

2019/20 SPECIAL ADJUSTMENTS BUDGET OF KOUGA LOCAL MUNICIPALITY



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PART 1 – 2019/20 SPECIAL ADJUSTMENTS BUDGET

1.1. Executive Mayor's Report

1.1.1. Summary of reasons for the 2019/20 Special 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 Adjusted Budget has been adjusted. The Special Adjustments Budget have been prepared in line with National Treasury for response and intervention measures for COVID – 19 pandemic. The adjustment has mainly been necessitated as a result of the following:

- The need to appropriate additional revenues that became available over and above those anticipated in the approved 2019/20 Adjusted Budget.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.

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

1.2. 2019/20 Special Adjustments Budget Resolutions

1.2.1. Approval of the Special 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 Special Adjustments Budget as set-out in the following tables:

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1.3. Executive Summary

The 2019/20 Special Adjustments Budget amounts to R 1,119 billion, comprising of R 927,120 million for the Operating Budget and R 192,276 million for the Capital Budget. The Operating Special Adjustments Budget reflects an increase of R 1,643 million (0.18%), compared to the originally approved 2019/20 Adjusted Operating Budget of R 925,477 million, whilst the Capital Special Adjustments Budget reflects a decrease of R 2,438 million (-1.25%), compared to the originally approved adjusted budget of R 194,714 million.

The increase in the Operating Budget of R 1,643 million is made up as follows:

Increase in Inventory consumed	R 0,768 million
Increase in Contracted services	R 2,584 million
	R 3,352 million

Decrease in Employee Related Costs	R 1,675 million
Decrease in Other expenditure	R 0,34 million

Total Expenditure Increases **R 1,643 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

	Adjustments Budget 2019/20	Special Adjustments Budget 2019/20	Variance
	R	R	R
Total Capital Budget	194 714 534	192 276 275	-2 438 259
Funded as follows:			
Internally generated funds	56 765 271	55 765 271	-1 000 000
Transfers recognised - capital	137 949 263	136 511 004	-1 438 259
Total	194 714 534	192 276 275	-2 438 259

The decrease internal funding is mainly attributable to funds being moved to operating budget for the st francis bay spit repairs.

The decrease in grant funding is mainly attributable to the allocation of the Integrated National Electrification Programme Grant (INEP) being adjusted in line with the Government Gazette of No. 43180 of 20 March 2020.

It is to be noted that the 2019/20 Prior Adjusted Budget reflected a funding surplus of R 28,599 million, whilst the 2019/20 Special Adjustments Budget reflects a funding surplus of R 29,032 million.

The collection rate remains unchanged at 96% for the 2019/20 financial year. 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.

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 Special 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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Financial Performance					
Property rates	196 717	197 292	(71)	(71)	197 221
Service charges	453 251	452 307	–	–	452 307
Investment revenue	10 375	15 375	–	–	15 375
Transfers recognised - operational	133 112	133 112	614	614	133 725
Other own revenue	43 238	48 236	–	–	48 236
	836 693	846 322	543	543	846 865
Total Revenue (excluding capital transfers and contributions)					
Employee costs	290 942	304 894	(1 675)	(1 675)	303 219
Remuneration of councillors	13 063	13 063	–	–	13 063
Depreciation & asset impairment	85 101	85 101	–	–	85 101
Finance charges	2 201	2 201	–	–	2 201
Materials and bulk purchases	301 244	304 465	718	718	305 183
Transfers and grants	–	250	–	–	250
Other expenditure	204 586	215 504	2 600	2 600	218 104
Total Expenditure	897 137	925 477	1 643	1 643	927 120
Surplus/(Deficit)	(60 444)	(79 155)	(1 100)	(1 100)	(80 256)
Transfers recognised - capital	58 063	58 063	(1 608)	(1 608)	56 455
Contributions recognised - capital & contributed assets	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(2 381)	(21 092)	(2 708)	(2 708)	(23 801)
Share of surplus/ (deficit) of associate	–	–	–	–	–
Surplus/ (Deficit) for the year	(2 381)	(21 092)	(2 708)	(2 708)	(23 801)
Capital expenditure & funds sources					
Capital expenditure	93 110	194 715	(2 438)	(2 438)	192 276
Transfers recognised - capital	51 117	137 949	(1 438)	(1 438)	136 511
Public contributions & donations	–	–	–	–	–
Borrowing	–	–	–	–	–
Internally generated funds	41 994	56 765	(1 000)	(1 000)	55 765
Total sources of capital funds	93 110	194 715	(2 438)	(2 438)	192 276
Financial position					
Total current assets	173 204	178 224	1 749	1 749	179 973
Total non current assets	2 317 635	2 371 220	(2 438)	(2 438)	2 368 782
Total current liabilities	175 225	188 504	1 319	1 319	189 824
Total non current liabilities	184 979	182 000	–	–	182 000
Community wealth/Equity	2 130 635	2 178 939	(2 008)	(2 008)	2 176 930

Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
<u>Cash flows</u>					
Net cash from (used) operating	82 720	64 009	(2 706)	(2 706)	61 303
Net cash from (used) investing	(93 110)	(194 715)	2 441	2 441	(192 273)
Net cash from (used) financing	(7 999)	(9 067)	2 137	2 137	(6 929)
Cash/cash equivalents at the year end	66 318	74 455	1 873	1 873	76 328
<u>Cash backing/surplus reconciliation</u>					
Cash and investments available	66 318	74 508	1 820	1 820	76 328
Application of cash and investments	35 310	45 910	1 386	1 386	47 296
Balance - surplus (shortfall)	31 008	28 599	434	434	29 032
<u>Asset Management</u>					
Asset register summary (WDV)	2 317 619	2 271 990	(2 438)	(2 438)	2 269 551
Depreciation & asset impairment	85 101	85 101	–	–	85 101
Renewal of Existing Assets	8 265	10 832	1 365	1 365	12 197
Repairs and Maintenance	43 692	57 459	1 179	1 179	58 638
<u>Free services</u>					
Cost of Free Basic Services provided	9 748	46 055	7 122	7 122	53 178
Revenue cost of free services provided	18 119	18 555	–	–	18 555
<u>Households below minimum service level</u>					
Water:	–	–	–	–	–
Sanitation/sewerage:	0	0	–	–	0
Energy:	–	–	–	–	–
Refuse:	28	28	–	–	28

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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue - Functional					
<i>Governance and administration</i>	339 475	345 158	(71)	(71)	345 087
Executive and council	27	27	–	–	27
Finance and administration	339 448	345 130	(71)	(71)	345 060
Internal audit	–	–	–	–	–
<i>Community and public safety</i>	14 266	14 354	–	–	14 354
Community and social services	2 479	2 479	–	–	2 479
Sport and recreation	7 867	7 867	–	–	7 867
Public safety	1 984	1 984	–	–	1 984
Housing	–	–	–	–	–
Health	1 936	2 024	–	–	2 024
<i>Economic and environmental services</i>	19 616	22 582	1 503	1 503	24 086
Planning and development	6 667	6 667	311	311	6 979
Road transport	11 844	14 586	–	–	14 586
Environmental protection	1 105	1 329	1 192	1 192	2 521
<i>Trading services</i>	521 398	522 291	(2 498)	(2 498)	519 793
Energy sources	293 789	291 789	(4 014)	(4 014)	287 775
Water management	87 929	87 899	1 214	1 214	89 113
Waste water management	83 574	87 728	–	–	87 728
Waste management	56 106	54 875	302	302	55 177
<i>Other</i>	–	–	–	–	–
Total Revenue - Functional	894 756	904 385	(1 065)	(1 065)	903 320
Expenditure - Functional					
<i>Governance and administration</i>	222 961	220 472	(1 512)	(1 512)	218 961
Executive and council	45 089	42 596	(158)	(158)	42 438
Finance and administration	177 872	177 856	(1 354)	(1 354)	176 503
Internal audit	–	20	–	–	20
<i>Community and public safety</i>	85 190	87 780	1 079	1 079	88 859
Community and social services	10 612	10 928	1 881	1 881	12 809
Sport and recreation	44 086	45 356	48	48	45 403
Public safety	22 264	22 309	32	32	22 341
Housing	3 228	4 198	(969)	(969)	3 228
Health	4 999	4 989	88	88	5 077

Standard Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
<i>Economic and environmental services</i>	116 851	132 903	(518)	(518)	132 385
Planning and development	34 459	35 100	(199)	(199)	34 901
Road transport	80 642	95 832	(148)	(148)	95 684
Environmental protection	1 751	1 971	(170)	(170)	1 801
<i>Trading services</i>	467 649	480 820	3 987	3 987	484 807
Energy sources	285 024	285 673	(6)	(6)	285 667
Water management	80 898	78 344	(453)	(453)	77 891
Waste water management	51 081	56 874	357	357	57 231
Waste management	50 646	59 929	4 089	4 089	64 018
<i>Other</i>	4 486	3 501	(1 392)	(1 392)	2 108
Total Expenditure - Functional	897 137	925 477	1 644	1 644	927 120
Surplus/ (Deficit) for the year	(2 381)	(21 092)	(2 709)	(2 709)	(23 801)

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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue by Vote					
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–
Vote 2 - FINANCIAL SERVICES	333 857	339 273	(71)	(71)	339 202
Vote 3 - CORPORATE SERVICES	27	293	–	–	293
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 052	4 052	–	–	4 052
Vote 5 - INFRASTRUCTURE AND ENGINEERING	468 908	471 031	(2 489)	(2 489)	468 542
Vote 6 - COMMUNITY SERVICES	20 256	23 086	–	–	23 086
Vote 7 - COMMUNITY SERVICES (CONTINUED)	67 656	66 649	1 494	1 494	68 143
Total Revenue by Vote	894 756	904 385	(1 065)	(1 065)	903 320
Expenditure by Vote					
Vote 1 - EXECUTIVE COUNCIL	43 826	45 668	60	60	45 728
Vote 2 - FINANCIAL SERVICES	93 059	88 843	261	261	89 104
Vote 3 - CORPORATE SERVICES	51 140	55 943	(1 600)	(1 600)	54 343
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 412	23 299	(2 899)	(2 899)	20 400
Vote 5 - INFRASTRUCTURE AND ENGINEERING	515 897	531 663	35	35	531 698
Vote 6 - COMMUNITY SERVICES	54 604	55 008	2 036	2 036	57 044
Vote 7 - COMMUNITY SERVICES (CONTINUED)	116 198	125 052	3 750	3 750	128 803
Total Expenditure by Vote	897 137	925 477	1 643	1 643	927 120
Surplus/ (Deficit) for the year	(2 381)	(21 092)	(2 708)	(2 708)	(23 801)

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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue By Source					
Property rates	196 717	197 292	(71)	(71)	197 221
Service charges - electricity revenue	277 068	274 470	–	–	274 470
Service charges - water revenue	76 105	75 713	–	–	75 713
Service charges - sanitation revenue	46 346	50 051	–	–	50 051
Service charges - refuse revenue	53 732	52 072	–	–	52 072
Service charges - other	–	–		–	–
Rental of facilities and equipment	4 037	4 037		–	4 037
Interest earned - external investments	10 375	15 375		–	15 375
Interest earned - outstanding debtors	8 439	10 892		–	10 892
Dividends received	–	–		–	–
Fines, penalties and forfeits	6 397	6 397		–	6 397
Licences and permits	16 568	19 822		–	19 822
Agency services	–	–		–	–
Transfers and subsidies	133 112	133 112	614	614	133 725
Other revenue	7 797	7 088	–	–	7 088
Gains on disposal of PPE	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	836 693	846 322	543	543	846 865
Expenditure By Type					
Employee related costs	290 942	304 894	(1 675)	(1 675)	303 219
Remuneration of councillors	13 063	13 063	–	–	13 063
Debt impairment	26 336	26 420		–	26 420
Depreciation & asset impairment	85 101	85 101	–	–	85 101
Finance charges	2 201	2 201	–	–	2 201
Bulk purchases	271 623	271 623	–	–	271 623
Other materials	29 621	32 842	768	768	33 610
Contracted services	80 814	82 327	2 584	2 584	84 911

Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Transfers and subsidies	–	250	–	–	250
Other expenditure	97 436	106 757	(34)	(34)	106 723
Loss on disposal of PPE	–	–	–	–	–
Total Expenditure	897 137	925 477	1 643	1 643	927 120
Surplus/(Deficit)	(60 444)	(79 155)	(1 100)	(1 100)	(80 256)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	58 063	58 063	(1 608)	(1 608)	56 455
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)	(21 092)	(2 708)	(2 708)	(23 801)
Taxation	–	–	–	–	–
Surplus/(Deficit) after taxation	(2 381)	(21 092)	(2 708)	(2 708)	(23 801)
Attributable to minorities	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	(2 381)	(21 092)	(2 708)	(2 708)	(23 801)
Share of surplus/ (deficit) of associate	–	–	–	–	–
Surplus/ (Deficit) for the year	(2 381)	(21 092)	(2 708)	(2 708)	(23 801)

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 846,865 million in the 2019/20 Special Adjustments Budget, compared to the amount of R 846,322 million in the prior adjusted 2019/20 Budget. This represents an increase of R 0,543 million or 0.06%.

3. The significant variations in revenue, compared to the 2019/20 prior adjusted budget are as follows

3.1 Transfers and subsidies

Transfers and subsidies slightly increased by R 0,614 million, compared to the 2019/20 prior adjusted budget. The increase is due to the amount of R 0,302 million received for the Greenest Municipality Award and an adjustment of R 0,312 to the MIG Administration.

Expenditure

4. Total operating expenditure amounts to R 927,120 million in the 2019/20 Special Adjustments Budget, compared to the amount of R 925,477 million in the 2019/20 Prior Adjusted Budget. This represents an increase of R 1,643 million or 0.18%.
5. The significant variations in expenditure, compared to the 2019/20 prior adjusted budget, are as follows:

5.1 Employee Related Costs

Employee related costs decreased by R 1,675 million, compared to the 2019/20 prior adjusted budget. The decrease is attributable to reclassification of Expanded Public Works Programme salary budget to contracted services.

5.2 Other materials

Other material mostly relates to the repairs and maintenance budget. Other materials increased by R 0,768 million, compared to the 2019/20 prior adjusted budget. The increase in other materials, is mainly attributable to the following:

Project Description	Prior Adjusted Budget 2019/20	Special Adjustments Budget 2019/20	Variances
Municipal running cost	16 389 071	15 877 725	- 511 346
Municipal building maintenance	1 705 332	1 541 314	- 164 018
COVID-19 Pandemic	-	2 000 000	2 000 000
Community Development	123 616	28 000	- 95 616
Maintenance of Electrical	3 535 171	3 217 651	- 317 520
Maintenance of Sewerage	1 502 620	1 424 500	- 78 120
Maintenance of Machinery and Equipment	120 000	120 000	-
Educational Awareness Programme	49 000	50 000	1 000
Maintenance of stormwater	615 104	615 000	- 104
Roads maintenance	6 240 000	5 940 000	- 300 000
Clean-up operations	115 000	-	- 115 000
Greenest Award Programme	-	198 023	198 023
Maintenance of Water	2 421 797	2 572 500	150 703
Disability Day Awareness	25 000	25 000	-
	32 841 711	33 609 713	768 002

5.3 Contracted Services

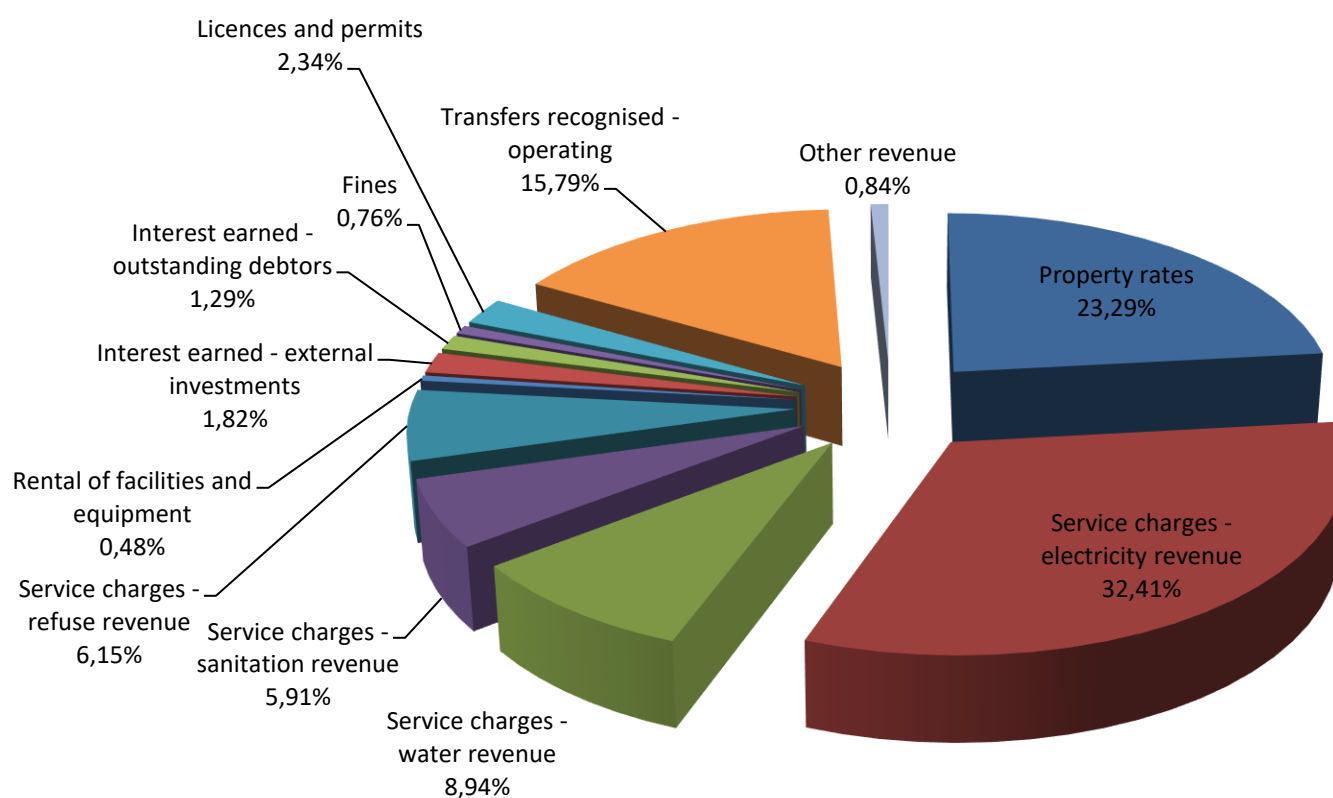
Contracted services increased by R 2,584 million, compared to the 2019/20 prior adjusted budget.

The increase in contracted services, is mainly attributable to the following:

Item Description	Prior Adjusted Budget 2019/20	Special Adjusted Budget 2019/20	Variances
Roads Maintenance	17 400 000	17 400 000	-
Project Management	11 292 930	9 387 611	- 1 905 319.00
Specia Rating Area	7 387 701	7 337 701	- 50 000.00
Maintenance of Vehicles	7 163 918	7 278 596	114 678.00
Maintenance of Buildings and Facilities	6 912 541	7 280 327	367 786.00
Legal Advice and Litigation	6 352 083	6 352 083	-
Maintenance of Electrical Infrastrcture	2 953 620	2 907 580	- 46 040.00
Other	2 873 105	3 003 233	130 128.00
Outsourced Services:Personnel and Labour	-	2 649 507	2 649 507.00
Security Services	2 020 083	2 020 083	-
Business and Advisory:Valuer	1 951 875	1 951 875	-
Clean up Operation	1 775 000	1 775 000	-
Maintenance of Sanitation Infrastructure	1 650 500	1 624 000	- 26 500.00
Engineering:Structural	1 600 000	-	- 1 600 000.00
Legal Cost:Collection	1 578 000	1 578 000	-
Qualification Verification	1 450 000	1 895 000	445 000.00
Maintenance of Water Infrastrcture	1 357 380	1 300 300	- 57 080.00
Panel of Professional Team	1 000 000	-	- 1 000 000.00
Drivers Licence Cards	850 000	770 000	- 80 000.00
Clearing and Grass Cutting Services	700 000	680 000	- 20 000.00
Maintenance of Machinery and Equipment	632 560	609 312	- 23 248.00
Dune Stabilisation	631 200	4 231 200	3 600 000.00
Medical Health Services & Support	500 000	500 000	-
Outsourced Services:Internal Auditors	477 600	477 599	- 1.00
Laboratory Services:Water	392 161	502 161	110 000.00
Animal Care	350 000	350 000	-
Occupational Health and Safety	315 000	315 000	-
Land Audit	300 000	300 000	-
Burial Services	250 000	235 000	- 15 000.00
Transportation	210 000	200 000	- 10 000.00
Total	82 327 257	84 911 168	2 583 911.00

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

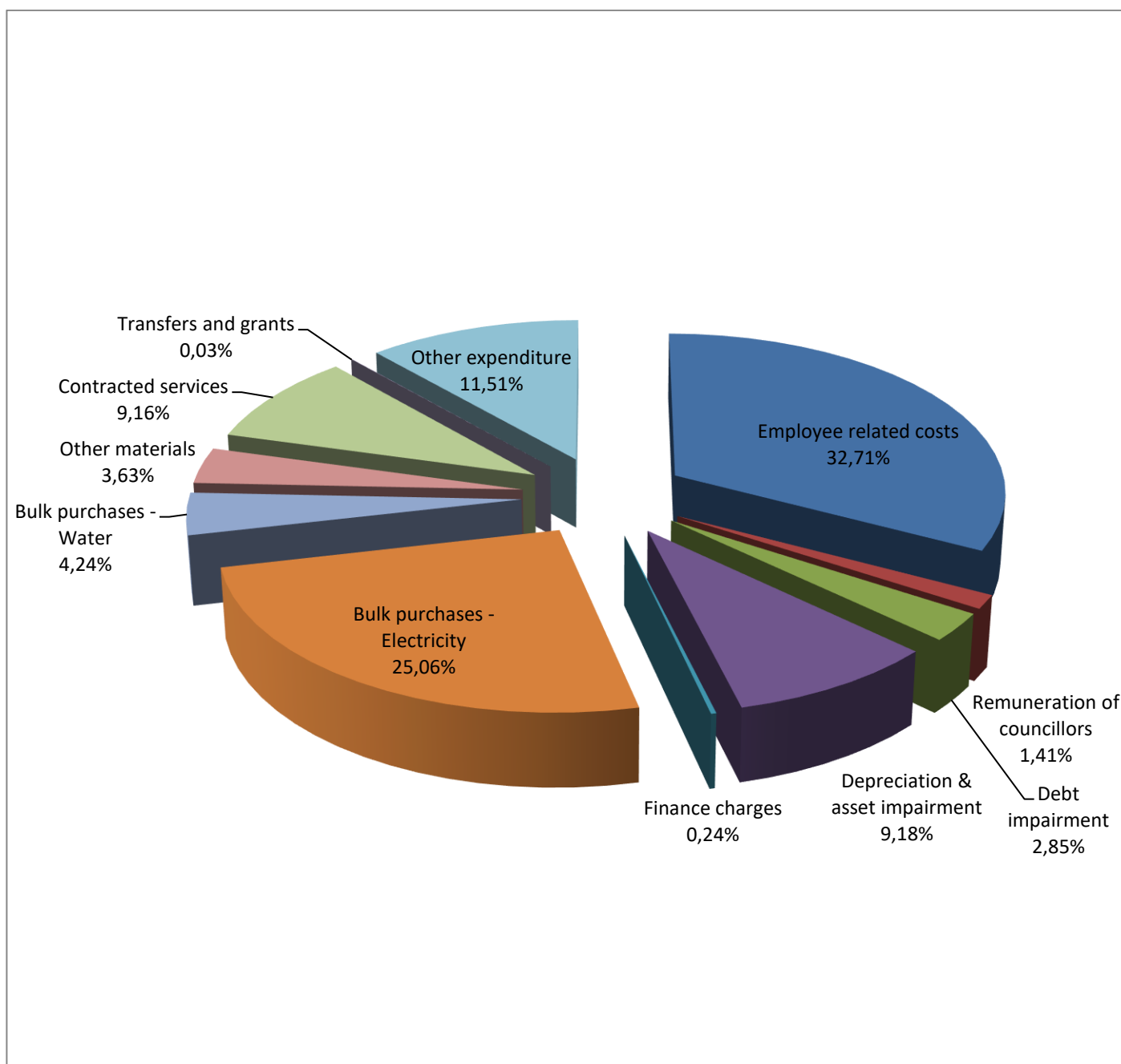


Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Capital expenditure - Vote					
Single-year expenditure to be adjusted					
Vote 1 - EXECUTIVE COUNCIL	1 200	2 229	–	–	2 229
Vote 2 - FINANCIAL SERVICES	2 600	7 291	–	–	7 291
Vote 3 - CORPORATE SERVICES	3 069	2 778	–	–	2 778
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 581	2 222	–	–	2 222
Vote 5 - INFRASTRUCTURE AND ENGINEERING	59 846	159 094	(3 475)	(3 475)	155 619
Vote 6 - COMMUNITY SERVICES	5 915	8 152	410	410	8 562
Vote 7 - COMMUNITY SERVICES (CONTINUED)	15 900	12 950	626	626	13 576
Capital single-year expenditure sub-total	93 110	194 715	(2 438)	(2 438)	192 276
Total Capital Expenditure - Vote	93 110	194 715	(2 438)	(2 438)	192 276
Capital Expenditure - Functional					
Governance and administration	8 169	14 731	(49)	(49)	14 682
Executive and council	1 065	2 243	(17)	(17)	2 226
Finance and administration	6 969	12 472	(32)	(32)	12 440
Internal audit	135	16		–	16
Community and public safety	20 215	24 208	(8 237)	(8 237)	15 970
Community and social services	950	876	67	67	943
Sport and recreation	13 600	15 720	(7 948)	(7 948)	7 772
Public safety	3 965	6 049	(356)	(356)	5 693
Housing	1 700	1 562	–	–	1 562
Health	–	–	–	–	–
Economic and environmental services	5 325	5 425	(1 242)	(1 242)	4 182
Planning and development	3 331	2 431	(1 242)	(1 242)	1 189
Road transport	1 994	2 994	–	–	2 994
Environmental protection	–	–	–	–	–

Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Trading services	59 402	150 352	7 090	7 090	157 442
Energy sources	19 432	19 455	(3 325)	(3 325)	16 130
Water management	11 446	98 424	(0)	(0)	98 424
Waste water management	26 524	25 473	9 439	9 439	34 912
Waste management	2 000	7 000	977	977	7 977
Other	–	–	–	–	–
Total Capital Expenditure - Functional	93 110	194 715	(2 438)	(2 438)	192 276
Funded by:					
National Government	49 052	134 284	(1 438)	(1 438)	132 846
Provincial Government	–	–	–	–	–
District Municipality	2 065	3 665	–	–	3 665
Other transfers and grants	–	–	–	–	–
Transfers recognised - capital	51 117	137 949	(1 438)	(1 438)	136 511
Public contributions & donations	–	–	–	–	–
Borrowing	–	–	–	–	–
Internally generated funds	41 994	56 765	(1 000)	(1 000)	55 765
Total Capital Funding	93 110	194 715	(2 438)	(2 438)	192 276

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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
ASSETS					
Current assets					
Cash	6 632	5 051	1 820	1 820	6 871
Call investment deposits	59 686	69 457	–	–	69 457
Consumer debtors	67 067	60 578	(71)	(71)	60 507
Other debtors	33 150	33 885		–	33 885
Current portion of long-term receivables	3	3		–	3
Inventory	6 666	9 249		–	9 249
Total current assets	173 204	178 224	1 749	1 749	179 973
Non current assets					
Long-term receivables	16	13		–	13
Investments		–		–	–
Investment property	354 389	242 552		–	242 552
Investment in Associate		–		–	–
Property, plant and equipment	1 961 428	2 126 227	(2 222)	(2 222)	2 124 004
Agricultural	–	–	–	–	–
Biological	–	–	–	–	–
Intangible	1 802	2 428	(216)	(216)	2 212
Other non-current assets	–	–	–	–	–
Total non current assets	2 317 635	2 371 220	(2 438)	(2 438)	2 368 782
TOTAL ASSETS	2 490 839	2 549 443	(689)	(689)	2 548 754
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Borrowing	7 999	9 067	–	–	9 067
Consumer deposits	15 241	17 378		–	17 378
Trade and other payables	127 481	132 411	1 319	1 319	133 730
Provisions	24 505	29 649		–	29 649
Total current liabilities	175 225	188 504	1 319	1 319	189 824

Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Non current liabilities					
Borrowing	15 602	18 556	–	–	18 556
Provisions	169 378	163 445	–	–	163 445
Total non current liabilities	184 979	182 000	–	–	182 000
TOTAL LIABILITIES	360 204	370 505	1 319	1 319	371 824
NET ASSETS	2 130 635	2 178 939	(2 008)	(2 008)	2 176 930
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	2 130 635	2 178 939	(2 008)	(2 008)	2 176 930
Reserves	–	–	–	–	–
Minorities' interests	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2 130 635	2 178 939	(2 008)	(2 008)	2 176 930

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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	188 848	189 400	(68)	(68)	189 333
Service charges	435 121	434 214	–	–	434 214
Other revenue	34 799	37 344	–	–	37 344
Government - operating	133 112	133 112	614	614	133 725
Government - capital	58 063	58 063	(1 608)	(1 608)	56 455
Interest	18 476	25 832	–	–	25 832
Dividends		–		–	–
Payments					
Suppliers and employees	(783 499)	(811 506)	(1 643)	(1 643)	(813 149)
Finance charges	(2 201)	(2 201)		–	(2 201)
Transfers and Grants		(250)		–	(250)
NET CASH FROM/(USED) OPERATING ACTIVITIES	82 720	64 009	(2 706)	(2 706)	61 303
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	–	–	–	–	–
Decrease (Increase) in non-current debtors	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	3	3	3
Decrease (increase) in non-current investments	–	–	–	–	–
Payments					
Capital assets	(93 110)	(194 715)	2 438	2 438	(192 276)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(93 110)	(194 715)	2 441	2 441	(192 273)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	2 137	2 137	2 137
Payments					
Repayment of borrowing	(7 999)	(9 067)		–	(9 067)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 999)	(9 067)	2 137	2 137	(6 929)
NET INCREASE/ (DECREASE) IN CASH HELD	(18 389)	(139 773)	1 873	1 873	(137 900)
Cash/cash equivalents at the year begin:	84 707	214 228		–	214 228
Cash/cash equivalents at the year end:	66 318	74 455	1 873	1 873	76 328

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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Cash and investments available					
Cash/cash equivalents at the year end	66 318	74 455	1 873	1 873	76 328
Other current investments > 90 days	–	53	(53)	(53)	–
Non current assets - Investments	–	–	–	–	–
Cash and investments available:	66 318	74 508	1 820	1 820	76 328
Applications of cash and investments					
Unspent conditional transfers	–	–	–	–	–
Unspent borrowing	–	–	–	–	–
Statutory requirements	–	–	–	–	–
Other working capital requirements	32 227	42 927	1 386	1 386	44 314
Other provisions	3 083	2 982		–	2 982
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–
Total Application of cash and investments:	35 310	45 910	1 386	1 386	47 296
Surplus(shortfall)	31 008	28 599	434	434	29 032

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 Prior Adjusted Budget reflected a funding surplus of R 28,599 million, whilst the 2019/20 Special Adjustments Budget reflects a funding surplus of R 29,032 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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
CAPITAL EXPENDITURE					
Total New Assets to be adjusted	67 659	123 051	2 897	2 897	125 948
Storm water Infrastructure	–	1 943	–	–	1 943
Electrical Infrastructure	15 919	15 916	(4 979)	(4 979)	10 938
Water Supply Infrastructure	–	47 591	–	–	47 591
Sanitation Infrastructure	31 735	29 332	7 869	7 869	37 202
Information and Communication Infrastructure	850	850	–	–	850
Infrastructure	48 504	95 632	2 891	2 891	98 523
Community Facilities	1 050	2 294	(100)	(100)	2 194
Sport and Recreation Facilities	100	96	–	–	96
Community Assets	1 150	2 391	(100)	(100)	2 291
Revenue Generating	300	126	–	–	126
Non-revenue Generating	1 700	1 562	–	–	1 562
Investment properties	2 000	1 688	–	–	1 688
Operational Buildings	1 150	172	–	–	172
Other Assets	1 150	172	–	–	172
Biological or Cultivated Assets	1 221	–	–	–	–
Licences and Rights	1 271	1 908	(116)	(116)	1 792
Intangible Assets	1 271	1 908	(116)	(116)	1 792
Computer Equipment	1 163	3 413	(1 055)	(1 055)	2 357
Furniture and Office Equipment	2 220	2 293	128	128	2 421
Machinery and Equipment	4 780	7 562	1 087	1 087	8 648
Transport Assets	4 200	7 993	63	63	8 056
Total Renewal of Existing Assets to be adjusted	8 265	10 832	1 365	1 365	12 197
Roads Infrastructure	1 500	2 500	–	–	2 500
Sanitation Infrastructure	750	–	–	–	–
Infrastructure	2 250	2 500	–	–	2 500
Community Facilities	200	200	(18)	(18)	182
Sport and Recreation Facilities	1 450	1 963	171	171	2 134
Community Assets	1 650	2 163	153	153	2 316
Revenue Generating	4 365	6 169	1 212	1 212	7 381
Investment properties	4 365	6 169	1 212	1 212	7 381
Total Upgrading of Existing Assets to be adjusted	17 187	60 832	(6 700)	(6 700)	54 132
Roads Infrastructure	364	364	–	–	364
Electrical Infrastructure	3 478	3 478	(40)	(40)	3 438
Water Supply Infrastructure	–	38 452	–	–	38 452
Sanitation Infrastructure	2 735	2 893	1 569	1 569	4 463
Information and Communication Infrastructure	5 413	5 413	(5 087)	(5 087)	326
Infrastructure	11 990	50 600	(3 558)	(3 558)	47 042
Community Facilities	–	12	(0)	(0)	12
Sport and Recreation Facilities	5 087	6 715	(3 142)	(3 142)	3 573

Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Community Assets	5 087	6 727	(3 142)	(3 142)	3 584
Operational Buildings	110	155	–	–	155
Other Assets	110	155	–	–	155
Computer Equipment	–	3 350	–	–	3 350
Total Capital Expenditure to be adjusted					
Roads Infrastructure	1 864	2 864	–	–	2 864
Storm water Infrastructure	–	1 943	–	–	1 943
Electrical Infrastructure	19 397	19 395	(5 019)	(5 019)	14 376
Water Supply Infrastructure	–	86 042	–	–	86 042
Sanitation Infrastructure	35 220	32 226	9 439	9 439	41 664
Information and Communication Infrastructure	6 263	6 263	(5 087)	(5 087)	1 176
Infrastructure	62 744	148 732	(667)	(667)	148 065
Community Facilities	1 250	2 506	(118)	(118)	2 388
Sport and Recreation Facilities	6 637	8 773	(2 971)	(2 971)	5 802
Community Assets	7 887	11 280	(3 089)	(3 089)	8 191
Revenue Generating	4 665	6 295	1 212	1 212	7 507
Non-revenue Generating	1 700	1 562	–	–	1 562
Investment properties	6 365	7 857	1 212	1 212	9 069
Operational Buildings	1 260	327	–	–	327
Other Assets	1 260	327	–	–	327
Biological or Cultivated Assets	1 221	–	–	–	–
Licences and Rights	1 271	1 908	(116)	(116)	1 792
Intangible Assets	1 271	1 908	(116)	(116)	1 792
Computer Equipment	1 163	6 763	(1 055)	(1 055)	5 707
Furniture and Office Equipment	2 220	2 293	128	128	2 421
Machinery and Equipment	4 780	7 562	1 087	1 087	8 648
Transport Assets	4 200	7 993	63	63	8 056
TOTAL CAPITAL EXPENDITURE to be adjusted	93 110	194 715	(2 438)	(2 438)	192 276
ASSET REGISTER SUMMARY - PPE (WDV)					
Roads Infrastructure	696 732	630 390	–	–	630 390
Storm water Infrastructure	86 282	46 991	–	–	46 991
Electrical Infrastructure	183 779	180 014	(5 019)	(5 019)	174 995

Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
<i>Water Supply Infrastructure</i>	274 805	343 028	–	–	343 028
<i>Sanitation Infrastructure</i>	422 834	441 541	9 439	9 439	450 980
<i>Solid Waste Infrastructure</i>	–	16 009	–	–	16 009
<i>Information and Communication Infrastructure</i>	–	3 350	–	–	3 350
Infrastructure	1 664 432	1 661 324	4 420	4 420	1 665 743
Community Assets	–	31 998	(7 929)	(7 929)	24 070
Revenue Generating	2 000	–	–	–	–
Investment properties	354 389	242 552	–	–	242 552
Housing	1 800	–	–	–	–
Other Assets	562	44 390	(158)	(158)	44 232
Intangible Assets	1 802	2 428	(216)	(216)	2 212
Computer Equipment	6 374	3 908	(884)	(884)	3 024
Furniture and Office Equipment	4 369	13 744	62	62	13 805
Machinery and Equipment	6 506	11 030	947	947	11 977
Transport Assets	22 452	19 111	1 320	1 320	20 431
Libraries	256 733	241 506	–	–	241 506
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 317 619	2 271 990	(2 438)	(2 438)	2 269 551
EXPENDITURE OTHER ITEMS					
Depreciation & asset impairment	85 101	85 101	–	–	85 101
Repairs and Maintenance by asset class	43 692	57 459	1 179	1 179	58 638
<i>Roads Infrastructure</i>	13 534	25 497	(513)	(513)	24 984
<i>Storm water Infrastructure</i>	908	748	160	160	908
<i>Electrical Infrastructure</i>	6 239	6 733	(364)	(364)	6 369
<i>Water Supply Infrastructure</i>	4 367	3 817	147	147	3 964
<i>Sanitation Infrastructure</i>	3 706	3 740	(105)	(105)	3 636
<i>Solid Waste Infrastructure</i>	200	200	1 560	1 560	1 760
Infrastructure	28 954	40 735	885	885	41 620
Community Facilities	1 402	1 558	(34)	(34)	1 525
Sport and Recreation Facilities	2 940	2 640	–	–	2 640
Community Assets	4 342	4 198	(34)	(34)	4 165
Operational Buildings	2 360	3 581	172	172	3 753
Other Assets	2 360	3 581	172	172	3 753
Machinery and Equipment	535	513	9	9	521
Transport Assets	7 501	8 432	146	146	8 578
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	128 792	142 560	1 179	1 179	143 739
Renewal and upgrading of Existing Assets as % of total capex	27.3%	36.8%			34.5%
Renewal and upgrading of Existing Assets as % of deprecn"	29.9%	84.2%			77.9%
R&M as a % of PPE	1.9%	2.5%			2.6%
Renewal and upgrading and R&M as a % of PPE	3.0%	5.7%			5.5%

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

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)	713		–	713
Water (kilolitres per household per month)	12		–	12
Sanitation (kilolitres per household per month)	12		–	12
Sanitation (Rand per household per month)	349		–	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 Prior Adjusted 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:

Description	Budget Year 2019/20		
	Prior Adjusted	Adjusted Budget	Variances
R thousands			
<u>Revenue By Source</u>			
Property rates	197 292	197 221	(71)
Service charges - electricity revenue	274 470	274 470	–
Service charges - water revenue	75 713	75 713	–
Service charges - sanitation revenue	50 051	50 051	–
Service charges - refuse revenue	52 072	52 072	–
Service charges - other	–	–	–
Rental of facilities and equipment	4 037	4 037	–
Interest earned - external investments	15 375	15 375	–
Interest earned - outstanding debtors	10 892	10 892	–
Dividends received	–	–	–
Fines, penalties and forfeits	6 397	6 397	–
Licences and permits	19 822	19 822	–
Agency services	–	–	–
Transfers and subsidies	133 112	133 725	614
Other revenue	7 088	7 088	–
Gains on disposal of PPE	–	–	–
Total Revenue (excluding capital transfers and contributions)	846 322	846 865	543

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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
<u>Cash and investments available</u>					
Cash/cash equivalents at the year end	66 318	74 455	1 873	1 873	76 328
Other current investments > 90 days	–	53	(53)	(53)	–
Non current assets - Investments	–	–	–	–	–
Cash and investments available:	66 318	74 508	1 820	1 820	76 328
<u>Applications of cash and investments</u>					
Unspent conditional transfers	–	–	–	–	–
Unspent borrowing	–	–	–	–	–
Statutory requirements	–	–	–	–	–
Other working capital requirements	32 227	42 927	1 386	1 386	44 314
Other provisions	3 083	2 982		–	2 982
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–
Total Application of cash and investments:	35 310	45 910	1 386	1 386	47 296
Surplus(shortfall)	31 008	28 599	434	434	29 032

2.2.2 Adjustments to estimated collection levels

The 2019/20 Prior Adjusted 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	Prior Adjusts.	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
RECEIPTS:					
<u>Operating Transfers and Grants</u>					
National Government:	129 297	129 297	311	311	129 608
Local Government Equitable Share	124 938	124 938	–	–	124 938
Expanded Public Works Programme	1 000	1 000	–	–	1 000
Local Government Financial Management Grant	1 770	1 770	–	–	1 770
Municipal Infrastructure Grant	1 589	1 589	311	311	1 900
Provincial Government:	2 050	2 050	302	302	2 352
Greenest Municipality Award	–	–	302	302	302
Sports and Recreation	2 050	2 050	–	–	2 050
District Municipality:	1 765	1 765	–	–	1 765
<i>Environment Health Subsidy</i>	1 765	1 765	–	–	1 765
Total Operating Transfers and Grants	133 112	133 112	613	613	133 725
<u>Capital Transfers and Grants</u>					
National Government:	56 098	56 098	(1 608)	(1 608)	54 490
Integrated National Electrification Programme (Municipal Grant)	10 002	10 002	(2 800)	(2 800)	7 202
Municipal Infrastructure Grant	36 096	36 096	–	–	36 096
Municipal Disaster Relief Grant	–	–	1 192	1 192	1 192
Water Services Infrastructure Grant	10 000	10 000	–	–	10 000
District Municipality:	1 965	1 965	–	–	1 965
Fire Services Subsidy	1 965	1 965	–	–	1 965
Total Capital Transfers and Grants	58 063	58 063	(1 608)	(1 608)	56 455
TOTAL RECEIPTS OF TRANSFERS & GRANTS	191 175	191 175	(995)	(995)	190 180

Supporting Table SB8 Adjustments Budget – expenditure on transfers and programmes

Description	Budget Year 2019/20				
	Original Budget	Prior Adjusted.	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:					
<u>Operating expenditure of Transfers and Grants</u>					
National Government:	129 297	129 297	311	311	129 608
Local Government Equitable Share	124 938	124 938	–	–	124 938
Expanded Public Works Programme	1 000	1 000	–	–	1 000
Local Government Financial Management Grant	1 770	1 770	–	–	1 770
Municipal Infrastructure Grant	1 589	1 589	311	311	1 900
Provincial Government:	2 050	2 050	302	302	2 352
Greenest Municipality Award	–	–	302	302	302
Sports and Recreation	2 050	2 050	–	–	2 050
District Municipality:	1 765	1 765	–	–	1 765
<i>Environment Health Subsidy</i>	1 765	1 765	–	–	1 765
Total Operating Transfers and Grants	133 112	133 112	613	613	133 725
<u>Capital Transfers and Grants</u>					
National Government:	56 098	56 098	(1 608)	(1 608)	54 490
Integrated National Electrification Programme (Municipal Grant)	10 002	10 002	(2 800)	(2 800)	7 202
Municipal Infrastructure Grant	36 096	36 096	–	–	36 096
Municipal Disaster Relief Grant	–	–	1 192	1 192	1 192
Water Services Infrastructure Grant	10 000	10 000	–	–	10 000
District Municipality:	1 965	1 965	–	–	1 965
Fire Services Subsidy	1 965	1 965	–	–	1 965
Total Capital Transfers and Grants	58 063	58 063	(1 608)	(1 608)	56 455
TOTAL EXPENDITURE OF TRANSFERS & GRANTS	191 175	191 175	(995)	(995)	190 180

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	Prior Adjusted Budget 2019/20	Special Adjustments Budget 2019/20	Variance
	R	R	R
Employee Related Costs	304 893 658	303 218 982	-1 674 676
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 Special 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

8 June 2020