

2019/20 ADJUSTMENTS BUDGET OF KOUGA LOCAL MUNICIPALITY



Copies of this document can be viewed:

- At all satellite offices and public libraries within the municipality
- At www.kouga.gov.za

TABLE OF CONTENTS

	PAGE
PART 1 – ADJUSTMENTS BUDGET	
1.1. Executive Mayor's Report	2
1.2. 2019/20 Adjustments Budget Resolutions	3
1.3. Executive Summary	4
1.4. Adjustments Budget Tables	5
PART 2 – SUPPORTING DOCUMENTATION	
2.1. Adjustments to Budget Assumptions	32
2.2. Adjustments to Budget Funding	32
2.3. Adjustments to expenditure on allocations and grant programmes	35
2.4. Adjustments to Councillors and Employee Benefits	36
2.5. Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)	36
2.6. Adjustments to Capital Expenditure	36
2.7. Municipal Manager's Quality Certificate	36

PART 1 – 2019/20 ADJUSTMENTS BUDGET

1.1. Executive Mayor's Report

1.1.1. Summary of reasons for the 2019/20 Adjustments Budget

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

- i. To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue.
- ii. 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.
- 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 authorise the utilisation of projected savings in one vote towards spending under another vote.
- v. To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the Municipal Council during a financial year. The Adjustments Budget must normally be approved by Council by the end of February.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2019/20 approved Budget has been adjusted. The adjustment has mainly been necessitated as a result of the following:

- The need to adjust revenue and expenditure estimates, in line with revenue collection levels.
- The need to appropriate additional revenues that became available over and above those anticipated in the approved 2019/20 Budget.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.
- The need to authorise the spending of unspent funds at the end of the 2018/19 financial year.

1.1.2. The Executive Mayor recommends that the Council approves the 2019/20 Adjustments Budget.

1.2. 2019/20 Adjustments Budget Resolutions

1.2.1. Approval of the Adjustments Budget

- i. The Executive Mayor recommends that the Council, by resolution taken by the majority of its full number, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act No 56 of 2003, approves the 2019/20 Adjustments Budget as set-out in the following tables:

Table B1 Adjustments Budget Summary: page 7

Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification): page 9

Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote): page 11

Table B4 Adjustments Budget Financial Performance (revenue and expenditure by type): page 12

Table B5 Adjustments Budget Capital Expenditure by vote, standard classification and funding source: page 19

Table B6 Adjustments Budget Financial Position: page 21

Table B7 Adjustments Budgeted Cash Flows: page 23

Table B8 Cash backed reserves/accumulated surplus reconciliation: page 24

Table B9 Asset Management: page 26

Table B10 Basic Service Delivery Measurement: page 30

1.3. Executive Summary

The 2019/20 Adjustments Budget amounts to R 1,116 billion, comprising of R 921,424 million for the Operating Budget and R 194,715 million for the Capital Budget. The Operating Adjustments Budget reflects an increase of R 24,287 million (2.71%), compared to the originally approved 2019/20 Operating Budget of R 897,137 million, whilst the Capital Adjustments Budget reflects an increase of R 101,604 million (109.12%), compared to the originally approved budget of R 93,110 million.

The increase in the Operating Budget of R 24,287 million is made up as follows:

Decrease in Contracted Services R 2,486 million

Total Expenditure Decreases R 2,486 million

Increase in Employee Related Costs R 13,952 million

Increase in Debt impairment R 0,83 million

Increase in Transfers and subsidies R 0,250 million

Increase in Inventory consumed R 3,168 million

Increase in Other expenditure R 9,320 million

Total Expenditure Increases R 26,773 million

Net Expenditure Increase R 24,287 million

In terms of funding the Capital Budget, the funding sources supporting the Municipality's capital expenditure, are summarised below:

Capital Expenditure by Funding Source

	Original Budget 2019/20	Adjustments Budget 2019/20	Variance
	R	R	R
Total Capital Budget	93 110 301	194 714 535	101 604 234
Funded as follows:			
Internally generated funds	41 993 506	56 765 273	14 771 767
Transfers recognised - capital	51 116 795	137 949 262	86 832 467
Total	93 110 301	194 714 535	101 604 234

The increase in internal funding is mainly attributable to unspent funds in respect of certain projects, being rolled over from the 2018/19 financial year.

The increase in grant funding is mainly attributable to the allocation of the Water Services Infrastructure Grant to assist the municipality with regards to water challenges as a result of the current drought conditions. It will be utilised for the implementation of drought relief interventions.

It is to be noted that the 2019/20 Original Budget reflected a funding surplus of R 31,008 million, whilst the 2019/20 Adjustments Budget reflects a funding surplus of R 32,607 million.

A provision of R 26,420 million has been set aside to cover potential bad debts arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 96%.

The free basic services programme currently, provides the following benefits to poor households:

- Free 50 kwh of electricity, plus basic charges
- Free 12kl of water, plus basic charges
- Free monthly refuse charges
- Free monthly environmental fees
- Free monthly sewerage charges (based on 12kl of water)
- Less extra R 85 000 on the value of the property for rates charges

1.4. Adjustments Budget Tables

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2019/20 Adjustments Budget to be considered for approval by Council. Each table is accompanied by explanatory notes

Table B1: Adjustments Budget Summary

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Financial Performance				
Property rates	196 717	514	514	197 231
Service charges	453 251	(944)	(944)	452 307
Investment revenue	10 375	5 000	5 000	15 375
Transfers recognised - operational	133 112	–	–	133 112
Other own revenue	43 238	4 998	4 998	48 236
Total Revenue (excluding capital transfers and contributions)	836 693	9 568	9 568	846 261
Employee costs	290 942	13 952	13 952	304 894
Remuneration of councillors	13 063	–	–	13 063
Depreciation & asset impairment	85 101	–	–	85 101
Finance charges	2 201	–	–	2 201
Materials and bulk purchases	301 244	3 221	3 221	304 465
Transfers and grants	–	250	250	250
Other expenditure	204 586	6 918	6 918	211 504
Total Expenditure	897 137	24 340	24 340	921 477
Surplus/(Deficit)	(60 444)	(14 772)	(14 772)	(75 217)
Transfers recognised - capital	58 063	–	–	58 063
Contributions recognised - capital & contributed assets	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(2 381)	(14 772)	(14 772)	(17 153)
Share of surplus/ (deficit) of associate	–	–	–	–
Surplus/ (Deficit) for the year	(2 381)	(14 772)	(14 772)	(17 153)
Capital expenditure & funds sources				
Capital expenditure	93 110	101 604	101 604	194 715
Transfers recognised - capital	51 117	86 832	86 832	137 949
Public contributions & donations	–	–	–	–
Borrowing	–	–	–	–
Internally generated funds	41 994	14 772	14 772	56 765
Total sources of capital funds	93 110	101 604	101 604	194 715
Financial position				
Total current assets	173 204	9 019	9 019	182 224
Total non-current assets	2 317 635	53 573	53 573	2 371 208
Total current liabilities	175 225	13 279	13 279	188 504
Total non-current liabilities	184 979	(2 979)	(2 979)	182 000
Community wealth/Equity	2 130 635	52 292	52 292	2 182 927

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Cash flows				
Net cash from (used) operating	82 720	(14 658)	(14 658)	68 062
Net cash from (used) investing	(93 110)	(101 604)	(101 604)	(194 715)
Net cash from (used) financing	(7 999)	(1 068)	(1 068)	(9 067)
Cash/cash equivalents at the year end	66 318	12 191	12 191	78 508
Cash backing/surplus reconciliation				
Cash and investments available	66 318	12 191	12 191	78 508
Application of cash and investments	35 310	(21 635)	(21 635)	13 675
Balance - surplus (shortfall)	31 008	33 825	33 825	64 833
Asset Management				
Asset register summary (WDV)	2 317 619	53 576	53 576	2 371 195
Depreciation & asset impairment	85 101	–	–	85 101
Renewal of Existing Assets	8 265	2 567	2 567	10 832
Repairs and Maintenance	43 692	13 768	13 768	57 460
Free services				
Cost of Free Basic Services provided	38 933	7 122	7 122	46 055
Revenue cost of free services provided	18 119	435	435	18 555
Households below minimum service level				
Water:	–	–	–	–
Sanitation/sewerage:	–	–	–	–
Energy:	–	–	–	–
Refuse:	–	–	–	–

Explanatory notes to Table B1 – Adjustments Budget Summary

The aim of the Adjustments Budget Summary is to provide a concise overview of the proposed Adjustments Budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

Table B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

Standard Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Revenue - Functional				
<i>Governance and administration</i>	339 475	5 682	5 682	345 158
Executive and council	27	–	–	27
Finance and administration	339 448	5 682	5 682	345 130
Internal audit	–	–	–	–
<i>Community and public safety</i>	14 266	89	89	14 354
Community and social services	2 479	–	–	2 479
Sport and recreation	7 867	–	–	7 867
Public safety	1 984	–	–	1 984
Housing	–	–	–	–
Health	1 936	89	89	2 024
<i>Economic and environmental services</i>	19 616	2 966	2 966	22 582
Planning and development	6 667	(0)	(0)	6 667
Road transport	11 844	2 742	2 742	14 586
Environmental protection	1 105	224	224	1 329
<i>Trading services</i>	521 398	892	892	522 291
Energy sources	293 789	(2 000)	(2 000)	291 789
Water management	87 929	(30)	(30)	87 899
Waste water management	83 574	4 153	4 153	87 728
Waste management	56 106	(1 231)	(1 231)	54 875
<i>Other</i>	–	–	–	–
Total Revenue - Functional	894 756	9 629	9 629	904 385
		–	–	
Expenditure - Functional		–	–	
<i>Governance and administration</i>	222 961	(6 541)	(6 541)	216 419
Executive and council	45 089	(2 493)	(2 493)	42 596
Finance and administration	177 872	(4 068)	(4 068)	173 803
Internal audit	–	20	20	20
<i>Community and public safety</i>	85 190	2 591	2 591	87 781
Community and social services	10 612	317	317	10 929
Sport and recreation	44 086	1 270	1 270	45 356
Public safety	22 264	45	45	22 309
Housing	3 228	969	969	4 198
Health	4 999	(10)	(10)	4 989
<i>Economic and environmental services</i>	116 851	16 051	16 051	132 903

Standard Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Planning and development	34 459	641	641	35 100
Road transport	80 642	15 190	15 190	95 832
Environmental protection	1 751	220	220	1 971
Trading services	467 649	13 172	13 172	480 820
Energy sources	285 024	648	648	285 673
Water management	80 898	(2 553)	(2 553)	78 344
Waste water management	51 081	5 793	5 793	56 874
Waste management	50 646	9 284	9 284	59 929
Other	4 486	(985)	(985)	3 501
Total Expenditure - Functional	897 137	24 287	24 287	921 424
Surplus/ (Deficit) for the year	(2 381)	(14 658)	(14 658)	(17 039)

Explanatory notes to Table B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

The "standard classification" refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Revenue by Vote				
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–
Vote 2 - FINANCIAL SERVICES	333 857	5 416	5 416	339 273
Vote 3 - CORPORATE SERVICES	27	266	266	293
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 052	–	–	4 052
Vote 5 - INFRASTRUCTURE AND ENGINEERING	468 908	2 123	2 123	471 031
Vote 6 - COMMUNITY SERVICES	20 256	2 831	2 831	23 086
Vote 7 - COMMUNITY SERVICES (CONTINUED)	67 656	(1 007)	(1 007)	66 649
Total Revenue by Vote	894 756	9 629	9 629	904 385
Expenditure by Vote				
Vote 1 - EXECUTIVE COUNCIL	43 826	(2 158)	(2 158)	41 668
Vote 2 - FINANCIAL SERVICES	93 059	(4 269)	(4 269)	88 790
Vote 3 - CORPORATE SERVICES	51 140	4 803	4 803	55 943
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 412	887	887	23 299
Vote 5 - INFRASTRUCTURE AND ENGINEERING	515 897	15 766	15 766	531 663
Vote 6 - COMMUNITY SERVICES	54 604	404	404	55 008
Vote 7 - COMMUNITY SERVICES (CONTINUED)	116 198	8 854	8 854	125 052
Total Expenditure by Vote	897 137	24 287	24 287	921 424
Surplus/ (Deficit) for the year	(2 381)	(14 658)	(14 658)	(17 039)

Explanatory notes to Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the Adjustments Budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned. Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Revenue By Source				
Property rates	196 717	575	575	197 292
Service charges - electricity revenue	277 068	(2 597)	(2 597)	274 470
Service charges - water revenue	76 105	(392)	(392)	75 713
Service charges - sanitation revenue	46 346	3 705	3 705	50 051
Service charges - refuse revenue	53 732	(1 660)	(1 660)	52 072
Service charges - other	–	–	–	–
Rental of facilities and equipment	4 037	(0)	(0)	4 037
Interest earned - external investments	10 375	5 000	5 000	15 375
Interest earned - outstanding debtors	8 439	2 453	2 453	10 892
Dividends received	–	–	–	–
Fines, penalties and forfeits	6 397	(0)	(0)	6 397
Licences and permits	16 568	3 253	3 253	19 822
Agency services	–	–	–	–
Transfers and subsidies	133 112	–	–	133 112
Other revenue	7 797	(709)	(709)	7 088
Gains on disposal of PPE	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	836 693	9 629	9 629	846 322
Expenditure By Type				
Employee related costs	290 942	13 952	13 952	304 894
Remuneration of councillors	13 063	–	–	13 063
Debt impairment	26 336	83	83	26 420
Depreciation & asset impairment	85 101	–	–	85 101
Finance charges	2 201	–	–	2 201
Bulk purchases	271 623	–	–	271 623
Other materials	29 621	3 168	3 168	32 789
Contracted services	80 814	(2 486)	(2 486)	78 327

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Transfers and subsidies	–	250	250	250
Other expenditure	97 436	9 320	9 320	106 757
Loss on disposal of PPE	–	–	–	–
Total Expenditure	897 137	24 287	24 287	921 424
		–	–	
Surplus/(Deficit)	(60 444)	(14 658)	(14 658)	(75 102)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	58 063	–	–	58 063
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–
Surplus/(Deficit) before taxation	(2 381)	(14 658)	(14 658)	(17 039)
Taxation	–	–	–	–
Surplus/(Deficit) after taxation	(2 381)	(14 658)	(14 658)	(17 039)
Attributable to minorities	–	–	–	–
Surplus/(Deficit) attributable to municipality	(2 381)	(14 658)	(14 658)	(17 039)
Share of surplus/ (deficit) of associate	–	–	–	–
Surplus/ (Deficit) for the year	(2 381)	(14 658)	(14 658)	(17 039)

Explanatory notes to Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Revenue

1. The Financial Performance Adjustments Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements.
A key aim is to facilitate comparison between the annual results and the Adjustments Budget, so as to assess performance.
2. Total operating revenue amounts to R 846,322 million in the 2019/20 Adjustments Budget, compared to the amount of R 836,693 million in the original 2019/20 Budget. This represents an increase of R 9,629 million or 1.15%.
3. Included in refuse revenue is an amount of R 14,671 million, relating to Environmental Management Fees.

4. The significant variations in revenue, compared to the 2019/20 Original budget are as follows

4.1 Property Rates

Property rates slightly increased by R 0,199 million, compared to the 2019/20 Original budget. The increase is attributable to various increases/or decreases in property rates revenue.

4.2 Service charges - electricity revenue

Electricity revenue decreased by R 2,597 million, compared to the 2019/20 Original budget. The decreased is largely influenced by lower consumption levels than anticipated.

4.3 Service charges - water revenue

Water revenue slightly decreased by R 0,392 million, compared to the 2019/20 Original budget. The decrease is mainly influenced by an increase in indigent subsidy, from R13,278 million to R 16,320 million.

4.4 Service charges - sanitation revenue

Sanitation revenue increased by R 3,705 million, compared to the 2019/20 Original budget. The increase is largely influenced by water consumption levels.

4.5 Service charges - refuse revenue

Refuse revenue decreased by R 1,660 million, compared to the 2019/20 Original budget. The decrease is largely influenced by increase in indigent subsidy from R10,537 million to R 13,043 million.

4.6 Interest earned – External Investments

Interest earned – external investments increased by R 5,000 million, compared to the 2019/20 Original budget. Interest earnings are influenced by the extent of the municipality's investment portfolio.

4.7 Interest earned - outstanding debtors

Interest earned – outstanding debtors increased by R 2,453 million, compared to the 2019/20 Original budget. The increase is in line with overdue debtors.

4.8 Licences and permits

Licences and permits increased by R 3,253 million, compared to the 2019/20 Original budget.

This is mainly due to an anticipated increase in the revenue attributable to motor vehicle licences.

4.9 Other revenue

Other revenue decreased by R 0,709 million, compared to the 2019/20 Original budget. The decrease is mainly due to unanticipated reduction in rates clearance certificates.

Expenditure

5. Total operating expenditure amounts to R 921,424 million in the 2019/20 Adjustments Budget, compared to the amount of R 897,134 million in the 2019/20 Original Budget. This represents an increase of R 24,287 million or 2.71%.
6. The significant variations in expenditure, compared to the 2019/20 Original budget, are as follows:

6.1 Employee Related Costs

Employee related costs increased by R 13,952 million, compared to the 2019/20 Original budget. The increase is attributable to salary budget shortfall, funding from operating budget and salary adjustments due to the implementation of job evaluation.

6.2 Debt impairment

Debt impairment increased by R 0,83 million, compared to the 2019/20 Original budget. This is in line with a collection rate of 96%, based on prevailing collection trends.

6.3 Other materials

Inventory consumed mostly relate to the repairs and maintenance budget. Other materials increased by R 3,168 million, compared to the 2019/20 Original budget.

The increase is largely attributable to roads maintenance budget from R 2,870 million to R 4,870 million and vehicle maintenance budget increased by R 1,013 million.

6.4 Transfers and Subsidies

Transfers and subsidies of R 0,250 million, relate to grant-in aid to the Sea Rescue South Africa.

6.5 Contracted Services

Contracted services decreased by R 2,486 million, compared to the 2019/20 Original budget. The decrease in contracted services, is mainly attributable to the following:

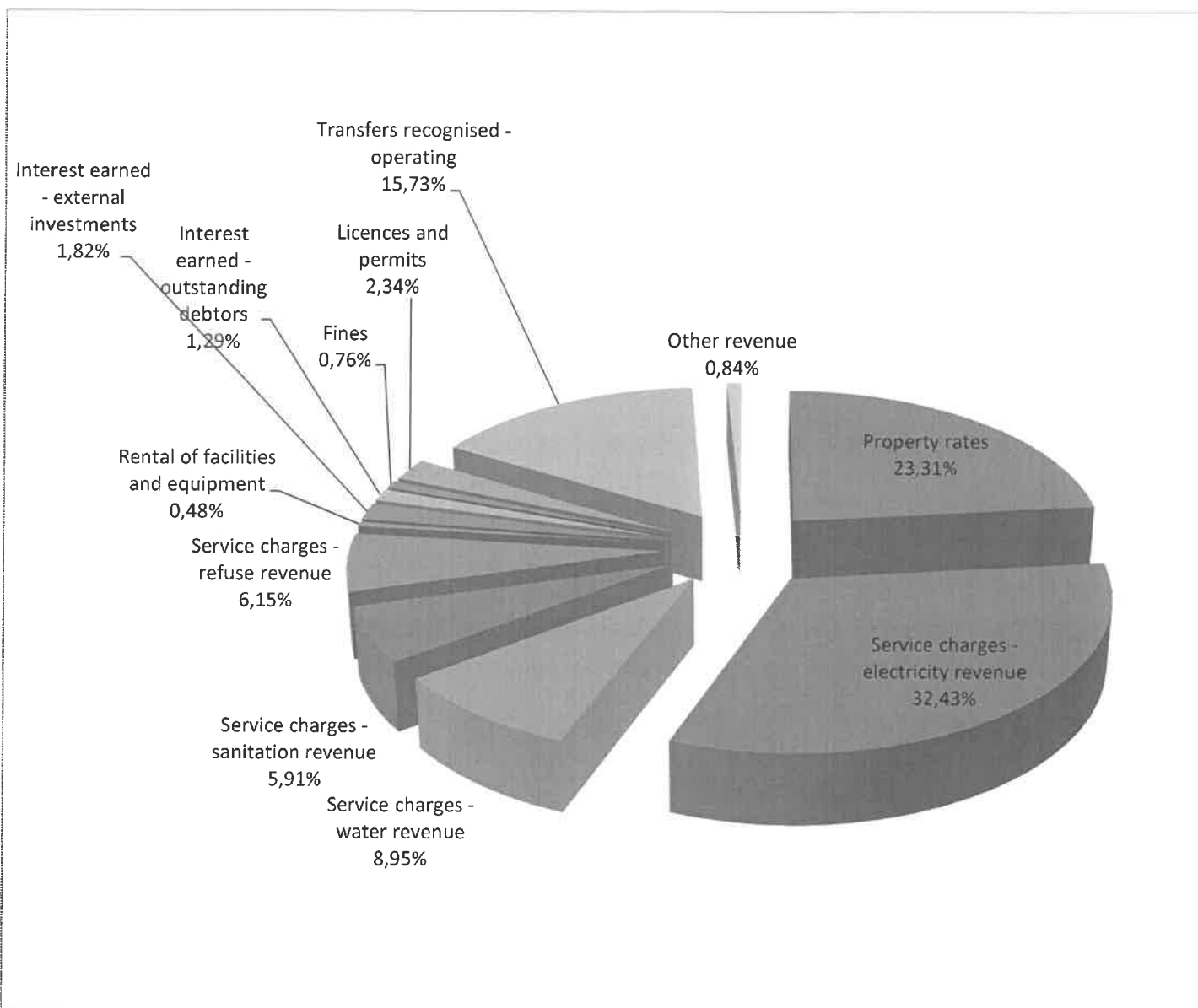
Item Description	Original Budget 2019/20	Adjustments Budget 2019/20	Variances
Consultancy and Professional Services	18 162 232	9 016 529	- 9 145 703
Maintenance of Vehicles	7 405 488	7 128 596	- 276 892
Legal Cost:Legal Advice and Litigation	6 142 000	2 352 083	- 3 789 917
Contractors:Maintenance of Buildings and Facilities	5 409 283	6 955 763	1 546 480
Business and Advisory:Valuer	2 182 900	1 951 875	- 231 025
Maintenance of ROADS	1 900 000	11 650 000	9 750 000
Outsourced Services:Traffic Fines Management	1 578 000	78 000	- 1 500 000
Outsourced Services:Security Services	1 520 083	2 020 083	500 000
Engineering:New Office Building	1 500 000	1 000 000	- 500 000
EIAs	1 315 600	805 600	- 510 000
Outsourced Services:Internal Auditors	841 600	477 600	- 364 000
Laboratory Services:Water	672 161	392 161	- 280 000
Outsourced Services:Catering Services	669 780	604 780	- 65 000
Business and Advisory:Qualification Verification	650 000	1 450 000	800 000
Outsourced Services:Transport Services	599 380	649 380	50 000
Business and Advisory:Accounting and Auditing	589 120	600 892	11 772
Outsourced Services:Cleaning Services	500 000	100 000	- 400 000
Business and Advisory:Occupational Health and Safety	385 000	315 000	- 70 000
Outsourced Services:Litter Picking and Street Cleaning	340 000	1 590 000	1 250 000
Outsourced Services:Burial Services	300 000	250 000	- 50 000
Contractors:Artists and Performers	273 000	110 000	- 163 000
Contractors:Event Promoters	42 080	-	- 42 080
Business and Advisory:Actuaries	36 820	39 900	3 080
Outsourced Services:Call Centre	-	90 000	90 000
Re-allocation costs	-	200 000	200 000
Outsourced Services:Clearing and Grass Cutting Services	-	700 000	700 000
	53 014 527	50 528 241	- 2 486 286

6.6 Other expenditure

Operational cost increased by R 9,320 million, compared to the 2019/20 Original budget. The increase is largely attributable to hire charges for the sanction tankers amounting to R 5,7 million and landfill sites compactor trucks amounting to R 3.3 million.

The following graphs explain the revenue and expenditure components in more detail:

2019/20 Statement of Financial Performance – Adjusted Revenue



2019/20 Statement of Financial Performance – Adjusted Expenditure

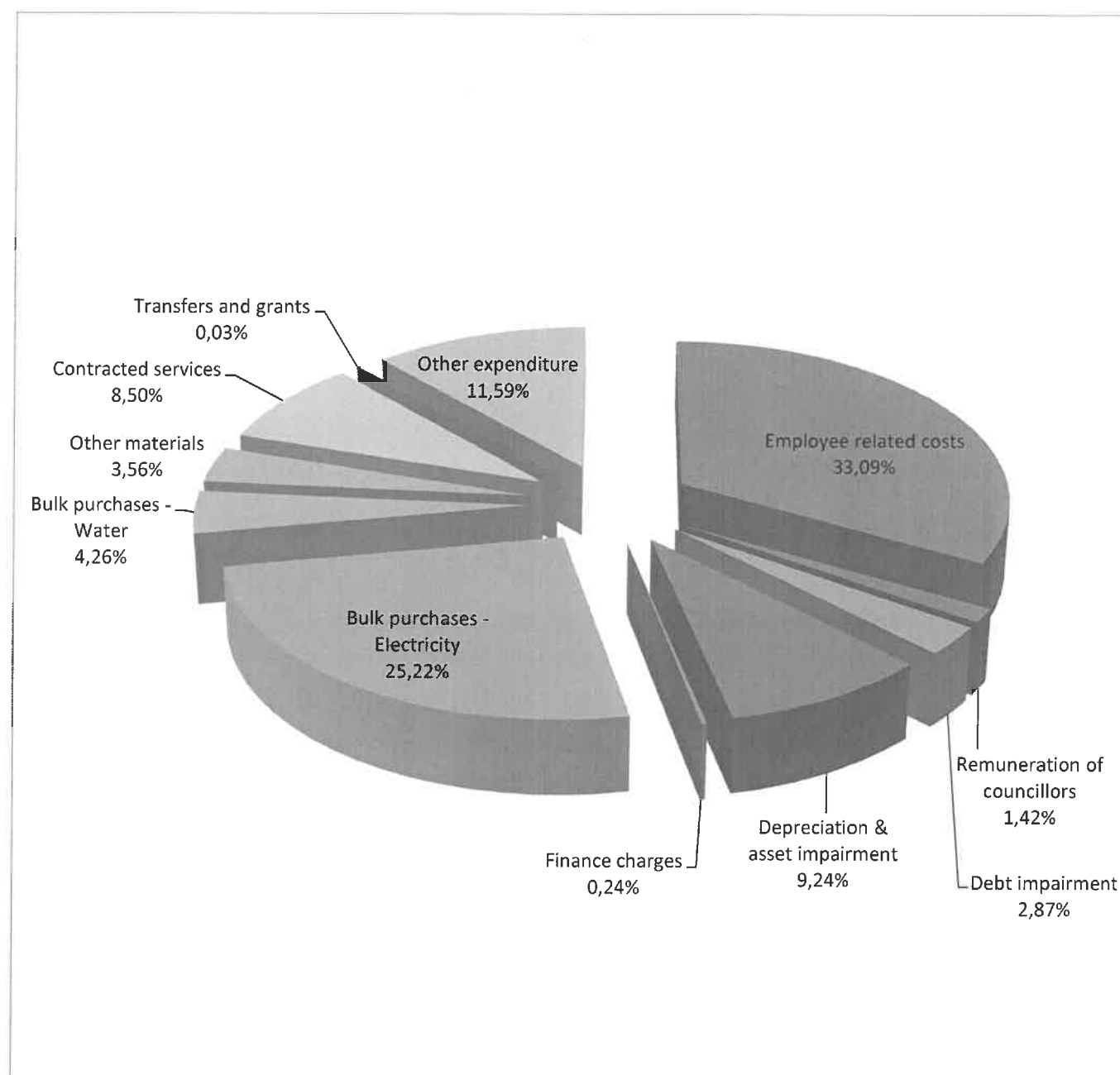


Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Capital expenditure - Vote				
Single-year expenditure to be adjusted				
Vote 1 - EXECUTIVE COUNCIL	1 200	1 029	1 029	2 229
Vote 2 - FINANCIAL SERVICES	2 600	4 691	4 691	7 291
Vote 3 - CORPORATE SERVICES	3 069	(291)	(291)	2 778
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 581	(2 359)	(2 359)	2 222
Vote 5 - INFRASTRUCTURE AND ENGINEERING	59 846	99 248	99 248	159 094
Vote 6 - COMMUNITY SERVICES	5 915	2 237	2 237	8 152
Vote 7 - COMMUNITY SERVICES (CONTINUED)	15 900	(2 950)	(2 950)	12 950
Capital single-year expenditure sub-total	93 110	101 604	101 604	194 715
Total Capital Expenditure - Vote	93 110	101 604	101 604	194 715
Capital Expenditure - Functional				
Governance and administration	8 169	6 562	6 562	14 731
Executive and council	1 065	1 178	1 178	2 243
Finance and administration	6 969	5 504	5 504	12 472
Internal audit	135	(119)	(119)	16
Community and public safety	20 215	3 993	3 993	24 208
Community and social services	950	(74)	(74)	876
Sport and recreation	13 600	2 121	2 121	15 720
Public safety	3 965	2 084	2 084	6 049
Housing	1 700	(138)	(138)	1 562
Health	–	–	–	–
Economic and environmental services	5 325	100	100	5 425
Planning and development	3 331	(900)	(900)	2 431
Road transport	1 994	1 000	1 000	2 994
Environmental protection	–	–	–	–
Trading services	59 402	90 949	90 949	150 352
Energy sources	19 432	23	23	19 455
Water management	11 446	86 978	86 978	98 424

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Waste water management	26 524	(1 051)	(1 051)	25 473
Waste management	2 000	5 000	5 000	7 000
<i>Other</i>	–	–	–	–
Total Capital Expenditure - Functional	93 110	101 604	101 604	194 715
Funded by:				
National Government	49 052	85 232	85 232	134 284
Provincial Government	–	–	–	–
District Municipality	2 065	1 600	1 600	3 665
Other transfers and grants	–	–	–	–
Transfers recognised - capital	51 117	86 832	86 832	137 949
Public contributions & donations	–	–	–	–
Borrowing	–	–	–	–
Internally generated funds	41 994	14 772	14 772	56 765
Total Capital Funding	93 110	101 604	101 604	194 715

Explanatory notes to Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table B6 – Adjustments Budget Financial Position

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
ASSETS				
Current assets				
Cash	6 632	1 219	1 219	7 851
Call investment deposits	59 686	10 972	10 972	70 658
Consumer debtors	67 067	(6 489)	(6 489)	60 578
Other debtors	33 150	735	735	33 885
Current portion of long-term receivables	3	–	–	3
Inventory	6 666	2 583	2 583	9 249
Total current assets	173 204	9 019	9 019	182 224
Non-current assets				
Long-term receivables	16	(3)	(3)	13
Investments				–
Investment property	354 389	(110 275)	(110 275)	244 114
Investment in Associate				–
Property, plant and equipment	1 961 428	163 224	163 224	2 124 652
Agricultural	–	–	–	–
Biological	–	–	–	–
Intangible	1 802	627	627	2 428
Other non-current assets	–	–	–	–
Total non-current assets	2 317 635	53 573	53 573	2 371 208
TOTAL ASSETS	2 490 839	62 593	62 593	2 553 432
LIABILITIES				
Current liabilities				
Bank overdraft	–	–	–	–
Borrowing	7 999	1 068	1 068	9 067
Consumer deposits	15 241	2 137	2 137	17 378
Trade and other payables	127 481	4 930	4 930	132 411
Provisions	24 505	5 144	5 144	29 649
Total current liabilities	175 225	13 279	13 279	188 504

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Non-current liabilities				
Borrowing	15 602	2 954	2 954	18 556
Provisions	169 378	(5 933)	(5 933)	163 445
Total non-current liabilities	184 979	(2 979)	(2 979)	182 000
TOTAL LIABILITIES	360 204	10 300	10 300	370 505
NET ASSETS	2 130 635	52 292	52 292	2 182 927
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	2 130 635	52 292	52 292	2 182 927
Reserves	–	–	–	–
Minorities' interests	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2 130 635	52 292	52 292	2 182 927

Explanatory notes to Table B6 – Adjustments Budget Financial Position

- 1 The table represents Assets Less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity, e.g. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
- 2 Any movement on the Adjustments Budgeted Financial Performance or the Capital Adjustments Budget will invariably impact on the Adjustments Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is directly informed by forecasting the statement of financial position.
- 3 The cash flow position requires close and ongoing monitoring.

Table B7 – Adjustments Budgeted Cash Flow Statement

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	188 848	552	552	189 400
Service charges	435 121	(906)	(906)	434 214
Other revenue	34 799	2 545	2 545	37 344
Government - operating	133 112	–	–	133 112
Government - capital	58 063	–	–	58 063
Interest	18 476	7 355	7 355	25 832
Dividends				–
Payments				
Suppliers and employees	(783 499)	(24 204)	(24 204)	(807 703)
Finance charges	(2 201)	–	–	(2 201)
Transfers and Grants				–
NET CASH FROM/(USED) OPERATING ACTIVITIES	82 720	(14 658)	(14 658)	68 062
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–			–
Decrease (Increase) in non-current debtors	–			–
Decrease (Increase) other non-current receivables	–			–
Decrease (Increase) in non-current investments	–			–
Payments				
Capital assets	(93 110)	(101 604)	(101 604)	(194 715)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(93 110)	(101 604)	(101 604)	(194 715)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–			–
Borrowing long term/refinancing	–			–
Increase (decrease) in consumer deposits	–			–
Payments				
Repayment of borrowing	(7 999)	(1 068)	(1 068)	(9 067)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 999)	(1 068)	(1 068)	(9 067)
NET INCREASE/ (DECREASE) IN CASH HELD	(18 389)	(117 330)	(117 330)	(135 720)
Cash/cash equivalents at the year begin:	84 707	129 521	129 521	214 228
Cash/cash equivalents at the year-end:	66 318	12 191	12 191	78 508

Explanatory notes to Table B7 – Adjustments Budgeted Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
2. It reflects the expected cash in-flows versus the cash out-flows that is likely to result from the implementation of the Budget.
3. The municipality will have to maintain its efforts of enforcing strict cash flow management and monitoring on an ongoing basis.

Table B8 – Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Cash and investments available				
Cash/cash equivalents at the year end	66 318	12 191	12 191	78 508
Other current investments > 90 days	–	–	–	–
Non-current assets - Investments	–	–	–	–
Cash and investments available:	66 318	12 191	12 191	78 508
Applications of cash and investments				
Unspent conditional transfers	–	–	–	–
Unspent borrowing	–	–	–	–
Statutory requirements	–	–	–	–
Other working capital requirements	32 227	10 693	10 693	42 920
Other provisions	3 083	(101)	(101)	2 982
Long term investments committed	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–
Total Application of cash and investments:	35 310	10 592	10 592	45 902
Surplus(shortfall)	31 008	1 599	1 599	32 607

Explanatory notes to Table B8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 Budget, the end objective was to ensure that the budget is funded as required in accordance with section 18 of the MFMA.
4. It is to be noted that the 2019/20 Original Budget reflected a funding surplus of R 31,008 million, whilst the 2019/20 Adjustments Budget reflects a funding surplus of R 32,607 million.
5. The Adjustments Budget funding position indicates that the Municipality must continue to exercise strict fiscal discipline to maintain and improve its funding position.

Table B9 – Asset Management

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
CAPITAL EXPENDITURE				
Total New Assets to be adjusted	66 031	57 020	57 020	123 051
Storm water Infrastructure	–	1 943	1 943	1 943
Electrical Infrastructure	15 919	(3)	(3)	15 916
Water Supply Infrastructure	–	47 591	47 591	47 591
Sanitation Infrastructure	30 107	(775)	(775)	29 332
Information and Communication Infrastructure	850	–	–	850
Infrastructure	46 876	48 756	48 756	95 632
Community Facilities	2 271	23	23	2 294
Sport and Recreation Facilities	100	(4)	(4)	96
Community Assets	2 371	20	20	2 391
Heritage Assets	–	–	–	–
Revenue Generating	300	(174)	(174)	126
Non-revenue Generating	1 700	(138)	(138)	1 562
Investment properties	2 000	(312)	(312)	1 688
Operational Buildings	1 150	(978)	(978)	172
Other Assets	1 150	(978)	(978)	172
Biological or Cultivated Assets	–	–	–	–
Licences and Rights	1 271	637	637	1 908
Intangible Assets	1 271	637	637	1 908
Computer Equipment	1 163	2 250	2 250	3 413
Furniture and Office Equipment	2 220	73	73	2 293
Machinery and Equipment	4 780	2 782	2 782	7 562
Transport Assets	4 200	3 793	3 793	7 993
Total Renewal of Existing Assets to be adjusted	8 265	2 567	2 567	10 832
Roads Infrastructure	1 500	1 000	1 000	2 500
Sanitation Infrastructure	750	(750)	(750)	–
Infrastructure	2 250	250	250	2 500
Community Facilities	200	–	–	200
Sport and Recreation Facilities	1 450	513	513	1 963
Community Assets	1 650	513	513	2 163
Heritage Assets	–	–	–	–
Revenue Generating	4 365	1 804	1 804	6 169
Investment properties	4 365	1 804	1 804	6 169
Total Upgrading of Existing Assets to be adjusted	18 814	42 017	42 017	60 832
Roads Infrastructure	364	–	–	364
Electrical Infrastructure	3 478	0	0	3 478
Water Supply Infrastructure	–	38 452	38 452	38 452
Sanitation Infrastructure	2 735	159	159	2 893
Information and Communication Infrastructure	5 413	–	–	5 413
Infrastructure	11 990	38 610	38 610	50 600
Community Facilities	–	12	12	12
Sport and Recreation Facilities	6 715	–	–	6 715

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Community Assets	6 715	12	12	6 726
Investment properties	–	–	–	–
Operational Buildings	110	45	45	155
Other Assets	110	45	45	155
Intangible Assets	–	–	–	–
Computer Equipment	–	3 350	3 350	3 350
Total Capital Expenditure to be adjusted		–	–	
Roads Infrastructure	1 864	1 000	1 000	2 864
Storm water Infrastructure	–	1 943	1 943	1 943
Electrical Infrastructure	19 397	(3)	(3)	19 395
Water Supply Infrastructure	–	86 042	86 042	86 042
Sanitation Infrastructure	33 592	(1 366)	(1 366)	32 226
Information and Communication Infrastructure	6 263	–	–	6 263
Infrastructure	61 116	87 616	87 616	148 732
Community Facilities	2 471	35	35	2 506
Sport and Recreation Facilities	8 265	509	509	8 773
Community Assets	10 736	544	544	11 280
Heritage Assets	–	–	–	–
Revenue Generating	4 665	1 630	1 630	6 295
Non-revenue Generating	1 700	(138)	(138)	1 562
Investment properties	6 365	1 492	1 492	7 857
Operational Buildings	1 260	(933)	(933)	327
Housing	–	–	–	–
Other Assets	1 260	(933)	(933)	327
Licences and Rights	1 271	637	637	1 908
Intangible Assets	1 271	637	637	1 908
Computer Equipment	1 163	5 600	5 600	6 763
Furniture and Office Equipment	2 220	73	73	2 293
Machinery and Equipment	4 780	2 782	2 782	7 562
Transport Assets	4 200	3 793	3 793	7 993
TOTAL CAPITAL EXPENDITURE to be adjusted	93 110	101 604	101 604	194 715
ASSET REGISTER SUMMARY - PPE (WDV)		–	–	
Roads Infrastructure	696 732	(66 342)	(66 342)	630 390
Storm water Infrastructure	86 282	(39 291)	(39 291)	46 991
Electrical Infrastructure	183 779	(3 765)	(3 765)	180 014
Water Supply Infrastructure	274 805	68 223	68 223	343 028
Sanitation Infrastructure	422 834	18 707	18 707	441 541
Solid Waste Infrastructure	–	16 009	16 009	16 009
Information and Communication Infrastructure	–	3 350	3 350	3 350
Infrastructure	1 664 432	(3 109)	(3 109)	1 661 324

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Community Assets	–	31 626	31 626	31 626
Revenue Generating	2 000	(2 000)	(2 000)	–
Investment properties	354 389	(110 275)	(110 275)	244 114
Housing	1 800	(1 800)	(1 800)	–
Other Assets	562	143 045	143 045	143 607
Intangible Assets	1 802	627	627	2 428
Computer Equipment	6 374	(2 377)	(2 377)	3 998
Furniture and Office Equipment	4 369	9 645	9 645	14 014
Machinery and Equipment	6 506	4 524	4 524	11 030
Transport Assets	22 452	(3 341)	(3 341)	19 111
Libraries	256 733	(16 789)	(16 789)	239 943
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 317 619	53 576	53 576	2 371 195
EXPENDITURE OTHER ITEMS		–	–	
Depreciation & asset impairment	85 101	–	–	85 101
Repairs and Maintenance by asset class	43 692	13 768	13 768	57 460
Roads Infrastructure	13 534	11 963	11 963	25 497
Storm water Infrastructure	908	(160)	(160)	748
Electrical Infrastructure	6 239	493	493	6 733
Water Supply Infrastructure	4 367	(550)	(550)	3 817
Sanitation Infrastructure	3 706	35	35	3 740
Solid Waste Infrastructure	200	–	–	200
Infrastructure	28 954	11 782	11 782	40 735
Community Facilities	1 402	156	156	1 559
Sport and Recreation Facilities	2 940	(300)	(300)	2 640
Community Assets	4 342	(144)	(144)	4 199
Operational Buildings	2 360	1 221	1 221	3 581
Housing	–	–	–	–
Other Assets	2 360	1 221	1 221	3 581
Machinery and Equipment	535	(22)	(22)	513
Transport Assets	7 501	931	931	8 432
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	128 792	13 768	13 768	142 560
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	29.1%	7.7%	7.7%	36.8%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	31.8%	52.4%	52.4%	84.2%
<i>R&M as a % of PPE</i>	1.9%	0.5%	0.5%	2.4%
<i>Renewal and upgrading and R&M as a % of PPE</i>	3.1%	2.4%	2.4%	5.4%

Explanatory notes to Table B9 – Asset Management

1. The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation are also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion

2. Repairs and maintenance increased by R 13,768 million, compared to the 2019/20 Original budget. The increase is mainly attributable to the maintenance of roads and municipal vehicles.

Table B10 – Basic service delivery measurement

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
Household service targets				
<u>Water:</u>				
Piped water inside dwelling	21440		–	21
Piped water inside yard (but not in dwelling)			–	
Using public tap (at least min. service level)			–	
Other water supply (at least min. service level)			–	
<i>Minimum Service Level and Above sub-total</i>	21	–	–	21
Using public tap (< min. service level)			–	
Other water supply (< min. service level)			–	
No water supply			–	
<i>Below Minimum Service Level sub-total</i>	–	–	–	–
Total number of households	21	–	–	21
<u>Sanitation/sewerage:</u>				
Flush toilet (connected to sewerage)	18406		–	18 406
Flush toilet (with septic tank)			–	
Chemical toilet			–	
Pit toilet (ventilated)			–	
Other toilet provisions (> min. service level)			–	
<i>Minimum Service Level and Above sub-total</i>	18 406	–	–	18 406
Bucket toilet	328		–	328
Other toilet provisions (< min. service level)			–	
No toilet provisions			–	
<i>Below Minimum Service Level sub-total</i>	328	–	–	328
Total number of households	18 734	–	–	18 734
<u>Energy:</u>				
Electricity (at least min. service level)	10649		–	10 649
Electricity - prepaid (> min. service level)	14808		–	14 808
<i>Minimum Service Level and Above sub-total</i>	25 457	–	–	25 457
Electricity (< min. service level)			–	
Electricity - prepaid (< min. service level)			–	
Other energy sources			–	
<i>Below Minimum Service Level sub-total</i>	–	–	–	–
Total number of households	25 457	–	–	25 457

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
Household service targets				
<u>Refuse:</u>				
Removed at least once a week (min. service)	27948		-	27 948
Minimum Service Level and Above sub-total	27 948	-	-	27 948
Removed less frequently than once a week			-	
Using communal refuse dump			-	
Using own refuse dump			-	
Other rubbish disposal			-	
No rubbish disposal			-	
<i>Below Minimum Service Level sub-total</i>	-	-	-	-
Total number of households	27 948	-	-	27 948
<u>Households receiving Free Basic Service</u>				
Water (6 kilolitres per household per month)	6700		-	6 700
Sanitation (free minimum level service)	6700		-	6 700
Electricity/other energy (50kwh per household per month)	6700		-	6 700
Refuse (removed at least once a week)	6700		-	6 700
<u>Cost of Free Basic Services provided (R'000)</u>				
Water (6 kilolitres per household per month)	906			906
Sanitation (free sanitation service)	2 147			2 147
Electricity/other energy (50kwh per household per month)	1 834			1 834
Refuse (removed once a week)	1 157			1 157
Total cost of FBS provided (minimum social package)	6 044			6 044
<u>Highest level of free service provided</u>				
Property rates (R'000 value threshold)	712.72		-	713
Water (kilolitres per household per month)	12		-	12
Sanitation (kilolitres per household per month)	12		-	12
Sanitation (Rand per household per month)	349.32		-	349
Electricity (kw per household per month)	50		-	50
Refuse (average litres per week)			-	
<u>Revenue cost of free services provided (R'000)</u>				
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	18 119			18 119
Water (in excess of 6 kilolitres per indigent household per month)	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)	-	-	-	-
Refuse (in excess of one removal a week for indigent households)	-	-	-	-
Municipal Housing - rental rebates	-	-	-	-
Housing - top structure subsidies	-	-	-	-
Other	-	-	-	-
Total revenue cost of subsidised services provided	18 119			18 119

Explanatory notes to Table B10 – Basic Service Delivery Measurement

Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

The budget assumptions, which informed the approved 2019/20 Budget, have been maintained.

2.2 Adjustments to Budget Funding

2.2.1 Funding the Adjustments Budget

2.2.1.1 Funding of Operating Expenditure

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

Expenditure By Type	Original Budget 2019/20	Adjustments Budget 2019/20	Variances
Property rates	196 716 970	197 292 176	575 206
Service Charges	453 250 715	452 306 730	-943 985
Electricity revenue	277 067 701	274 470 307	- 2 597 394
Water revenue	76 105 041	75 713 266	- 391 775
Sanitation revenue	46 346 140	50 051 300	3 705 160
Refuse revenue	53 731 833	52 071 857	- 1 659 976
Licences or Permits	16 568 348	19 821 820	3 253 472
Transfers and Subsidies	133 111 535	133 111 535	-
Fines, Penalties and Forfeits	6 397 148	6 397 148	-
Rental of facilities and equipment	4 036 614	4 036 614	-
Interest earned - outstanding debtors	8 439 070	10 892 242	2 453 172
Interest earned - external investments	10 374 963	15 374 963	5 000 000
Other Revenue	7 797 236	7 088 399	- 708 837
Total Revenue (excluding capital transfers and contributions)	836 692 599	846 321 627	9 629 028

2.2.1.2 Reconciliation showing that operating and capital expenditure is funded in accordance with section 18 of the MFMA

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Cash and investments available				
Cash/cash equivalents at the year end	66 318	12 191	12 191	78 508
Other current investments > 90 days	–	–	–	–
Non-current assets - Investments	–	–	–	–
Cash and investments available:	66 318	12 191	12 191	78 508
Applications of cash and investments				
Unspent conditional transfers	–	–	–	–
Unspent borrowing	–	–	–	–
Statutory requirements	–	–	–	–
Other working capital requirements	32 227	10 693	10 693	42 920
Other provisions	3 083	(101)	(101)	2 982
Long term investments committed	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–
Total Application of cash and investments:	35 310	10 592	10 592	45 902
Surplus(shortfall)	31 008	1 599	1 599	32 607

2.2.2 Adjustments to estimated collection levels

The 2019/20 Original Operating Budget was based on a debtors' collection rate of 96%.

2.2.3 Adjustments related to allocations and grants to the Municipality

2.2.3.1 Adjustments related to capital allocations and grants to the Municipality

Adjustments relating to grant funding, supporting the Municipality's Capital Budget is included in the enclosed annexure "A".

2.2.3.2. Adjustments related to allocations and grants to the Municipality

Below the adjustments pertaining to operating allocations and grants:

Supporting Table SB7 Adjustments Budget – transfers and grant receipts

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
RECEIPTS:				
Operating Transfers and Grants				
National Government:	129 297	–	–	129 297
Local Government Equitable Share	124 938		–	124 938
Expanded Public Works Programme	1 000		–	1 000
Local Government Financial Management Grant	1 770		–	1 770
Municipal Infrastructure Grant	1 589		–	1 589
Provincial Government:	2 050	–	–	2 050
Sports and Recreation	2 050		–	2 050
District Municipality:	1 765	–	–	1 765
<i>Environment Health Subsidy</i>	1 765		–	1 765
Total Operating Transfers and Grants	133 112	–	–	133 112
Capital Transfers and Grants				
National Government:	56 098	–	–	56 098
Integrated National Electrification Programme (Municipal Grant)	10 002		–	10 002
Municipal Infrastructure Grant	36 096		–	36 096
Water Services Infrastructure Grant	10 000		–	10 000
District Municipality:	1 965	–	–	1 965
<i>Fire Services Subsidy</i>	1 965		–	1 965
Total Capital Transfers and Grants	58 063	–	–	58 063
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	–	–	191 175

Supporting Table SB8 Adjustments Budget – expenditure on transfers and programmes

Description	Budget Year 2019/20			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:				
Operating expenditure of Transfers and Grants				
National Government:	129 297	–	–	129 297
Local Government Equitable Share	124 938		–	124 938
Expanded Public Works Programme	1 000		–	1 000
Local Government Financial Management Grant	1 770		–	1 770
Municipal Infrastructure Grant	1 589		–	1 589
Provincial Government:	2 050	–	–	2 050
Sports and Recreation	2 050		–	2 050
District Municipality:	1 765	–	–	1 765
<i>Environment Health Subsidy</i>	1 765		–	1 765
Total operating expenditure of Transfers and Grants:	133 112	–	–	133 112
Capital expenditure of Transfers and Grants				
National Government:	56 098	–	–	56 098
Integrated National Electrification Programme (Municipal Grant)	10 002		–	10 002
Municipal Infrastructure Grant	36 096		–	36 096
Water Services Infrastructure Grant	10 000		–	10 000
District Municipality:	1 965	–	–	1 965
Fire Services Subsidy	1 965		–	1 965
Total capital expenditure of Transfers and Grants	58 063	–	–	58 063
Total capital expenditure of Transfers and Grants	191 175	–	–	191 175

2.3 Adjustments to expenditure on allocations and grant programmes

2.3.1 The adjustments made to planned capital expenditure of allocations and grants received

The adjustments made to planned capital expenditure, including the capital projects in question, are reflected in Annexure "A".

2.4 Adjustments to Councillors and Employee benefits

Below is a summary of the adjustments made to Councillors' Remuneration and Employee Related Costs:

Description	Original Budget 2019/20	Adjustments Budget 2019/20	Variance
	R	R	R
Employee Related Costs	290 941 607	304 893 658	13 952 051
Councillors' Remuneration	13 062 989	13 062 989	-

2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)

In accordance with the MFMA, it should be noted that adjustments to the service delivery targets and performance indicators in the 2019/20 SDBIP will be considered, following the approval by Council of the 2019/20 Adjustments Budget.

2.6 Adjustments to Capital Expenditure

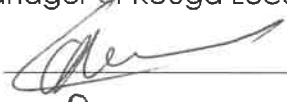
Annexure "B" contains a listing of all the adjusted capital programmes and projects of the Municipality, which are aligned to the Integrated Development Plan of the Municipality.

2.7 Municipal Manager's Quality Certification

I CHARL DU PLESSIS....., Municipal Manager of the Kouga Local 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 the Act, and that the Adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name CHARL DU PLESSIS

Municipal Manager of Kouga Local Municipality

Signature 

Date 21 FEBRUARY 2020

ANNEXURE A

Project Description	Original Budget 2019/20	Adjustments	Adjustments Budget 2019/20
District Municipality Funding			
Arts and Creative Industries	100 000	- 100 000	-
Vehicles	1 965 100	1 700 000	3 665 100
	2 065 100	1 600 000	3 665 100
National Department of Energy			
Energy and Demand Side Management Grant	3 478 261	-	3 478 261
Integrated National Electrification Programme	5 219 130	-	5 219 130
	8 697 391	-	8 697 391
Municipal Infrastructure Grant			
Patensie Sewage Package Plant	5 650 392	-	5 650 392
Upgrade Sanitation System Old Hankey	434 783	-	434 783
Upgrading of Gravel Roads in Jeffreys Bay	363 655	-	363 655
Upgrading of the Ses Vista Wastewater Treatment Works	13 011 229	-	13 011 229
Upgrading of Kwanomzamo Sports Facility	5 413 043	-	5 413 043
Upgrading of Sports Facilities	5 564 599	-	5 564 599
Mini Fresh Food and Craft Markets in Jbay & Hankey	1 220 951	-	1 220 951
	31 658 652	-	31 658 652
Water Services Infrastructure Grant			
CAPE ST FRANCIS WATER SUPPLY	-	4 217 504	4 217 504
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP)	-	15 772 674	15 772 674
HANKEY WATER SUPPLY	-	19 115 490	19 115 490
HUMANSDORP WATER SUPPLY	-	1 456 415	1 456 415
JEFFREYS BAY WATER SUPPLY	-	1 194 093	1 194 093
KwaNomzamo Wastewater Treatment Works	8 695 652	-	8 695 652
OYSTER BAY WATER SUPPLY	-	541 350	541 350
PATENSIE WATER SUPPLY	-	2 862 732	2 862 732
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFREYS BAY)	-	28 635 111	28 635 111
RETICULATION REPLACE PIPELINES (HANKEY)	-	2 168 698	2 168 698
RETICULATION REPLACE PIPELINES (OYSTER BAY)	-	13 882	13 882
RETICULATION REPLACE PIPELINES (PATENSIE)	-	7 634 103	7 634 103
WATER CONSERVATION AND DEMAND MANAGEMENT	-	1 620 416	1 620 416
	8 695 652	85 232 467	93 928 119
Total	51 116 795	86 832 467	137 949 262

ANNEXURE B

Project Description	Funding	Original Budget 2019/20	Adjustments	Adjustments Budget 2019/20
CORPORATE SERVICES				
Biometric Systems	Internal	130 000	470 000	600 000
Buildings	Internal	1 000 000	- 827 575	172 425
Computer Equipment	Internal	198 000	- 196 957	1 043
Computer Software and Applications	Internal	300 000	- 100 000	200 000
EDMS	Internal	540 506	320 494	861 000
Furniture and Equipment	Internal	550 000	116 571	666 571
Library upgrade & Corporate Services	Internal	100 000	176 738	276 738
Vehicle	Internal	250 000	- 250 000	-
		3 068 506	- 290 728	2 777 778
EXECUTIVE & COUNCIL				
Computer Equipment	Internal	100 000	60 000	160 000
Computer Software	Internal	-	20 000	20 000
Furniture and Equipment	Internal	260 000	- 59 101	200 899
Security Camera	Internal	90 000	- 60 000	30 000
Ward Councilors Capital (Markets)	Internal	750 000	1 067 695	1 817 695
		1 200 000	1 028 594	2 228 594
FINANCE				
Cibex Software	Internal	600 000	-	600 000
Computer Equipment	Internal	300 000	121 673	421 673
DISASTER RECOVERY SERVER	Internal	-	644 106	644 106
DOT MATRIX PRINTER	Internal	-	177 489	177 489
Fencing of main building	Internal	150 000	- 150 000	-
Furniture and Equipment	Internal	850 000	- 187 983	662 017
Machinery and Equipment	Internal	150 000	193 310	343 310
Office upgrade ICT	Internal	-	153 950	153 950
Network Upgrade	Internal	-	3 350 000	3 350 000
Vehicles	Internal	300 000	388 000	688 000
WIFI Solution	Internal	250 000	-	250 000
		2 600 000	4 690 545	7 290 545
INFRASTRUCTURE & ENGINEERING				
(Pre Planning) Investigation Bypass Rising Main - Wavecrest	Internal	-	300 000	300 000
(Pre Planning) Investigation for the Upgrade of Sewerage Line - Lemare	Internal	-	300 000	300 000
Bucket Eradication Programme	Internal	2 300 000	- 224 058	2 075 942
CAPE ST FRANCIS WATER SUPPLY	WSIG	-	4 217 504	4 217 504
Computer Equipment	Internal	25 000	-	25 000
CONCRETE POLES	Internal	-	171 518	171 518
conversion from conventional meter to pre paid met	Internal	-	170 337	170 337
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP)	WSIG	-	15 772 674	15 772 674
Electrcial 5 MV 22000/11000 transformer	Internal	1 400 000	-	1 400 000
Electrcial replacement of old and dangerous swith	Internal	2 000 000	- 2 000 000	-
Electrcial Replacement of old mv cables to main su	Internal	1 200 000	900 000	2 100 000
Electrcial supply of tri switches St Francis Bay	Internal	200 000	-	200 000
Electrcial Supply auto recloser St Francis Bay	Internal	400 000	-	400 000
Electrical Mini sub station 22 000/11000/400 St Fr	Internal	700 000	- 214 065	485 935
Electrical Oil circuit breakers replacement with v	Internal	800 000	-	800 000
Energy and Demand Side Management	INEP	3 478 261	- 3 478 261	-
Energy and Demand Side Management	ENERGY	-	3 478 261	3 478 261
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	1 500 000	- 92 740	1 407 260
Fencing of Kruisfontein WWTW	Internal	-	1 642 740	1 642 740
Furniture and Equipment	Internal	10 000	25 551	35 551
HANKEY WATER SUPPLY	WSIG	-	19 115 490	19 115 490
High Mast Lights	Internal	1 200 000	100 000	1 300 000
HUMANSDORP WATER SUPPLY	WSIG	-	1 456 415	1 456 415
Humansdorp, Kruisfontein and Osean View Electrific	INEP	5 219 130	-	5 219 130
JEFFREYS BAY WATER SUPPLY	WSIG	-	1 194 093	1 194 093
KwaNomzamo Wastewater Treatment Works	WSIG	8 695 652	-	8 695 652
LV Networks (Informal Areas, Electrification/illeg	Internal	1 000 000	-	1 000 000
Machinery and Equipment	Internal	330 000	-	330 000
New overheadlines 66kv overheadlinesJbay to Melk	Internal	1 800 000	-	1 800 000
Outfall Sewers Capital	Internal	-	382 619	382 619
OYSTER BAY WATER SUPPLY	WSIG	-	541 350	541 350

Project Description	Funding	Original Budget 2019/20	Adjustments	Adjustments Budget 2019/20
INFRASTRUCTURE & ENGINEERING				
Patensie Sewage Package Plant	MIG	5 650 392	-	5 650 392
PATENSIE WATER SUPPLY	WSIG	-	2 862 732	2 862 732
Pre Planning - Water Tower - Paradise	Internal	-	300 000	300 000
Pre Planning - Waterline Replacement - Mimosa Street	Internal	-	250 000	250 000
Pre Planning - Waterline Replacement - St Francis	Internal	-	260 000	260 000
Pump Stations Capital	Internal	750 000	- 750 000	-
Purchase of mini sub station 11000/400,22000/400	Internal	-	508 597	508 597
Purchase storage containers (3)	Internal	200 000	-	200 000
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFR	WSIG	-	28 635 111	28 635 111
RETICULATION REPLACE PIPELINES (HANKEY)	WSIG	-	2 168 698	2 168 698
RETICULATION REPLACE PIPELINES (OYSTER BAY)	WSIG	-	13 882	13 882
RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG	-	7 634 103	7 634 103
Roads Capital	Internal	1 500 000	1 000 000	2 500 000
Security Camera	Internal	200 000	100 000	300 000
Sewer REPLACE OLD PUMPS	Internal	750 000	- 682 108	67 892
SOLAR LIGHTS	Internal	-	360 773	360 773
St Francis bulk main outfall sewer	Internal	500 000	- 300 000	200 000
Upgrade Sanitation System Old Hankey	MIG	434 783	-	434 783
Upgrading of Gravel Roads in Jeffreys Bay	MIG	363 655	-	363 655
Upgrading of the Ses Vista Wastewater Treatment Wo	MIG	13 011 229	-	13 011 229
Upgrading of Kwanomzamo Sports Facility	MIG	5 413 043	-	5 413 043
Upgrading of Sports Facilities	MIG	5 564 599	-	5 564 599
Mini Fresh Food and Craft Markets in Jbay & Hankey	MIG	1 220 951	-	1 220 951
Vehicles	Internal	2 600 000	935 469	3 535 469
WATER CONSERVATION AND DEMAND MANAGEMENT	WSIG	-	1 620 416	1 620 416
		70 416 695	88 677 101	159 093 796
PLANNING, DEVELOPMENT & TOURISM				
Arts and Creative Industries	DISTR	100 000	- 100 000	-
Computer Equipment	Internal	60 000	73 300	133 300
Computer Software and Applications	Internal	300 000	- 73 300	226 700
Furniture and equipment	Internal	200 000	100 000	300 000
Land acquisition housing projects	Internal	1 700 000	- 137 692	1 562 308
LED Capital Projects	Internal	1 000 000	- 1 000 000	-
		3 360 000	- 1 137 692	2 222 308
COMMUNITY SERVICES				
Wheelie Bins	Internal	2 000 000	3 000 000	5 000 000
Computer Equipment	Internal	300 000	-	300 000
Fencing	Internal	1 300 000	342 064	1 642 064
Fencing Fire Station Hankey	Internal	200 000	-	200 000
Fencing of Yellow Woods	Internal	150 000	170 623	320 623
Furniture and equipment	Internal	350 000	78 100	428 100
HYDRAULICS RESCUE EQUIPMENT	Internal	-	304 655	304 655
Life Gaurds Beach Tower	Internal	100 000	- 3 788	96 212
Machinery and Equipment	Internal	1 500 000	209 637	1 709 637
Upgrading of Pellsrus, Kabeljous, Cape St Francis	Internal	450 000	-	450 000
Upgrading of Sports Facilities	Internal	700 000	-	700 000
Vehicles	Internal	3 450 000	2 823 223	6 273 223
Vehicles	DISTR	1 965 100	1 700 000	3 665 100
Weston Library Upgrade	Internal	-	11 900	11 900
		12 465 100	8 636 414	21 101 514
		93 110 301	101 604 234	194 714 535
Internally generated funds		41 993 506	14 771 767	56 765 273
Transfers recognised - capital		51 116 795	86 832 467	137 949 262
Total		93 110 301	101 604 234	194 714 535