	-	-	-	-
Total current assets		77 163	-	-	-	-	-	15 903	15 903	93 066	(73 095)	(69 675)
Non current assets												
Long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-	-
Investment in Associates		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	317 041	-	-	-	-	-	(11 818)	(11 818)	305 223	450 169	474 478
Biological		-	-	-	-	-	-	-	-	-	-	-
Intangible		893	-	-	-	-	-	-	-	893	941	992
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
Total non current assets		317 934	-	-	-	-	-	(11 818)	(11 818)	306 116	451 110	475 470
TOTAL ASSETS		395 097	-	-	-	-	-	4 085	4 085	399 182	378 015	405 795
LIABILITIES												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	648	648	648	683	720
Trade and other payables		19 456	-	-	-	-	-	28 755	28 755	48 211	50 380	53 101
Provisions		-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		19 456	-	-	-	-	-	29 403	29 403	48 859	51 063	53 821
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	0	0	0	-	-
Provisions	1	16 689	-	-	-	-	-	(5 214)	(5 214)	11 475	12 094	12 748
Total non current liabilities		16 689	-	-	-	-	-	(5 214)	(5 214)	11 475	12 094	12 748
TOTAL LIABILITIES		36 145	-	-	-	-	-	24 189	24 189	60 334	63 158	66 568
NET ASSETS	2	358 951	-	-	-	-	-	(20 104)	(20 104)	338 847	314 857	339 227
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		358 951	-	-	-	-	(5 902)	(14 202)	(20 104)	338 847	314 857	339 227
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		358 951	-	-	-	-	(5 902)	(14 202)	(20 104)	338 847	314 857	339 227

The above Table Illustrate the Financial position of the Municipality

1.5 Adjustment Budget tables (Still to be considered)

PART 2

2.1 ADJUSTMENT BUDGET ASSUMPTION

Overview of budget assumptions

2.1.1 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

2.1.2 General inflation outlook and its impact on the municipal activities. There are five key factors that have been taken into consideration in the compilation of the 2019/20 Adjustment 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. Employee related costs comprise 44 per cent of total operating expenditure in the 2019/20 Adjustment MTREF.

2.1.3 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 a percentage (60 per cent) of annual billings. Cash flow is assumed to be 60 per cent of billings.

2.1.4 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 2020 MTREF. As per circular 93 Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once a year manual salary disbursement, in order 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.

2.1.5 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.

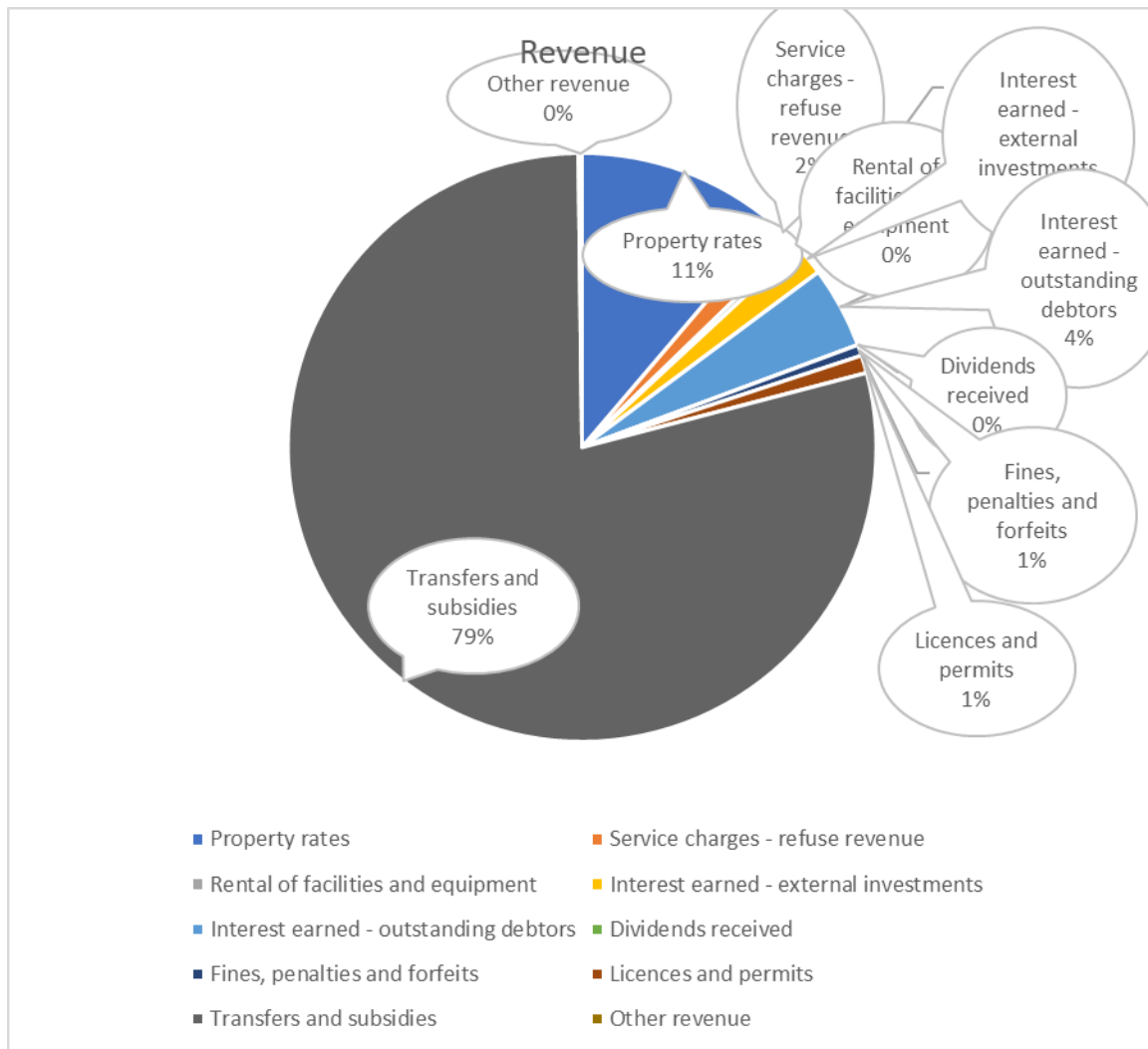
2.2 ADJUSTMENT BUDGET FUNDING

The Adjustment Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the Adjustment Medium term for the financial year 2019/2020:

Description	Ref	Budget Year 2019/20				Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			8	9	10		
R thousands	1	A	F	G	H		
Revenue By Source							
Property rates	2	31 523	(3 903)	(3 903)	27 620	29 111	30 683
Service charges - refuse revenue	2	3 147	579	579	3 726	3 927	4 139
Rental of facilities and equipment		863	(14)	(14)	849	895	943
Interest earned - external investments		3 500	770	770	4 270	4 501	4 744
Interest earned - outstanding debtors		10 000	1 059	1 059	11 059	13 951	14 704
Dividends received		-	-	-	-	-	-
Fines, penalties and forfeits		114	1 388	1 388	1 501	1 583	1 668
Licences and permits		1 270	1 125	1 125	2 395	2 524	2 660
Transfers and subsidies		195 128	(1 300)	(1 300)	193 828	204 295	215 327
Other revenue	2	488	-	-	488	514	542
Total Revenue (excluding capital transfers and contributions)		246 032	(296)	(296)	245 735	261 300	275 410

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.



Breakdown of operating revenue over the 2019/20 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.).

2.3 ADJUSTMENT BUDGET TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY.

The Municipality transferred R50 thousands to the CTO.

2.4 ADJUSTMENT TO COUNCILLOR ALLOWANCES AND EMPLOYEES BENEFITS.

KZN272 Jozini - Supporting Table SB11 Adjustments Budget - councillor and staff benefits -

Summary of remuneration	Ref	Budget Year 2019/20									% change
		Original Budget A	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavoid. 8 D	Nat. or Prov. Govt 9 E	Other Adjus. 10 F	Total Adjus. 11 G	Adjusted Budget 12 H	
R thousands											
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		14 832	-					4	4	14 836	0.0%
Pension and UIF Contributions		-	-					-	-	-	
Medical Aid Contributions		-	-					-	-	-	
Motor Vehicle Allowance		-	-					-	-	-	
Cellphone Allowance		-	-					-	-	-	
Housing Allowances		-	-					-	-	-	
Other benefits and allowances		-	-					-	-	-	
Sub Total - Councillors		14 832	-					4	4	14 836	0.0%
% increase			(0)							4	
Senior Managers of the Municipality											
Basic Salaries and Wages		4 717	-					(822)	(822)	3 895	-17.4%
Pension and UIF Contributions		-	-					-	-	-	
Medical Aid Contributions		-	-					191	191	191	#DIV/0!
Overtime		-	-					-	-	-	
Performance Bonus		-	-					-	-	-	
Motor Vehicle Allowance		-	-					658	658	658	#DIV/0!
Cellphone Allowance		-	-					90	90	90	#DIV/0!
Housing Allowances		-	-					589	589	589	
Other benefits and allowances		418	-					(418)	(418)	-	
Payments in lieu of leave		-	-					-	-	-	
Long service awards		-	-					-	-	-	
Post-retirement benefit obligations	5	-	-					-	-	-	
Sub Total - Senior Managers of Municipality		5 135	-	-				287	287	5 423	5.6%
% increase			(0)							0	
Other Municipal Staff											
Basic Salaries and Wages		52 419	-					(1 890)	(1 890)	50 529	-3.6%
Pension and UIF Contributions		8 689	-					(357)	(357)	8 332	-4.1%
Medical Aid Contributions		7 095	-					2 480	2 480	9 575	34.9%
Overtime		-	-					2 683	2 683	2 683	#DIV/0!
Performance Bonus		4 027	-					(4 027)	(4 027)	-	
Motor Vehicle Allowance		5 047	-					3 051	3 051	8 098	60.5%
Cellphone Allowance		-	-					-	-	-	
Housing Allowances		-	-					257	257	257	
Other benefits and allowances		5 361	-					3 275	3 275	8 635	
Payments in lieu of leave		-	-					-	-	-	
Long service awards		-	-					-	-	-	
Post-retirement benefit obligations	5	-	-					-	-	-	
Sub Total - Other Municipal Staff		82 638	-	-	-	-	-	5 472	5 472	88 110	6.6%
% increase											
Total Parent Municipality		102 606	-	-	-	-	-	5 762	5 762	108 368	5.6%

- The **Remuneration of councillors** the remuneration of councillors is not adjusted.
- The **Senior Managers** of the Municipality were budgeted R5.1 million on the original budget but is adjusted up by 5.5%
- For other **Municipal staff** the original budget of R82.6 million is adjusted by increase of 6.6%.

2.5 ADJUSTMENTS TO CAPITAL EXPENDITURE.

KZN272 Jozini - Table B5 Adjustments Capital Expenditure Budget by vote and funding -												
Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21 Adjusted Budget	+2 2021/22 Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital Expenditure - Functional												
Governance and administration		8 449	-	-	-	-	-	(5 397)	(5 397)	3 052	3 217	3 391
Executive and council		-	-	-	-	-	-	178	178	178	188	198
Finance and administration		8 449	-	-	-	-	-	(5 575)	(5 575)	2 874	3 029	3 193
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		1 155	-	-	-	-	-	(1 004)	(1 004)	151	159	168
Community and social services		1 155	-	-	-	-	-	(1 004)	(1 004)	151	159	168
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		39 296	-	-	-	-	-	(1 274)	(1 274)	38 023	40 076	42 240
Planning and development		400	-	-	-	-	-	229	229	629	662	698
Road transport		38 896	-	-	-	-	-	(1 502)	(1 502)	37 394	39 413	41 542
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	48 900	-	-	-	-	-	(7 674)	(7 674)	41 226	43 452	45 798
Funded by:												
National Government		37 394	-	-	-	-	-	-	-	37 394	39 413	41 542
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	37 394	-	-	-	-	-	-	-	37 394	39 413	41 542
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		11 506	-	-	-	-	-	(7 674)	(7 674)	3 832	4 039	4 257
Total Capital Funding		48 900	-	-	-	-	-	(7 674)	(7 674)	41 226	43 452	45 798

The original budget for capital expenditure funded internally is R11.5 and is decreased by 66.6% on the adjustment budget. The Municipality will provide more budget on the 2020/2021 financial year. There are no adjustments made for Municipal Infrastructure grant.

2.6 Other supporting documents

2.6.1. See attached B Schedule

3. Conclusion

3.1. 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 26th of February 20120.

3.2. 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 Adjustment budget for 2019-20 Financial year is Funded accordingly.

QUALITY CERTIFICATE

I, **JA MNGOMEZULU MUNICIPAL MANAGER** of the Jozini Local Municipality, hereby certify that the section 28 report for the period ending 28 February 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: _____