



1819 SCHEDULE B

201819 BUDGET ADJUSTMENTS

Budget & Reporting
Budget & Treasury Office
1819 SCHEDULE B

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Glossary

Adjustments budget – Prescribed in section 28 of the MFMA.

The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by National to Provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations April 2009

MFMA – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget. In Harry Gwala District Municipality means a directorate level.

PART 1 – ADJUSTMENTS BUDGET

1. Mayor’s Report

INTRODUCTION

The adjustment budget seeks to rectify issues identified in the mid-year assessment of the financial results as well as the inclusion of additional allocations. It is drafted in terms of section 28 of the MFMA and seeks to adhere to the stipulations of specifically section 28(2) of the MFMA.

BACKGROUND

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- i. To 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.
- ii. To authorise the utilisation of projected savings in one vote towards spending under another vote.
- iii. To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council.
- iv. To correct any errors in the annual budget.

In line with the MFMA, the 2018/19 approved Budget has now been adjusted. The adjustment has been mainly necessitated as a result of the following:

- To appropriate the reduction of revenues that have been deducted from the annual budget, but only to revise spending programmes already budgeted for
- The need to authorise the spending of unspent funds at the end of the 2017/2018 financial year.
- The Adjustments Budget reaffirms the Municipality’s commitment to achieve the service delivery targets and performance indicators as reflected in the approved service delivery and budget implementation plan.

The process of budget adjustment also allows us to assess the state of our finances, reflect on the current challenges and design therapeutic measures that will turn around the finances of Harry Gwala District Municipality.

Much attention is given to the department of Water Services operational efficiency with considerable emphasis on operations and maintenance cost control and Corporate Services which is the department that runs with the day to day operations of the municipality. While most departments have seen a decrease in their budgets, the Water services budget has seen an increase by R 12million and a decrease of R37million for depreciation due to the nature of the operations and repairs and maintenance undertaken under this department and depreciation, Infrastructure Services also shows an increase because of the capital projects that would not be capitalized were shifted to the operations budget.

In preparing the adjustment budget priority had to be given to Water Services Department by making budget available for the next five months, this is largely due to prioritization of repairs and maintenance of the aging water and sanitation infrastructure that is now degenerating putting more strain on the cash flow of the municipality.

2. Resolutions

It is recommended that the Harry Gwala District Municipal Council;

2.1 Approves the adjustments budget and consolidated adjustments budget for the financial year 2018/2019, as set-out in the schedules contained in Section 4, be approved:

2.2 Approves any adjustments permitted in terms of Section 28 (2) of the Act,

2.3 Approves the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget.

2.4 Notes the Provincial Treasury comments and their effect on the Adjustments budget

3. Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains viable and that the municipality services are provided sustainably, economically and equitably to all communities. The Adjustment budget is intended to address material variances that were highlighted in the mid-year budget and performance assessment report.

It is critical to note that this report s28 MFMA report has been prepared as informed by the Midyear Performance assessment report presented to Council in January 2019 in terms of s72 of the MFMA a report that was also submitted to the National and Provincial in terms of s72 (1) (b) MFMA.

The Parent Adjusted revenue has increased by R31, 1m (4%) from R751, 4m to R782, 6m. This upward adjustment is mainly due to following major contributing factors;

- | | |
|---|----------|
| • Service charges - water revenue | R 12, 6m |
| • Service charges - sanitation revenue | R 5, 4m |
| • Service Charges-Conservancy tanks | R 1,2m |
| • Municipal Infrastructure Grant Rollover | R 9, 8m |
| • Interest earned - external investments | R 2, 3m |

The Parent Adjusted operations budget is R455, 6m having increased by R53, 9million from the original budget of R401, 6million. The item below had the major movements

- Increase of R20, 7m employee related costs
- Increase of R165 310 Remuneration of Councilors
- An increase on contracted services mainly due to the reclassification R29, 7m from capital grants to the contracted services budget.
- An increase of R 3, 9m on other expenditure

To this end much attention is given to the department of Water Services and Corporate Services. While other departments have seen a decrease in their budgets, the corporate services budget has seen an increase above 43% due to the nature of the operations and Water Services for repairs and maintenance undertaken under this department. Water services department also hosts the largest percentage of the municipality's labour force.

The Parent capital budget has decreased from R349, 2million to R326, 9million. This is mainly attributable to the downward adjustment of the following grants;

- ✓ Municipal Infrastructure Grant Rollover R9, 8m
- ✓ Municipal Infrastructure Grant R20, 7m moved to operations budget
- ✓ Water Services Infrastructure Grant R 9, 8m moved to operations budget

A number of capital projects that would not be capitalized were shifted to the operations budget. A number of capital projects totaling to R29, 7million.

Parent Adjustments Budget Tables

TABLE B 1 ADJUSTMENT BUDGET SUMMARY

Table B1 below provides a summary of the budget adjustment of the municipality and is unpacked in the sections that follow.

DC43 Harry Gwala - Table B1 Adjustments Budget Summary -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	+1 2019/20	+2 2020/21
	Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
	5	6	7	8			
R thousands	A	E	F	G	H		
Financial Performance							
Property rates	-	-	-	-	-	-	-
Service charges	63 466	-	19 375	19 375	82 841	63 180	67 476
Investment revenue	6 946	-	2 379	2 379	9 325	7 098	7 577
Transfers recognised - operational	321 592	-	29 772	29 772	351 364	353 324	383 130
Other own revenue	10 268	-	(428)	(428)	9 839	15 410	16 299
Total Revenue (excluding capital transfers and contributions)	402 271	-	51 097	51 097	453 369	439 011	474 482
Employee costs	162 678	-	18 711	18 711	181 389	173 212	187 069
Remuneration of councillors	6 848	-	165	165	7 013	7 396	7 987
Depreciation & asset impairment	41 276	-	(4 406)	(4 406)	36 871	44 567	47 018
Finance charges	3 954	-	-	-	3 954	4 356	1 668
Materials and bulk purchases	29 615	-	4 550	4 550	34 165	15 810	16 680
Transfers and grants	16 830	-	(2 830)	(2 830)	14 000	17 000	20 000
Other expenditure	140 493	-	37 772	37 772	178 265	181 242	192 959
Total Expenditure	401 695	-	53 963	53 963	455 658	443 583	473 381
Surplus/(Deficit)	576	-	(2 866)	(2 866)	(2 290)	(4 571)	1 101
Transfers recognised - capital	349 213	9 806	(29 772)	(19 966)	329 247	343 859	378 480
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	349 789	9 806	(32 638)	(22 832)	326 958	339 288	379 581
Surplus/ (Deficit) for the year	349 789	9 806	(32 638)	(22 832)	326 958	339 288	379 581
Capital expenditure & funds sources							
Capital expenditure	349 789	-	(22 889)	(22 889)	326 900	346 563	381 557
Transfers recognised - capital	341 982	9 806	(29 772)	(19 966)	322 016	338 858	373 429
Internally generated funds	7 310	-	(2 246)	(2 246)	5 064	7 705	8 129
Total sources of capital funds	349 292	9 806	(32 018)	(22 212)	327 080	346 563	381 557
Financial position							
Total current assets	82 922	-	(23 436)	(23 436)	59 485	142 147	172 967
Total non current assets	2 435 873	-	(202 539)	(202 539)	2 233 334	2 736 976	3 070 645
Total current liabilities	212 563	(9 809)	(8 784)	(18 593)	193 970	173 852	168 983
Total non current liabilities	33 784	-	(4 237)	(4 237)	29 547	26 454	26 454
Community wealth/Equity	2 272 449	9 809	(212 954)	(203 145)	2 069 303	2 678 817	3 048 174

Table B1 Cont.....

DC43 Harry Gwala - Table B1 Adjustments Budget Summary -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	5 E	6 F	7 G	8 H		
Cash flows							
Net cash from (used) operating	376 436	(49 012)	(32 210)	(81 222)	295 214	380 166	402 779
Net cash from (used) investing	(341 982)	-	(22 392)	(22 392)	(364 374)	(338 858)	(373 429)
Net cash from (used) financing	(3 130)	-	-	-	(3 130)	(3 471)	(3 848)
Cash/cash equivalents at the year end	38 718	(49 012)	34 966	(14 046)	24 672	76 556	102 058
Cash backing/surplus reconciliation							
Cash and investments available	38 718	-	(14 046)	(14 046)	24 672	76 556	102 058
Application of cash and investments	156 630	(9 809)	(7 627)	(17 436)	139 194	119 533	104 178
Balance - surplus (shortfall)	(117 912)	9 809	(6 419)	3 390	(114 522)	(42 977)	(2 120)
Asset Management							
Asset register summary (WDV)	1 408 247	-	(22 889)	(22 889)	1 385 358	-	-
Depreciation & asset impairment	41 276	-	(4 406)	(4 406)	36 871	40 982	44 392
Renewal of Existing Assets	267 632	-	(21 718)	(21 718)	245 914	22 136	23 907
Repairs and Maintenance	26 345	-	6 225	6 225	32 570	93 164	99 254
Free services							
Cost of Free Basic Services provided	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	6 561	7 085
Households below minimum service level							
Water:	129	-	-	-	129	131	142
Sanitation/sewerage:	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-

TABLE B2 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

Schedule B2 is the Expenditure by standard classification presents the adjustment expenditures by the departments.

DC43 Harry Gwala - Table B2 Adjustments Budget Financial Performance (functional classification) -

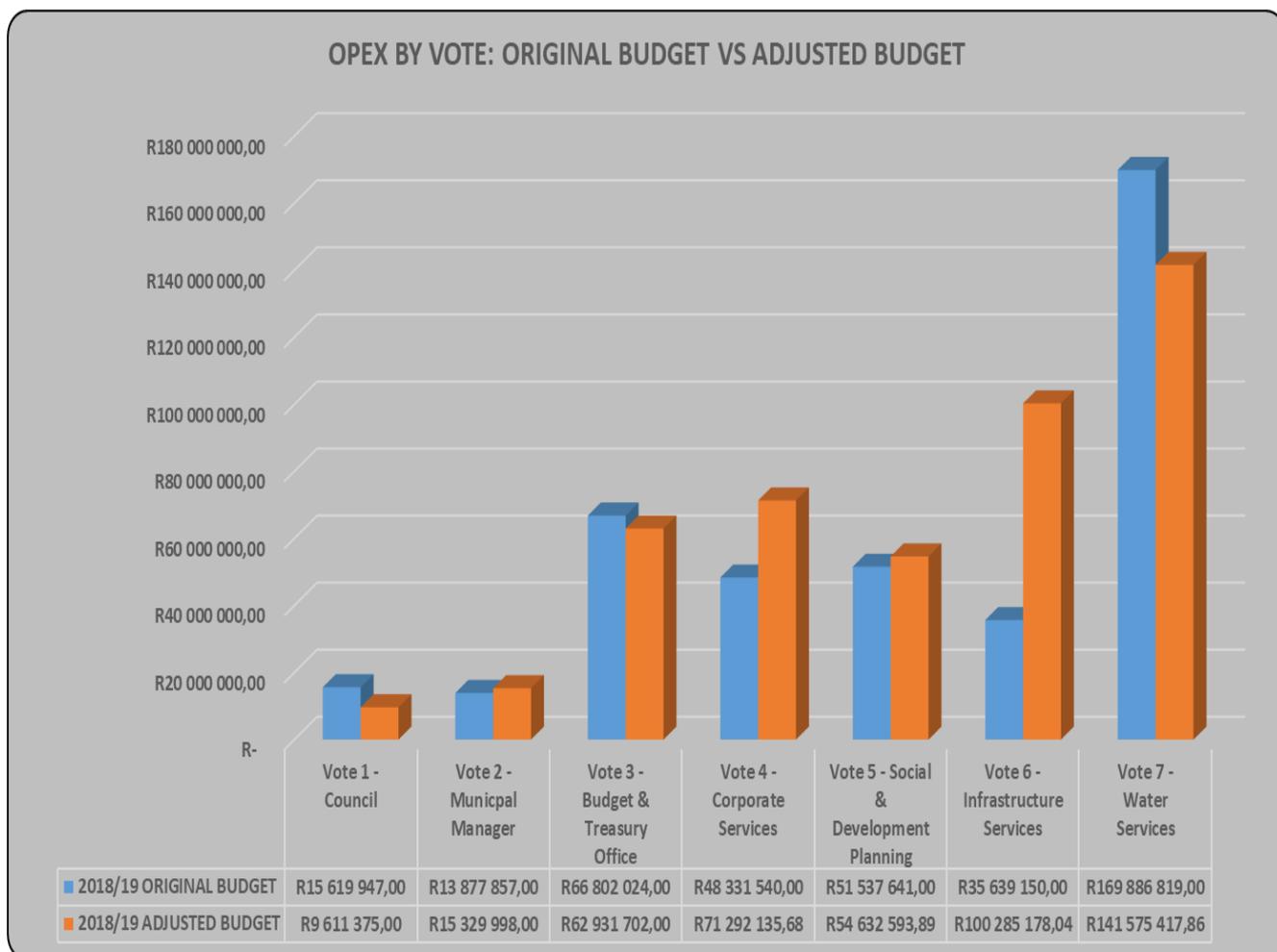
Standard Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Revenue - Functional							
Governance and administration	399 753	-	7 489	7 489	407 243	357 861	388 342
Executive and council	-	-	-	-	-	-	-
Finance and administration	399 753	-	7 489	7 489	407 243	357 861	388 342
Internal audit	-	-	-	-	-	-	-
Economic and environmental services	-	-	-	-	-	351 717	386 425
Planning and development	-	-	-	-	-	351 717	386 425
Trading services	351 731	9 806	13 836	23 642	375 373	73 292	78 195
Energy sources	-	-	-	-	-	-	-
Water management	351 731	9 806	-	9 806	361 537	73 292	78 195
Waste water management	-	-	13 836	13 836	13 836	-	-
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenue - Functional	751 484	9 806	21 326	31 132	782 616	782 870	852 962
Expenditure - Functional							
Governance and administration	190 758	-	14 534	14 534	205 292	176 856	188 603
Executive and council	24 926	-	(4 556)	(4 556)	20 370	31 536	33 733
Finance and administration	161 261	-	19 090	19 090	180 351	145 320	154 870
Internal audit	4 571	-	-	-	4 571	-	-
Community and public safety	9 270	-	-	-	9 270	-	-
Community and social services	9 270	-	-	-	9 270	-	-
Economic and environmental services	70 057	-	3 095	3 095	73 152	55 586	59 750
Planning and development	70 057	-	3 095	3 095	73 152	55 586	59 750
Trading services	131 610	-	36 335	36 335	167 944	211 140	225 028
Energy sources	7 850	-	7 181	7 181	15 031	-	-
Water management	122 256	-	57 465	57 465	179 721	185 230	197 300
Waste water management	1 504	-	(28 311)	(28 311)	(26 808)	25 911	27 728
Total Expenditure - Functional	401 695	-	53 963	53 963	455 658	443 583	473 381
Surplus/ (Deficit) for the year	349 789	9 806	(32 638)	(22 832)	326 958	339 288	379 581

The revenue of the municipality has increased by 4% from R751million originally approved budget to R782, 6million. The water management has seen the biggest increase in revenue due to the increase in service charges water and sanitation of R14 million.

Operational expenditure has increased by 13% to R455, 7million. This increase is largely attributed to the Corporate Services which is responsible for the security of the municipality

and the fleet followed by water services department which is responsible from the water and sanitation provision. The infrastructure department has also contributed to this increase by the transfer of the capital projects from the capital budget to the operations budget.

Chart 1: Adjusted Operation Budget by Standard Classification



Some major differences above are caused by the cash flow constraint facing the municipality as a result of the limited revenue, while most departments have seen a decrease in their budgets, the Corporate Services budget has seen an increase above 43% due to the nature of the operations of the municipality and water services due to nature of the operations and repairs and maintenance undertaken under water services department. This department also hosts the largest percentage of the municipality’s labour force. On the chart above it shows that water services budget decreased, the reason for the decrease is the depreciation of R 37million moved to infrastructure but other line items increased.

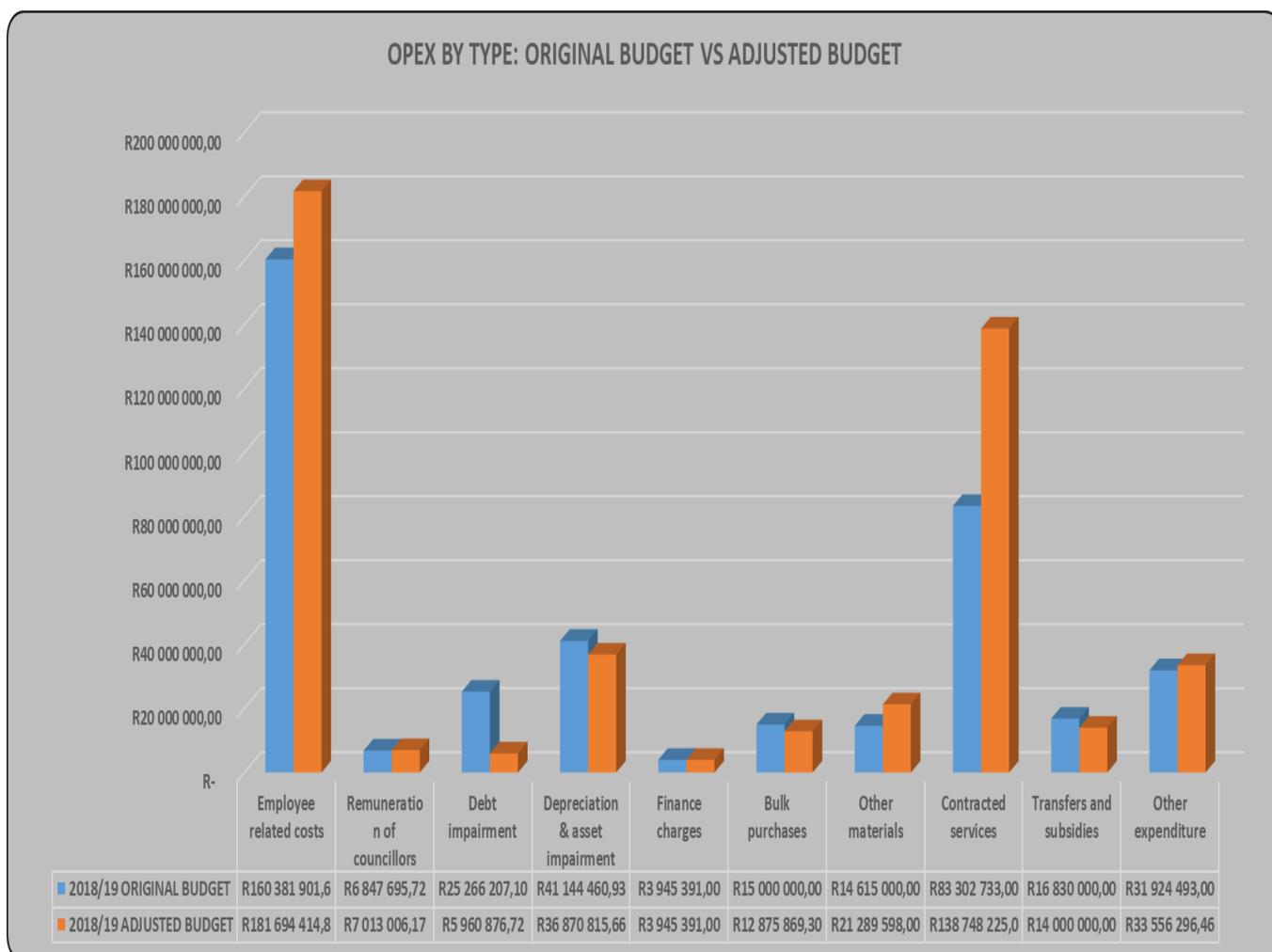
TABLE B3 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

Table B3 presents the same information as the table above, the difference being that it's by Municipal vote.

DC43 Harry Gwala - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description <i>[Insert departmental structure etc]</i>	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Revenue by Vote							
Vote 01 - Summary Council	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	336 288	-	7 489	7 489	343 777	357 861	388 342
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	500	400
Vote 06 - Summary Infrastructure Services	351 731	9 806	-	9 806	361 537	351 217	386 025
Vote 07 - Summary Water Services	63 466	-	13 836	13 836	77 302	73 292	78 195
Total Revenue by Vote	751 484	9 806	21 326	31 132	782 616	782 870	852 962
Expenditure by Vote							
Vote 01 - Summary Council	15 620	-	(6 009)	(6 009)	9 611	16 641	17 742
Vote 02 - Summary Municipal Manager	13 878	-	1 452	1 452	15 330	14 895	15 991
Vote 03 - Summary Budget And Treasury Office	66 802	-	(3 870)	(3 870)	62 932	80 483	82 977
Vote 04 - Summary Corporate Services	48 332	-	22 961	22 961	71 292	64 837	71 893
Vote 05 - Summary Social Services & Development Planning	51 538	-	3 095	3 095	54 633	55 586	59 750
Vote 06 - Summary Infrastructure Services	35 639	-	64 646	64 646	100 285	25 911	27 728
Vote 07 - Summary Water Services	169 887	-	(28 311)	(28 311)	141 575	185 230	197 300
Total Expenditure by Vote	401 695	-	53 963	53 963	455 658	443 583	473 381
Surplus/ (Deficit) for the year	349 789	9 806	(32 638)	(22 832)	326 958	339 288	379 581

Chart 2: Adjustment budget financial performance



The graph above presents the adjustment budget expenditure by type.

Employee related costs have on the other hand increased by R18, 7million to R181, 6million in order to cater for the critical posts that are key in strengthening the workforce that drives service delivery.

The debt impairment decreased by R 19million because there is a no enough funds to accommodate non-cash items. Depreciation has been decreased by R4, 2m because there are no capital projects that will be capitalised in the 2018/2019 financial year.

The expenditure on Bulk Water has been decreased because the expenditure for the past 7 months was too low. The actual expenditure as at 31 January 2019 was at 72 per cent which is R6, 4million and therefore the projected budget is going to be enough for the next 5 months.

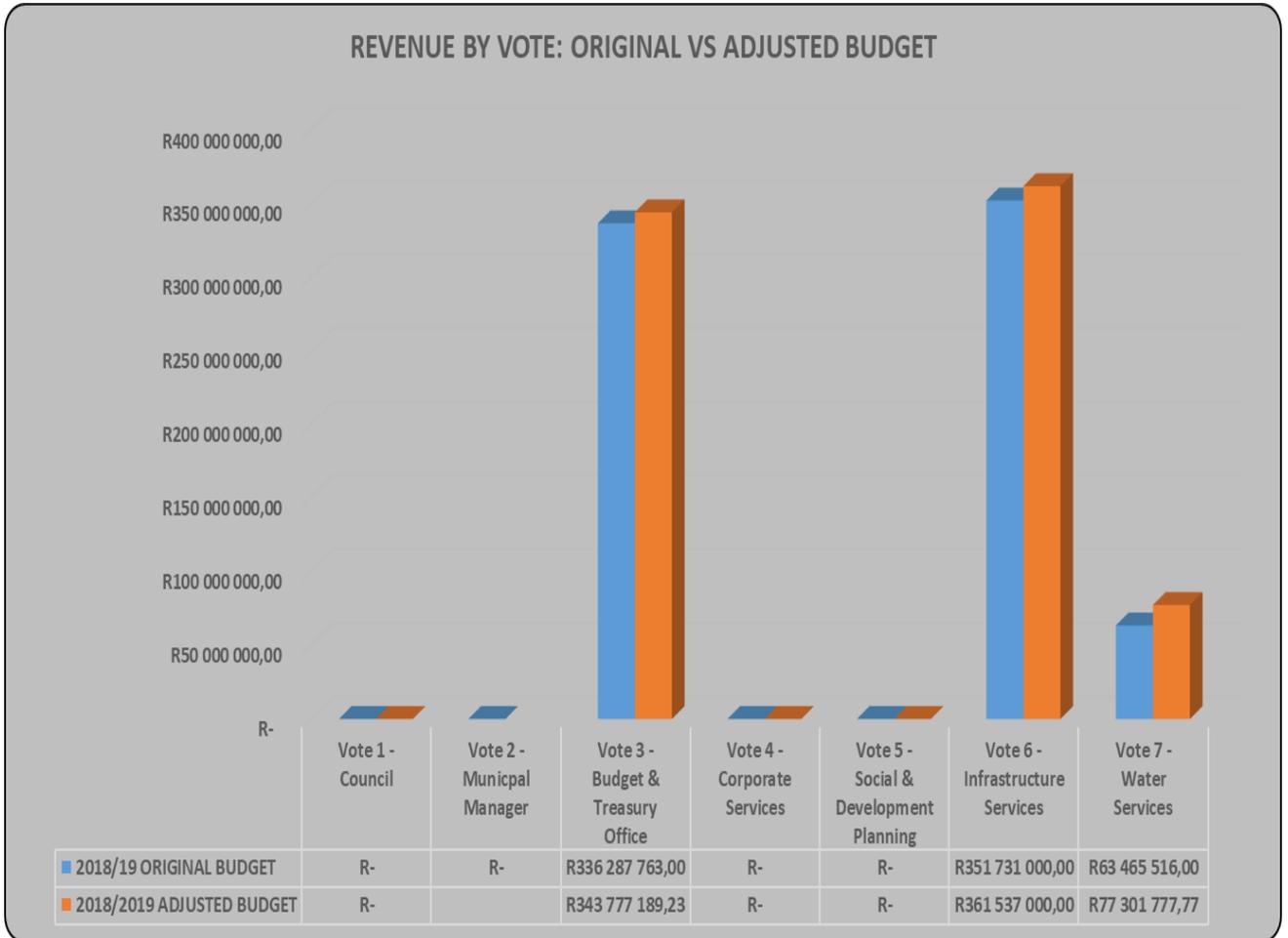
TABLE B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

This schedule provides information on the adjustment revenue by source and adjustment operational expenditures by type.

DC43 Harry Gwala - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

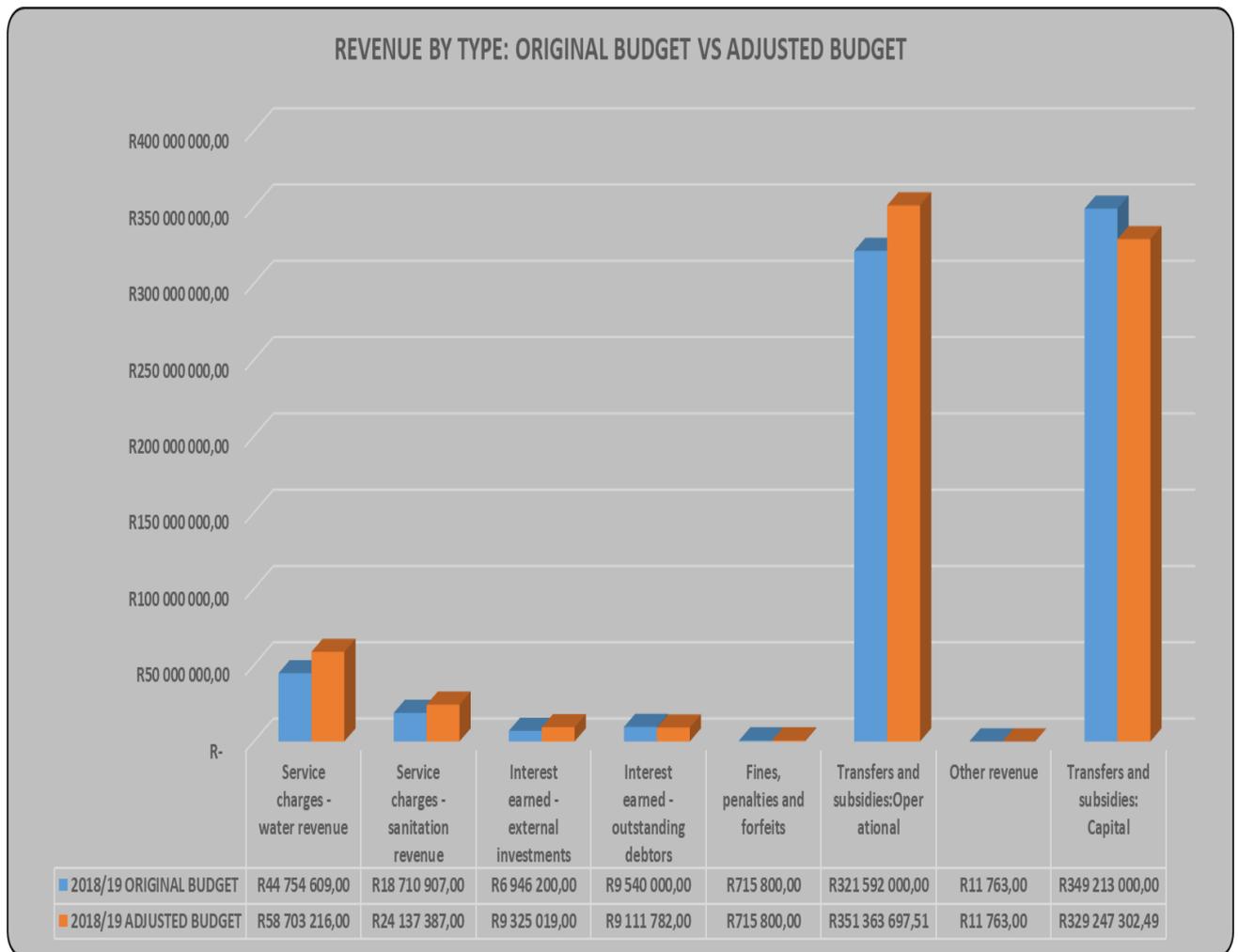
Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Revenue By Source							
Property rates	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-
Service charges - water revenue	44 755	-	13 949	13 949	58 703	44 226	47 233
Service charges - sanitation revenue	18 711	-	5 426	5 426	24 137	18 954	20 243
Interest earned - external investments	6 946	-	2 379	2 379	9 325	7 098	7 577
Interest earned - outstanding debtors	9 540	-	(428)	(428)	9 112	10 112	10 719
Dividends received	-	-	-	-	-	-	-
Fines, penalties and forfeits	716	-	-	-	716	-	-
Transfers and subsidies	321 592	-	29 772	29 772	351 364	353 324	383 130
Other revenue	12	-	-	-	12	5 297	5 580
Gains on disposal of PPE	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	402 271	-	51 097	51 097	453 369	439 011	474 482
Expenditure By Type							
Employee related costs	162 678	-	18 711	18 711	181 389	173 212	187 069
Remuneration of councillors	6 848	-	165	165	7 013	7 396	7 987
Debt impairment	25 266	-	(19 305)	(19 305)	5 961	38 136	40 729
Depreciation & asset impairment	41 276	-	(4 406)	(4 406)	36 871	44 567	47 018
Finance charges	3 954	-	-	-	3 954	4 356	1 668
Bulk purchases	15 000	-	(2 124)	(2 124)	12 876	15 810	16 680
Other materials	14 615	-	6 675	6 675	21 290	-	-
Contracted services	83 303	-	55 445	55 445	138 748	46 914	49 494
Transfers and subsidies	16 830	-	(2 830)	(2 830)	14 000	17 000	20 000
Other expenditure	31 924	-	1 632	1 632	33 556	96 193	102 737
Loss on disposal of PPE	-	-	-	-	-	-	-
Total Expenditure	401 695	-	53 963	53 963	455 658	443 583	473 381
Surplus/(Deficit)	576	-	(2 866)	(2 866)	(2 290)	(4 571)	1 101
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	349 213	9 806	(29 772)	(19 966)	329 247	343 859	378 480
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation	349 789	9 806	(32 638)	(22 832)	326 958	339 288	379 581
Surplus/(Deficit) after taxation	349 789	9 806	(32 638)	(22 832)	326 958	339 288	379 581
Surplus/(Deficit) attributable to municipality	349 789	9 806	(32 638)	(22 832)	326 958	339 288	379 581
Surplus/ (Deficit) for the year	349 789	9 806	(32 638)	(22 832)	326 958	339 288	379 581

Chart 3: Revenue by Vote



The above graph presents the adjustment budget by source

Chart 4: Revenue by Source



There is an upward adjustment for water and sanitation charges revenue. The original interest earned on external investments was R6, 9m it was adjusted upward to R9, 3m because the interest earned on external investments was under budgeted as the municipality is already earned R6, 4million which is more than 100% per cent in the past 7 months.

Other Revenue: There is not adjustment in the other revenue.

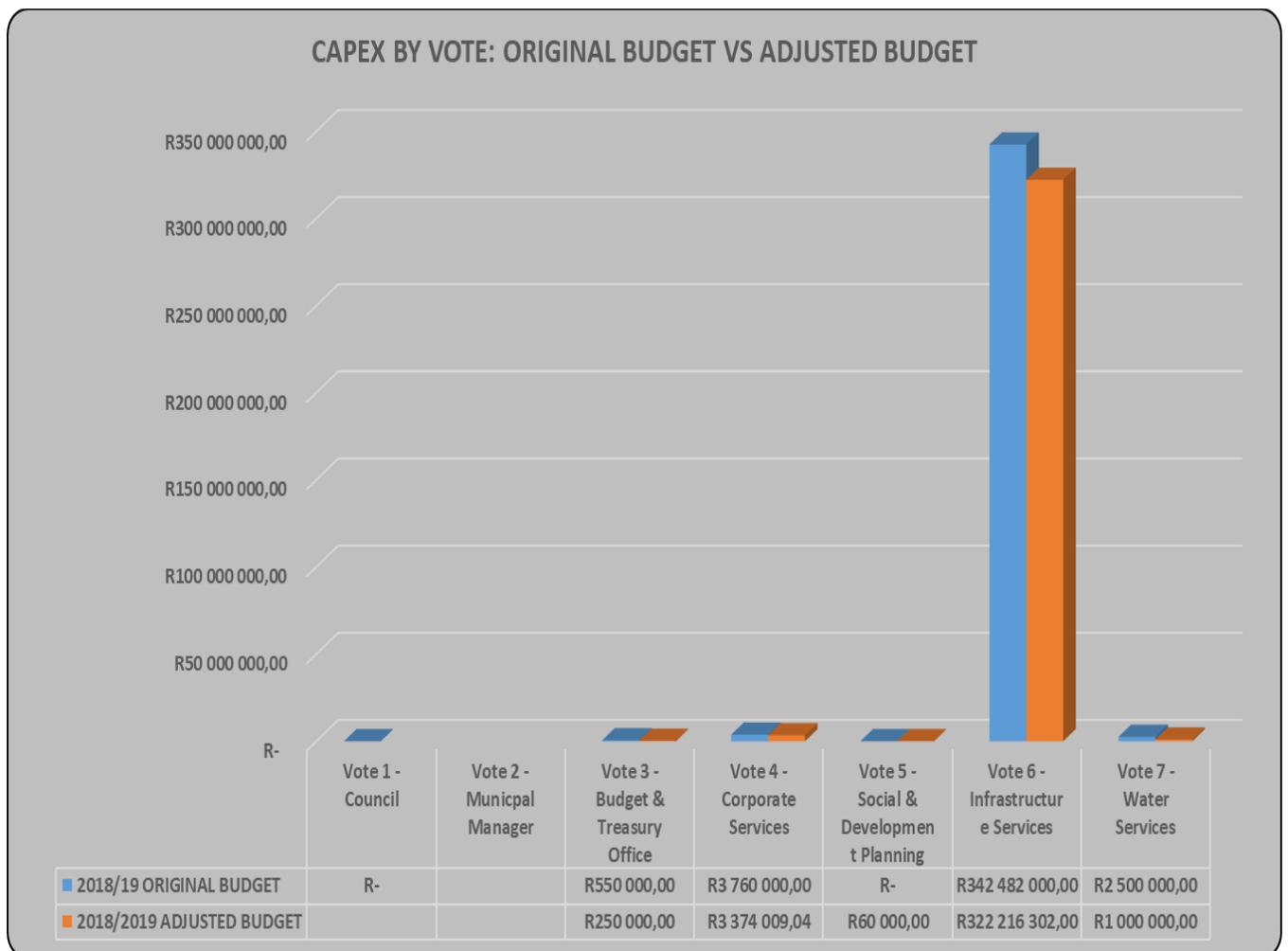
TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING

Schedule B5 below reports on the adjusted capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

DC43 Harry Gwala - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	9 E	10 F	11 G	12 H		
R thousands							
Capital expenditure - Vote							
Multi-year expenditure to be adjusted							
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	344 482	-	(21 466)	(21 466)	323 016	339 385	373 985
Vote 07 - Summary Water Services	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	344 482	-	(21 466)	(21 466)	323 016	339 385	373 985
Single-year expenditure to be adjusted							
Vote 03 - Summary Budget And Treasury Office	250	-	-	-	250	580	612
Vote 04 - Summary Corporate Services	497	-	(297)	(297)	200	3 963	4 181
Vote 05 - Summary Social Services & Development Planning	-	-	60	60	60	-	-
Vote 06 - Summary Infrastructure Services	4 260	-	(886)	(886)	3 374	-	-
Vote 07 - Summary Water Services	300	-	(300)	(300)	-	2 635	2 780
Capital single-year expenditure sub-total	5 307	-	(1 423)	(1 423)	3 884	7 178	7 573
Total Capital Expenditure - Vote	349 789	-	(22 889)	(22 889)	326 900	346 563	381 557
Capital Expenditure - Functional							
Governance and administration	747	-	(297)	(297)	450	4 543	4 793
Executive and council							
Finance and administration	747	-	(297)	(297)	450	4 543	4 793
Internal audit							
Trading services	349 042	-	(22 592)	(22 592)	326 450	342 020	376 765
Energy sources							
Water management	348 742	-	(22 292)	(22 292)	326 450	2 635	2 780
Waste water management	300	-	(300)	(300)	-		
Waste management						339 385	373 985
Other							
Total Capital Expenditure - Functional	349 789	-	(22 889)	(22 889)	326 900	346 563	381 557
Funded by:							
National Government	341 982	9 806	(29 772)	(19 966)	322 016	338 858	373 429
Other transfers and grants							
Transfers recognised - capital	341 982	9 806	(29 772)	(19 966)	322 016	338 858	373 429
Internally generated funds	7 310	-	(2 246)	(2 246)	5 064	7 705	8 129
Total Capital Funding	349 292	9 806	(32 018)	(22 212)	327 080	346 563	381 557

Chart 6: Capital Expenditure by Type



The originally approved capital budget was R 349, 2million and adjusted budget is R 326, 9million. This is mainly attributable to limited cash flow and to the downward adjustment of the following grants;

- Municipal Infrastructure Grant R20, 7m moved to operations budget
- Water Services Infrastructure Grant R 9, 8m moved to operations budget

TABLE B6 ADJUSTMENTS BUDGET FINANCIAL POSITION

Table C6 displays the adjustment budget financial position of the municipality

DC43 Harry Gwala - Table B6 Adjustments Budget Financial Position -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20 Adjusted Budget	+2 2020/21 Adjusted Budget
R thousands	A	E	F	G	H		
ASSETS							
Current assets							
Cash	35 170	-	(14 046)	(14 046)	21 124	76 556	102 058
Call investment deposits	3 549	-	-	-	3 549	-	-
Consumer debtors	38 849	-	(9 390)	(9 390)	29 459	60 789	65 912
Other debtors	5 174	-	-	-	5 174	4 610	4 785
Current portion of long-term receivables	-	-	-	-	-	-	-
Inventory	180	-	-	-	180	192	212
Total current assets	82 922	-	(23 436)	(23 436)	59 485	142 147	172 967
Non current assets							
Property, plant and equipment	2 431 065	-	(198 807)	(198 807)	2 232 258	2 732 613	3 066 743
Intangible	4 809	-	(3 732)	(3 732)	1 076	4 363	3 902
Other non-current assets	-	-	-	-	-	-	-
Total non current assets	2 435 873	-	(202 539)	(202 539)	2 233 334	2 736 976	3 070 645
TOTAL ASSETS	2 518 795	-	(225 976)	(225 976)	2 292 820	2 879 123	3 243 612
LIABILITIES							
Current liabilities							
Borrowing	11 716	-	-	-	11 716	7 330	-
Consumer deposits	1 524	-	-	-	1 524	1 774	2 044
Trade and other payables	197 890	(9 809)	(8 084)	(17 893)	179 997	163 427	165 637
Provisions	1 433	-	(700)	(700)	732	1 321	1 302
Total current liabilities	212 563	(9 809)	(8 784)	(18 593)	193 970	173 852	168 983
Non current liabilities							
Borrowing	7 330	-	-	-	7 330	-	-
Provisions	26 454	-	(4 237)	(4 237)	22 217	26 454	26 454
Total non current liabilities	33 784	-	(4 237)	(4 237)	29 547	26 454	26 454
TOTAL LIABILITIES	246 347	(9 809)	(13 021)	(22 830)	223 516	200 305	195 437
NET ASSETS	2 272 449	9 809	(212 954)	(203 145)	2 069 303	2 678 817	3 048 174
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)	2 272 449	9 809	(212 954)	(203 145)	2 069 303	2 678 817	3 048 174
TOTAL COMMUNITY WEALTH/EQUITY	2 272 449	9 809	(212 954)	(203 145)	2 069 303	2 678 817	3 048 174

TABLE B7 ADJUSTMENTS BUDGET CASH FLOWS

DC43 Harry Gwala - Table B7 Adjustments Budget Cash Flows -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates				-	-		
Service charges	31 945		18 088	18 088	50 033	34 117	36 437
Other revenue	2 514		1 287	1 287	3 801	2 649	2 790
Government - operating	328 823		29 772	29 772	358 595	353 324	383 130
Government - capital	341 982		(29 772)	(29 772)	312 210	343 859	378 480
Interest	6 646		2 379	2 379	9 025	7 098	7 577
Dividends				-	-		
Payments							
Suppliers and employees	(316 529)	(49 012)	(54 964)	(103 976)	(420 505)	(339 525)	(383 966)
Finance charges	(3 945)			-	(3 945)	(4 356)	(1 668)
Transfers and Grants	(15 000)		1 000	1 000	(14 000)	(17 000)	(20 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	376 436	(49 012)	(32 210)	(81 222)	295 214	380 166	402 779
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Decrease (increase) other non-current receivables				-	-		
Payments							
Capital assets	(341 982)		(22 392)	(22 392)	(364 374)	(338 858)	(373 429)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(341 982)	-	(22 392)	(22 392)	(364 374)	(338 858)	(373 429)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits	200			-	200	226	254
Payments							
Repayment of borrowing	(3 330)			-	(3 330)	(3 697)	(4 102)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 130)	-	-	-	(3 130)	(3 471)	(3 848)
NET INCREASE/ (DECREASE) IN CASH HELD	31 324	(49 012)	(54 602)	(103 614)	(72 290)	37 837	25 503
Cash/cash equivalents at the year begin:	7 394		89 568	89 568	96 962	38 718	76 556
Cash/cash equivalents at the year end:	38 718	(49 012)	34 966	(14 046)	24 672	76 556	102 058

TABLE B8 CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

DC43 Harry Gwala - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Cash and investments available							
Cash/cash equivalents at the year end	38 718	(49 012)	34 966	(14 046)	24 672	76 556	102 058
Other current investments > 90 days	-	49 012	(49 012)	0	0	-	-
Non current assets - Investments	-	-	-	-	-	-	-
Cash and investments available:	38 718	-	(14 046)	(14 046)	24 672	76 556	102 058
Applications of cash and investments							
Unspent conditional transfers	53 522	(9 809)	-	(9 809)	43 713	6 790	6 000
Unspent borrowing				-	-		
Statutory requirements	(20 685)			-	(20 685)	(13 299)	(28 356)
Other working capital requirements	123 794		(7 627)	(7 627)	116 167	126 042	126 534
Other provisions				-	-		
Long term investments committed	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-
Total Application of cash and investments:	156 630	(9 809)	(7 627)	(17 436)	139 194	119 533	104 178
Surplus(shortfall)	(117 912)	9 809	(6 419)	3 390	(114 522)	(42 977)	(2 120)

TABLE B9 ASSET MANAGEMENT

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	11	12	13	14			
	E	F	G	H			
R thousands	A						
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	82 157	-	(1 171)	(1 171)	80 987	327 156	322 656
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	78 800	-	(47)	(47)	78 753	263 024	252 775
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	1 000	-	234	234	1 234	-	-
Infrastructure	79 800	-	187	187	79 987	320 541	317 275
Operational Buildings	-	-	-	-	-	210	221
Housing	500	-	(300)	(300)	200	-	-
Other Assets	500	-	(300)	(300)	200	210	221
Licences and Rights	-	-	-	-	-	105	110
Intangible Assets	-	-	-	-	-	105	110
Computer Equipment	-	-	-	-	-	-	-
Furniture and Office Equipment	1 607	-	(1 057)	(1 057)	550	1 300	1 050
Machinery and Equipment	250	-	-	-	250	4 000	4 000
<u>Total Renewal of Existing Assets to be adjusted</u>	267 632	-	(21 718)	(21 718)	245 914	22 136	23 907
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	53 400	-	(2 525)	(2 525)	50 875	22 136	23 907
<i>Sanitation Infrastructure</i>	212 582	-	(19 194)	(19 194)	193 388	-	-
Infrastructure	265 982	-	(21 718)	(21 718)	244 264	22 136	23 907
Furniture and Office Equipment	-	-	-	-	-	-	-
Machinery and Equipment	150	-	-	-	150	-	-
Transport Assets	1 500	-	-	-	1 500	-	-
<u>Total Capital Expenditure to be adjusted</u>							
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	132 200	-	(2 572)	(2 572)	129 628	285 160	276 682
<i>Sanitation Infrastructure</i>	212 582	-	(19 194)	(19 194)	193 388	57 517	64 500
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	1 000	-	234	234	1 234	-	-
Infrastructure	345 782	-	(21 532)	(21 532)	324 250	342 677	341 182
Operational Buildings	-	-	-	-	-	210	221
Housing	500	-	(300)	(300)	200	-	-
Other Assets	500	-	(300)	(300)	200	210	221
Licences and Rights	-	-	-	-	-	105	110
Intangible Assets	-	-	-	-	-	105	110
Furniture and Office Equipment	1 607	-	(1 057)	(1 057)	550	1 300	1 050
Machinery and Equipment	400	-	-	-	400	4 000	4 000
Transport Assets	1 500	-	-	-	1 500	1 000	-
TOTAL CAPITAL EXPENDITURE to be adjusted	349 789	-	(22 889)	(22 889)	326 900	349 292	346 563

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20	+2 2020/21
R thousands	A	E	F	G	H		
ASSET REGISTER SUMMARY - PPE (WDV)							
<i>Roads Infrastructure</i>	6 843	-	-	-	6 843	-	-
<i>Storm water Infrastructure</i>					-		
<i>Electrical Infrastructure</i>	18 202	-	-	-	18 202	-	-
<i>Water Supply Infrastructure</i>	1 141 899	-	(48 055)	(48 055)	1 093 844	-	-
<i>Sanitation Infrastructure</i>	141 599	-	26 289	26 289	167 888	-	-
<i>Information and Communication Infrastructure</i>	957	-	-	-	957	-	-
Infrastructure	1 309 500	-	(21 766)	(21 766)	1 287 735	-	-
Community Facilities					-		
Sport and Recreation Facilities	63 308	-	-	-	63 308	-	-
Community Assets	63 308	-	-	-	63 308	-	-
Housing	650	-	(300)	(300)	350	-	-
Other Assets	650	-	(300)	(300)	350	-	-
Licences and Rights	728	-	-	-	728	-	-
Intangible Assets	728	-	-	-	728	-	-
Computer Equipment	1 169	-	-	-	1 169	-	-
Furniture and Office Equipment	5 603	-	(823)	(823)	4 779	-	-
Machinery and Equipment	4 797	-	-	-	4 797	-	-
Transport Assets	22 491	-	-	-	22 491	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 408 247	-	(22 889)	(22 889)	1 385 358	-	-
EXPENDITURE OTHER ITEMS							
Depreciation & asset impairment	41 276	-	(4 406)	(4 406)	36 871	40 982	44 392
Repairs and Maintenance by asset class	26 345	-	6 225	6 225	32 570	93 164	99 254
<i>Water Supply Infrastructure</i>	18 700	-	(7 392)	(7 392)	11 308	63 193	67 146
<i>Sanitation Infrastructure</i>	1 500	-	2 054	2 054	3 554	25 839	27 682
Infrastructure	20 200	-	(5 338)	(5 338)	14 862	89 032	94 828
Community Facilities	-	-	-	-	-	-	-
Sport and Recreation Facilities	95	-	7	7	102	-	-
Community Assets	95	-	7	7	102	-	-
Investment properties	-	-	-	-	-	-	-
Operational Buildings	1 000	-	699	699	1 699	2 967	3 179
Housing	-	-	-	-	-	-	-
Other Assets	1 000	-	699	699	1 699	2 967	3 179
Computer Equipment	-	-	-	-	-	178	190
Machinery and Equipment	5 000	-	10 857	10 857	15 857	-	-
Transport Assets	50	-	-	-	50	986	1 057
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	67 621	-	1 819	1 819	69 440	134 146	143 647
<i>Renewal and upgrading of Existing Assets as % of total</i>	76,5%				75,2%	6,3%	6,9%
<i>Renewal and upgrading of Existing Assets as % of depreciation</i>	648,4%				667,0%	54,0%	53,9%
<i>R&M as a % of PPE</i>	1,9%				2,4%	0,0%	0,0%
<i>Renewal and upgrading and R&M as a % of PPE</i>	20,9%				20,1%	0,0%	0,0%

TABLE B10 BASIC SERVICE DELIVERY MEASUREMENT

DC43 Harry Gwala - Table B10 Basic service delivery measurement -

Description	Budget Year 2018/19				Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	12 F	13 G	14 H		
Household service targets						
Water:						
Piped water inside dwelling	48	-	-	48	49	48
Piped water inside yard (but not in dwelling)	20	-	-	20	20	20
Using public tap (at least min.service level)	26	-	-	26	30	35
Other water supply (at least min.service level)		-	-	-		
<i>Minimum Service Level and Above sub-total</i>	94	-	-	94	99	103
Using public tap (< min.service level)		-	-	-		
Other water supply (< min.service level)	32	-	-	32	30	29
No water supply		-	-	-		
<i>Below Minimum Servic Level sub-total</i>	32	-	-	32	30	29
Total number of households	126	-	-	126	129	131
Sanitation/sewerage:						
Flush toilet (connected to sewerage)	66	-	-	65 558	71	76
Flush toilet (with septic tank)	12	-	-	12 436	12	12
Chemical toilet		-	-	-		
Pit toilet (ventilated)	48	-	-	48 188	46	43
Other toilet provisions (> min.service level)		-	-	-		
<i>Minimum Service Level and Above sub-total</i>	126 183	-	-	126 183	128 707	131 281
Bucket toilet		-	-	-		
Other toilet provisions (< min.service level)		-	-	-		
No toilet provisions		-	-	-		
<i>Below Minimum Servic Level sub-total</i>	-	-	-	-	-	-
Total number of households	126 183	-	-	126 183	128 707	131 281
Cost of Free Basic Services provided (R'000)						
Water (6 kilolitres per household per month)	5 625	-	-	5 625	5 962	6 320
Refuse (removed once a week)		-	-	-		
Total cost of FBS provided (minimum social package)	5 625	-	-	5 625	5 962	6 320
Highest level of free service provided						
Property rates (R'000 value threshold)		-	-	-		
Water (kilolitres per household per month)	6	-	-	6	6	6
Sanitation (kilolitres per household per month)		-	-	-		

CONSOLIDATED BUDGET TABLES

CONSOLIDATED OPERATING REVENUE

The Consolidated Adjusted revenue has increased by R34, 4m (4%) from R751, 7m to R786, 2m. This upward adjustment is mainly due to following major contributing factors;

- Service charges - water revenue : Increased by R13, 9m from R41, 7m to R58, 7million. An increase as a result of revenue enhancement strategy in place. The municipality is installing new meters and restrict to households and businesses that does not pay the municipal services. Previously the municipality was supplying 6kl free water to every household but this current financial year only indigent households received 6kls free. The municipality is also in the process of data cleansing.
- Service charges - sanitation revenue: Increased by R5, 4m from R18, 7m to R24million. An increase as a result of revenue enhancement strategy in place. The municipality is installing new meters and restrict to households and businesses that does not pay the municipal services. Previously the municipality was supplying 6kl free water to every household but this current financial year only indigent households received 6kls free.
- Operating Transfers and Grants: Grant from National Treasury has been increased and this is as a result of funding that was requested by Harry Gwala Development Agency for Local Economic Development Programmes which was organised by Provincial Treasury which is called Rural Development Grant (Rasset) to improve local SMMES.
- Interest earned - external investments: Increased by R2, 6million (37%) from R7, 2million to R 9, 9million.This is as a result of the performance of the short term investments of the municipality as at 31 December 2018.
- Capital Transfers and Grants: Capital transfers and grants has been increased due to rollover amount from previous financial year that was approved by National Treasury: The grant is for Municipal Infrastructure Grant amount to R9, 8million

CONSOLIDATED OPERATING EXPENDITURE

The Adjusted operations budget is R459, 7m having increased by R60million from the original budget of R399, 6million. The item below had the major movements

- Employee Related Costs: Increase of R19, 1million to R188, 4million this is as a results of increases on senior manager's packages and critical posts that need to be filled in the current financial year.
- Remuneration of Councilors: Increase of R165 310 from R 6,8million to R 7million due to councilor's determination.
- Debt Impairment: Decreased by R19, 3million, this decrease is not reasonable in light of the bad debts to be written off and the collection rate patterns of consumers. The municipality processed a downward adjustment in order to balance the budget and ensure that the budget can be uploaded on the portal. This was necessitated due to the fact that a circular was issued which prohibits a municipality to have budget with a deficit leaving the municipality with no realistic alternative but to reduce non-cash items. The decision was taken after considering all the non-avoidable costs as well as streamlining expenditure to try and reduce expenditure to be within the estimated revenue receipts.
- Depreciation: The decrease is not realistic given the expenditure already incurred for the first six months of the financial year. The municipality processed a downward adjustment in order to balance the budget and ensure that the budget can be uploaded on the portal. This was necessitated due to the fact that a circular was issued which prohibits a municipality to have budget with a deficit leaving the municipality with no realistic alternative but to reduce non-cash items. The decision was taken after considering all the non-avoidable costs as well as streamlining expenditure to try and reduce expenditure to be within the estimated revenue receipts.
- Bulk Water Purchases: The downward adjustment was necessitated by the under expenditure in bulk purchases for the first six months.
- Contracted Services: An increase on contracted services mainly due to the mSCOA reclassification of budgeted amounts from other expenditure to contracted services. Another increase on contracted services is due to the R29, 7m from capital grants to the contracted services budget.
- Other expenditure : A decrease on other expenditures mainly due to the mSCOA reclassification of budgeted amounts from other expenditure to contracted services

DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	+1 2019/20	+2 2020/21
	Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
	5	6	7	8			
R thousands	A	E	F	G	H		
Financial Performance							
Property rates	-	-	-	-	-	-	-
Service charges	57 391	-	19 375	19 375	76 766	63 180	67 476
Investment revenue	7 246	-	2 699	2 699	9 945	7 098	7 577
Transfers recognised - operational	328 823	3 000	29 772	32 772	361 595	353 324	383 130
Other own revenue	10 275	-	(421)	(421)	9 854	15 410	16 299
Total Revenue (excluding capital transfers and contributions)	403 735	3 000	51 425	54 425	458 160	439 011	474 482
Employee costs	169 312	-	19 179	19 179	188 491	173 212	187 069
Remuneration of councillors	6 848	-	165	165	7 013	7 396	7 987
Depreciation & asset impairment	42 076	-	(4 221)	(4 221)	37 856	44 567	47 018
Finance charges	3 963	-	-	-	3 963	4 356	1 668
Materials and bulk purchases	29 615	-	4 550	4 550	34 165	15 810	16 680
Transfers and grants	-	-	-	-	-	17 000	20 000
Other expenditure	147 860	-	40 352	40 352	188 212	181 242	192 959
Total Expenditure	399 675	-	60 026	60 026	459 701	443 583	473 381
Surplus/(Deficit)	4 060	3 000	(8 601)	(5 601)	(1 541)	(4 571)	1 101
Transfers recognised - capital	341 982	9 806	(29 772)	(19 966)	322 016	343 859	378 480
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	346 042	12 806	(38 373)	(25 567)	320 475	339 288	379 581
Surplus/ (Deficit) for the year	346 042	12 806	(38 373)	(25 567)	320 475	339 288	379 581
Capital expenditure & funds sources							
Capital expenditure	350 287	-	(22 297)	(22 297)	327 989	346 563	381 557
Transfers recognised - capital	341 982	9 806	(29 772)	(19 966)	322 016	338 858	373 429
Internally generated funds	7 807	-	(1 654)	(1 654)	6 153	7 705	8 129
Total sources of capital funds	349 789	9 806	(31 426)	(21 620)	328 169	346 563	381 557
Financial position							
Total current assets	75 934	-	(23 436)	(23 436)	52 497	93 551	122 219
Total non current assets	2 436 371	-	(179 393)	(179 393)	2 256 977	2 737 516	3 071 250
Total current liabilities	212 563	(9 809)	(8 467)	(18 276)	194 287	173 852	168 983
Total non current liabilities	33 784	-	(4 237)	(4 237)	29 547	26 454	26 454
Community wealth/Equity	2 265 958	9 809	(190 126)	(180 317)	2 085 641	2 630 762	2 998 032

DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Cash flows							
Net cash from (used) operating	361 933	(49 012)	(32 115)	(81 127)	280 806	380 166	402 779
Net cash from (used) investing	(341 982)	–	(22 392)	(22 392)	(364 374)	(338 858)	(373 429)
Net cash from (used) financing	(3 130)	–	–	–	(3 130)	(3 471)	(3 848)
Cash/cash equivalents at the year end	27 257	(49 012)	35 061	(13 951)	13 306	76 556	102 058
Cash backing/surplus reconciliation							
Cash and investments available	31 730	–	(14 046)	(14 046)	17 684	27 960	51 311
Application of cash and investments	154 781	(9 809)	(6 873)	(16 682)	138 098	119 533	104 178
Balance - surplus (shortfall)	(123 050)	9 809	(7 173)	2 636	(120 414)	(91 573)	(52 867)
Asset Management							
Asset register summary (WDV)	1 408 247	–	(22 889)	(22 889)	1 385 358	–	–
Depreciation & asset impairment	41 276	–	(4 406)	(4 406)	36 871	40 982	44 392
Renewal of Existing Assets	267 632	–	(21 718)	(21 718)	245 914	22 136	23 907
Repairs and Maintenance	26 345	–	6 225	6 225	32 570	93 164	99 254
Free services							
Cost of Free Basic Services provided	–	–	–	–	–	–	–
Revenue cost of free services provided	6 075	–	–	–	6 075	6 561	7 085
Households below minimum service level							
Water:	129	–	–	–	129	131	142
Sanitation/sewerage:	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–

DC43 Harry Gwala - Table B2 Consolidated Adjustments Budget Financial Performance (functional classification) -

Standard Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	9	10	11	12		
R thousands							
Revenue - Functional							
Governance and administration	399 753	-	7 489	7 489	407 243	357 861	388 342
Executive and council	-	-	-	-	-	-	-
Finance and administration	399 753	-	7 489	7 489	407 243	357 861	388 342
Internal audit	-	-	-	-	-	-	-
Economic and environmental services	308	3 000	328	3 328	3 635	500	400
Planning and development	308	3 000	328	3 328	3 635	500	400
Trading services	351 731	9 806	13 836	23 642	375 373	424 509	464 220
Energy sources	-	-	-	-	-	-	-
Water management	351 731	9 806	-	9 806	361 537	351 217	386 025
Waste water management	-	-	13 836	13 836	13 836	73 292	78 195
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenue - Functional	751 792	12 806	21 653	34 459	786 251	782 870	852 962
Expenditure - Functional							
Governance and administration	190 758	-	14 534	14 534	205 292	176 856	188 603
Executive and council	24 926	-	(4 556)	(4 556)	20 370	31 536	33 733
Finance and administration	161 261	-	19 090	19 090	180 351	145 320	154 870
Internal audit	4 571	-	-	-	4 571	-	-
Community and public safety	9 270	-	-	-	9 270	-	-
Community and social services	9 270	-	-	-	9 270	-	-
Economic and environmental services	68 037	-	9 157	9 157	77 194	55 586	59 750
Planning and development	68 037	-	9 157	9 157	77 194	55 586	59 750
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	131 610	-	36 335	36 335	167 944	211 140	225 028
Energy sources	7 850	-	7 181	7 181	15 031	-	-
Water management	122 256	-	57 465	57 465	179 721	185 230	197 300
Waste water management	1 504	-	(28 311)	(28 311)	(26 808)	25 911	27 728
Total Expenditure - Functional	399 675	-	60 026	60 026	459 701	443 583	473 381
Surplus/ (Deficit) for the year	352 117	12 806	(38 373)	(25 567)	326 550	339 288	379 581

DC43 Harry Gwala - Table B3 Consolidated Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description <i>[Insert departmental structure etc]</i>	Budget Year 2018/19					Budget Year +1	Budget Year +2
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	7 E	8 F	9 G	10 H		
R thousands							
Revenue by Vote							
Vote 01 - Summary Council	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	336 288	-	7 489	7 489	343 777	357 861	388 342
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	308	3 000	328	3 328	3 635	500	400
Vote 06 - Summary Infrastructure Services	351 731	9 806	-	9 806	361 537	351 217	386 025
Vote 07 - Summary Water Services	63 466	-	13 836	13 836	77 302	73 292	78 195
Total Revenue by Vote	751 792	12 806	21 653	34 459	786 251	782 870	852 962
Expenditure by Vote							
Vote 01 - Summary Council	15 620	-	(6 009)	(6 009)	9 611	16 641	17 742
Vote 02 - Summary Municipal Manager	13 878	-	1 452	1 452	15 330	14 895	15 991
Vote 03 - Summary Budget And Treasury Office	66 802	-	(3 870)	(3 870)	62 932	80 483	82 977
Vote 04 - Summary Corporate Services	48 332	-	22 961	22 961	71 292	64 837	71 893
Vote 05 - Summary Social Services & Development Planning	49 518	-	9 157	9 157	58 675	55 586	59 750
Vote 06 - Summary Infrastructure Services	35 639	-	64 646	64 646	100 285	25 911	27 728
Vote 07 - Summary Water Services	169 887	-	(28 311)	(28 311)	141 575	185 230	197 300
Total Expenditure by Vote	399 675	-	60 026	60 026	459 701	443 583	473 381
Surplus/ (Deficit) for the year	352 117	12 806	(38 373)	(25 567)	326 550	339 288	379 581

DC43 Harry Gwala - Table B4 Consolidated Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total Adjusts.	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.		Budget	Budget	Budget
	7	8	9	10			
R thousands	A	E	F	G	H		
Revenue By Source							
Property rates	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-
Service charges - water revenue	44 755	-	13 949	13 949	58 703	44 226	47 233
Service charges - sanitation revenue	18 711	-	5 426	5 426	24 137	18 954	20 243
Rental of facilities and equipment	-	-	-	-	-	-	-
Interest earned - external investments	7 246	-	2 699	2 699	9 945	7 098	7 577
Interest earned - outstanding debtors	9 540	-	(428)	(428)	9 112	10 112	10 719
Dividends received	-	-	-	-	-	-	-
Fines, penalties and forfeits	716	-	-	-	716	-	-
Transfers and subsidies	328 823	3 000	29 772	32 772	361 595	353 324	383 130
Other revenue	19	-	8	8	27	5 297	5 580
Gains on disposal of PPE	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	409 810	3 000	51 425	54 425	464 235	439 011	474 482
Expenditure By Type							
Employee related costs	169 312	-	19 179	19 179	188 491	173 212	187 069
Remuneration of councillors	6 848	-	165	165	7 013	7 396	7 987
Debt impairment	25 266	-	(19 305)	(19 305)	5 961	38 136	40 729
Depreciation & asset impairment	42 076	-	(4 221)	(4 221)	37 856	44 567	47 018
Finance charges	3 963	-	-	-	3 963	4 356	1 668
Bulk purchases	15 000	-	(2 124)	(2 124)	12 876	15 810	16 680
Other materials	14 615	-	6 675	6 675	21 290	-	-
Contracted services	83 757	-	55 630	55 630	139 387	46 914	49 494
Transfers and subsidies	-	-	-	-	-	17 000	20 000
Other expenditure	38 837	-	4 027	4 027	42 864	96 193	102 737
Loss on disposal of PPE	-	-	-	-	-	-	-
Total Expenditure	399 675	-	60 026	60 026	459 701	443 583	473 381
Surplus/(Deficit)	10 135	3 000	(8 601)	(5 601)	4 534	(4 571)	1 101
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	341 982	9 806	(29 772)	(19 966)	322 016	343 859	378 480
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation	352 117	12 806	(38 373)	(25 567)	326 550	339 288	379 581
Taxation	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	352 117	12 806	(38 373)	(25 567)	326 550	339 288	379 581
Attributable to minorities	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	352 117	12 806	(38 373)	(25 567)	326 550	339 288	379 581
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	352 117	12 806	(38 373)	(25 567)	326 550	339 288	379 581

DC43 Harry Gwala - Table B5 Consolidated Adjustments Capital Expenditure Budget by vote and funding - B -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	+1 2019/20	+2 2020/21
	Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
	9	10	11	12			
	A	E	F	G	H		
R thousands							
Capital expenditure - Vote							
Multi-year expenditure to be adjusted							
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	344 482	-	(21 466)	(21 466)	323 016	339 385	373 985
Vote 07 - Summary Water Services	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	344 482	-	(21 466)	(21 466)	323 016	339 385	373 985
Single-year expenditure to be adjusted							
Vote 01 - Summary Council	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	250	-	-	-	250	580	612
Vote 04 - Summary Corporate Services	497	-	(297)	(297)	200	3 963	4 181
Vote 05 - Summary Social Services & Development Planning	497	-	652	652	1 149	-	-
Vote 06 - Summary Infrastructure Services	4 260	-	(886)	(886)	3 374	-	-
Vote 07 - Summary Water Services	300	-	(300)	(300)	-	2 635	2 780
Capital single-year expenditure sub-total	5 805	-	(831)	(831)	4 973	7 178	7 573
Total Capital Expenditure - Vote	350 287	-	(22 297)	(22 297)	327 989	346 563	381 557
Capital Expenditure - Functional							
Governance and administration	747	-	(297)	(297)	450	4 543	4 793
Executive and council					-	-	
Finance and administration	747	-	(297)	(297)	450	4 543	4 793
Internal audit					-	-	
Trading services	349 539	-	(22 497)	(22 497)	327 042	342 020	376 765
Energy sources					-	-	
Water management	349 239	-	(22 197)	(22 197)	327 042	339 385	373 985
Waste water management					-	-	
Waste management	300	-	(300)	(300)	-	2 635	2 780
Other					-	-	
Total Capital Expenditure - Functional	350 287	-	(22 794)	(22 794)	327 492	346 563	381 557
Funded by:							
National Government	341 982	9 806	(29 772)	(19 966)	322 016	338 858	373 429
Provincial Government					-	-	
Transfers recognised - capital	341 982	9 806	(29 772)	(19 966)	322 016	338 858	373 429
Internally generated funds	7 807		(1 654)	(1 654)	6 153	7 705	8 129
Total Capital Funding	349 789	9 806	(31 426)	(21 620)	328 169	346 563	381 557

DC43 Harry Gwala - Table B6 Consolidated Adjustments Budget Financial Position -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
ASSETS							
Current assets							
Cash	28 182	–	(18 425)	(18 425)	9 757	27 960	51 311
Call investment deposits	3 549	–	–	–	3 549	–	–
Consumer debtors	38 849	–	(9 390)	(9 390)	29 459	60 789	65 912
Other debtors	5 174	–	–	–	5 174	4 610	4 785
Inventory	180	–	–	–	180	192	212
Total current assets	75 934	–	(27 815)	(27 815)	48 119	93 551	122 219
Non current assets							
Investment in Associate	–	–	–	–	–	–	–
Property, plant and equipment	2 431 162	–	(175 661)	(175 661)	2 255 501	2 732 713	3 066 848
Intangible	5 209	–	(3 732)	(3 732)	1 476	4 803	4 402
Other non-current assets	–	–	–	–	–	–	–
Total non current assets	2 436 371	–	(179 393)	(179 393)	2 256 977	2 737 516	3 071 250
TOTAL ASSETS	2 512 304	–	(207 209)	(207 209)	2 305 096	2 831 067	3 193 469
LIABILITIES							
Current liabilities							
Bank overdraft	–	–	–	–	–	–	–
Borrowing	11 716	–	–	–	11 716	7 330	–
Consumer deposits	1 524	–	–	–	1 524	1 774	2 044
Trade and other payables	197 890	(9 809)	(7 767)	(17 576)	180 314	163 427	165 637
Provisions	1 433	–	(700)	(700)	732	1 321	1 302
Total current liabilities	212 563	(9 809)	(8 467)	(18 276)	194 287	173 852	168 983
Non current liabilities							
Borrowing	7 330	–	–	–	7 330	–	–
Provisions	26 454	–	(4 237)	(4 237)	22 217	26 454	26 454
Total non current liabilities	33 784	–	(4 237)	(4 237)	29 547	26 454	26 454
TOTAL LIABILITIES	246 347	(9 809)	(12 704)	(22 513)	223 834	200 305	195 437
NET ASSETS	2 265 958	9 809	(194 505)	(184 696)	2 081 262	2 630 762	2 998 032
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)	2 265 958	9 809	(194 505)	(184 696)	2 081 262	2 630 762	2 998 032
TOTAL COMMUNITY WEALTH/EQUITY	2 265 958	9 809	(194 505)	(184 696)	2 081 262	2 630 762	2 998 032

DC43 Harry Gwala - Table B7 Consolidated Adjustments Budget Cash Flows -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates				-	-		
Service charges	31 945		18 088	18 088	50 033	34 117	36 437
Other revenue	2 522		1 294	1 294	3 816	2 649	2 790
Government - operating	328 823		32 772	32 772	361 595	353 324	383 130
Government - capital	341 982		(29 772)	(29 772)	312 210	343 859	378 480
Interest	6 946		2 699	2 699	9 645	7 098	7 577
Dividends				-	-		
Payments							
Suppliers and employees	(331 330)	(49 012)	(58 197)	(107 209)	(438 539)	(339 525)	(383 966)
Finance charges	(3 954)			-	(3 954)	(4 356)	(1 668)
Transfers and Grants	(15 000)		1 000	1 000	(14 000)	(17 000)	(20 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES	361 933	(49 012)	(32 115)	(81 127)	280 806	380 166	402 779
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Decrease (increase) in non-current investments				-	-		
Payments							
Capital assets	(341 982)		(22 392)	(22 392)	(364 374)	(338 858)	(373 429)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(341 982)	-	(22 392)	(22 392)	(364 374)	(338 858)	(373 429)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits	200			-	200	226	254
Payments							
Repayment of borrowing	(3 330)			-	(3 330)	(3 697)	(4 102)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 130)	-	-	-	(3 130)	(3 471)	(3 848)
NET INCREASE/ (DECREASE) IN CASH HELD	16 822	(49 012)	(54 507)	(103 519)	(86 697)	37 837	25 503
Cash/cash equivalents at the year begin:	10 435		89 568	89 568	100 003	38 718	76 556
Cash/cash equivalents at the year end:	27 257	(49 012)	35 061	(13 951)	13 306	76 556	102 058

DC43 Harry Gwala - Table B8 Consolidated Cash backed reserves/accumulated surplus reconciliation -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2019/20	+2 2020/21
	7	8	9	10			
R thousands	A	E	F	G	H		
Cash and investments available							
Cash/cash equivalents at the year end	27 257	(49 012)	35 061	(13 951)	13 306	76 556	102 058
Other current investments > 90 days	4 474	49 012	(49 107)	(95)	4 379	(48 596)	(50 747)
Non current assets - Investments	-	-	-	-	-	-	-
Cash and investments available:	31 730	-	(14 046)	(14 046)	17 684	27 960	51 311
Applications of cash and investments							
Unspent conditional transfers	53 522	(9 809)	-	(9 809)	43 713	6 790	6 000
Unspent borrowing				-	-		
Statutory requirements	(20 685)			-	(20 685)	(13 299)	(28 356)
Other working capital requirements	123 791		(7 309)	(7 309)	116 482	126 042	126 534
Other provisions				-	-		
Long term investments committed	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-
Total Application of cash and investments:	156 628	(9 809)	(7 309)	(17 118)	139 509	119 533	104 178
Surplus(shortfall)	(124 897)	9 809	(6 737)	3 072	(121 825)	(91 573)	(52 867)

DC43 Harry Gwala - Table B9 Consolidated Asset Management -

Description	Budget Year 2018/19					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	11	12	13	14			
	E	F	G	H			
R thousands	A						
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	82 655	-	(1 076)	(1 076)	81 578	327 156	322 656
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	78 800	-	(47)	(47)	78 753	263 024	252 775
<i>Information and Communication Infrastructure</i>	1 000	-	234	234	1 234	-	-
Infrastructure	79 800	-	187	187	79 987	320 541	317 275
Operational Buildings	60	-	-	-	60	210	221
Housing	500	-	(300)	(300)	200	-	-
Other Assets	560	-	(300)	(300)	260	210	221
Servitudes	-	-	-	-	-	-	-
Licences and Rights	400	-	-	-	400	105	110
Intangible Assets	400	-	-	-	400	105	110
Computer Equipment	20	-	95	95	115	-	-
Furniture and Office Equipment	1 615	-	(1 057)	(1 057)	557	1 300	1 050
Machinery and Equipment	260	-	-	-	260	4 000	4 000
<u>Total Renewal of Existing Assets to be adjusted</u>	267 632	-	(21 718)	(21 718)	245 914	22 136	23 907
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	53 400	-	(2 525)	(2 525)	50 875	22 136	23 907
<i>Sanitation Infrastructure</i>	212 582	-	(19 194)	(19 194)	193 388	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	265 982	-	(21 718)	(21 718)	244 264	22 136	23 907
Community Facilities	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-
Machinery and Equipment	150	-	-	-	150	-	-
Transport Assets	1 500	-	-	-	1 500	-	-
Land	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
<u>Total Capital Expenditure to be adjusted</u>							
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	132 200	-	(2 572)	(2 572)	129 628	285 160	276 682
<i>Sanitation Infrastructure</i>	212 582	-	(19 194)	(19 194)	193 388	57 517	64 500
<i>Information and Communication Infrastructure</i>	1 000	-	234	234	1 234	-	-
Infrastructure	345 782	-	(21 532)	(21 532)	324 250	342 677	341 182
Operational Buildings	60	-	-	-	60	210	221
Housing	500	-	(300)	(300)	200	-	-
Other Assets	560	-	(300)	(300)	260	210	221
Servitudes	-	-	-	-	-	-	-
Licences and Rights	400	-	-	-	400	105	110
Intangible Assets	400	-	-	-	400	105	110
Computer Equipment	20	-	95	95	115	-	-
Furniture and Office Equipment	1 615	-	(1 057)	(1 057)	557	1 300	1 050
Machinery and Equipment	410	-	-	-	410	4 000	4 000
Transport Assets	1 500	-	-	-	1 500	1 000	-
Land	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	350 287	-	(22 794)	(22 794)	327 492	349 292	346 563

DC43 Harry Gwala - Table B9 Consolidated Asset Management -

Description	Budget Year 2018/19				Budget Year	Budget Year	
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	+1 2019/20	+2 2020/21	
	A	E	F	G	H		
R thousands							
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	82 655	-	(1 076)	(1 076)	81 578	327 156	322 656
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	78 800	-	(47)	(47)	78 753	263 024	252 775
<i>Information and Communication Infrastructure</i>	1 000	-	234	234	1 234	-	-
Infrastructure	79 800	-	187	187	79 987	320 541	317 275
Operational Buildings	60	-	-	-	60	210	221
Housing	500	-	(300)	(300)	200	-	-
Other Assets	560	-	(300)	(300)	260	210	221
Servitudes	-	-	-	-	-	-	-
Licences and Rights	400	-	-	-	400	105	110
Intangible Assets	400	-	-	-	400	105	110
Computer Equipment	20	-	95	95	115	-	-
Furniture and Office Equipment	1 615	-	(1 057)	(1 057)	557	1 300	1 050
Machinery and Equipment	260	-	-	-	260	4 000	4 000
<u>Total Renewal of Existing Assets to be adjusted</u>	267 632	-	(21 718)	(21 718)	245 914	22 136	23 907
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	53 400	-	(2 525)	(2 525)	50 875	22 136	23 907
<i>Sanitation Infrastructure</i>	212 582	-	(19 194)	(19 194)	193 388	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	265 982	-	(21 718)	(21 718)	244 264	22 136	23 907
Community Facilities	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-
Machinery and Equipment	150	-	-	-	150	-	-
Transport Assets	1 500	-	-	-	1 500	-	-
<u>Total Capital Expenditure to be adjusted</u>	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	132 200	-	(2 572)	(2 572)	129 628	285 160	276 682
<i>Sanitation Infrastructure</i>	212 582	-	(19 194)	(19 194)	193 388	57 517	64 500
<i>Information and Communication Infrastructure</i>	1 000	-	234	234	1 234	-	-
Infrastructure	345 782	-	(21 532)	(21 532)	324 250	342 677	341 182
Operational Buildings	60	-	-	-	60	210	221
Housing	500	-	(300)	(300)	200	-	-
Other Assets	560	-	(300)	(300)	260	210	221
Servitudes	-	-	-	-	-	-	-
Licences and Rights	400	-	-	-	400	105	110
Intangible Assets	400	-	-	-	400	105	110
Computer Equipment	20	-	95	95	115	-	-
Furniture and Office Equipment	1 615	-	(1 057)	(1 057)	557	1 300	1 050
Machinery and Equipment	410	-	-	-	410	4 000	4 000
Transport Assets	1 500	-	-	-	1 500	1 000	-
Land	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	350 287	-	(22 794)	(22 794)	327 492	349 292	346 563

DC43 Harry Gwala - Table B9 Consolidated Asset Management -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
ASSET REGISTER SUMMARY - PPE (WDV)							
<i>Roads Infrastructure</i>	6 843	-	-	-	6 843	-	-
<i>Storm water Infrastructure</i>							
<i>Electrical Infrastructure</i>	18 202	-	-	-	18 202	-	-
<i>Water Supply Infrastructure</i>	1 141 899	-	(48 055)	(48 055)	1 093 844	-	-
<i>Sanitation Infrastructure</i>	141 599	-	26 289	26 289	167 888	-	-
<i>Information and Communication Infrastructure</i>	957	-	-	-	957	-	-
Infrastructure	1 309 500	-	(21 766)	(21 766)	1 287 735	-	-
Community Facilities							
Sport and Recreation Facilities	63 308	-	-	-	63 308	-	-
Community Assets	63 308	-	-	-	63 308	-	-
Housing	650	-	(300)	(300)	350	-	-
Other Assets	650	-	(300)	(300)	350	-	-
Licences and Rights	728	-	-	-	728	-	-
Intangible Assets	728	-	-	-	728	-	-
Computer Equipment	1 169	-	-	-	1 169	-	-
Furniture and Office Equipment	5 603	-	(823)	(823)	4 779	-	-
Machinery and Equipment	4 797	-	-	-	4 797	-	-
Transport Assets	22 491	-	-	-	22 491	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 408 247	-	(22 889)	(22 889)	1 385 358	-	-
EXPENDITURE OTHER ITEMS							
<u>Depreciation & asset impairment</u>	41 276	-	(4 406)	(4 406)	36 871	40 982	44 392
<u>Repairs and Maintenance by asset class</u>	26 345	-	6 225	6 225	32 570	93 164	99 254
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	18 700	-	(7 392)	(7 392)	11 308	63 193	67 146
<i>Sanitation Infrastructure</i>	1 500	-	2 054	2 054	3 554	25 839	27 682
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	20 200	-	(5 338)	(5 338)	14 862	89 032	94 828
Community Facilities	-	-	-	-	-	-	-
Sport and Recreation Facilities	95	-	7	7	102	-	-
Community Assets	95	-	7	7	102	-	-
Investment properties	-	-	-	-	-	-	-
Operational Buildings	1 000	-	699	699	1 699	2 967	3 179
Housing	-	-	-	-	-	-	-
Other Assets	1 000	-	699	699	1 699	2 967	3 179
Computer Equipment	-	-	-	-	-	178	190
Furniture and Office Equipment	-	-	-	-	-	-	-
Machinery and Equipment	5 000	-	10 857	10 857	15 857	-	-
Transport Assets	50	-	-	-	50	986	1 057
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	67 621	-	1 819	1 819	69 440	134 146	143 647
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	76,4%				75,1%	6,3%	6,9%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	648,4%				667,0%	54,0%	53,9%
<i>R&M as a % of PPE</i>	1,9%				2,4%	0,0%	0,0%
<i>Renewal and upgrading and R&M as a % of PPE</i>	20,9%				20,1%	0,0%	0,0%

DC43 Harry Gwala - Table B10 Consolidated Basic service delivery measurement -

Description	Budget Year 2018/19				Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	12 F	13 G	14 H		
Household service targets						
Water:						
Piped water inside dwelling	48	-	-	48	49	48
Piped water inside yard (but not in dwelling)	20	-	-	20	20	20
Using public tap (at least min.service level)	26	-	-	26	30	35
Other water supply (at least min.service level)		-	-	-		
<i>Minimum Service Level and Above sub-total</i>	94	-	-	94	99	103
Using public tap (< min.service level)		-	-	-		
Other water supply (< min.service level)	32	-	-	32	30	29
No water supply		-	-	-		
<i>Below Minimum Service Level sub-total</i>	32	-	-	32	30	29
Total number of households	126	-	-	126	129	131
Sanitation/sewerage:						
Flush toilet (connected to sewerage)	66	-	-	65 558	71	76
Flush toilet (with septic tank)	12	-	-	12 436	12	12
Chemical toilet		-	-	-		
Pit toilet (ventilated)	48	-	-	48 188	46	43
Other toilet provisions (> min.service level)		-	-	-		
<i>Minimum Service Level and Above sub-total</i>	126 183	-	-	126 183	128 707	131 281
Bucket toilet		-	-	-		
Other toilet provisions (< min.service level)		-	-	-		
No toilet provisions		-	-	-		
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-
Total number of households	126 183	-	-	126 183	128 707	131 281
Cost of Free Basic Services provided (R'000)						
Water (6 kilolitres per household per month)	5 625	-	-	5 625	5 962	6 320
Refuse (removed once a week)		-	-	-		
Total cost of FBS provided (minimum social package)	5 625	-	-	5 625	5 962	6 320
Highest level of free service provided						
Property rates (R'000 value threshold)		-	-	-		
Water (kilolitres per household per month)	6	-	-	6	6	6
Sanitation (kilolitres per household per month)		-	-	-		

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

There have not been major shifts in the budget assumptions. However, the few points noted below are worth noting.

External factors: The economic slowdown as shown by the further declines in economic growth figures, the rising cost of living due to increases in the cost of borrowing and the high unemployment levels, financial resources are limited due to reduced payment levels by consumers. The latest figures released by the Census also show a decline in district population due to migration. This has resulted in declining cash inflows, which has necessitated major budgeted expenditure cuts to ensure that cash outflows remain within the affordability parameters of the district's finances.

Collection rate for revenue services: A collection rate of 80% of billed services was initially planned to result from the revenue management programmes in the 2018/19 financial year. However, the actual figures at mid-year called yielded more than expected results and thus resulting in an upward adjustment of the collection ratio to 71%. Cash flow forecasts have also conservatively taken these factors into consideration.

2.2 Adjustments to Budget funding

Cash flow constraints still continue to affect the financial sustainability of the municipality as the municipality is largely grant dependent. This high grant dependency ratio (of over 90%) means that the municipality's operations are highly sensitive to non-payment by consumers. The increasing water & sanitation infrastructural assets also tend to burden the operations budget in the form of high operations and maintenance costs.

As stated in the budget assumptions above, the adjustment to revenue collection estimated at a conservative 73 per cent.

Except for the existing ABSA loan, the Municipality has not planned to fund any of its infrastructural developments with debt instruments.

Table SB 7 below provides details of the Government Grants and Subsidies differentiated between National & Provincial Governments.

DC43 Harry Gwala - Supporting Table SB7 Consolidated Adjustments Budget - transfers and grant receipts -

Description	Budget Year 2018/19					Budget Year +1 2019/20	Budget Year +2 2020/21
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	9 C	10 D	11 E	12 F		
RECEIPTS:							
Operating Transfers and Grants							
National Government:	328 823	3 000	29 772	32 772	361 595	352 824	382 730
Local Government Equitable Share	318 074			-	318 074	344 466	374 185
Finance Management	1 000	-		-	1 000	1 000	1 000
Municipal Infrastructure Grant (PMU)	5 005		20 737	20 737	25 742	5 001	5 051
Rural Roads Asset Management Grant	2 226			-	2 226	2 357	2 494
Expanded public works programme incentive grant	2 518			-	2 518		
Municipal Water Infrastructure Grant			9 034	9 034	9 034		
Rural Development Grant (Raset)	-	3 000		3 000	3 000	-	-
	-	-		-	-	-	-
Provincial Government:	-	-	-	-	-	500	400
Development Planning Shared Services				-	-	500	400
				-	-		
Total Operating Transfers and Grants	328 823	3 000	29 772	32 772	361 595	353 324	383 130
Capital Transfers and Grants							
National Government:	341 982	-	(29 772)	(29 772)	312 210	343 859	378 480
Municipal Infrastructure Grant (MIG)	191 582	-	(20 737)	(20 737)	170 845	195 859	207 630
Regional Bulk Infrastructure	70 000			-	70 000	50 000	67 460
Municipal Water Infrastructure Grant	80 400		(9 034)	(9 034)	71 366	98 000	103 390
	-	-	-	-	-	-	-
Total Capital Transfers and Grants	341 982	-	(29 772)	(29 772)	312 210	343 859	378 480
TOTAL RECEIPTS OF TRANSFERS & GRANTS	670 805	3 000	-	3 000	673 805	697 183	761 610

The total adjusted **Operational Government** grant allocations are as follows;

- National Government R 361, 5million

While the adjusted **Capital Funding** are as follows;

- National Government R 312, 2million

2.3 Adjustments to Expenditure on Allocations and Grant Programmes

2.3.1 A total amount of R29, 7million has been reduced which is made up of the following grant allocation:

National Government Allocations: A number of projects that does not qualify for capitalization were shifted to the operational budget amounting to R29, 7million. Municipal Infrastructure grant rollover of R9, 8million

Harry Gwala Development Agency increased the budget with the total amount of R 3 million from Department of Cooperative Governance and Traditional Affairs.

Adjustments to Allocations and Grants made by the Municipality

Due to cash flow constraints facing the municipality a downward adjustment of R1m has been made to Harry Gwala Development Agency resulted to the adjusted budget of R14million.

2.4 Adjustments to Councillor Allowances and Employee Benefits

The adjustment budget did not have a material impact on the Councillors remuneration. As at midyear, the expenditure for allowances was still below the budgeted projections. This was merely intended to cover the increase in the Councillor Allowances in the second quarter as Gazetted by the Minister. This will increase the expenditure on Councillor Allowances as the new Councillor Allowances structure is effected and applied retrospectively to the beginning of the financial year.

Employee related costs have on the other hand increased by R 19million to R188million in order to cater for the critical posts that are key in strengthening the workforce that drives service delivery, to accommodate the over expenditure incurred in the past 7 months and lastly the increase for Senior managers and the backpay.

2.5 Adjustments to Capital Expenditure

The adjustments budget has resulted in certain projects being moved from the Capital Budget to the Operations budget due their nature and the accounting treatment thereof.

2.6 Municipal Manager's Quality Certificates

I, **Adelaide Nomnandi Dlamini**, Municipal Manager of **Harry Gwala District Municipality**, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print name: A. N. Dlamini

Municipal Manager of Harry Gwala District Municipality (DC43)

Signature: 

Date 27 February 2019