KOUGA
local municipality
Good Governance through Service Excellence

SPECIAL COUNCIL MEETING

AGENDA

Date : 30 September 2020
Time : 10:00
Venue : Virtual Meeting

KOUGA MUNICIPALITY (EC108)	UMASIPALA I-KOUGA (EC108)	MUNISIPALITEIT KOUGA (OK108)
NOTICE CONVENING A MEETING	**ISAZISO NGENTLANGANISO**	**KENNISGEWING VAN VERGADERING**
NOTICE IS HEREBY GIVEN in terms of the amended Directions on Municipal Operations and Governance, in terms of Section 27(2) of the Disaster Management Act, 2002, that a virtual Council Meeting will be held on	**OKU KUKWAZISA** malunga neZikhokelo eziLungisiweyo ekuSebenzeni koMasipala kunye noLawulo ngokweMigaqqo yeCandelo lama 27(2) loMthetho woLawulo lweNtlekele ka 2002, ukuba kubanjwe intlanganiso ebonakalayo yesigqeba Ye khansile	**KENNIS GESKIED HIERMEE** ingevolge die gewysigde Aanwysings Vir Munisipale Bedrywighede En Bestuur, Ingevolge Artikel 27 (2) van die Wet op Rampbestuur, 2002, dat 'n virtuele raadsvergadering gehou sal word op
DATE: 30 September 2020	**UMHLA: 30 EyoMsintsi 2020**	**DATUM: 30 September 2020**
TIME: 10:00	**IXESHA: 10:00**	**TYD: 10:00**
H. BORNMAN **SPEAKER**	**H. BORNMAN** **USOMLOMO**	**H. BORNMAN** **SPEAKER**

Councillors are required to comply with the Standing Rules and Orders of Council and all its Committees By-law as promulgated in the Provincial Gazette on 22 October 2018 No.4134 and applicable to this meeting of Council. Any person who willfully contravenes any provision of these rules shall be guilty of an offence and which contravention shall be dealt with in accordance with the disciplinary procedures for Councillors.

A G E N D A

1. **NOTICE OF MEETING**
2. **OPENING AND WELCOME**
3. **ABSENT WITH LEAVE**
4. **ABSENT WITHOUT LEAVE**
5. **PRESENTATIONS**
6. **ACKNOWLEDGEMENTS, CONDOLENCES & CONGRATULATIONS**

7. **STATEMENTS OR COMMUNICATIONS BY THE SPEAKER**

8. **STATEMENTS OR COMMUNICATIONS BY THE EXECUTIVE MAYOR**

9. **DECLARATION OF INTEREST**

10. **STATUTORY MATTERS**

11. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

(The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

12. **REPORTS BY THE EXECUTIVE MAYOR**

12.1 **REPORTS BY THE CHAIRPERSON: FINANCE**

20/09/F1 2020/21 Special Adjustments Budget

Pages 6-47

13. **CLOSURE**

Distribution list:
Executive Mayor
Speaker
All Councillors
Municipal Manager
All Directors
Relevant Managers
Committee Services

MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR

REPORTS BY THE PORTFOLIO CHAIRPERSON: FINANCE

KOUGA MUNICIPALITY (EC108)

SPECIAL COUNCIL MEETING

FINANCE

DATE: 30 SEPTEMBER 2020 **ITEM NO: 20/09/F1**

2020/21 SPECIAL ADJUSTMENTS BUDGET

1. Introduction

The purpose of the report is to table the 2020/21 Special Adjustments Budget at the Special Council Meeting, in accordance with Section 28 of the Municipal Finance Management Act and section 23 of the Municipal Budget and Reporting Regulations.

The 2020/21 Special Adjustments Budget is to respond to the impact of the COVID-19 pandemic on the budget and account for the revised funding allocations made in the 2020 National Supplementary Budget.

2. Recommendation

2.1 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 56 of 2003, approves the 2020/21 Special Adjustments Budget as set-out in the following tables:

- Table B1 Adjustments Budget Summary;
- Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification);
- Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote);
- Table B4 Adjustments Financial Performance (revenue and expenditure by type);
- Table B5 Adjustments Budget Capital Expenditure by vote and standard classification and funding source;
- Table B6 Adjustments Budget Financial Position;
- Table B7 Adjustments Budget Cash Flows;
- Table B8 Cash backed reserves/accumulated surplus reconciliation;
- Table B9 Asset Management; and
- Table B10 Basic service delivery measurement.

Drafted by Manager Budget & Treasury: S Abrahams

Approved by CFO:

Mr. R Lorgat:.....

Endorsed by Municipal Manager: Mr. C Du Plessis

Noted by Portfolio Councillor:.....

2020/21 SPECIAL ADJUSTMENTS BUDGET OF

KOUGA LOCAL MUNICIPALITY

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

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PART 1 – 2020/21 SPECIAL ADJUSTMENTS BUDGET

1.1. Executive Mayor's Report

1.1.1. Summary of reasons for the 2020/21 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 2020/21 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 2020/21 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 2020/21 Special Adjustments Budget.

1.2. 2020/21 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 2020/21 Special Adjustments Budget as set-out in the following tables:

Table B1 Adjustments Budget Summary: page 8

Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification): page 10

Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote): page 12

Table B4 Adjustments Budget Financial Performance (revenue and expenditure by type): page 13

Table B5 Adjustments Budget Capital Expenditure by vote, standard classification and funding source: page 18

Table B6 Adjustments Budget Financial Position: page 20

Table B7 Adjustments Budgeted Cash Flows: page 22

Table B8 Cash backed reserves/accumulated surplus reconciliation: page 23

Table B9 Asset Management: page 25

Table B10 Basic Service Delivery Measurement: page 29

1.3. Executive Summary

The 2020/21 Special Adjustments Budget amounts to R 1,070 billion, comprising of R 992,604 million for the Operating Budget and R 77,800 million for the Capital Budget. The Operating Special Adjustments Budget reflects a decrease of R 3,738 million (-0.38%), compared to the originally approved 2020/21 Operating Budget of R 996,342 million, whilst the Capital Special Adjustments Budget reflects an increase of R 20,888 million (36.70%), compared to the originally approved budget of R 56,912 million.

The decrease in the Operating Budget of R 3,738 million is made up as follows:

Table 1 (Operating Adjustments)

Department	Item Description	Adjustments
Infrastructure & Engineering	Employee related costs	3 254 300
Community Services	Employee related costs	2 961 700
Corporate Services	Employee related costs	338 100
Finance	Employee related costs	1 691 900
Planning, Development & Tourism	Employee related costs	2 487 600
Office of the Municipal Manager	Employee related costs	1 022 000
Beach	St Francis Bay Ablution Facilities	500 000
Protection Services	Security Services	500 000
Life Saving	Materials and Supplies	157 200
Life Saving	Motor Vehicle Licence and Registrations	2 620
Life Saving	Printing, Publications and Books	5 240
Life Saving	Signage	31 440
Life Saving	Uniform and Protective Clothing	209 600
Council	Ward Development Fund	250 000
Executive Mayor	Volunteers Mayor's Office	378 000
CFO	Technical Support – Annual Financial Statements	500 000
Parks	Plot Clearing	500 000
Environmental Management	St Francis Split	3 100 000
Water	Transportation of water	2 300 000
Public	Roads - resealing project	6 000 000
Housing	Completion of Shelters in Stokwolf	1 000 000
Budget & Treasury	Value Added Tax Consultancy fees	423 020
Increase in Total Expenditure		**27 612 720**
Decrease in Debt impairment		- 31 350 380
Net Decrease in Total Expenditure		**- 3 737 660**

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

Table 2 (Capital Expenditure by Funding Source)

	Original Budget 2020/21	Special Adjustments Budget 2020/21	Variance
	R	R	R
Total Capital Budget	**56,912,490**	**77,800,376**	**20,887,886**
Funded as follows:			
Internally generated funds	23,302,954	42,074,262	18,771,308
Transfers recognised - capital	33,609,536	35,726,114	2,116,578
Total	**56,912,490**	**77,800,376**	**20,887,886**

The increase in the Capital Budget of R 20,888 million is made up as follows:

Table 3 (Capital Adjustments)

Department	Funding	Project Descriptions	Amount
		Approved Rollovers	
Community Services	Internal	Upgrading of Sport Facilities	153 457
Community Services	Internal	Furniture and Equipment	116 260
Community Services	Internal	Machinery and Equipment	369 138
Community Services	District	Vehicle	3 153 100
Corporate Services	Internal	Computer Software and Appl.	184 000
Corporate Services	Internal	EDMS	761 000
Corporate Services	Internal	Library Upgrade	22 000
Corporate Services	Internal	Computer Equipment	202 220
Corporate Services	Internal	Furniture and Equipment	352 446
Corporate Services	Internal	Biometric System	600 000
Executive & Council	Internal	Furniture and Equipment	2 962
Executive & Council	Internal	Furniture and Equipment	13 885
Executive & Council	Internal	Computer Equipment	62 445
Executive & Council	Internal	Ward Develoment Fund	100 000
Finance	Internal	Furniture and equipment	327 833
Finance	Internal	Machinery and Equipment	156 465
Finance	Internal	DISASTER RECOVERY SERVER	637 267
Finance	Internal	Furniture and Equipment	141 005
Finance	Internal	Office upgrade ICT	153 950
Finance	Internal	Cibex Software	81 497
Finance	Internal	WIFI Solution	75 904
Infrastructure	Internal	66kv line construction between melkhout sub & JBay mains	1 743 086
Infrastructure	Internal	Tri-switches St Francis Bay	200 000
Infrastructure	Internal	electrical mini sub-station 22000/11000/400 St Francis Bay	485 935
Infrastructure	Internal	electrical oil circuit breakers replacement	800 000
Infrastructure	Internal	electrical supply auto recloser St Francis Bay	400 000
Infrastructure	Internal	electrical 5mv 22000/11000 transformer	1 406 000
Infrastructure	Internal	LV Networks(informal areas	1 000 000
Infrastructure	Internal	Roads	2 500 000
Infrastructure	Internal	Security Camera	150 000
Infrastructure	Internal	Kruisfontein Electrification	800 000
	Internal	**Additions**	
Executive & Council	Internal	Vehicle	400 000
Finance	Internal	Computer Equipment	700 000
Infrastructure	Internal	Volts Miniature Substation	422 552
Infrastructure	Internal	OceanView Substation Re-Allocation	3 000 000
Planning & Development	Internal	Furniture and equipment	250 000
		Correction of error	
Community Services	MDRG	Whillie Bins (Removal of the MDRG Funding)	- 1 036 522
		TOTAL	**20 887 885**

It is to be noted that the 2020/21 Original Budget reflected a funding surplus of R 19,936 million, whilst the 2020/21 Special Adjustments Budget reflects a funding surplus of R 28,721 million.

The collection rate remains unchanged at 85% for the 2020/21 financial year.
A provision of R 58,222 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 2020/21 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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Financial Performance					
Property rates	205 650	205 650	–	–	205 650
Service charges	481 716	481 716	–	–	481 716
Investment revenue	13 013	13 013	–	–	13 013
Transfers recognised - operational	145 612	145 612	20 388	20 388	166 000
Other own revenue	60 015	60 015	(0)	(0)	60 015
Total Revenue (excluding capital transfers and contributions)	**906 005**	**906 005**	**20 388**	**20 388**	**926 393**
Employee costs	336 974	336 974	11 756	11 756	348 729
Remuneration of councillors	13 651	13 651	–	–	13 651
Depreciation & asset impairment	89 271	89 271	–	–	89 271
Finance charges	1 388	1 388	–	–	1 388
Materials and bulk purchases	305 802	305 752	1 687	1 687	307 440
Transfers and grants	761	761	–	–	761
Other expenditure	248 495	248 545	(17 180)	(17 180)	231 365
Total Expenditure	**996 342**	**996 342**	**(3 738)**	**(3 738)**	**992 604**
Surplus/(Deficit)	(90 336)	(90 337)	24 126	24 126	(66 211)
Transfers recognised - capital	38 356	38 356	(1 192)	(1 192)	37 164
Contributions recognised - capital & contributed assets	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	**(51 980)**	**(51 980)**	**22 934**	**22 934**	**(29 047)**
Share of surplus/ (deficit) of associate	–	–	–	–	–
Surplus/ (Deficit) for the year	**(51 980)**	**(51 980)**	**22 934**	**22 934**	**(29 047)**
Capital expenditure & funds sources					
Capital expenditure	56 912	57 062	19 888	19 888	76 950
Transfers recognised - capital	33 610	33 610	2 117	2 117	35 726
Public contributions & donations	–	–	–	–	–
Borrowing	–	–	–	–	–
Internally generated funds	23 303	23 303	18 771	18 771	42 074
Total sources of capital funds	**56 912**	**56 912**	**20 888**	**20 888**	**77 800**
Financial position					
Total current assets	182 094	182 094	31 270	31 270	213 364
Total non current assets	2 229 248	2 229 248	–	–	2 229 248
Total current liabilities	190 365	190 365	33 988	33 988	224 353
Total non current liabilities	170 192	170 192	–	–	170 192
Community wealth/Equity	**2 050 785**	**2 050 785**	**(2 718)**	**(2 718)**	**2 048 067**

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Cash flows					
Net cash from (used) operating	37 290	37 290	(17 824)	(17 824)	19 466
Net cash from (used) investing	(56 912)	(56 912)	(20 888)	(20 888)	(77 800)
Net cash from (used) financing	(9 608)	(9 608)	–	–	(9 608)
Cash/cash equivalents at the year end	**47 099**	**47 099**	**25 991**	**25 991**	**73 090**
Cash backing/surplus reconciliation					
Cash and investments available	47 099	47 099	25 991	25 991	73 090
Application of cash and investments	27 163	27 163	17 206	17 206	44 369
Balance - surplus (shortfall)	**19 936**	**19 936**	**8 785**	**8 785**	**28 721**
Asset Management					
Asset register summary (WDV)	2 229 235	56 912	2 193 610	2 193 610	2 250 523
Depreciation & asset impairment	89 271	89 271	–	–	89 271
Renewal of Existing Assets	6 220	6 220	9 025	9 025	15 245
Repairs and Maintenance	33 257	32 832	8 128	8 128	40 960
Free services					
Cost of Free Basic Services provided	49 209	49 209	–	–	49 209
Revenue cost of free services provided	19 429	19 429	–	–	19 429
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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue - Functional					
Governance and administration	**332 007**	**332 007**	**20 388**	**20 388**	**352 395**
Executive and council	28	28	–	–	28
Finance and administration	331 979	331 979	20 388	20 388	352 367
Internal audit	–	–	–	–	–
Community and public safety	**15 620**	**15 620**	**(0)**	**(0)**	**15 620**
Community and social services	2 498	2 498	–	–	2 498
Sport and recreation	8 085	8 085	–	–	8 085
Public safety	1 985	1 985	–	–	1 985
Housing	–	0	(0)	(0)	(0)
Health	3 051	3 051	–	–	3 051
Economic and environmental services	**23 813**	**23 813**	**–**	**–**	**23 813**
Planning and development	7 173	7 173	–	–	7 173
Road transport	15 252	15 252	–	–	15 252
Environmental protection	1 389	1 389	–	–	1 389
Trading services	**572 921**	**572 921**	**(1 192)**	**(1 192)**	**571 729**
Energy sources	304 317	304 317	–	–	304 317
Water management	100 261	100 261	–	–	100 261
Waste water management	93 692	93 692	–	–	93 692
Waste management	74 651	74 651	(1 192)	(1 192)	73 459
Other	**–**	**–**	**–**	–	**–**
Total Revenue - Functional	**944 362**	**944 362**	**19 196**	**19 196**	**963 558**
Expenditure - Functional					
Governance and administration	**242 971**	**243 471**	**(5 526)**	**(5 526)**	**237 945**
Executive and council	41 969	42 119	1 650	1 650	43 769
Finance and administration	200 981	201 331	(7 176)	(7 176)	194 154
Internal audit	21	21	–	–	21
Community and public safety	**93 241**	**92 756**	**2 122**	**2 122**	**94 878**
Community and social services	10 773	10 773	–	–	10 773
Sport and recreation	45 537	45 052	1 122	1 122	46 175
Public safety	25 505	25 505	–	–	25 505
Housing	5 399	5 399	1 000	1 000	6 399
Health	6 026	6 026	–	–	6 026

Standard Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Economic and environmental services	**122 804**	**122 804**	**8 488**	**8 488**	**131 291**
Planning and development	39 343	39 343	2 488	2 488	41 831
Road transport	81 450	81 450	6 000	6 000	87 450
Environmental protection	2 011	2 011	–	–	2 011
Trading services	**534 193**	**534 178**	**(8 821)**	**(8 821)**	**525 357**
Energy sources	316 672	316 672	(10 090)	(10 090)	306 581
Water management	91 486	91 486	890	890	92 377
Waste water management	62 587	62 587	(2 812)	(2 812)	59 775
Waste management	63 448	63 433	3 190	3 190	66 624
Other	**3 133**	**3 133**	**–**	–	**3 133**
Total Expenditure - Functional	**996 342**	**996 342**	**(3 738)**	**(3 738)**	**992 604**
Surplus/ (Deficit) for the year	**(51 980)**	**(51 980)**	**22 934**	**22 934**	**(29 047)**

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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue by Vote					
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–	–
Vote 2 - FINANCIAL SERVICES	325 858	325 858	20 388	20 388	346 246
Vote 3 - CORPORATE SERVICES	307	307	–	–	307
Vote 4 - COMMUNITY SERVICES	111 700	111 700	(1 192)	(1 192)	110 508
Vote 5 - INFRASTRUCTURE AND ENGINEERING	501 976	501 976	–	–	501 976
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	4 521	4 521	(0)	(0)	4 521
Total Revenue by Vote	**944 362**	**944 362**	**19 196**	**19 196**	**963 558**
Expenditure by Vote					
Vote 1 - EXECUTIVE COUNCIL	41 737	41 737	1 650	1 650	43 387
Vote 2 - FINANCIAL SERVICES	117 483	117 483	(8 015)	(8 015)	109 469
Vote 3 - CORPORATE SERVICES	46 629	46 629	338	338	46 967
Vote 4 - COMMUNITY SERVICES	195 251	195 251	4 406	4 406	199 658
Vote 5 - INFRASTRUCTURE AND ENGINEERING	566 216	566 216	(6 011)	(6 011)	560 204
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	26 204	26 204	3 488	3 488	29 692
Total Expenditure by Vote	**993 521**	**993 521**	**(4 144)**	**(4 144)**	**989 377**
Surplus/ (Deficit) for the year	**(49 160)**	**(49 160)**	**23 340**	**23 340**	**(25 820)**

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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Revenue By Source					
Property rates	205 650	205 650	–	–	205 650
Service charges - electricity revenue	291 625	291 625	–	–	291 625
Service charges - water revenue	81 846	81 846	–	–	81 846
Service charges - sanitation revenue	53 555	53 555	–	–	53 555
Service charges - refuse revenue	54 690	54 690	–	–	54 690
Service charges - other	–	–	–	–	–
Rental of facilities and equipment	4 083	4 083	–	–	4 083
Interest earned - external investments	13 013	13 013	–	–	13 013
Interest earned - outstanding debtors	6 993	6 993	–	–	6 993
Dividends received	–	–	–	–	–
Fines, penalties and forfeits	6 685	6 685	–	–	6 685
Licences and permits	20 714	20 714	–	–	20 714
Agency services	–	–	–	–	–
Transfers and subsidies	145 612	145 612	20 388	20 388	166 000
Other revenue	21 540	21 540	(0)	(0)	21 540
Gains on disposal of PPE	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	**906 005**	**906 005**	**20 388**	**20 388**	**926 393**
Expenditure By Type					
Employee related costs	336 974	336 974	11 756	11 756	348 729
Remuneration of councillors	13 651	13 651	–	–	13 651
Debt impairment	89 573	89 573	(31 350)	(31 350)	58 222
Depreciation & asset impairment	89 271	89 271	–	–	89 271
Finance charges	1 388	1 388	–	–	1 388
Bulk purchases	279 744	279 744	(33 570)	(33 570)	246 173
Other materials	26 059	26 009	35 257	35 257	61 266

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Contracted services	60 352	60 182	11 521	11 521	71 703
Transfers and subsidies	761	761	–	–	761
Other expenditure	98 571	98 791	2 649	2 649	101 440
Loss on disposal of PPE	–	–	–	–	–
Total Expenditure	**996 342**	**996 342**	**(3 738)**	**(3 738)**	**992 604**
Surplus/(Deficit)	**(90 336)**	**(90 337)**	**24 126**	**24 126**	**(66 211)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	38 356	38 356	(1 192)	(1 192)	37 164
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–
Surplus/(Deficit) before taxation	**(51 980)**	**(51 980)**	**22 934**	**22 934**	**(29 047)**
Taxation	–	–	–	–	–
Surplus/(Deficit) after taxation	**(51 980)**	**(51 980)**	**22 934**	**22 934**	**(29 047)**
Attributable to minorities	–	–	–	–	–
Surplus/(Deficit) attributable to municipality	**(51 980)**	**(51 980)**	**22 934**	**22 934**	**(29 047)**
Share of surplus/ (deficit) of associate	–	–	–	–	–
Surplus/ (Deficit) for the year	**(51 980)**	**(51 980)**	**22 934**	**22 934**	**(29 047)**

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 926,393 million in the 2020/21 Special Adjustments Budget, compared to the amount of R 906,005 million in the original 2020/21 Budget. This represents an increase of R 20,388 million or 2.25%.

3. The significant variations in revenue, compared to the 2020/21 original budget are as follows

3.1 Transfers and subsidies

Transfers and subsidies increased by R 20,388 million, compared to the 2020/21 original budget. The increase is due to the additional Equitable Share allocation amounting to R 20,388 million based on the 2020 National Supplementary Budget.

Expenditure

4. Total operating expenditure amounts to R 992,604 million in the 2020/21 Special Adjustments Budget, compared to the amount of R 996,342 million in the 2020/21 Original Budget. This represents a decrease of R 3,738million or -0.38%.

5. The significant variations in expenditure, compared to the 2020/21 original budget, are as follows:

5.1 Employee Related Costs

Employee related costs increased by R 11,756 million, compared to the 2020/21original budget. The increase is attributable to funded critical vacancies.

5.2 Debt impairment

Debt impairment decreased by R 31,350 million, compared to the 2020/21 original budget. the decrease is due to the revised Bad Debt Provision calculations, in line with GRAP (Generally Recognised Accounting Practice) requirements.

5.3 Other materials

Other materials increased by R 35,257 million, compared to the 2020/21 original budget. the increase is mostly attributable to the bulk water purchases amounting to R 33,570, reclassified as inventory in line with GRAP 12 requirements. Please refer to table 1 for the breakdown of increase operating budget.

5.4 Contracted Services

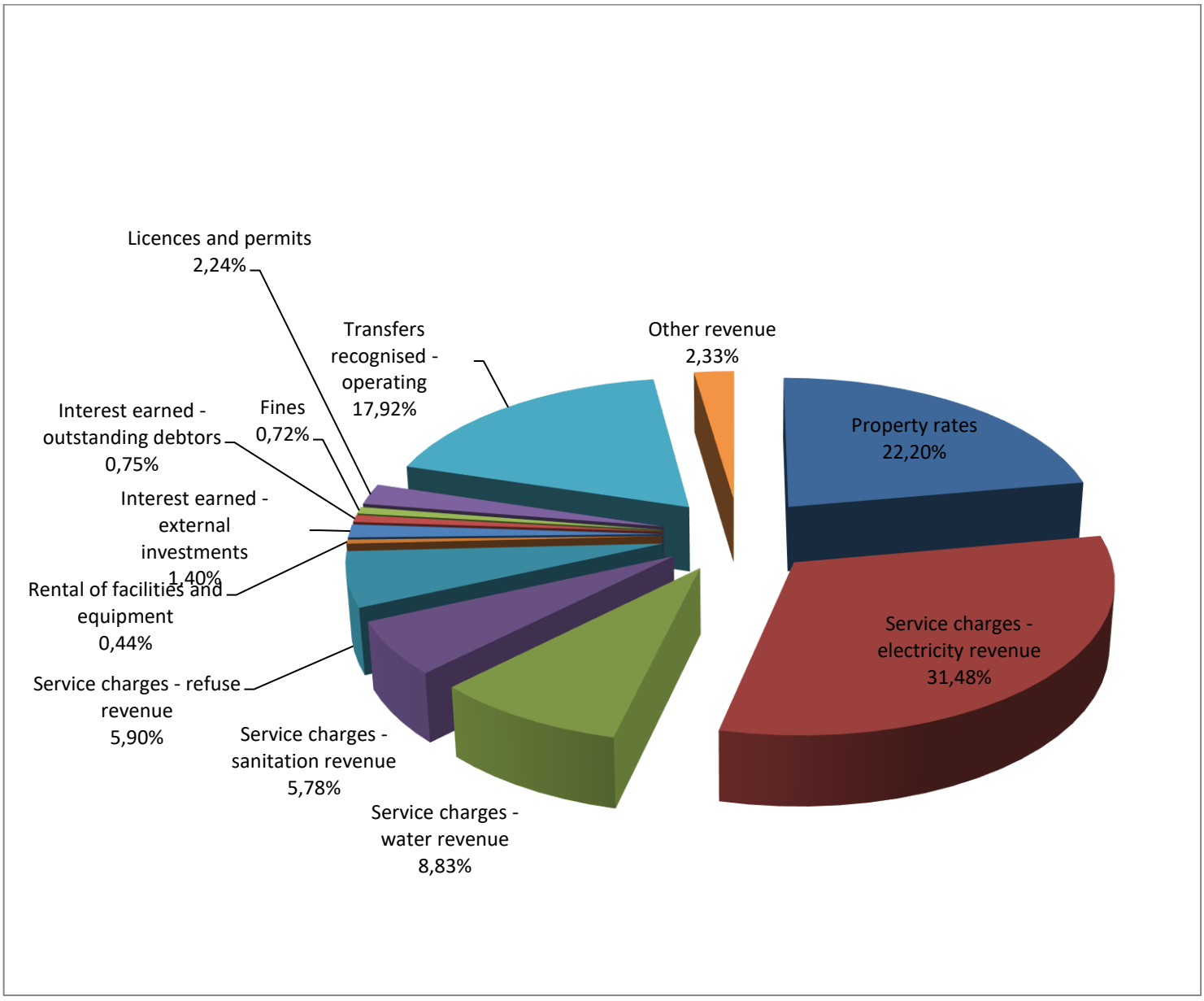
Contracted services increased by R 11,521 million, compared to the 2020/20 original budget. the increase is largely influenced by the additional funding for St Francis Bay Split to an amount of R 3,100 million, hire charges for the transportation of water to an amount of R 2,300 million and the additional R 6,000 million for the roads resealing. Please refer to table 1 for the breakdown of increase operating budget.

5.5 Other expenditure

Other expenditure increased by R 2,649 million, compared to the 2020/20 original budget. Please refer to table 1 for the breakdown of increase operating budget.

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

2020/21 Statement of Financial Performance – Adjusted Revenue



2020/21 Statement of Financial Performance – Adjusted Expenditure

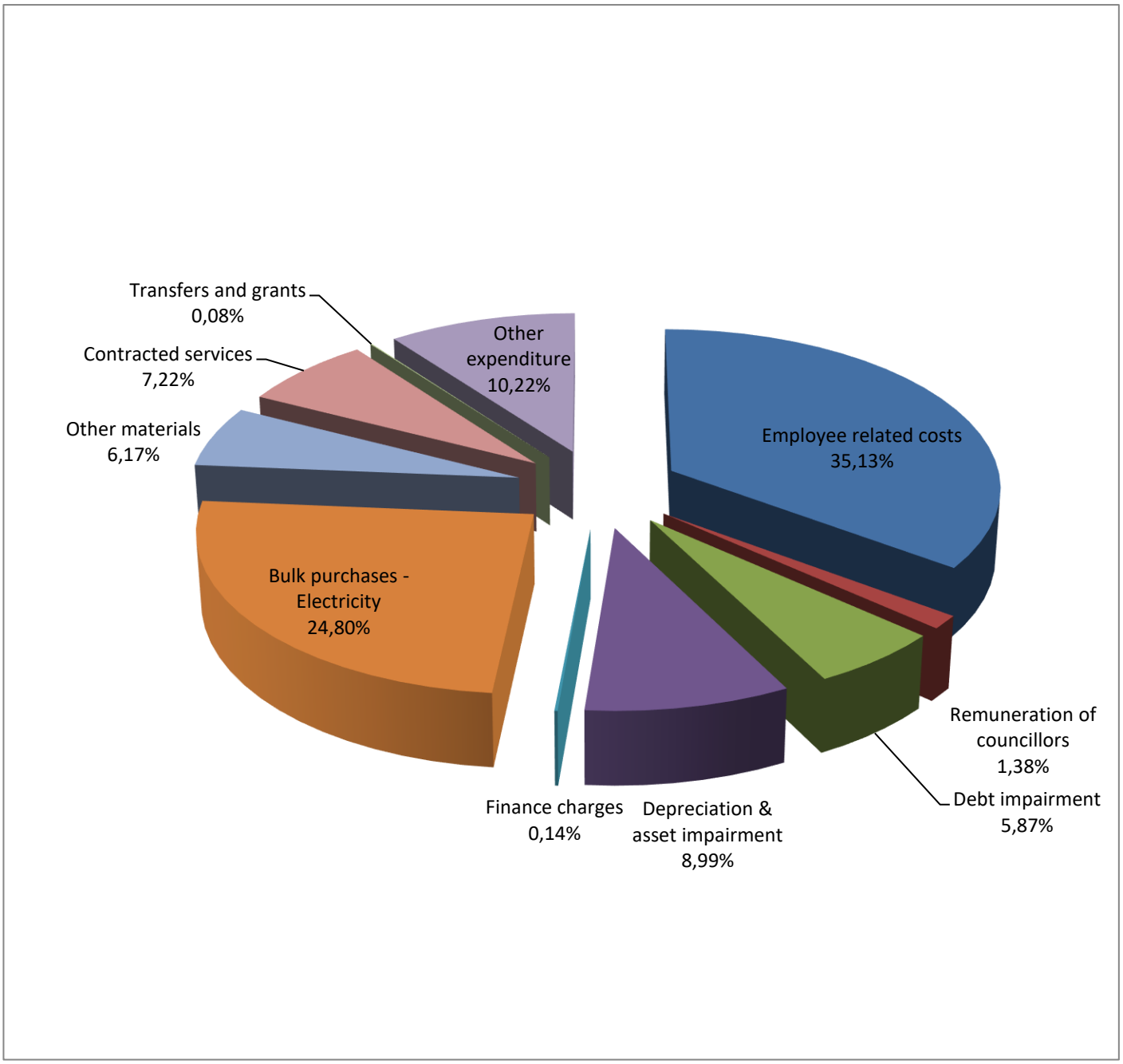


Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Capital expenditure - Vote					
Multi-year expenditure *to be adjusted*					
Vote 1 - EXECUTIVE COUNCIL	–	–	17	17	17
Vote 2 - FINANCIAL SERVICES	800	800	1 636	1 636	2 436
Vote 3 - CORPORATE SERVICES	1 149	1 149	1 769	1 769	2 919
Vote 4 - COMMUNITY SERVICES	1 937	1 837	(767)	(767)	1 070
Vote 5 - INFRASTRUCTURE AND ENGINEERING	39 758	39 758	10 408	10 408	50 166
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	2 567	2 567	(1 092)	(1 092)	1 475
Capital multi-year expenditure sub-total	**46 212**	**46 112**	**11 970**	**11 970**	**58 082**
Single-year expenditure *to be adjusted*					
Vote 1 - EXECUTIVE COUNCIL	835	985	(438)	(438)	547
Vote 2 - FINANCIAL SERVICES	–	–	638	638	638
Vote 3 - CORPORATE SERVICES	200	200	352	352	552
Vote 4 - COMMUNITY SERVICES	9 636	9 736	(1 565)	(1 565)	8 171
Vote 5 - INFRASTRUCTURE AND ENGINEERING	–	–	8 680	8 680	8 680
Vote 6 - PLANNING DEVELOPMENT AND TOURISM	30	30	250	250	280
Capital single-year expenditure sub-total	**10 701**	**10 951**	**7 918**	**7 918**	**18 869**
Total Capital Expenditure - Vote	**56 912**	**57 062**	**19 888**	**19 888**	**76 950**
Capital Expenditure - Functional					
Governance and administration	**3 734**	**3 734**	**4 944**	**4 944**	**8 678**
Executive and council	835	835	179	179	1 014
Finance and administration	2 899	2 899	4 765	4 765	7 664
Internal audit	–	–	–	–	–

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Community and public safety	**16 028**	**16 028**	**3 423**	**3 423**	**19 451**
Community and social services	–	–	–	–	–
Sport and recreation	11 600	11 678	270	270	11 948
Public safety	3 669	3 590	3 153	3 153	6 743
Housing	760	760	0	0	760
Health	–	–	–	–	–
Economic and environmental services	**9 628**	**9 628**	**2 900**	**2 900**	**12 528**
Planning and development	1 737	1 737	400	400	2 137
Road transport	7 891	7 891	2 500	2 500	10 391
Environmental protection	–	–	–	–	–
Trading services	**27 422**	**27 422**	**9 621**	**9 621**	**37 043**
Energy sources	8 172	8 172	10 258	10 258	18 429
Water management	3 380	3 380	–	–	3 380
Waste water management	14 633	14 633	–	–	14 633
Waste management	1 237	1 237	(637)	(637)	600
Other	100	100	–	–	100
Total Capital Expenditure - Functional	**56 912**	**56 912**	**20 888**	**20 888**	**77 800**
Funded by:					
National Government	31 644	31 644	(1 037)	(1 037)	30 608
Provincial Government	–	0	–	–	0
District Municipality	1 965	1 965	3 153	3 153	5 118
Other transfers and grants	–	–	–	–	–
Transfers recognised - capital	**33 610**	**33 610**	**2 117**	**2 117**	**35 726**
Public contributions & donations	–	–	–	–	–
Borrowing	–	–	–	–	–
Internally generated funds	23 303	23 303	18 771	18 771	42 074
Total Capital Funding	**56 912**	**56 912**	**20 888**	**20 888**	**77 800**

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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
ASSETS					
Current assets					
Cash	4 710	4 710	2 599	2 599	7 309
Call investment deposits	42 389	42 389	23 392	23 392	65 781
Consumer debtors	81 061	81 061	(4 505)	(4 505)	76 556
Other debtors	44 682	44 682	9 783	9 783	54 465
Current portion of long-term receivables	3	3		–	3
Inventory	9 249	9 249		–	9 249
Total current assets	**182 094**	**182 094**	**31 270**	**31 270**	**213 364**
Non current assets					
Long-term receivables	13	13		–	13
Investments	–	–		–	–
Investment property	242 552	242 552		–	242 552
Investment in Associate	–	–	–	–	–
Property, plant and equipment	1 985 075	1 985 075	–	–	1 985 075
Agricultural	–	–	–	–	–
Biological	–	–	–	–	–
Intangible	1 608	1 608		–	1 608
Other non-current assets	–	–	–	–	–
Total non current assets	**2 229 248**	**2 229 248**	**–**	**–**	**2 229 248**
TOTAL ASSETS	**2 411 341**	**2 411 341**	**31 270**	**31 270**	**2 442 612**
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Borrowing	9 608	9 608	–	–	9 608
Consumer deposits	17 378	17 378		–	17 378
Trade and other payables	133 730	133 730	33 988	33 988	167 719
Provisions	29 649	29 649		–	29 649
Total current liabilities	**190 365**	**190 365**	**33 988**	**33 988**	**224 353**

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Non current liabilities					
Borrowing	6 747	6 747	–	–	6 747
Provisions	163 445	163 445	–	–	163 445
Total non current liabilities	**170 192**	**170 192**	**–**	**–**	**170 192**
TOTAL LIABILITIES	**360 557**	**360 557**	**33 988**	**33 988**	**394 545**
NET ASSETS	**2 050 785**	**2 050 785**	**(2 718)**	**(2 718)**	**2 048 067**
COMMUNITY WEALTH/EQUITY					
Accumulated Surplus/(Deficit)	–	–	–	–	–
Reserves	–	–	–	–	–
Minorities' interests	2 050 785	2 050 785	(2 718)	(2 718)	2 048 067
TOTAL COMMUNITY WEALTH/EQUITY	**2 050 785**	**2 050 785**	**(2 718)**	**(2 718)**	**2 048 067**

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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates	174 803	174 803		–	174 803
Service charges	424 039	424 039	69 459	69 459	493 499
Other revenue	53 022	53 022		–	53 022
Government - operating	145 612	145 612	20 388	20 388	166 000
Government - capital	38 356	38 356	(1 192)	(1 192)	37 164
Interest	18 957	18 957		–	18 957
Dividends	–	–		–	–
Payments					
Suppliers and employees	(815 350)	(815 350)	(106 479)	(106 479)	(921 829)
Finance charges	(1 388)	(1 388)	–	–	(1 388)
Transfers and Grants	(761)	(761)	–	–	(761)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**37 290**	**37 290**	**(17 824)**	**(17 824)**	**19 466**
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	(56 912)	(56 912)	(20 888)	(20 888)	(77 800)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(56 912)**	**(56 912)**	**(20 888)**	**(20 888)**	**(77 800)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts					
Short term loans	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–
Payments					
Repayment of borrowing	(9 608)	(9 608)		–	(9 608)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(9 608)**	**(9 608)**	**–**	**–**	**(9 608)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(29 230)**	**(29 230)**	**(38 712)**	**(38 712)**	**(67 942)**
Cash/cash equivalents at the year begin:	76 328	76 328	64 703	64 703	141 032
Cash/cash equivalents at the year end:	47 099	47 099	25 991	25 991	73 090

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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Cash and investments available					
Cash/cash equivalents at the year end	47 099	47 099	25 991	25 991	73 090
Other current investments > 90 days	0	0	(0)	(0)	(0)
Non current assets - Investments	–	–	–	–	–
Cash and investments available:	**47 099**	**47 099**	**25 991**	**25 991**	**73 090**
Applications of cash and investments					
Unspent conditional transfers	–	–	26 862	26 862	26 862
Unspent borrowing	–	–	–	–	–
Statutory requirements	–	–	–	–	–
Other working capital requirements	24 046	24 046	(9 655)	(9 655)	14 391
Other provisions	3 116	3 116	–	–	3 116
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–
Total Application of cash and investments:	**27 163**	**27 163**	**17 206**	**17 206**	**44 369**
Surplus(shortfall)	**19 936**	**19 936**	**8 785**	**8 785**	**28 721**

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 2020/21 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 2020/21 Original Budget reflected a funding surplus of R 19,936 million, whilst the 2020/21 Special Adjustments Budget reflects a funding surplus of R 28,721 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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
CAPITAL EXPENDITURE					
Total New Assets *to be adjusted*	**23 869**	**23 869**	**11 556**	**11 556**	**35 425**
Electrical Infrastructure	6 822	6 822	7 258	7 258	14 079
Sanitation Infrastructure	4 400	4 400	–	–	4 400
Solid Waste Infrastructure	2 900	2 900	–	–	2 900
Information and Communication Infrastructure	600	600	157	157	757
Infrastructure	**14 722**	**14 722**	**7 415**	**7 415**	**22 137**
Community Facilities	2 692	2 592	122	122	2 714
Community Assets	**2 692**	**2 592**	**122**	**122**	**2 714**
Revenue Generating	179	100	–	–	100
Non-revenue Generating	360	360	–	–	360
Investment properties	**539**	**460**	**–**	**–**	**460**
Operational Buildings	100	100	–	–	100
Other Assets	**100**	**100**	**–**	**–**	**100**
Licences and Rights	1 364	1 364	1 545	1 545	2 909
Intangible Assets	**1 364**	**1 364**	**1 545**	**1 545**	**2 909**
Computer Equipment	**465**	**465**	**1 752**	**1 752**	**2 217**
Furniture and Office Equipment	**–**	**–**	**1 233**	**1 233**	**1 233**
Machinery and Equipment	**3 587**	**3 765**	**(511)**	**(511)**	**3 254**
Transport Assets	**400**	**400**	**0**	**0**	**400**
Total Renewal of Existing Assets *to be adjusted*	**6 220**	**6 220**	**9 025**	**9 025**	**15 245**
Roads Infrastructure	–	–	2 500	2 500	2 500
Electrical Infrastructure	–	–	3 000	3 000	3 000
Water Supply Infrastructure	2 630	2 630	–	–	2 630

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Infrastructure	**2 630**	**2 630**	**5 500**	**5 500**	**8 130**
Community Facilities	100	100	–	–	100
Sport and Recreation Facilities	200	200	–	–	200
Community Assets	**300**	**300**	**–**	**–**	**300**
Revenue Generating	3 290	3 290	3 525	3 525	6 815
Investment properties	**3 290**	**3 290**	**3 525**	**3 525**	**6 815**
Total Upgrading of Existing Assets *to be adjusted*	**26 824**	**26 824**	**307**	**307**	**27 131**
Roads Infrastructure	7 891	7 891	–	–	7 891
Water Supply Infrastructure	600	600	–	–	600
Sanitation Infrastructure	7 333	7 333	–	–	7 333
Information and Communication Infrastructure	5 087	5 087	–	–	5 087
Infrastructure	**20 911**	**20 911**	**–**	**–**	**20 911**
Sport and Recreation Facilities	5 833	5 833	153	153	5 986
Community Assets	**5 833**	**5 833**	**153**	**153**	**5 986**
Operational Buildings	80	80	154	154	234
Other Assets	**80**	**80**	**154**	**154**	**234**
Total Capital Expenditure *to be adjusted*					
Roads Infrastructure	7 891	7 891	2 500	2 500	10 391
Electrical Infrastructure	6 822	6 822	10 258	10 258	17 079
Water Supply Infrastructure	3 230	3 230	–	–	3 230
Sanitation Infrastructure	11 733	11 733	–	–	11 733
Solid Waste Infrastructure	2 900	2 900	–	–	2 900
Information and Communication Infrastructure	5 687	5 687	157	157	5 845
Infrastructure	**38 263**	**38 263**	**12 915**	**12 915**	**51 178**
Community Facilities	2 792	2 692	122	122	2 814
Sport and Recreation Facilities	6 033	6 033	153	153	6 186
Community Assets	**8 825**	**8 725**	**275**	**275**	**9 001**
Revenue Generating	3 469	3 390	3 525	3 525	6 915
Non-revenue Generating	360	360	–	–	360
Investment properties	**3 829**	**3 750**	**3 525**	**3 525**	**7 275**
Operational Buildings	180	180	154	154	334
Other Assets	**180**	**180**	**154**	**154**	**334**
Licences and Rights	1 364	1 364	1 545	1 545	2 909
Intangible Assets	**1 364**	**1 364**	**1 545**	**1 545**	**2 909**
Computer Equipment	**465**	**465**	**1 752**	**1 752**	**2 217**
Furniture and Office Equipment	**–**	**–**	**1 233**	**1 233**	**1 233**
Machinery and Equipment	**3 587**	**3 765**	**(511)**	**(511)**	**3 254**
Transport Assets	**400**	**400**	**0**	**0**	**400**
TOTAL CAPITAL EXPENDITURE *to be adjusted*	**56 912**	**56 912**	**20 888**	**20 888**	**77 800**

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
ASSET REGISTER SUMMARY - PPE (WDV)					
Roads Infrastructure	561 707	–	564 207	564 207	564 207
Storm water Infrastructure	46 564	–	46 564	46 564	46 564
Electrical Infrastructure	471 242	7 022	474 478	474 478	481 500
Water Supply Infrastructure	346 216	3 480	342 636	342 636	346 116
Sanitation Infrastructure	64 549	10 633	53 915	53 915	64 549
Solid Waste Infrastructure	16 009	–	16 009	16 009	16 009
Infrastructure	1 506 287	21 135	1 497 809	1 497 809	1 518 945
Community Assets	33 238	14 462	19 029	19 029	33 491
Investment properties	242 552	–	242 552	242 552	242 552
Other Assets	143 070	800	143 459	143 459	144 259
Intangible Assets	1 608	1 364	1 811	1 811	3 175
Computer Equipment	9 753	4 045	7 467	7 467	11 512
Furniture and Office Equipment	13 252	–	14 157	14 157	14 157
Machinery and Equipment	22 773	11 056	11 150	11 150	22 205
Transport Assets	16 571	3 690	16 406	16 406	20 096
Libraries	240 131	360	239 771	239 771	240 131
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	**2 229 235**	**56 912**	**2 193 610**	**2 193 610**	**2 250 523**
EXPENDITURE OTHER ITEMS					
Depreciation & asset impairment	89 271	89 271	–	–	89 271
Repairs and Maintenance by asset class	**33 257**	**32 832**	**8 128**	**8 128**	**40 960**
Roads Infrastructure	5 049	5 049	6 000	6 000	11 049
Storm water Infrastructure	906	906	–	–	906
Electrical Infrastructure	5 436	5 436	117	117	5 553
Water Supply Infrastructure	4 322	4 322	2 300	2 300	6 622
Sanitation Infrastructure	3 228	3 228	–	–	3 228
Solid Waste Infrastructure	157	157	–	–	157
Infrastructure	19 097	19 097	8 417	8 417	27 514
Community Facilities	1 198	1 198	–	–	1 198
Sport and Recreation Facilities	2 159	1 659	–	–	1 659
Community Assets	3 357	2 857	–	–	2 857
Operational Buildings	2 534	2 534	–	–	2 534
Other Assets	2 534	2 534	–	–	2 534
Machinery and Equipment	529	529	–	–	529
Transport Assets	7 740	7 815	(289)	(289)	7 526
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	**122 528**	**122 103**	**8 128**	**8 128**	**130 231**
Renewal and upgrading of Existing Assets as % of total capex	*58.1%*	*58.1%*			*54.5%*
Renewal and upgrading of Existing Assets as % of deprecn"	*37.0%*	*37.0%*			*47.5%*
R&M as a % of PPE	*1.5%*	*57.7%*			*1.8%*
Renewal and upgrading and R&M as a % of PPE	*3.0%*	*115.8%*			*3.7%*

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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
Household service targets					
Water:					
Piped water inside dwelling				–	–
Piped water inside yard (but not in dwelling)				–	–
Using public tap (at least min.service level)				–	–
Other water supply (at least min.service level)				–	–
Minimum Service Level and Above sub-total	–	–	–	–	–
Using public tap (< min.service level)				–	–
Other water supply (< min.service level)				–	–
No water supply				–	–
Below Minimum Servic Level sub-total	–	–	–	–	–
Total number of households	**–**	**–**	**–**	**–**	**–**
Sanitation/sewerage:					
Flush toilet (connected to sewerage)				–	–
Flush toilet (with septic tank)				–	–
Chemical toilet				–	–
Pit toilet (ventilated)				–	–
Other toilet provisions (> min.service level)				–	–
Minimum Service Level and Above sub-total	–	–	–	–	–
Bucket toilet				–	–
Other toilet provisions (< min.service level)				–	–
No toilet provisions				–	–
Below Minimum Servic Level sub-total	–	–	–	–	–
Total number of households	**–**	**–**	**–**	**–**	**–**
Energy:					
Electricity (at least min. service level)				–	–
Electricity - prepaid (> min.service level)				–	–
Minimum Service Level and Above sub-total	–	–	–	–	–
Electricity (< min.service level)				–	–
Electricity - prepaid (< min. service level)				–	–
Other energy sources				–	–
Below Minimum Servic Level sub-total	–	–	–	–	–
Total number of households	–	–	–	–	–

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
Refuse:					
Removed at least once a week (min.service)				–	–
Minimum Service Level and Above sub-total	–	–	–	–	–
Removed less frequently than once a week				–	–
Using communal refuse dump				–	–
Using own refuse dump				–	–
Other rubbish disposal				–	–
No rubbish disposal				–	–
Below Minimum Servic Level sub-total	–	–	–	–	–
Total number of households	**–**	**–**	**–**	**–**	**–**
Households receiving Free Basic Service					
Water (6 kilolitres per household per month)	17 642	17 642		–	17 642
Sanitation (free minimum level service)	9 124	9 124		–	9 124
Electricity/other energy (50kwh per household per month)	5 570	5 570		–	5 570
Refuse (removed at least once a week)	16 969	16 969		–	16 969
Cost of Free Basic Services provided (R'000)					
Water (6 kilolitres per household per month)	17 642	17 642	–	–	17 642
Sanitation (free sanitation service)	9 124	9 124	–	–	9 124
Electricity/other energy (50kwh per household per month)	5 570	5 570	–	–	5 570
Refuse (removed once a week)	16 969	16 969	–	–	16 969
Total cost of FBS provided (minimum social package)	**49 305**	**49 305**			**49 305**
Highest level of free service provided					
Property rates (R'000 value threshold)				–	–
Water (kilolitres per household per month)				–	–
Sanitation (kilolitres per household per month)				–	–
Sanitation (Rand per household per month)				–	–
Electricity (kw per household per month)				–	–
Refuse (average litres per week)				–	–
Revenue cost of free services provided (R'000)					
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)	–	–	–	–	–
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	19 659	19 659	–	–	19 659
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)	–	–	–	–	–
Total revenue cost of subsidised services provided	**19 659**	**19 659**	**–**	**–**	**19 659**

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 2020/21 Original 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 2020/21		
	Original Budget	Adjusted Budget	Variance
R thousands			
Revenue By Source			
Property rates	205 650	205 650	–
Service charges - electricity revenue	291 625	291 625	–
Service charges - water revenue	81 846	81 846	–
Service charges - sanitation revenue	53 555	53 555	–
Service charges - refuse revenue	54 690	54 690	–
Service charges - other	–	–	–
Rental of facilities and equipment	4 083	4 083	–
Interest earned - external investments	13 013	13 013	–
Interest earned - outstanding debtors	6 993	6 993	–
Dividends received	–	–	–
Fines, penalties and forfeits	6 685	6 685	–
Licences and permits	20 714	20 714	–
Agency services	–	–	–
Transfers and subsidies	145 612	166 000	20 388
Other revenue	21 540	21 540	–
Gains on disposal of PPE	–	–	–
Total Revenue (excluding capital transfers and contributions)	**906 005**	**926 393**	**20 388**

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

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
Cash and investments available					
Cash/cash equivalents at the year end	47 099	47 099	25 991	25 991	73 090
Other current investments > 90 days	0	0	(0)	(0)	(0)
Non current assets - Investments	–	–	–	–	–
Cash and investments available:	**47 099**	**47 099**	**25 991**	**25 991**	**73 090**
Applications of cash and investments					
Unspent conditional transfers	–	–	26 862	26 862	26 862
Unspent borrowing	–	–	–	–	–
Statutory requirements	–	–	–	–	–
Other working capital requirements	24 046	24 046	(9 655)	(9 655)	14 391
Other provisions	3 116	3 116	–	–	3 116
Long term investments committed	–	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–	–
Total Application of cash and investments:	**27 163**	**27 163**	**17 206**	**17 206**	**44 369**
Surplus(shortfall)	**19 936**	**19 936**	**8 785**	**8 785**	**28 721**

2.2.2 Adjustments to estimated collection levels

The 2020/21 Original Operating Budget was based on a debtors' collection rate of 85%.

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 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
RECEIPTS:					
Operating Transfers and Grants					
National Government:	140 782	140 782	20 388	20 388	161 170
Operational Revenue:General Revenue:Equitable Share	136 649	136 649	20 388	20 388	157 037
Expanded Public Works Programme Integrated Grant for Municipalities	1 054	1 054	–	–	1 054
Local Government Financial Management Grant	1 500	1 500	–	–	1 500
Municipal Infrastructure Grant	1 579	1 579	–	–	1 579
Provincial Government:	2 050	2 050	–	–	2 050
Sports and Recreation	2 050	2 050	–	–	2 050
District Municipality:	2 780	2 780	–	–	2 780
Environmental Health Subsidy	2 780	2 780		–	2 780
Total Operating Transfers and Grants	145 612	145 612	20 388	20 388	166 000
Capital Transfers and Grants					
National Government:	36 391	36 391	(1 192)	(1 192)	35 199
Integrated National Electrification Programme (Municipal Grant)	5 200	5 200	–	–	5 200
Municipal Infrastructure Grant [Schedule 5B]	29 999	29 999	–	–	29 999
Municipal Disaster Relief Grant	1 192	1 192	(1 192)	(1 192)	–
District Municipality:	1 965	1 965	(0)	(0)	1 965
Fire Services Subsidy	1 965	1 965	–	–	1 965
Total Capital Transfers and Grants	38 356	38 356	(1 192)	(1 192)	37 164
TOTAL RECEIPTS OF TRANSFERS & GRANTS	183 968	183 968	19 196	19 196	203 164

Supporting Table SB8 Adjustments Budget – expenditure on transfers and programmes

Description	Budget Year 2020/21				
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:					
Operating expenditure of Transfers and Grants					
National Government:	140 782	140 782	20 388	20 388	161 170
Operational Revenue:General Revenue:Equitable Share	136 649	136 649	20 388	20 388	157 037
Expanded Public Works Programme Integrated Grant for Municipalities	1 054	1 054	–	–	1 054
Local Government Financial Management Grant	1 500	1 500	–	–	1 500
Municipal Infrastructure Grant	1 579	1 579	–	–	1 579
Provincial Government:	2 050	2 050	–	–	2 050
Sports and Recreation	2 050	2 050	–	–	2 050
District Municipality:	2 780	2 780	–	–	2 780
Environmental Health Subsidy	2 780	2 780		–	2 780
Total Operating Transfers and Grants	145 612	145 612	20 388	20 388	166 000
Capital Transfers and Grants					
National Government:	36 391	36 391	(1 192)	(1 192)	35 199
Integrated National Electrification Programme (Municipal Grant)	5 200	5 200	–	–	5 200
Municipal Infrastructure Grant [Schedule 5B]	29 999	29 999	–	–	29 999
Municipal Disaster Relief Grant	1 192	1 192	(1 192)	(1 192)	–
District Municipality:	1 965	1 965	(0)	(0)	1 965
Fire Services Subsidy	1 965	1 965	–	–	1 965
Total Capital Transfers and Grants	38 356	38 356	(1 192)	(1 192)	37 164
TOTAL EXPENDITURE OF TRANSFERS & GRANTS	183 968	183 968	19 196	19 196	203 164

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 2020/21	Special Adjustments Budget 2020/21	Variance
	R	R	R
Employee Related Costs	336 973 762	348 729 362	11 755 600
Councillors' Remuneration	13 650 824	13 650 824	-

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 2020/21 SDBIP will be considered, following the approval by Council of the 2020/21 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 _____

ANNEXURE A

Project Description	Original Budget 2020/21	Adjustments	Special Adjustments Budget 2020/21
District Municipality Funding			
Vehicle	1 965 100		1 965 100
	1 965 100		**1 965 100**
National Department of Energy			-
Humansdorp, Kruisfontein and Osean View Electrification	4 521 739		4 521 739
	4 521 739		**4 521 739**
Municipal Infrastructure Grant			-
Upgrade Sanitation System Old Hankey	6 333 460		6 333 460
Upgrading of Gravel Roads in Humansdorp	7 890 511		7 890 511
Upgrading of Kwanomzamo Sports Facility	5 087 154		5 087 154
Mini Fresh Food and Craft Markets in Jbay & Hankey	1 092 413		1 092 413
Upgrading of Sports Facilities	5 682 636		5 682 636
	26 086 174		**26 086 174**
Municipal Disaster Relief Grant			-
Covid-19 Wheelie Bins	1 036 522	- 1 036 522	-
	1 036 522	**- 1 036 522**	-
Total	**33 609 535**	**- 1 036 522**	**32 573 013**

ANNEXURE B

PROJECTS	Funding Source	Annual Budget 2020/21	Adjustments	Special Adjustments Budget 2020/21
CORPORATE SERVICES				
Biometric Systems	Internal	200 000	600 000	800 000
Computer Equipment	Internal	200 000	202 220	402 220
Computer Software and Applications	Internal	50 000	184 000	234 000
EDMS	Internal	799 455	761 000	1 560 455
Library Upgrade	Internal	-	22 000	22 000
Furniture and Equipment		-	352 446	352 446
Fencing of municipal buildings	Internal	100 000		100 000
		1 349 455	**2 121 666**	**3 471 121**
EXECUTIVE & COUNCIL				
Computer Equipment	Internal	85 000	62 445	147 445
Furniture and Equipment	Internal	-	16 847	16 847
Vehicle	Internal	-	400 000	400 000
Ward Councillors' Capital Projects	Internal	750 000	100 000	850 000
		835 000	**579 292**	**1 414 292**
FINANCE				
Cibex Software	Internal	600 000	81 497	681 497
Furniture and equipment	Internal	-	327 833	327 833
Machinery and Equipment	Internal	-	156 465	156 465
DISASTER RECOVERY SERVER	Internal	-	637 267	637 267
Furniture and Equipment	Internal	-	141 005	141 005
Office upgrade ICT	Internal	-	153 950	153 950
WIFI Solution	Internal	-	75 904	75 904
Computer Equipment	Internal	200 000	700 000	900 000
		800 000	**2 273 921**	**3 073 921**
PLANNING, DEVELOPMENT & TOURISM				
Computer Equipment	Internal	30 000		30 000
Computer Software and Applications	Internal	315 000		315 000
Furniture and equipment	Internal	-	250 000	250 000
Land acquisition housing projects	Internal	360 000		360 000
LED Project: Establishment of Business Support Centre (	Internal	300 000		300 000
Tourism: Restoration of Fisherman Gravesite	Internal	100 000		100 000
Vehicles	Internal	400 000		400 000
		1 505 000	**250 000**	**1 755 000**

ANNEXURE B

PROJECTS	Funding Source	Annual Budget 2020/21	Adjustments	Special Adjustments Budget 2020/21
INFRASTRUCTURE & ENGINEERING				
pump station	Internal	2 400 000		2 400 000
Fencing Kruisfontein waste water treatment plant	Internal	800 000		800 000
Fencing Mainsubstation Jeffrey's Bay	Internal	500 000		500 000
Generator 2	Internal	500 000		500 000
Humansdorp, Kruisfontein and Osean View Electrific	INEP	4 521 739		4 521 739
Machinery and Equipment	Internal	300 000		300 000
New by-pass sewer rising main and pump stations Jbay	Internal	1 000 000		1 000 000
New overheadlines 66kv overheadlines(Jbay to Melk	Internal	1 300 000		1 300 000
Patensie Sewage Package Plant	MIG	6 379 942		6 379 942
Volts Miniature Substation	Internal		422 552	422 552
OceanView Substation Re-Allocation	Internal		3 000 000	3 000 000
mains	Internal		1 743 086	1 743 086
Tri-switches St Francis Bay	Internal		200 000	200 000
Bay	Internal		485 935	485 935
electrical oil circuit breakers replacement	Internal		800 000	800 000
electrical supply auto recloser St Francis Bay	Internal		400 000	400 000
electrical 5mv 22000/11000 transformer	Internal		1 406 000	1 406 000
LV Networks(informal areas	Internal		1 000 000	1 000 000
Roads	Internal		2 500 000	2 500 000
Security Camera	Internal		150 000	150 000
Kruisfontein Electrification	Internal		800 000	800 000
Piped Reticulation in St Francis	Internal	1 500 000		1 500 000
Repair leaking concrete water tower Paradise Beach	Internal	300 000		300 000
Replace 250mm Watermain Canal Rd, St Francis	Internal	1 000 000		1 000 000
Replace 250mm Watermain Mimosa Str Jbay	Internal	330 000		330 000
Francis Bay	Internal	1 000 000		1 000 000
Saffery Substation	Internal	1 000 000		1 000 000
Security Cameras & Substation Security	Internal	200 000		200 000
Upgrade Hankey water treatment works	Internal	600 000		600 000
Upgrade Loerie sewer pump station	Internal	1 600 000		1 600 000
Upgrade Sanitation System Old Hankey	MIG	7 902 794		7 902 794
Upgrade sewer rising mains Jbay (La Mer-4A-4B) Prep	Internal	1 000 000		1 000 000
Upgrading of Gravel Roads in Jeffreys Bay	MIG	7 890 511		7 890 511
Upgrading of Sports Facilities	MIG	3 912 926		3 912 926
		45 937 913	**12 907 573**	**58 845 486**

ANNEXURE B

PROJECTS	Funding Source	Annual Budget 2020/21	Adjustments	Special Adjustments Budget 2020/21
COMMUNITY SERVICES				
Computer Equipment	Internal	30 000		30 000
Upgrading of Sport Facilities	Internal	-	153 457	153 457
Fencing of Yellow Woods	Internal	200 000		200 000
Furniture and equipment	Internal	-	116 260	116 260
Humansdorp Fire Station , Fencing	Internal	200 000		200 000
Jack Hammer and water pump	Internal	350 000		350 000
Machinery and Equipment	Internal	278 500	369 138	647 638
Security Cameras	Internal	750 000		750 000
skip bins	Internal	200 000		200 000
Upgrading of Pellsrus, Kabeljous, Cape St Francis	Internal	150 000		150 000
Vehicles	Internal	1 325 000		1 325 000
Vehicles	DISTR	1 965 100	3 153 100	5 118 200
Wheelie Bins	MDRG	1 036 522	(1 036 522)	0
		6 485 122	**2 755 433**	**9 240 555**
Capital Budget		**56 912 490**	**20 887 885**	**77 800 375**
Internally generated funds		23 302 955	18 771 307	42 074 262
Transfers recognised - capital		33 609 535	2 116 578	35 726 113
Total		**56 912 490**	**20 887 885**	**77 800 375**