



# 1920 SCHEDULE B

# 201920 BUDGET ADJUSTMENTS

Budget & Reporting  
Budget & Treasury Office  
1920 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 related to Covid 19 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. The adjustment budget that the municipality is tabling is funded in terms of section 18 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 2019/20 approved Budget has now been adjusted. The adjustment has been mainly necessitated as a result of the following:

- To appropriate the increase of revenues that have been added from the annual budget, but only to revise spending programmes already budgeted for
- A disruption on the implementation of capital program due to COVIC-19.

- An adjustment budget is necessary due to the material under collection of revenue as a result of the COVID 19 pandemic as well as to appropriate additional grants that was received from National and Provincial Treasury into the budget
- 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.

The Minister of finance has issued exemption with regard to compliance with MFMA. This exemption seek to assist municipalities due to the challenges brought about by COVID-19 pandemic. Therefore capital adjustments are also made in this adjustments budget to cater for capital programs that have been delayed due to COVID-19 and the re prioritation of projects to accommodate COVID-19

## **2. Resolutions**

It is recommended that the Harry Gwala District Municipal Council;

2.1 Approves the special adjustments budget and consolidated adjustments budget for the financial year 2019/2020, 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.

### 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 special adjustment budget is intended to address any expenditure relating to COVID-19 for the current municipal financial year ending 30 June 2020 and taking into account the Municipal Disaster grant that was received in 08 May 2020.

It is critical to note that this report s28 MFMA report has been prepared as informed by the National Treasury circular 09 that all COVID-19 related expenditure should be authorized on the special adjustment budget and also the COVID-19 allocation be presented to council for approval.

When the budget was assessed, it became evident that various changes are required due to the impact that the COVID 19 pandemic had on the budget since the approval of the adjustment budget on 27 February 2020. The baseline on the operating budget has been assessed and reduced and increased in various instances to ensure a more credible operating budget and to be more in line with the actual projected income and expenditure for 2019/20, considering the impact of COVID-19.

The Adjusted revenue has increased by R596 000 from R741, 4m to R742m. This upward adjustment is mainly due to following major contributing factors;

#### **Conditional Grants**

- Municipal Disaster Grant - R596 000

The operational budget increased by R27, 6million from the original budget of R535, 2million. This resulted in an adjustments budget to R562, 2million.

The following are the main expenditure items that were adjusted to be in line with expenditure trends and cater for invoices expected for the month of June 2020:

- ✓ Contracted Services: An increase on contracted services mainly due to the reclassification of R8, 6m from capital grants to the contracted services budget.
- ✓ Security Services: This have been adjusted upward by R2, 2m.
  
- ✓ Bulk Water Purchases: There is an upward adjustment of R 5, 3million. This is informed by expenditure incurred to date and to cater for invoices expected in the month of June 2020.
  
- ✓ COVID-19 operational budget (Hygiene services and PPE) amounted to R2, 5million
  
- ✓ Financial system upgrade (from e-venus to Solar) amounting to R 7, 7million

The capital budget has decreased from R279, 1million to R267, 9million. The basis of the reduction is due to the reclassification of the budget of R5 million for water meters that are to be funded by MIG under water conservation and demand management to operational budget and some internal projects which will be executed in the next financial year's budget. The total reduction in CAPEX amounted R8, 6million.

The municipality also reprioritized MIG funds amounting R12million towards COVID-19 projects (Drilling of boreholes, spring protection and water tankers).

## **CONSOLIDATED REVENUE**

The Adjusted revenue has increased by R596 000 from R749, 3m to R749, 9m. This upward adjustment is mainly due to following major contributing factors

## **CONSOLIDATED OPERATING EXPENDITURE**

The Consolidated operational budget increased by R27, 6million from the original budget of R557, 4million. This resulted in an adjustments budget to R577, 1million

## **CONSOLIDATED CAPITAL BUDGET**

The capital budget has decreased from R279, 2million to R267, 9million. This is mainly attributable to the downward adjustment of the following grants;

The basis of the reduction is due to the reclassification of the budget of R5 million for water meters that are to be funded by MIG under water conservation and demand management to operational budget and some internal projects which will be executed in the next financial year's budget

## **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.

The basis of the reduction is due to the reclassification of the budget of R5 million for water meters that are to be funded by MIG under water conservation and demand management to operational budget and some internal projects which will be executed in the next financial year's budget

**DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary - 23/06/2020**

Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
<b>Financial Performance</b>								
Property rates	-	-	-	-	-	-	-	-
Service charges	88 392	67 065	-	-	-	67 065	71 050	75 272
Investment revenue	11 161	7 257	-	-	-	7 257	7 681	8 140
Transfers recognised - operational	366 404	382 508	-	9 622	9 622	392 130	387 266	411 458
Other own revenue	10 440	18 153	-	-	-	18 153	11 345	12 018
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>476 396</b>	<b>474 984</b>	<b>-</b>	<b>9 622</b>	<b>9 622</b>	<b>484 605</b>	<b>477 343</b>	<b>506 888</b>
Employee costs	205 726	206 398	-	(238)	(238)	206 160	222 746	232 810
Remuneration of councillors	7 574	7 574	-	-	-	7 574	8 018	8 579
Depreciation & asset impairment	38 192	80 294	-	(7)	(7)	80 287	84 249	88 294
Finance charges	3 522	4 180	-	-	-	4 180	4 385	4 595
Materials and bulk purchases	30 443	33 827	-	(2 118)	(2 118)	31 709	27 745	28 959
Transfers and grants	-	-	-	-	-	-	-	-
Other expenditure	184 141	225 181	-	22 058	22 058	247 238	207 401	223 220
<b>Total Expenditure</b>	<b>469 599</b>	<b>557 454</b>	<b>-</b>	<b>19 694</b>	<b>19 694</b>	<b>577 148</b>	<b>554 543</b>	<b>586 457</b>
<b>Surplus/(Deficit)</b>	<b>6 798</b>	<b>(82 470)</b>	<b>-</b>	<b>(10 072)</b>	<b>(10 072)</b>	<b>(92 543)</b>	<b>(77 200)</b>	<b>(79 568)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	275 839	274 335	-	5 374	5 374	279 709	263 488	277 232
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>282 636</b>	<b>191 864</b>	<b>-</b>	<b>(4 698)</b>	<b>(4 698)</b>	<b>187 166</b>	<b>186 288</b>	<b>197 664</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>282 636</b>	<b>191 864</b>	<b>-</b>	<b>(4 698)</b>	<b>(4 698)</b>	<b>187 166</b>	<b>186 288</b>	<b>197 664</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>282 624</b>	<b>279 230</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>267 991</b>	<b>271 221</b>	<b>281 421</b>
Transfers recognised - capital	276 203	274 385	-	(8 305)	(8 305)	266 080	263 488	277 232
Internally generated funds	6 421	4 845	-	(2 934)	(2 934)	1 911	7 734	4 189
<b>Total sources of capital funds</b>	<b>282 624</b>	<b>279 230</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>267 991</b>	<b>271 221</b>	<b>281 421</b>
<b>Financial position</b>								
Total current assets	209 086	98 477	-	(22 347)	(22 347)	76 130	112 073	169 915
Total non current assets	2 165 144	2 161 750	-	(11 239)	(11 239)	2 150 510	2 290 106	2 362 708
Total current liabilities	138 272	95 293	-	(42 323)	(42 323)	52 970	85 282	86 844
Total non current liabilities	36 242	36 490	-	-	-	36 490	27 811	25 786
<b>Community wealth/Equity</b>	<b>2 199 716</b>	<b>2 128 443</b>	<b>-</b>	<b>8 737</b>	<b>8 737</b>	<b>2 137 180</b>	<b>2 289 085</b>	<b>2 419 993</b>

**Table B1 Cont.....**

**DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary - 23/06/2020**

Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	5 E	6 F	7 G	8 H		
<b>Cash flows</b>								
Net cash from (used) operating	294 323	233 269	–	4 316	4 316	237 585	311 220	328 368
Net cash from (used) investing	(282 624)	(279 405)	–	11 414	11 414	(267 991)	(271 221)	(281 421)
Net cash from (used) financing	(3 896)	(12 528)	–	–	–	(12 528)	(4 555)	(1 287)
<b>Cash/cash equivalents at the year end</b>	<b>120 138</b>	<b>12 929</b>	<b>–</b>	<b>15 730</b>	<b>15 730</b>	<b>28 660</b>	<b>64 103</b>	<b>109 763</b>
<b>Cash backing/surplus reconciliation</b>								
Cash and investments available	120 138	12 929	–	15 730	15 730	28 660	64 103	109 763
Application of cash and investments	75 711	12 576	–	9 725	9 725	22 301	22 900	13 625
<b>Balance - surplus (shortfall)</b>	<b>44 427</b>	<b>354</b>	<b>–</b>	<b>6 005</b>	<b>6 005</b>	<b>6 359</b>	<b>41 204</b>	<b>96 138</b>
<b>Asset Management</b>								
Asset register summary (WDV)	1 775 568	1 772 174	–	(11 239)	(11 239)	1 760 935	1 875 916	1 932 990
Depreciation & asset impairment	38 192	80 294	–	(7)	(7)	80 287	84 249	88 294
Renewal and Upgrading of Existing Assets	182 209	159 437	–	(2 022)	(2 022)	157 415	17 505	18 403
Repairs and Maintenance	22 346	21 121	–	(81)	(81)	21 041	22 897	23 462
<b>Free services</b>								
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–
Revenue cost of free services provided	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>								
Water:	30	30	–	–	–	30	29	31
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.

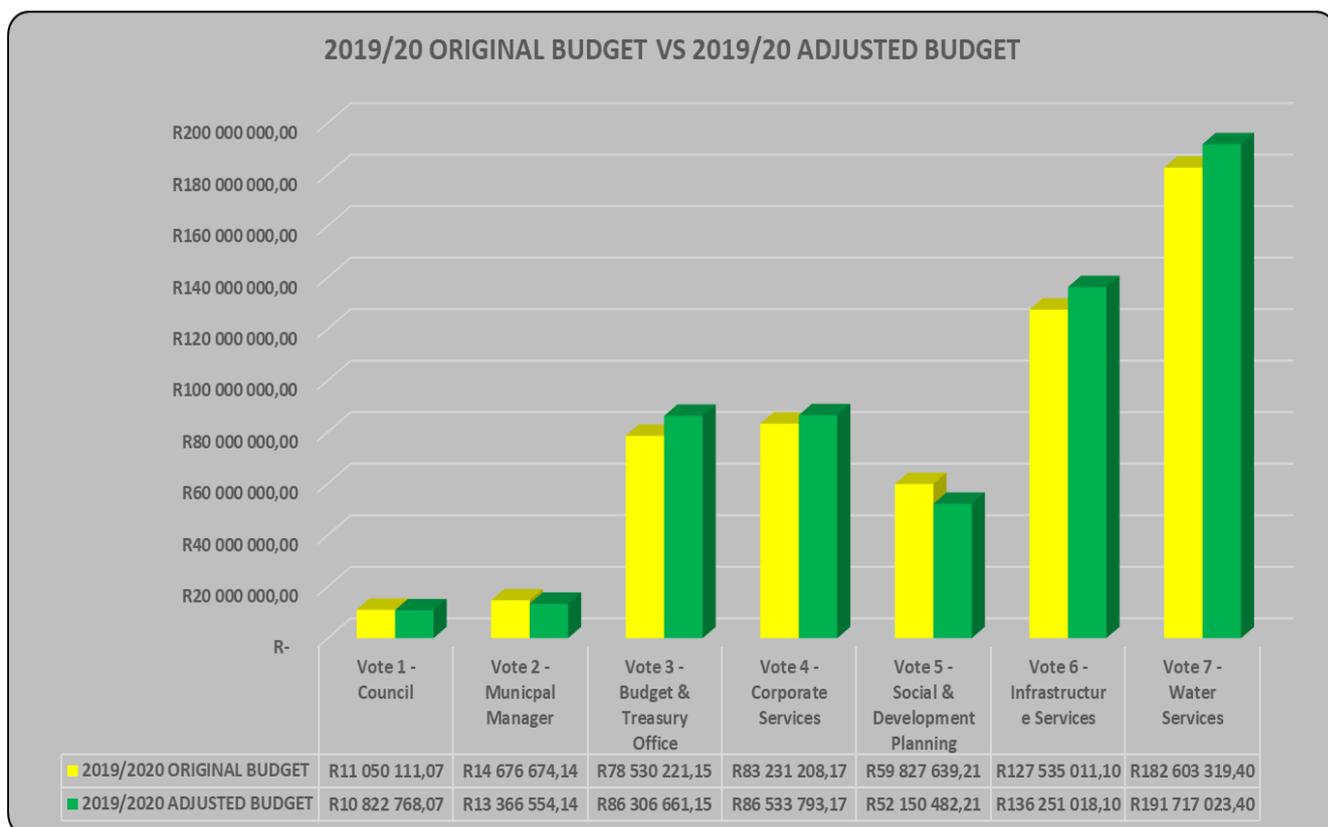
DC43 Harry Gwala - Table B2 Consolidated Adjustments Budget Financial Performance (functional classification) - 23/06/2020

Standard Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted 5	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
<b>Revenue - Functional</b>								
<b>Governance and administration</b>	<b>367 364</b>	<b>363 811</b>	-	-	-	<b>363 811</b>	<b>391 887</b>	<b>423 302</b>
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	367 364	363 811	-	-	-	363 811	391 887	423 302
Internal audit	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>946</b>	<b>7 908</b>	<b>596</b>	-	<b>596</b>	<b>8 504</b>	<b>6 966</b>	<b>5 946</b>
Planning and development	946	7 908	596	-	596	8 504	6 966	5 946
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>383 925</b>	<b>377 599</b>	-	-	-	<b>377 599</b>	<b>341 978</b>	<b>354 872</b>
Energy sources	7 000	7 000	-	-	-	7 000	-	-
Water management	351 168	336 240	-	-	-	336 240	321 468	333 143
Waste water management	25 757	34 359	-	-	-	34 359	20 510	21 730
Waste management	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>	<b>752 235</b>	<b>749 318</b>	<b>596</b>	<b>-</b>	<b>596</b>	<b>749 914</b>	<b>740 831</b>	<b>784 120</b>
<b>Expenditure - Functional</b>								
<b>Governance and administration</b>	<b>212 801</b>	<b>227 550</b>	-	<b>9 902</b>	<b>9 902</b>	<b>237 452</b>	<b>240 522</b>	<b>256 513</b>
Executive and council	25 782	18 280	-	(1 496)	(1 496)	16 784	24 234	24 766
Finance and administration	182 707	201 823	-	11 440	11 440	213 263	208 209	223 282
Internal audit	4 312	7 447	-	(42)	(42)	7 405	8 078	8 465
<b>Community and public safety</b>	<b>11 180</b>	<b>15 908</b>	-	<b>1 513</b>	<b>1 513</b>	<b>17 421</b>	<b>18 788</b>	<b>18 070</b>
Community and social services	11 180	15 908	-	1 513	1 513	17 421	18 788	18 070
<b>Economic and environmental services</b>	<b>131 383</b>	<b>167 307</b>	-	<b>(5 474)</b>	<b>(5 474)</b>	<b>161 833</b>	<b>148 577</b>	<b>154 152</b>
Planning and development	131 383	167 307	-	(5 474)	(5 474)	161 833	148 577	154 152
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>114 236</b>	<b>146 690</b>	-	<b>13 753</b>	<b>13 753</b>	<b>160 443</b>	<b>146 657</b>	<b>157 721</b>
Energy sources	-	-	-	-	-	-	-	-
Water management	113 919	140 024	-	13 753	13 753	153 777	145 857	156 866
Waste water management	317	6 665	-	-	-	6 665	800	856
Waste management	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Functional</b>	<b>469 599</b>	<b>557 454</b>	<b>-</b>	<b>19 694</b>	<b>19 694</b>	<b>577 148</b>	<b>554 543</b>	<b>586 457</b>
<b>Surplus/ (Deficit) for the year</b>	<b>282 636</b>	<b>191 864</b>	<b>596</b>	<b>(19 694)</b>	<b>(19 098)</b>	<b>172 766</b>	<b>186 288</b>	<b>197 664</b>

The revenue of the municipality has increased by 0, 1% from R749, 3million originally approved budget to R749, 9million. The water management has seen the biggest increase in revenue due to the new funding from National Treasury for municipal disaster Grant totalling to R596k.

Operational expenditure has increased by 4% to R577, 1million. This increase is largely attributed to the water services department which is responsible for water and sanitation provision followed by infrastructure department which is 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**



There are no major changes in the adjustment budget because of 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 Water Services budget has seen an increase of 5% 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 Infrastructure services budget also increased, transfer of the capital projects from the capital budget to the operations budget.

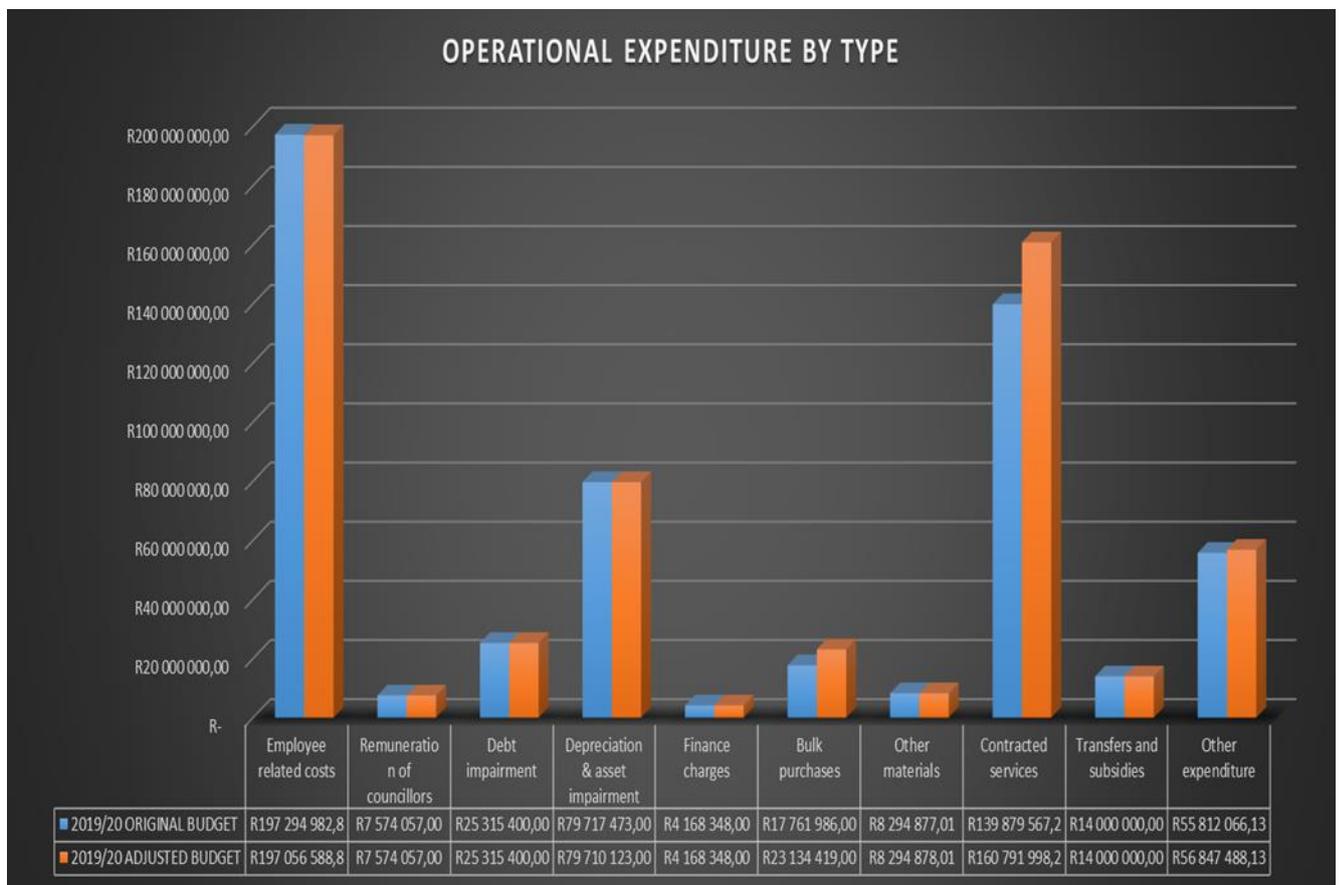
## TABLE B3 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

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

### DC43 Harry Gwala - Table B3 Consolidated Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 23/06/2020

Vote Description  <i>[Insert departmental structure etc]</i>	Budget Year 2019/20						Budget Year +1	Budget Year +2
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
<b>Revenue by Vote</b>								
Vote 01 - Summary Council	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	367 364	363 811	-	-	-	363 811	391 887	423 302
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	946	7 908	596	-	596	8 504	6 966	5 946
Vote 06 - Summary Infrastructure Services	295 533	285 530	-	-	-	285 530	270 928	279 600
Vote 07 - Summary Water Services	88 392	92 069	-	-	-	92 069	71 050	75 272
Vote 15 - Other	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>752 235</b>	<b>749 318</b>	<b>596</b>	<b>-</b>	<b>596</b>	<b>749 914</b>	<b>740 831</b>	<b>784 120</b>
<b>Expenditure by Vote</b>								
Vote 01 - Summary Council	12 958	11 050	-	(227)	(227)	10 823	15 677	16 011
Vote 02 - Summary Municipal Manager	17 136	14 677	-	(1 310)	(1 310)	13 367	16 635	17 220
Vote 03 - Summary Budget And Treasury Office	76 953	78 530	-	7 776	7 776	86 307	84 548	87 203
Vote 04 - Summary Corporate Services	67 212	83 231	-	3 303	3 303	86 534	81 310	91 218
Vote 05 - Summary Social Services & Development Planning	64 727	59 828	-	(7 677)	(7 677)	52 150	58 793	61 210
Vote 06 - Summary Infrastructure Services	80 431	127 535	-	8 716	8 716	136 251	112 989	115 738
Vote 07 - Summary Water Services	150 182	182 603	-	9 114	9 114	191 717	184 590	197 856
Vote 15 - Other	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>469 599</b>	<b>557 454</b>	<b>-</b>	<b>19 694</b>	<b>19 694</b>	<b>577 148</b>	<b>554 543</b>	<b>586 457</b>
<b>Surplus/ (Deficit) for the year</b>	<b>282 636</b>	<b>191 864</b>	<b>596</b>	<b>(19 694)</b>	<b>(19 098)</b>	<b>172 766</b>	<b>186 288</b>	<b>197 664</b>

**Chart 2: Adjustment budget financial performance**



The graph above presents the adjustment budget expenditure by type.

The expenditure on Contracted Services together has seen an increase of R8, 6million due to projects that has been moved from capital budget to operational budget.

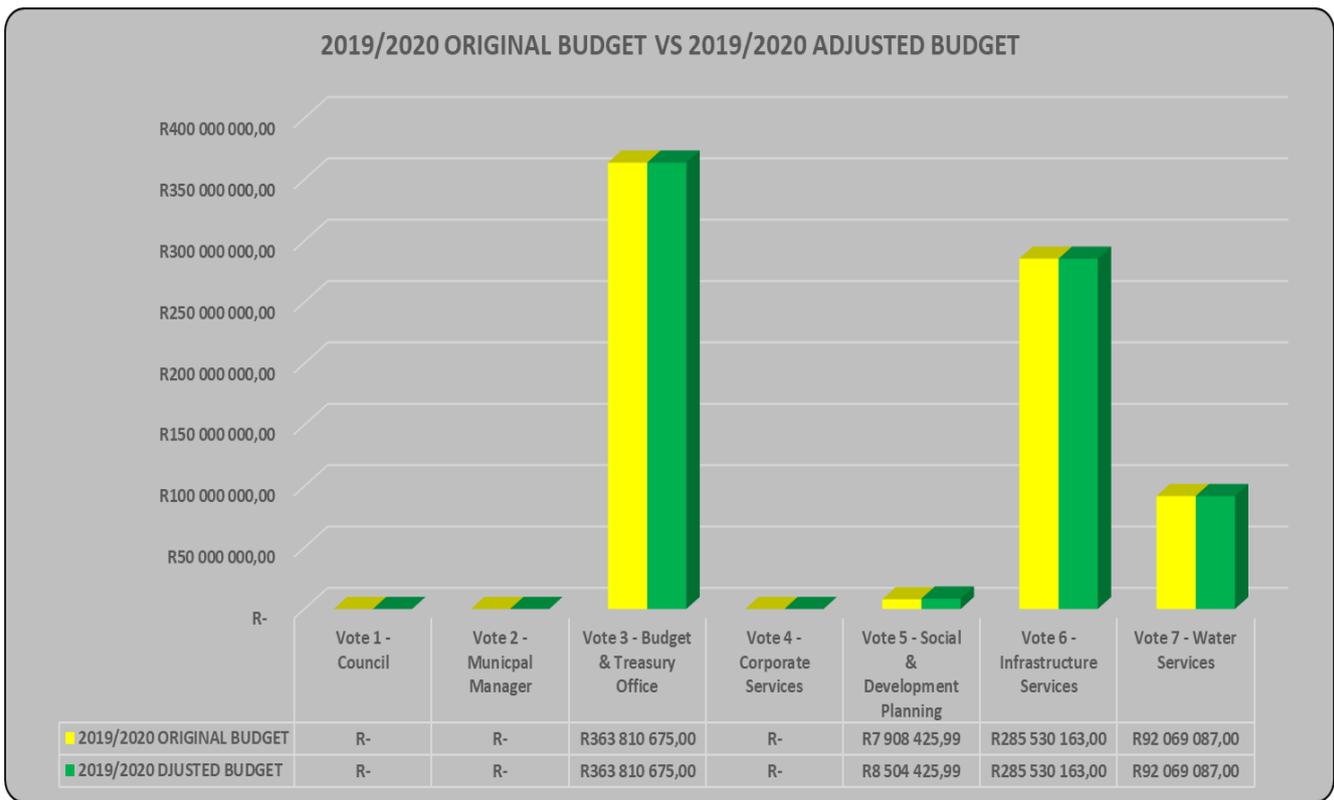
## TABLE B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

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

DC43 Harry Gwala - Table B4 Consolidated Adjustments Budget Financial Performance (revenue and expenditure) - 23/06/2020

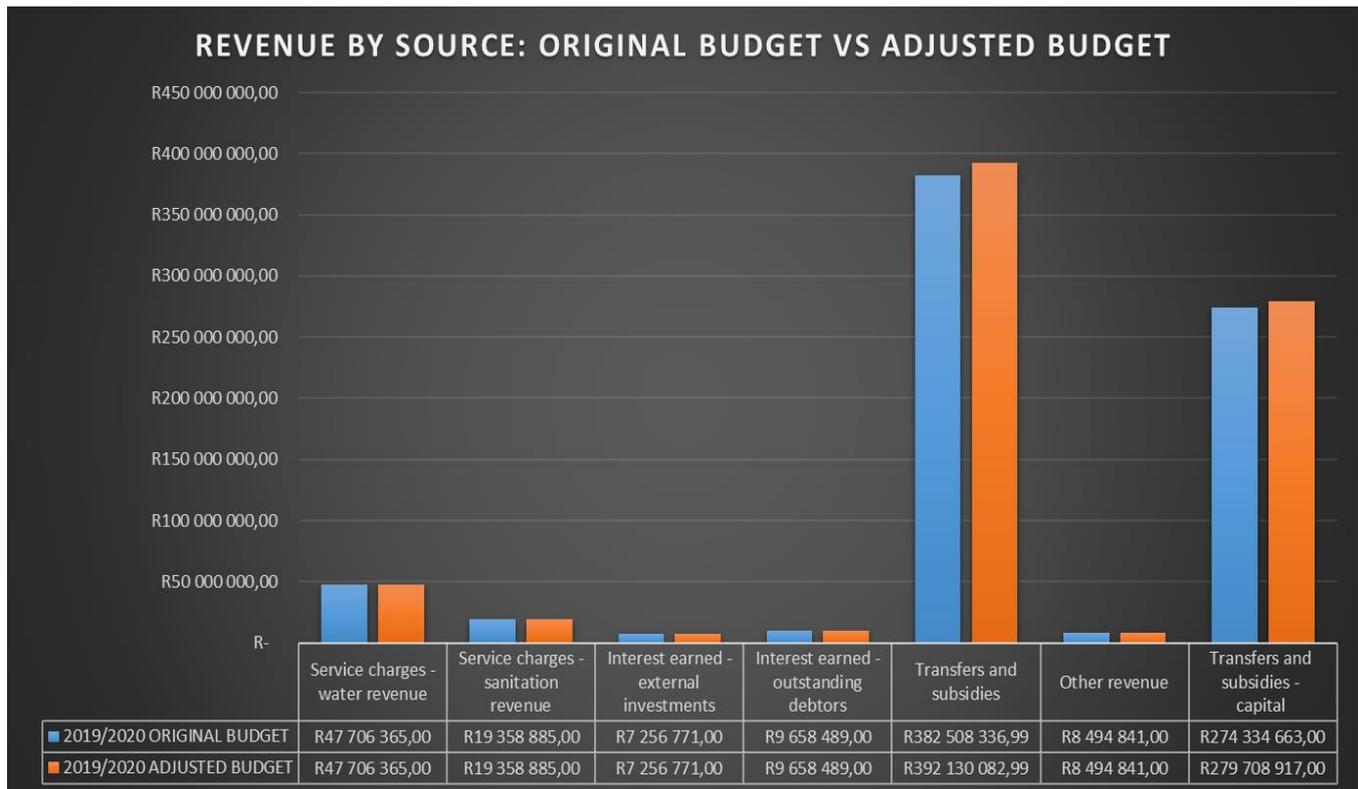
Description	Budget Year 2019/20						Budget Year	Budget Year
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
R thousands	A	A1	E	F	G	H		
<b>Revenue By Source</b>								
Property rates	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-
Service charges - water revenue	62 635	47 706	-	-	-	47 706	50 540	53 543
Service charges - sanitation revenue	25 757	19 359	-	-	-	19 359	20 510	21 730
Interest earned - external investments	11 161	7 257	-	-	-	7 257	7 681	8 140
Interest earned - outstanding debtors	9 658	9 658	-	-	-	9 658	10 238	10 852
Transfers and subsidies	366 404	382 508	-	9 622	9 622	392 130	387 266	411 458
Other revenue	781	8 495	-	-	-	8 495	1 107	1 165
Gains	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>476 396</b>	<b>474 984</b>	<b>-</b>	<b>9 622</b>	<b>9 622</b>	<b>484 605</b>	<b>477 343</b>	<b>506 888</b>
<b>Expenditure By Type</b>								
Employee related costs	205 726	206 398	-	(238)	(238)	206 160	222 746	232 810
Remuneration of councillors	7 574	7 574	-	-	-	7 574	8 018	8 579
Debt impairment	25 315	25 315	-	-	-	25 315	26 556	27 831
Depreciation & asset impairment	38 192	80 294	-	(7)	(7)	80 287	84 249	88 294
Finance charges	3 522	4 180	-	-	-	4 180	4 385	4 595
Bulk purchases	15 000	17 762	-	5 372	5 372	23 134	18 632	19 527
Other materials	15 443	16 065	-	(7 490)	(7 490)	8 575	9 113	9 432
Contracted services	101 502	140 820	-	21 022	21 022	161 842	118 356	132 296
Other expenditure	57 324	59 046	-	1 035	1 035	60 081	62 488	63 093
Losses	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>469 599</b>	<b>557 454</b>	<b>-</b>	<b>19 694</b>	<b>19 694</b>	<b>577 148</b>	<b>554 543</b>	<b>586 457</b>
<b>Surplus/(Deficit)</b>	<b>6 798</b>	<b>(82 470)</b>	<b>-</b>	<b>(10 072)</b>	<b>(10 072)</b>	<b>(92 543)</b>	<b>(77 200)</b>	<b>(79 568)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	275 839	274 335	-	5 374	5 374	279 709	263 488	277 232
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>	<b>282 636</b>	<b>191 864</b>	<b>-</b>	<b>(4 698)</b>	<b>(4 698)</b>	<b>187 166</b>	<b>186 288</b>	<b>197 664</b>
Taxation	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>282 636</b>	<b>191 864</b>	<b>-</b>	<b>(4 698)</b>	<b>(4 698)</b>	<b>187 166</b>	<b>186 288</b>	<b>197 664</b>
Attributable to minorities	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>282 636</b>	<b>191 864</b>	<b>-</b>	<b>(4 698)</b>	<b>(4 698)</b>	<b>187 166</b>	<b>186 288</b>	<b>197 664</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>282 636</b>	<b>191 864</b>	<b>-</b>	<b>(4 698)</b>	<b>(4 698)</b>	<b>187 166</b>	<b>186 288</b>	<b>197 664</b>

**Chart 3: Revenue by Vote**



The above graph presents the adjustment budget by source

**Chart 4: Revenue by Source**



There is no adjustment for water and sanitation charges revenue. There is an increase on operational transfers and subsidies of R596K for municipal disaster grant and movement from capital budget to operational budget of R8, 6million.

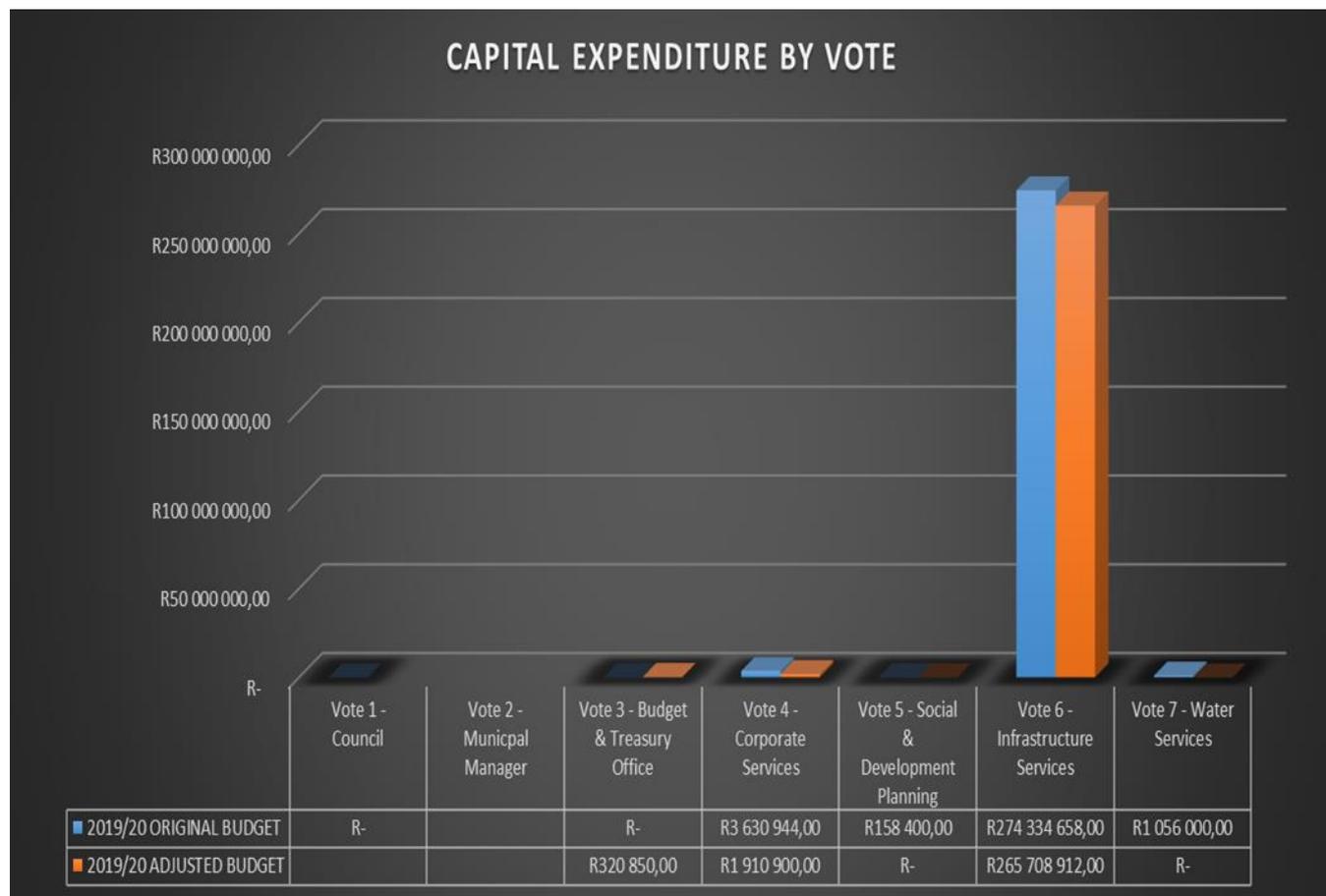
**TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING**

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 Consolidated Adjustments Capital Expenditure Budget by vote and funding - 23/06/2020

Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	5 A1	9 E	10 F	11 G	12 H		
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be adjusted</b>								
Vote 01 - Summary Council	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	165 243	150 348	-	(10 093)	(10 093)	140 255	263 488	277 232
Vote 07 - Summary Water Services	-	15 000	-	-	-	15 000	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>165 243</b>	<b>165 348</b>	<b>-</b>	<b>(10 093)</b>	<b>(10 093)</b>	<b>155 255</b>	<b>263 488</b>	<b>277 232</b>
<b>Single-year expenditure to be adjusted</b>								
Vote 01 - Summary Council	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	140	0	-	321	321	321	324	340
Vote 04 - Summary Corporate Services	4 942	3 631	-	(1 720)	(1 720)	1 911	2 350	1 393
Vote 05 - Summary Social Services & Development Planning	383	208	-	(158)	(158)	50	3 060	357
Vote 06 - Summary Infrastructure Services	110 859	108 987	-	1 467	1 467	110 454	-	-
Vote 07 - Summary Water Services	1 056	1 056	-	(1 056)	(1 056)	-	2 000	2 100
Vote 15 - Other	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>117 381</b>	<b>113 882</b>	<b>-</b>	<b>(1 146)</b>	<b>(1 146)</b>	<b>112 736</b>	<b>7 734</b>	<b>4 189</b>
<b>Total Capital Expenditure - Vote</b>	<b>282 624</b>	<b>279 230</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>267 991</b>	<b>271 221</b>	<b>281 421</b>
<b>Capital Expenditure - Functional</b>								
<b>Governance and administration</b>	<b>5 082</b>	<b>3 631</b>	<b>-</b>	<b>(1 399)</b>	<b>(1 399)</b>	<b>2 232</b>	<b>2 964</b>	<b>2 037</b>
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	5 082	3 631	-	(1 399)	(1 399)	2 232	2 964	2 037
Internal audit	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 500</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	2 500	-
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>383</b>	<b>208</b>	<b>-</b>	<b>(158)</b>	<b>(158)</b>	<b>50</b>	<b>270</b>	<b>53</b>
Planning and development	383	208	-	(158)	(158)	50	270	53
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>277 158</b>	<b>275 391</b>	<b>-</b>	<b>(9 682)</b>	<b>(9 682)</b>	<b>265 709</b>	<b>265 488</b>	<b>279 332</b>
Energy sources	-	-	-	-	-	-	-	-
Water management	213 071	229 763	-	(6 994)	(6 994)	222 769	220 615	238 661
Waste water management	64 088	45 628	-	(2 688)	(2 688)	42 940	44 873	40 671
Waste management	-	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional</b>	<b>282 624</b>	<b>279 230</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>267 991</b>	<b>271 221</b>	<b>281 421</b>
<b>Funded by:</b>								
National Government	275 978	259 335	-	(8 305)	(8 305)	251 030	263 488	277 232
Provincial Government	-	15 000	-	-	-	15 000	-	-
District Municipality	225	50	-	-	-	50	-	-
<b>Transfers recognised - capital</b>	<b>276 203</b>	<b>274 385</b>	<b>-</b>	<b>(8 305)</b>	<b>(8 305)</b>	<b>266 080</b>	<b>263 488</b>	<b>277 232</b>
<b>Internally generated funds</b>	<b>6 421</b>	<b>4 845</b>	<b>-</b>	<b>(2 934)</b>	<b>(2 934)</b>	<b>1 911</b>	<b>7 734</b>	<b>4 189</b>
<b>Total Capital Funding</b>	<b>282 624</b>	<b>279 230</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>267 991</b>	<b>271 221</b>	<b>281 421</b>

**Chart 6: Capital Expenditure by Type**



The originally approved capital budget was R 279, 3million and adjusted budget is R 267, 9million. This is mainly attributable to the reclassification of the budget of R5 million for water meters that are to be funded by MIG under water conservation and demand management to operational budget and to the downward adjustment of the internally generated funds. The COVID-19 announcement and the related regulations caused a disruption on the implementation of capital program. From March 2020 May 2020 most service providers were not allowed to work and this triggered delays on projects

## TABLE B6 ADJUSTMENTS BUDGET FINANCIAL POSITION

Table C6 displays the adjustment budget financial position of the municipality

DC43 Harry Gwala - Table B6 Consolidated Adjustments Budget Financial Position - 23/06/2020

Description	Budget Year 2019/20						Budget Year	Budget Year
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
R thousands	A	A1	E	F	G	H		
<b>ASSETS</b>								
<b>Current assets</b>								
Cash	120 138	12 929	-	15 730	15 730	28 660	64 103	109 763
Call investment deposits	-	-	-	-	-	-	-	-
Consumer debtors	42 739	42 739	-	(14 448)	(14 448)	28 291	33 454	44 766
Other debtors	46 039	42 638	-	(23 630)	(23 630)	19 008	14 334	15 194
Current portion of long-term receivables	-	-	-	-	-	-	-	-
Inventory	171	171	-	-	-	171	181	192
<b>Total current assets</b>	<b>209 086</b>	<b>98 477</b>	<b>-</b>	<b>(22 347)</b>	<b>(22 347)</b>	<b>76 130</b>	<b>112 073</b>	<b>169 915</b>
<b>Non current assets</b>								
Long-term receivables						-	-	
Investments						-	-	
Investment property	-	-	-	-	-	-	-	-
Investment in Associate						-	-	
Property, plant and equipment	2 163 828	2 160 534	-	(11 239)	(11 239)	2 149 295	2 288 618	2 361 132
Biological						-	-	
Intangible	1 316	1 216	-	-	-	1 216	1 489	1 576
Other non-current assets	0	0	-	-	-	0	0	0
<b>Total non current assets</b>	<b>2 165 144</b>	<b>2 161 750</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>2 150 510</b>	<b>2 290 106</b>	<b>2 362 708</b>
<b>TOTAL ASSETS</b>	<b>2 374 230</b>	<b>2 260 226</b>	<b>-</b>	<b>(33 586)</b>	<b>(33 586)</b>	<b>2 226 640</b>	<b>2 402 179</b>	<b>2 532 623</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Bank overdraft						-	-	
Borrowing	(4 290)	(4 290)	-	-	-	(4 290)	4 555	1 287
Consumer deposits	1 740	1 740	-	-	-	1 740	1 845	1 956
Trade and other payables	131 248	88 269	-	(42 323)	(42 323)	45 945	68 734	72 844
Provisions	9 574	9 574	-	-	-	9 574	10 148	10 757
<b>Total current liabilities</b>	<b>138 272</b>	<b>95 293</b>	<b>-</b>	<b>(42 323)</b>	<b>(42 323)</b>	<b>52 970</b>	<b>85 282</b>	<b>86 844</b>
<b>Non current liabilities</b>								
Borrowing	13 292	13 541	-	-	-	13 541	3 485	-
Provisions	22 949	22 949	-	-	-	22 949	24 326	25 786
<b>Total non current liabilities</b>	<b>36 242</b>	<b>36 490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36 490</b>	<b>27 811</b>	<b>25 786</b>
<b>TOTAL LIABILITIES</b>	<b>174 514</b>	<b>131 783</b>	<b>-</b>	<b>(42 323)</b>	<b>(42 323)</b>	<b>89 460</b>	<b>113 094</b>	<b>112 630</b>
<b>NET ASSETS</b>	<b>2 199 716</b>	<b>2 128 443</b>	<b>-</b>	<b>8 737</b>	<b>8 737</b>	<b>2 137 180</b>	<b>2 289 085</b>	<b>2 419 993</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit)	2 199 716	2 128 443	-	8 737	8 737	2 137 180	2 289 085	2 419 993
Reserves	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2 199 716</b>	<b>2 128 443</b>	<b>-</b>	<b>8 737</b>	<b>8 737</b>	<b>2 137 180</b>	<b>2 289 085</b>	<b>2 419 993</b>

## TABLE B7 ADJUSTMENTS BUDGET CASH FLOWS

DC43 Harry Gwala - Table B7 Consolidated Adjustments Budget Cash Flows - 23/06/2020

Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	3 A1	7 E	8 F	9 G	10 H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates					-	-		
Service charges	47 732	51 990		(2 732)	(2 732)	49 258	53 288	56 454
Other revenue	781	11 626		54 749	54 749	66 375	43 236	45 416
Transfers and Subsidies - Operational	366 404	339 907			-	339 907	387 266	411 458
Transfers and Subsidies - Capital	275 839	274 335			-	274 335	263 488	277 232
Interest	9 658	7 257			-	7 257	7 681	8 140
Dividends					-	-		
<b>Payments</b>								
Suppliers and employees	(402 569)	(447 664)	-	(47 701)	(47 701)	(495 366)	(439 354)	(465 737)
Finance charges	(3 522)	(4 180)	-	-	-	(4 180)	(4 385)	(4 595)
Transfers and Grants	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>294 323</b>	<b>233 269</b>	<b>-</b>	<b>4 316</b>	<b>4 316</b>	<b>237 585</b>	<b>311 220</b>	<b>328 368</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE					-	-		
Decrease (increase) in non-current receivables					-	-		
Decrease (increase) in non-current investments					-	-		
<b>Payments</b>								
Capital assets	(282 624)	(279 405)		11 414	11 414	(267 991)	(271 221)	(281 421)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(282 624)</b>	<b>(279 405)</b>	<b>-</b>	<b>11 414</b>	<b>11 414</b>	<b>(267 991)</b>	<b>(271 221)</b>	<b>(281 421)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-
<b>Payments</b>								
Repayment of borrowing	(3 896)	(12 528)	-	-	-	(12 528)	(4 555)	(1 287)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 896)</b>	<b>(12 528)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 528)</b>	<b>(4 555)</b>	<b>(1 287)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>7 803</b>	<b>(58 663)</b>	<b>-</b>	<b>15 730</b>	<b>15 730</b>	<b>(42 933)</b>	<b>35 444</b>	<b>45 660</b>
Cash/cash equivalents at the year begin:	112 336	71 593	-	-	-	71 593	28 660	64 103
Cash/cash equivalents at the year end:	120 138	12 929	-	15 730	15 730	28 660	64 103	109 763

An adjustment budget is necessary due to the material under collection of revenue as a result of the COVID 19 pandemic. Collection for service charges adjusted downward due to decrease in collection caused by pandemic started for March up to May 2020. The 2019/2020 original budget was R51, 9million and the collection was adjusted to R49, 2million adjusted by R2, 7million.

The municipality received an amount of 57.8 million for the 11 months ending 31 May 2020 for VAT refund and the municipality adjusted other revenue by R54, 7million for VAT and the evidence will be attached to support the transaction.

The outstanding balance of 28.2 million per the 2018/19 financial year was catered for in the 2019/2020 financial year budget and was fully paid between July 2019 and September 2019 and those accruals were not adjusted in the previous adjustment budget and that is why we adjust our suppliers and employees by R 28, 2million.

## TABLE B8 CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

DC43 Harry Gwala - Table B8 Consolidated Cash backed reserves/accumulated surplus reconciliation - 23/06/2020

Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	120 138	12 929	–	15 730	15 730	28 660	64 103	109 763
Other current investments > 90 days	–	–	–	(0)	(0)	(0)	–	–
Non current assets - Investments	–	–	–	–	–	–	–	–
<b>Cash and investments available:</b>	<b>120 138</b>	<b>12 929</b>	<b>–</b>	<b>15 730</b>	<b>15 730</b>	<b>28 660</b>	<b>64 103</b>	<b>109 763</b>
<b>Applications of cash and investments</b>								
Unspent conditional transfers	39 678	236	–	–	–	236	236	236
Unspent borrowing	–	–	–	–	–	–	–	–
Statutory requirements	–	–	–	–	–	–	–	–
Other working capital requirements	24 369	676	–	9 725	9 725	10 401	12 516	2 632
Other provisions	11 664	11 664	–	–	–	11 664	10 148	10 757
Long term investments committed	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>	<b>75 711</b>	<b>12 576</b>	<b>–</b>	<b>9 725</b>	<b>9 725</b>	<b>22 301</b>	<b>22 900</b>	<b>13 625</b>
<b>Surplus(shortfall)</b>	<b>44 427</b>	<b>354</b>	<b>–</b>	<b>6 005</b>	<b>6 005</b>	<b>6 359</b>	<b>41 204</b>	<b>96 138</b>

## TABLE B9 ASSET MANAGEMENT

DC43 Harry Gwala - Table B9 Consolidated Asset Management - 23/06/2020

Description	Budget Year 2019/20						Budget Year	Budget Year
	Original	Prior	Nat. or Prov.	Other	Total Adjus.	Adjusted	Adjusted	
	Budget	Adjusted	Govt	Adjus.		Budget	Budget	
	7	11	12	13	14	+1 2020/21	+2 2021/22	
R thousands	A	A1	E	F	G	H		
<b>CAPITAL EXPENDITURE</b>								
<b><u>Total New Assets to be adjusted</u></b>	<b>100 415</b>	<b>119 793</b>	<b>-</b>	<b>(9 217)</b>	<b>(9 217)</b>	<b>110 576</b>	<b>253 717</b>	<b>263 019</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	96 344	116 912	-	(8 618)	(8 618)	108 294	213 161	220 311
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	34 873	40 671
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	96 344	116 912	-	(8 618)	(8 618)	108 294	248 033	260 982
Community Facilities	25	0	-	-	-	0	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-
Community Assets	25	0	-	-	-	0	-	-
Housing	211	0	-	-	-	0	-	-
Other Assets	211	0	-	-	-	0	-	-
Licences and Rights	100	0	-	-	-	0	200	210
Intangible Assets	100	0	-	-	-	0	200	210
Computer Equipment	1 450	1 450	-	-	-	1 450	1 590	594
Furniture and Office Equipment	1 996	1 431	-	(599)	(599)	832	910	956
Machinery and Equipment	289	0	-	-	-	0	484	277
Transport Assets	-	-	-	-	-	-	2 500	-
<b><u>Total Renewal of Existing Assets to be adjusted</u></b>	<b>97 515</b>	<b>99 196</b>	<b>-</b>	<b>(7 470)</b>	<b>(7 470)</b>	<b>91 726</b>	<b>830</b>	<b>10 203</b>
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	53 887	46 864	-	(2 699)	(2 699)	44 165	780	10 150
<i>Sanitation Infrastructure</i>	41 970	51 374	-	(3 813)	(3 813)	47 561	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	95 857	98 238	-	(6 512)	(6 512)	91 726	780	10 150
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	158	158	-	(158)	(158)	-	50	53
Transport Assets	1 500	800	-	(800)	(800)	-	-	-
<b><u>Total Upgrading of Existing Assets to be adjusted</u></b>	<b>84 693</b>	<b>60 241</b>	<b>-</b>	<b>5 448</b>	<b>5 448</b>	<b>65 689</b>	<b>16 675</b>	<b>8 200</b>
<i>Water Supply Infrastructure</i>	59 640	57 788	-	5 036	5 036	62 823	6 675	8 200
<i>Sanitation Infrastructure</i>	25 053	2 453	-	413	413	2 866	10 000	-
Infrastructure	84 693	60 241	-	5 448	5 448	65 689	16 675	8 200
<b><u>Total Capital Expenditure to be adjusted</u></b>	<b>282 624</b>	<b>279 230</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>267 991</b>	<b>271 221</b>	<b>281 421</b>
<i>Water Supply Infrastructure</i>	209 872	221 563	-	(6 281)	(6 281)	215 282	220 615	238 661
<i>Sanitation Infrastructure</i>	67 023	53 827	-	(3 400)	(3 400)	50 427	44 873	40 671
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	276 894	275 391	-	(9 682)	(9 682)	265 709	265 488	279 332
Community Facilities	25	0	-	-	-	0	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-
Community Assets	25	0	-	-	-	0	-	-
Housing	211	0	-	-	-	0	-	-
Other Assets	211	0	-	-	-	0	-	-
Licences and Rights	100	0	-	-	-	0	200	210
Intangible Assets	100	0	-	-	-	0	200	210
Computer Equipment	1 450	1 450	-	-	-	1 450	1 590	594
Furniture and Office Equipment	1 996	1 431	-	(599)	(599)	832	910	956
Machinery and Equipment	447	158	-	(158)	(158)	0	534	330
Transport Assets	1 500	800	-	(800)	(800)	-	2 500	-
Land	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	<b>282 624</b>	<b>279 230</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>267 991</b>	<b>271 221</b>	<b>281 421</b>

DC43 Harry Gwala - Table B9 Consolidated Asset Management - 23/06/2020

Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	1 775 568	1 772 174	-	(11 239)	(11 239)	1 760 935	1 875 916	1 932 990
<i>Roads Infrastructure</i>	3 508	3 508	-	-	-	3 508	3 718	3 941
<i>Storm water Infrastructure</i>						-		
<i>Electrical Infrastructure</i>	14 059	14 059	-	-	-	14 059	14 902	15 797
<i>Water Supply Infrastructure</i>	1 523 380	1 541 572	-	(6 281)	(6 281)	1 535 291	1 639 662	1 693 992
<i>Sanitation Infrastructure</i>	189 982	170 286	-	(3 400)	(3 400)	166 886	174 209	177 768
<i>Solid Waste Infrastructure</i>						-		
<i>Rail Infrastructure</i>						-		
<i>Coastal Infrastructure</i>						-		
<i>Information and Communication Infrastructure</i>	340	340	-	-	-	340	361	383
Infrastructure	1 731 269	1 729 765	-	(9 682)	(9 682)	1 720 084	1 832 853	1 891 880
Community Assets	26 910	26 885	-	-	-	26 885	28 498	30 208
Other Assets	318	107	-	-	-	107	114	120
Intangible Assets	1 316	1 216	-	-	-	1 216	1 489	1 576
Computer Equipment	2 210	2 210	-	-	-	2 210	2 395	1 448
Furniture and Office Equipment	3 618	3 053	-	(599)	(599)	2 454	2 630	2 778
Machinery and Equipment	648	359	-	(158)	(158)	200	192	(582)
Transport Assets	9 280	8 580	-	(800)	(800)	7 780	7 746	5 561
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 775 568</b>	<b>1 772 174</b>	<b>-</b>	<b>(11 239)</b>	<b>(11 239)</b>	<b>1 760 935</b>	<b>1 875 916</b>	<b>1 932 990</b>
<b>EXPENDITURE OTHER ITEMS</b>								
<u>Depreciation &amp; asset impairment</u>	38 192	80 294	-	(7)	(7)	80 287	84 249	88 294
<u>Repairs and Maintenance by asset class</u>	<b>22 346</b>	<b>21 121</b>	<b>-</b>	<b>(81)</b>	<b>(81)</b>	<b>21 041</b>	<b>22 897</b>	<b>23 462</b>
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	11 546	17 813	-	123	123	17 936	18 685	19 582
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	11 546	17 813	-	123	123	17 936	18 685	19 582
Community Facilities	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	110	146	-	(56)	(56)	90	153	160
Community Assets	110	146	-	(56)	(56)	90	153	160
Operational Buildings	1 500	2 173	-	-	-	2 173	2 500	2 631
Housing	-	-	-	-	-	-	-	-
Other Assets	1 500	2 173	-	-	-	2 173	2 500	2 631
Computer Equipment	190	0	-	2	2	2	520	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	8 500	690	-	-	-	690	724	759
Transport Assets	500	300	-	(150)	(150)	150	315	330
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>	<b>60 539</b>	<b>101 415</b>	<b>-</b>	<b>(88)</b>	<b>(88)</b>	<b>101 327</b>	<b>107 146</b>	<b>111 756</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	64,5%	57,1%				58,7%	6,5%	6,5%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	477,1%	198,6%				196,1%	20,8%	20,8%
<i>R&amp;M as a % of PPE</i>	1,3%	1,2%				1,2%	1,2%	1,2%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	11,5%	10,2%				10,1%	2,2%	2,2%

## TABLE B10 BASIC SERVICE DELIVERY MEASUREMENT

DC43 Harry Gwala - Table B10 Consolidated Basic service delivery measurement - 23/06/2020

Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	7 A1	11 E	12 F	13 G	14 H		
<b>Household service targets</b>								
<b>Water:</b>								
Piped water inside dwelling	49	49			–	49	48	52
Piped water inside yard (but not in dwelling)	20	20			–	20	20	21
Using public tap (at least min.service level)	30	30			–	30	35	37
Other water supply (at least min.service level)					–	–		
<i>Minimum Service Level and Above sub-total</i>	99	99	–	–	–	99	103	111
Using public tap (< min.service level)					–	–		
Other water supply (< min.service level)	30152	30152			–	30	28645	30936
No water supply					–	–		
<i>Below Minimum Service Level sub-total</i>	30	30	–	–	–	30	29	31
<b>Total number of households</b>	<b>129</b>	<b>129</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>129</b>	<b>131</b>	<b>142</b>
<b>Sanitation/sewerage:</b>								
Flush toilet (connected to sewerage)	70615	70615			–	70 615	75601	81649
Flush toilet (with septic tank)	12312	12312			–	12 312	12188	13164
Chemical toilet	0	0			–	–	0	0
Pit toilet (ventilated)	45779	45779			–	45 779	43490	46969
Other toilet provisions (> min.service level)					–	–		
<i>Minimum Service Level and Above sub-total</i>	128 706	128 706	–	–	–	128 706	131 279	141 782
Bucket toilet					–	–		
Other toilet provisions (< min.service level)					–	–		
No toilet provisions					–	–		
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–	–
<b>Total number of households</b>	<b>128 706</b>	<b>128 706</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>128 706</b>	<b>131 279</b>	<b>141 782</b>
<b>Households receiving Free Basic Service</b>								
Water (6 kilolitres per household per month)	6 189	6 189	–	–	–	6 189	6 561	6 954
Sanitation (free minimum level service)	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)	–	–	–	–	–	–	–	–
<b>Total revenue cost of subsidised services provided</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## **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 73 per cent of billed services looking at the performance of the 2019/2020 financial year.

### **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 - 23/06/2020**

Description	Budget Year 2019/20						Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	7 A1	9 C	10 D	11 E	12 F		
<b>RECEIPTS:</b>								
<b><u>Operating Transfers and Grants</u></b>								
<b>National Government:</b>	<b>366 004</b>	<b>382 508</b>	<b>-</b>	<b>9 222</b>	<b>9 222</b>	<b>391 730</b>	<b>385 766</b>	<b>411 458</b>
Local Government Equitable Share								
Equitable Share	345 309	345 309	-	-	-	345 309	372 340	402 448
Expanded Public Works Programme Integrated Grant	5 316	5 316	-	-	-	5 316	5 195	-
Integrated National Electrification Programme Grant	7 000	7 000	-	-	-	7 000	-	-
Local Government Financial Management Grant	1 000	1 000	-	-	-	1 000	1 000	1 200
Municipal Disaster Relief Grant	-	-	-	596	596	596	-	-
Municipal Infrastructure Grant	5 022	11 522	-	8 626	8 626	20 147	4 986	5 442
Rural Road Asset Management Systems Grant	2 357	2 358	-	-	-	2 358	2 245	2 368
Water Services Infrastructure Grant	-	10 004	-	-	-	10 004	-	-
<b>Provincial Government:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 500</b>	<b>-</b>
Other	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	1 500	-
<b>Total Operating Transfers and Grants</b>	<b>366 004</b>	<b>382 508</b>	<b>-</b>	<b>9 222</b>	<b>9 222</b>	<b>391 730</b>	<b>387 266</b>	<b>411 458</b>
<b><u>Capital Transfers and Grants</u></b>								
<b>National Government:</b>	<b>275 839</b>	<b>259 335</b>	<b>-</b>	<b>(8 626)</b>	<b>(8 626)</b>	<b>250 709</b>	<b>263 488</b>	<b>277 232</b>
Equitable Share	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	195 839	189 339	-	(8 626)	(8 626)	180 713	194 462	212 232
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	20 000	20 000	-	-	-	20 000	9 026	-
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	60 000	49 996	-	-	-	49 996	60 000	65 000
<b>Provincial Government:</b>	<b>-</b>	<b>15 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15 000</b>	<b>-</b>	<b>-</b>
Specify (Add grant description)	-	15 000	-	-	-	15 000	-	-
<b>Total Capital Transfers and Grants</b>	<b>275 839</b>	<b>274 335</b>	<b>-</b>	<b>(8 626)</b>	<b>(8 626)</b>	<b>265 709</b>	<b>263 488</b>	<b>277 232</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>641 842</b>	<b>656 843</b>	<b>-</b>	<b>596</b>	<b>596</b>	<b>657 439</b>	<b>650 754</b>	<b>688 690</b>

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

- National Government R 391, 7million

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

- National Government R 250, 7million
- Provincial Government R 15 million

## **2.3 Adjustments to Expenditure on Allocations and Grant Programmes**

2.3.1 A total amount of R596k has been received which is made up of the following grant allocation:

- Municipal Disaster Grant R 596 000

## 2.4 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 26 June 2020