



2nd Adjustment Budget 2023/2024

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1. PURPOSE

The purpose of the report is to obtain council approval on the 2nd adjustment budget for Amahlathi Local Municipality for 2023/2024 financial year.

2. LEGAL/STATUTORY REQUIREMENTS

Municipal Finance Management Act

Municipal Budget and Reporting Regulations

3. BACKGROUND

In terms of section 28(2) (b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) read together with sub-regulation 23 of the Municipal Budget and Reporting Regulations, municipalities must adjust their MTREF budgets to account for the additional revenues that become available over and above those anticipated in the annual budget. An adjustment budget:-

- Must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year.
- 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.
- May authorise the utilisation of projected savings in one vote towards spending under another vote.
- May correct any errors in the annual budget; and
- May provide for any other expenditure within a prescribed framework

When an adjustments budget is tabled, it must be accompanied by:-

- An explanation how the adjustments budget affects the annual budget;
- A motivation of any material changes to the annual budget;
- An explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
- Any other supporting documentation that may be prescribed.

4. MAYORS REPORT

The Adjustment Budget that I present to you is in terms of section 28 of the Municipal Finance Management Act, which requires that the municipalities should revise their annual budgets where there are additional funds that become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for. The 2nd adjustment budget emanates from additional funds amounting to R25m for Disaster Recovery Grant which were included in the revised division of revenue act that was published. In addition to this, the Municipal Infrastructure Grant has been revised downwards by R2m in the amended division of revenue act. The adjustment budget also caters for rolling over of unspent budget for waste grant and reallocation between votes.

The following is the table depicting the high-level overview of the 2nd adjustment budget for 2023/24

Description	2023/24 MTREF	2023/24 1st ADJUSTMENT	2023/24 2nd ADJUSTMENT
Operating Revenue (Excl. capital transfers)	240 449 034	240 449 034	250 077 786
Operating Expenditure	305 538 054	305 788 054	309 640 891
Surplus or (Deficit) before capital transfers	(65 089 020)	(65 339 020)	(59 563 105)
Capital Transfers	31 327 200	36 027 200	61 969 608
<i>Surplus / (Deficit) after capital transfers</i>	<i>(33 761 820)</i>	<i>(29 311 820)</i>	<i>2 406 503</i>
Capital Expenditure	35 377 200	40 427 200	65 649 949
<i>Surplus / (Deficit)</i>	<i>(69 139 020)</i>	<i>(69 739 020)</i>	<i>(63 243 446)</i>

The total revenue excluding capital transfers has been increased from R240m to R250m. The operating expenditure has increased slightly from R305m to R309m.

The special adjustment budget that is tabled before council is unfunded due to operating expenditure that exceeds operating revenue and the projected cash

that cannot cover the commitments of creditors at year end. The municipality has however reduced the deficit when compared to the special adjustment budget.

5. ADJUSTMENT BUDGET RELATED RESOLUTIONS

Below are the resolutions that must be approved by council with 2023/24 2nd adjustment budget.

- a. That the Special Adjustment Budget for 2023/2024 and the indicative 2 outer financial years 2024/2025 and 2025/2026 **BE APPROVED** as set out in the following budget tables:-
 - 1.1 Table A1 Budget Summary
 - 1.2 Table A2 Budgeted Financial Performance by Standard Classification
 - 1.3 Table A3 Budgeted Financial Performance by Vote
 - 1.4 Table A4 Budgeted Financial Performance – Revenue by Source and Expenditure by type
 - 1.5 Table A5 Budgeted Capital
 - 1.6 Table A6 Budgeted Financial Position
 - 1.7 Table A7 Budgeted Cash Flows
 - 1.8 Table A8 Budgeted Backed Reserves and Accumulated Surplus Reconciliation
 - 1.9 Table A9 Asset management
 - 1.10 Table A10 Basic Service Delivery Measurement
- b. That the list of revised capital projects **BE APPROVED.**
- c. That the funding plan **BE NOTED.**
- d. That the 2nd Adjustment Budget **BE APPROVED.**

6. EXECUTIVE SUMMARY

The revenue of the municipality continues to be under pressure due to various factors; which include the culture on non-payment by debtors; the slow economic growth rate; unemployment rate which was also exacerbated by the pandemic and high salary bill. The municipality has recently reviewed its revenue raising strategies and these have been approved by council. The progress on implementation of the revenue enhancement strategy is being

reported on a quarterly basis. Below is a high-level summary of the adjustment budget. The operating revenue has been adjusted upwards from R240m to R250m excluding capital transfers and this is largely due to slight improvement in prepaid fees revenue and interest on investments. The operating expenditure has been adjusted upwards from R305m to R309m; the material adjustment in expenditure is mainly due to the escalating Eskom interest.

EC124 Amahlathi - Table B1 Adjustments Budget Summary -												
Description	Budget Year 2023/24									Budget Year +1	Budget Year +2	
										2024/25	2025/26	
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H			
Financial Performance												
Property rates	24 424	24 424	–	–	–	–	–	–	24 424	25 621	26 825	
Service charges	53 994	53 994	–	–	–	–	4 020	4 020	58 014	60 857	63 717	
Investment revenue	1 158	1 158	–	–	–	–	2 552	2 552	3 710	3 892	4 075	
Transfers recognised - operational	138 420	138 420	–	–	–	–	(110)	(110)	138 309	142 614	136 784	
Other own revenue	22 453	22 453	–	–	–	–	3 167	3 167	25 620	26 875	28 138	
Total Revenue (excluding capital transfers and contributions)	240 449	240 449	–	–	–	–	9 629	9 629	250 078	259 859	259 540	
Employee costs	134 985	134 985	–	–	–	–	0	0	134 985	131 926	131 926	
Remuneration of councillors	14 329	14 329	–	–	–	–	–	–	14 329	14 329	14 329	
Depreciation & asset impairment	26 000	26 000	–	–	–	–	–	–	26 000	26 000	26 000	
Finance charges	4 500	4 500	–	–	–	–	9 655	9 655	14 155	10 355	5 372	
Inventory consumed and bulk purchases	51 680	51 680	–	–	–	–	–	–	51 680	54 212	56 760	
Transfers and grants	–	–	–	–	–	–	–	–	–	–	–	
Other expenditure	74 045	74 295	–	–	–	–	(5 802)	(5 802)	68 493	70 122	70 674	
Total Expenditure	305 538	305 788	–	–	–	–	3 853	3 853	309 641	306 945	305 061	
Surplus/(Deficit)	(65 089)	(65 339)	–	–	–	–	5 776	5 776	(59 563)	(47 086)	(45 521)	
Transfers and subsidies - capital (monetary)	31 327	36 027	–	–	–	–	25 942	25 942	61 970	43 615	46 460	
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–	–	
Surplus/(Deficit) after capital transfers & contributions	(33 762)	(29 312)	–	–	–	–	31 718	31 718	2 407	(3 471)	938	
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–	
Surplus/ (Deficit) for the year	(33 762)	(29 312)	–	–	–	–	31 718	31 718	2 407	(3 471)	938	
Capital expenditure & funds sources												
Capital expenditure	33 877	40 427	–	–	–	–	25 223	25 223	65 650	44 509	46 460	
Transfers recognised - capital	31 327	36 027	–	–	–	–	25 942	25 942	61 970	44 509	46 460	
Borrowing	–	–	–	–	–	–	–	–	–	–	–	
Internally generated funds	2 550	4 400	–	–	–	–	(720)	(720)	3 680	–	–	
Total sources of capital funds	33 877	40 427	–	–	–	–	25 223	25 223	65 650	44 509	46 460	
Financial position												
Total current assets	67 111	66 663	–	–	–	–	14 866	14 866	81 529	75 440	81 819	
Total non current assets	415 496	422 046	–	–	–	–	32 927	32 927	454 973	454 153	476 550	
Total current liabilities	201 604	207 955	–	–	–	–	52 563	52 563	260 519	253 858	265 131	
Total non current liabilities	38 904	38 904	–	–	–	–	908	908	39 813	41 763	43 726	
Community wealth/Equity	242 099	241 849	–	–	–	–	(5 679)	(5 679)	236 171	233 972	249 512	
Cash flows												
Net cash from (used) operating	37 623	37 623	–	–	–	–	32 918	32 918	70 541	62 175	56 235	
Net cash from (used) investing	(38 959)	(40 427)	–	–	–	–	(35 070)	(35 070)	(75 497)	(51 186)	(53 429)	
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–	–	
Cash/cash equivalents at the year end	8 897	7 428	–	–	–	–	3 318	3 318	10 746	21 735	24 542	
Cash backing/surplus reconciliation												
Cash and investments available	8 897	7 428	–	–	–	–	3 318	3 318	10 746	21 735	24 542	
Application of cash and investments	140 994	147 794	–	–	–	–	44 867	44 867	192 660	192 773	199 901	
Balance - surplus (shortfall)	(132 097)	(140 366)	–	–	–	–	(41 548)	(41 548)	(181 914)	(171 037)	(175 359)	
Asset Management												
Asset register summary (WDV)	415 150	421 700	–	–	–	–	33 274	33 274	454 973	454 153	476 550	
Depreciation	26 000	26 000	–	–	–	–	–	–	26 000	26 000	26 000	
Renewal and Upgrading of Existing Assets	–	–	–	–	–	–	173	173	173	11 000	12 500	
Repairs and Maintenance	5 675	5 675	–	–	–	–	(1 005)	(1 005)	4 670	4 916	5 062	
Free services												
Cost of Free Basic Services provided	5 000	5 000	–	–	–	–	(4 000)	(4 000)	1 000	1 049	1 098	
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–	–	
Households below minimum service level												
Water:	3	3	–	–	–	–	–	–	3	–	–	
Sanitation/sewerage:	2	2	–	–	–	–	–	–	2	–	–	
Energy:	5	5	–	–	–	–	–	–	5	–	–	
Refuse:	24	24	–	–	–	–	–	–	24	–	–	

7. OPERATING REVENUE FRAMEWORK

The municipality is implementing various revenue strategies which include, revenue enhancement strategy; financial recovery plan and debt incentive scheme with an objective to improve financial viability. In order, to meet the objective of the strategy a revenue enhancement committee monitors and evaluates the implementation of the strategy. The committee ensure that there is monitoring of the implementation of the revenue enhancement strategy and full implementation of the credit control policy and debt collection policy.

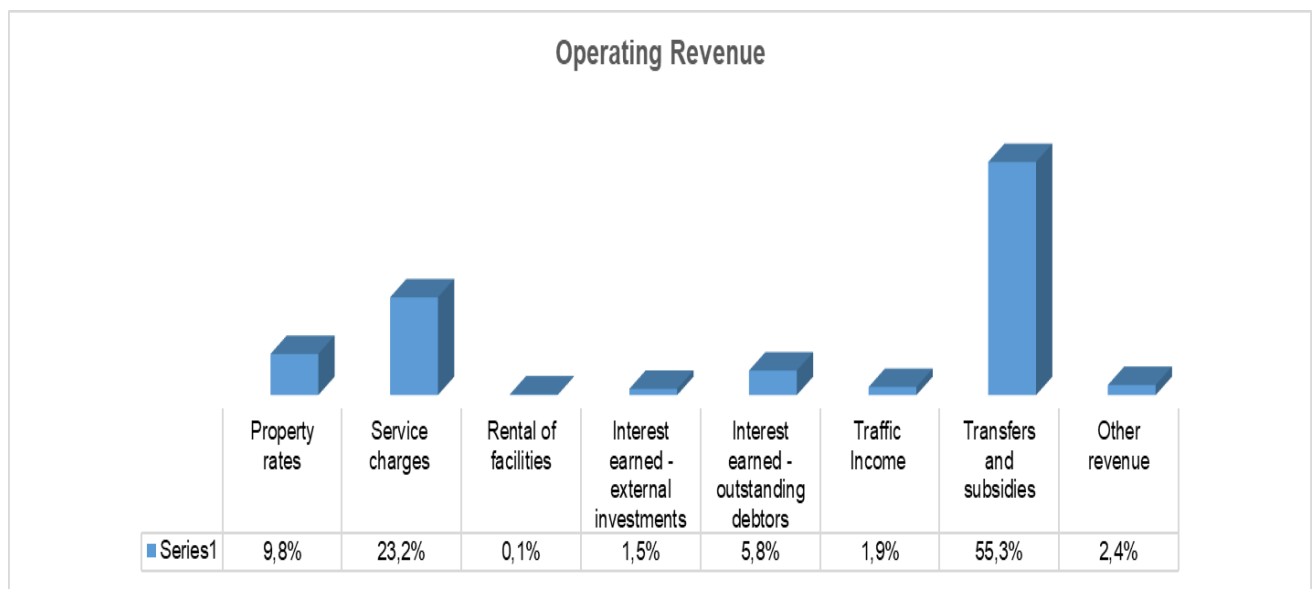
Below is the table reflecting the summary of revenue by source.

EC124 Amahlathi - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	4	5	6	7	8	9	10		
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Service charges - Electricity	2	41 674	41 674	-	-	-	-	3 634	3 634	45 307	47 527	49 761
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	12 320	12 320	-	-	-	-	387	387	12 707	13 330	13 956
Sale of Goods and Rendering of Services	2	5 634	5 634	-	-	-	-	207	207	5 841	6 127	6 415
Agency services		1 829	1 829	-	-	-	-	-	-	1 829	1 918	2 009
Interest		-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		5 531	5 531	-	-	-	-	1 807	1 807	7 338	7 698	8 060
Interest earned from Current and Non Current Assets		1 158	1 158	-	-	-	-	2 552	2 552	3 710	3 892	4 075
Dividends		-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		196	196	-	-	-	-	151	151	347	364	381
Licence and permits		2 252	2 252	-	-	-	-	671	671	2 922	3 066	3 210
Operational Revenue		667	667	-	-	-	-	(540)	(540)	127	133	139
Non-Exchange Revenue												
Property rates		24 424	24 424	-	-	-	-	-	-	24 424	25 621	26 825
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		27	27	-	-	-	-	-	-	27	29	30
Licences or permits		-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		138 420	138 420	-	-	-	-	(110)	(110)	138 309	142 614	136 784
Interest		6 318	6 318	-	-	-	-	871	871	7 189	7 541	7 895
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		240 449	240 449	-	-	-	-	9 629	9 629	250 078	259 859	259 540

- Service charges – Electricity has been adjusted upwards from R41.6 million to R45.3 million due to increased sales.
- Rental of facilities has been adjusted upwards from R196 thousand to R347 thousand and this is attributed to new lease agreements entered into.

- Interest on investments has been adjusted upwards from R1.1m to R3.7m and this is attributed to an improvement in revenue generated on interest earned.
- Licences and Permits have been adjusted upwards from R2.2m to R2.9m due to improvement in revenue collection.
- The capital transfers have been adjusted upwards from R36m to R61m to make provision for the Disaster Recovery Grant.

Operational grants constitute 55.3% of operating revenue; property rates and service charges 33% and other revenue 11.7%. This is an indication that the municipality is still heavily dependent on grants. Below is the graph depicting the split of total operating revenue.



7.1 OPERATING REVENUE BY FUNCTION

Below is the operating revenue by function.

EC124 Amahlathi - Table B2 Adjustments Budget Financial Performance (functional classification) -												
Standard Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Functional												
Governance and administration		167 607	167 607	-	-	-	-	3 472	3 472	171 079	179 520	175 435
Executive and council		139 976	139 976	-	-	-	-	2 681	2 681	142 657	150 366	144 914
Finance and administration		27 631	27 631	-	-	-	-	792	792	28 423	29 154	30 521
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		6 434	6 434	-	-	-	-	48	48	6 481	5 540	5 801
Community and social services		1 380	1 380	-	-	-	-	48	48	1 428	239	250
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		5 001	5 001	-	-	-	-	-	-	5 001	5 246	5 493
Housing		53	53	-	-	-	-	-	-	53	55	58
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		38 716	43 416	-	-	-	-	24 136	24 136	67 552	39 850	41 524
Planning and development		32 993	37 693	-	-	-	-	23 349	23 349	61 042	34 395	35 813
Road transport		5 512	5 512	-	-	-	-	671	671	6 182	5 111	5 351
Environmental protection		212	212	-	-	-	-	117	117	328	344	361
Trading services		59 019	59 019	-	-	-	-	7 915	7 915	66 934	78 564	83 240
Energy sources		41 674	41 674	-	-	-	-	3 634	3 634	45 307	58 527	62 261
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		17 346	17 346	-	-	-	-	4 282	4 282	21 627	20 037	20 979
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	271 776	276 476	-	-	-	-	35 571	35 571	312 047	303 474	306 000
Expenditure - Functional												
Governance and administration		140 732	140 982	-	-	-	-	7 109	7 109	148 091	142 626	137 864
Executive and council		76 545	76 795	-	-	-	-	9 010	9 010	85 805	82 291	77 729
Finance and administration		62 599	62 599	-	-	-	-	(1 984)	(1 984)	60 615	58 688	58 482
Internal audit		1 588	1 588	-	-	-	-	83	83	1 671	1 647	1 653
Community and public safety		13 946	13 946	-	-	-	-	(106)	(106)	13 840	13 739	13 792
Community and social services		8 077	8 077	-	-	-	-	(215)	(215)	7 862	7 892	7 926
Sport and recreation		2 580	2 580	-	-	-	-	(335)	(335)	2 245	2 251	2 258
Public safety		3 288	3 288	-	-	-	-	292	292	3 580	3 593	3 607
Housing		-	-	-	-	-	-	152	152	152	2	2
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		80 061	80 061	-	-	-	-	(5 480)	(5 480)	74 581	74 776	74 914
Planning and development		11 024	11 024	-	-	-	-	(1 615)	(1 615)	9 410	9 374	9 380
Road transport		69 022	69 022	-	-	-	-	(4 300)	(4 300)	64 722	64 930	65 039
Environmental protection		15	15	-	-	-	-	435	435	450	472	494
Trading services		70 799	70 799	-	-	-	-	2 330	2 330	73 129	75 804	78 492
Energy sources		59 364	59 364	-	-	-	-	263	263	59 627	62 273	64 935
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		11 436	11 436	-	-	-	-	2 067	2 067	13 503	13 531	13 556
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	305 538	305 788	-	-	-	-	3 853	3 853	309 641	306 945	305 061
Surplus/ (Deficit) for the year		(33 762)	(29 312)	-	-	-	-	31 718	31 718	2 407	(3 471)	938

The table below depicts the grants to be received by the Municipality during 2023/24 financial year.

7.2 Grants and subsidies

EC124 Amahlathi - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -										
Description	Ref	Budget Year 2023/24							Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F		
R thousands		A	A1	B	C	D	E	F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		136 692	136 692	-	-	(110)	(110)	136 582	142 614	136 784
Local Government Equitable Share		131 533	131 533				-	131 533	138 697	132 697
Finance Management		2 200	2 200				-	2 200	2 200	2 300
Municipal Systems Improvement		-	-				-	-	-	-
EPWP Incentive		1 310	1 310				-	1 310	-	-
PMU 5%		1 649	1 649			(110)	(110)	1 539	1 717	1 787
Disaster Relief Grant		-	-				-	-	-	-
Other transfers and grants [insert description]		-	-				-	-	-	-
Provincial Government:		1 728	1 728	-	-	-	-	1 728	-	-
Sport and Recreation		1 200	1 200				-	1 200	-	-
LED Promotions		-	-				-	-	-	-
Waste Grant 2m		-	-				-	-	-	-
Waste Grant 770k		-	-				-	-	-	-
Capacity		-	-				-	-	-	-
Recycling		-	-				-	-	-	-
Vuna Awards		-	-				-	-	-	-
Seta		528	528				-	528	-	-
Waste Grant 6m		-	-				-	-	-	-
Donation	4	-	-				-	-	-	-
Other transfers and grants [insert description]	5	-	-				-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	6	138 420	138 420	-	-	(110)	(110)	138 309	142 614	136 784
Capital Transfers and Grants										
National Government:		31 327	36 027	-	-	23 416	23 416	59 444	43 615	46 460
Municipal Infrastructure Grant (MIG)		31 327	31 327			(2 096)	(2 096)	29 232	32 615	33 960
INEP Grant		-	-				-	-	11 000	12 500
Disaster Grant		-	4 700			25 512	25 512	30 212	-	-
							-	-		
Other capital transfers [insert description]							-	-		
Provincial Government:		-	-	-	-	2 526	2 526	2 526	-	-
Waste Grant R6m						2 526	2 526	2 526		
							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Capital Transfers and Grants	6	31 327	36 027	-	-	25 942	25 942	61 970	43 615	46 460
TOTAL RECEIPTS OF TRANSFERS & GRANTS		169 747	174 447	-	-	25 832	25 832	200 279	186 229	183 244

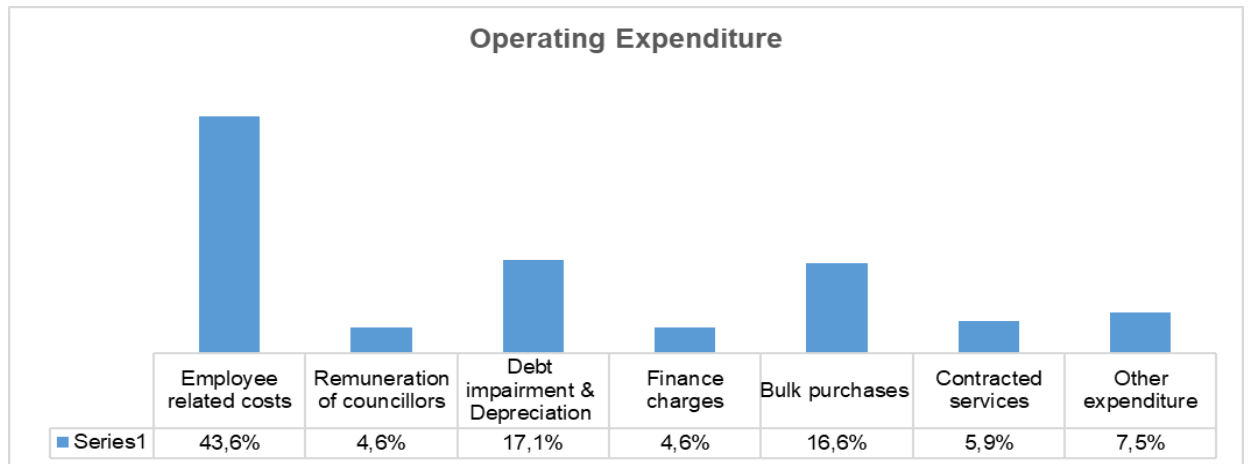
8. OPERATING EXPENDITURE FRAMEWORK

The table below depicts the high-level summary of the 2nd adjustment budget classified per main type.

EC124 Amahlathi - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	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		134 985	134 985	–	–	–	–	0	0	134 985	131 926	131 926
Remuneration of councillors		14 329	14 329	–	–	–	–	–	–	14 329	14 329	14 329
Bulk purchases - electricity		51 433	51 433	–	–	–	–	–	–	51 433	53 953	56 489
Inventory consumed		247	247	–	–	–	–	–	–	247	259	271
Debt impairment		27 000	27 000	–	–	–	–	–	–	27 000	27 000	27 000
Depreciation and amortisation		26 000	26 000	–	–	–	–	–	–	26 000	26 000	26 000
Interest		4 500	4 500	–	–	–	–	9 655	9 655	14 155	10 355	5 372
Contracted services		18 230	18 440	–	–	–	–	(84)	(84)	18 356	19 228	19 540
Transfers and subsidies		–	–	–	–	–	–	–	–	–	–	–
Irrecoverable debts written off		–	–	–	–	–	–	–	–	–	–	–
Operational costs		28 815	28 855	–	–	–	–	(5 718)	(5 718)	23 137	23 894	24 135
Losses on disposal of Assets		–	–	–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		305 538	305 788	–	–	–	–	3 853	3 853	309 641	306 945	305 061
Surplus/(Deficit)		(65 089)	(65 339)	–	–	–	–	5 776	5 776	(59 563)	(47 086)	(45 521)
Transfers and subsidies - capital (monetary allocations)		31 327	36 027	–	–	–	–	25 942	25 942	61 970	43 615	46 460
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(33 762)	(29 312)	–	–	–	–	31 718	31 718	2 407	(3 471)	938
Income Tax		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		(33 762)	(29 312)	–	–	–	–	31 718	31 718	2 407	(3 471)	938
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(33 762)	(29 312)	–	–	–	–	31 718	31 718	2 407	(3 471)	938
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year		(33 762)	(29 312)	–	–	–	–	31 718	31 718	2 407	(3 471)	938

- Finance Charges have been adjusted upwards from R4.5m to R14.1m and this is attributed to the Eskom interest.
- Contracted Services have been adjusted downwards from R18.4m to R18.3m.
- Other Expenditure have been adjusted downwards from R28.8m to R23.1m.
- The new projects that have been included as part of expenditure included the Mayors Cup for R350 thousand and Lampsring visit for R80 thousand.

Employee costs constitute 43.6% of operational expenditure; non-cash items constitute 17.1%; Bulk Purchases 16.6% and these are the expenditure items with bigger percentage share in operating expenditure. Below is the graph depicting the split of total operating expenditure.



9. CAPITALEXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote.

EC124 Amahlathi - Table B5 Adjustments Capital Expenditure Budget by vote and funding -												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Capital Expenditure - Functional												
Governance and administration		900	1 400	-	-	-	-	209	209	1 609	-	-
Executive and council		750	750					2	2	752	-	-
Finance and administration		150	650					207	207	857	-	-
Internal audit		-	-					-	-	-	-	-
Community and public safety		-	1 000	-	-	-	-	(400)	(400)	600	-	-
Community and social services		-	1 000					(400)	(400)	600	-	-
Sport and recreation		-	-					-	-	-	-	-
Public safety		-	-					-	-	-	-	-
Housing		-	-					-	-	-	-	-
Health		-	-					-	-	-	-	-
Economic and environmental services		31 427	36 477	-	-	-	-	24 212	24 212	60 690	33 509	33 960
Planning and development		31 377	36 077					24 358	24 358	60 436	33 509	33 960
Road transport		50	400					(146)	(146)	254	-	-
Environmental protection		-	-					-	-	-	-	-
Trading services		1 550	1 550	-	-	-	-	1 201	1 201	2 751	11 000	12 500
Energy sources		-	-					173	173	173	11 000	12 500
Water management		-	-					-	-	-	-	-
Waste water management		-	-					-	-	-	-	-
Waste management		1 550	1 550					1 028	1 028	2 578	-	-
Other		-	-					-	-	-	-	-
Total Capital Expenditure - Functional	3	33 877	40 427	-	-	-	-	25 223	25 223	65 650	44 509	46 460
Funded by:												
National Government		31 327	36 027					23 416	23 416	59 444	44 509	46 460
Provincial Government		-	-					2 526	2 526	2 526	-	-
District Municipality		-	-					-	-	-	-	-
Transfers and subsidies - capital (in-kind)		-	-					-	-	-	-	-
Transfers recognised - capital	4	31 327	36 027	-	-	-	-	25 942	25 942	61 970	44 509	46 460
Borrowing		-	-					-	-	-	-	-
Internally generated funds		2 550	4 400					(720)	(720)	3 680	-	-
Total Capital Funding		33 877	40 427	-	-	-	-	25 223	25 223	65 650	44 509	46 460

9.1 ADJUSTED CAPITAL PROJECTS

PROJECT	FUNDING	ORIGINAL BUDGET	1ST ADJUSTMENT	2ND ADJUSTMENT
Frankfort Internal Roads	MIG Funding	2 500 000	2 500 000	2 700 000
Izidenge Internal Roads	MIG Funding	500 000	500 000	376 974
KKH Paving	MIG Funding	244 758	244 758	
KKH recreation Centre	MIG Funding	10 351 000	10 351 000	7 938 005
Langdraai Community Hall	MIG Funding	500 000	500 000	157 710
Lower Kologha Internal Roads	MIG Funding	1 557 492	1 557 492	-
Mbaxa Community Hall	MIG Funding	2 000 000	2 000 000	3 959 377
Mlungisi Sportfield	MIG Funding	1 000 000	1 000 000	239 189
Nqenge Internal Roads	MIG Funding	-	-	149 431
Paving of Xholorha Internal Roads	MIG Funding	-	-	765 484
Phumlani Community Hall	MIG Funding	500 000	500 000	267 748
Stutterheim Recreation Centre	MIG Funding	11 550 000	11 550 000	11 593 626
Surfacing of Cathcart Street	MIG Funding	623 950	623 950	1 083 956
Total MIG Project		31 327 200	31 327 200	29 231 500
Toise Road and Storm water Project	Disaster Grant	-	1 250 000	1 250 000
Forestway Project	Disaster Grant	-	3 450 000	3 450 000
Mandlakapheli Village roads, Langdraai Village Road and Culvert from upper to Ematyotyombeni in Cathcart	Disaster Grant	-	-	4 750 000
Sutterheim - Landfill Site Road	Disaster Grant	-	-	1 250 000
Upper & Lower Ngqumeya road and Tshoxa road in Keiskammahoek	Disaster Grant	-	-	4 550 000
Kubusie road from area 5 to Mahanjane] & Ohlson farm road in Stutterheim	Disaster Grant	-	-	6 900 000
Bridge between Rhawini and Bongweni	Disaster Grant	-	-	1 200 000
Amabele Roads, Stanhope Road, Jersey vale Roads & Gasela Road in Stutterheim	Disaster Grant	-	-	3 000 000
Mlungisi township roads (old location, Mbulelo Nondo & Mpelazwe) in Stutterheim	Disaster Grant	-	-	3 862 000
Total Disaster Grant Project		-	4 700 000	30 212 000
Landfill Site	Waste Grant	-	-	2 526 108
		-	-	2 526 108
Buildings	Own Funding	1 000 000	1 000 000	600 000
Computer Equipment	Own Funding	350 000	350 000	910 000
Furniture & Office Equipment	Own Funding	500 000	500 000	500 000
Mayor's Vehicles	Own Funding	700 000	700 000	557 301
Vehicle/Plant	Own Funding	-	350 000	-
Front End Loader	Own Funding	1 500 000	1 500 000	-
Upgrade Cathcart Substation	Own Funding	-	-	173 040
Lower Kologha Internal Roads				940 000
Total Own Funded Project		4 050 000	4 400 000	3 680 341
				65 649 949

9.2 REPAIRS AND MAINTENANCE

The repairs and maintenance have been adjusted slightly downwards from R5,6m to R4,6m. The material adjustment relates to maintenance of buildings.

EC124 Amahlathi - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class -												
Description	Ref	Budget Year 2023/24									Budget Year +1 2024/25	Budget Year +2 2025/26
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
R thousands												
Repairs and maintenance expenditure by Asset Class/Sub-class												
Infrastructure		1 750	1 750	-	-	-	-	(350)	(350)	1 400	1 469	1 538
Roads Infrastructure		1 000	1 000	-	-	-	-	(300)	(300)	700	734	769
Roads		1 000	1 000					(300)	(300)	700	734	769
Road Structures										-		
Road Furniture										-		
Capital Spares										-		
Storm water Infrastructure		100	100	-	-	-	-	(50)	(50)	50	52	55
Drainage Collection		100	100					(50)	(50)	50	52	55
Storm water Conveyance										-		
Attenuation										-		
Electrical Infrastructure		650	650	-	-	-	-	-	-	650	682	714
Power Plants		150	150					-	-	150	157	165
HV Substations										-		
HV Switching Station										-		
HV Transmission Conductors		500	500					-	-	500	525	549
MV Substations										-		
MV Switching Stations										-		
MV Networks										-		
LV Networks										-		
Capital Spares										-		
Community Assets		50	50	-	-	-	-	(50)	(50)	-	-	-
Community Facilities		50	50	-	-	-	-	(50)	(50)	-	-	-
Halls										-		
Libraries										-		
Cemeteries/Crematoria		50	50					(50)	(50)	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Indoor Facilities										-		
Outdoor Facilities										-		
Capital Spares										-		
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Improved Property										-		
Unimproved Property										-		
Non-revenue Generating		-	-	-	-	-	-	-	-	-	-	-
Improved Property										-		
Unimproved Property										-		
Other assets		1 100	1 100	-	-	-	-	(550)	(550)	550	577	604
Operational Buildings		1 000	1 000	-	-	-	-	(500)	(500)	500	525	549
Municipal Offices		1 000	1 000					(500)	(500)	500	525	549
Pay/Enquiry Points										-		
Housing		100	100	-	-	-	-	(50)	(50)	50	52	55
Staff Housing										-		
Social Housing										-		
Capital Spares		100	100					(50)	(50)	50	52	55
Transport Assets		2 775	2 775	-	-	-	-	(55)	(55)	2 720	2 870	2 920
Transport Assets		2 775	2 775					(55)	(55)	2 720	2 870	2 920
Land		-	-	-	-	-	-	-	-	-	-	-
Land										-		
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										-		
Total Repairs and Maintenance	1	5 675	5 675	-	-	-	-	(1 005)	(1 005)	4 670	4 916	5 062

10. QUALITY CERTIFICATE

I Dr. Z Shasha, Municipal Manager of Amahlathi Local Municipality hereby certify that the 2nd adjustment budget and supporting documentation have been prepared in accordance with Municipal Finance Management Act and regulations made under that Act, and that the 2nd adjustment budget and supporting documentation are consistent with the integrated development plan of the municipality.

Print Name: Dr. Z Shasha

Municipal Manager of: Amahlathi Municipality

Demarcation Code: EC124

Signature:_____

Date: 20 FEBRUARY 2024