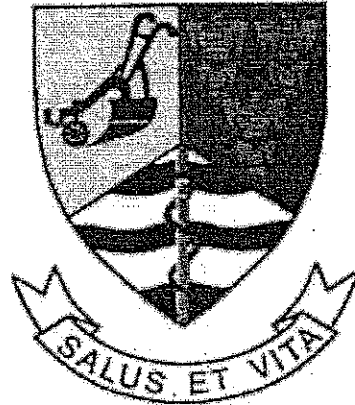


BELA-BELA LOCAL MUNICIPALITY



ADJUSTMENT BUDGET FOR THE FINANCIAL YEAR 2019/2020

Compiled in terms of Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and Schedule B (In-Year Reports of Municipalities) of the Municipal Budget and Reporting Regulations

Acronyms and abbreviations

BSC	Budget Steering Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
EXCO	Executive Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan

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Part 1 – Annual Adjustment Budget

1.1 Mayor's Report

The Mayor's report on the adjustment budget will be tabled separately by the Mayor at the Municipal Council meeting.

1.2 Council Resolutions

In terms of sections 160(2)(b) of the Constitution ((Act 108 of 1996, as amended) and 28(4) of the Municipal Finance Management Act (56 of 2003), read with paragraph 23 of the Municipal Budget and Reporting Regulations (issued in terms of notice 393 of 2009), Council of Bela-Bela Local Municipality is required to meet during month of February 2020 where the Mayor will table the 2019/20 adjustment budget for adoption by Council. At the meeting the Council took the following resolutions:

1. The Council of Bela-Bela Local Municipality, acting in terms of section 28 of the Municipal Finance Management Act, (Act 56 of 2003):-
 - 1.1. Approves and adopts the adjustment budget of the municipality for the financial year 2019/20 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 4 on page 10;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 5 on page 13;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 6 on page 15; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 7 on page 16.
2. Directs that the Accounting Officer adheres to section 22 of the Municipal Finance Management Act, read with paragraph 24(1) of the Municipal Budget and Reporting Regulations. The regulations require the municipal manager to submit the adjustment budget and supporting documentation to National Treasury and the Provincial Treasury within ten (10) working days after tabling to Council, in both printed and electronic copies.
3. Notes that municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan. As such no increases in taxes and tariffs have been factored in this adjustment budget.

1.3 Executive Summary

This adjustment budget has been compiled in line with section 28 of the MFMA, read with Part 4 of the Municipal Budget and Reporting Regulations which deal with adjustment budgets of municipalities. Section 28(2) of the MFMA states that:-

(2) An adjustments budget-

- a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
- b) may 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 (in other words, there should not be new projects or programmes in the adjustments budget);
- c) may, within a prescribed framework, authorise unforeseen and unavoidable expenditure by the mayor of the municipality;
- d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
- e) may 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 roll-overs when the annual budget for the current year was approved by council;
- f) may correct any errors in the annual budget; and
- g) may provide for any other expenditure within a prescribed framework.

The following key factors were taken into consideration when preparing and compiling the 2019/20 adjustments budget, namely:

- a) The Medium Term Budget Policy Statement (MTBPS) and national adjusted estimates.
- b) The mid-year budget and performance assessment report compiled in terms of section 72 of the MFMA;
- c) The monthly budget statements published in terms of section 71 of the MFMA;
- d) The comments received from the Limpopo Provincial Treasury on the 2019/20 approved budget. That is, although the comments were received after the 2019/20 budget was approved by Council, they were taken into consideration when compiling this adjustments budget or any other budget input received thereafter;
- e) The errors in the approved budget;
- f) Unforeseen and unavoidable expenditure incurred; and
- g) The restructuring of votes as result of continuance maintenance of the mSCOA set up. That is, votes were restructured after it was discovered that expenditure was incurred in votes that did not have budget and some votes had budgets although no expenditure was incurred during the first half of the current year.
- h) During the audit, incorrect segment was identified, and the adjustment was used to realign segmentation (eg, item having more than 1 budget line item)

Other key issues which were taken into consideration to ensure a Credible Budget were:

- a) Funds were allocated to activities which are consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the Municipality;
- b) Objectives are achievable in terms of the agreed service delivery and performance targets;

- c) Financial estimates comprise of revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- d) The increased expenditure does not jeopardize the financial viability of the municipality i.e. ensures that the financial position is maintained within generally accepted prudent limits and that obligations can be met in the short, medium and long term;

The main challenges experienced during the compilation of the 2019/20 adjustments budget can be summarised as follows:

- The ongoing difficulties in the national and local economy, particularly the rising cost of living as measured by CPIX and the steady collection level;
- Aging and insufficiently funded water, roads and electricity infrastructure; and
- The need to re-prioritise projects and expenditure within the existing resource given the cash flow realities of the municipality.

The rates and tariffs for various municipal services are not increased in this adjustments budget in line with section 28(6) of the MFMA.

The 2019/20 adjustments budget has been issued for community consultation and published on the municipality's website, and hard copies were made available at municipal offices and municipal library.

The table below shows the adjustment in operating revenues that are realistically anticipated and/ or confirmed.

Table 1: Confirmed or realistically anticipated revenue (adjustment budget 2019/20)

Description	Ref	Budget Year 2019/20		
		Original Budget	Total Adjusts.	Adjusted Budget
R thousands	1	A	9 G	10 H
Revenue By Source				
Property rates	2	90 845	-	90 845
Service charges - electricity revenue	2	141 362	-	141 362
Service charges - water revenue	2	31 200	-	31 200
Service charges - sanitation revenue	2	17 383	-	17 383
Service charges - refuse revenue	2	8 428	-	8 428
Rental of facilities and equipment		1 462	200	1 662
Interest earned - external investments		4 272	(2 000)	2 272
Interest earned - outstanding debtors		11 252	2 000	13 252
Dividends received		-	-	-
Fines, penalties and forfeits		17 526	(7 526)	10 000
Licences and permits		4 926	-	4 926
Agency services		-	-	-
Transfers and subsidies		93 655	-	93 655
Other revenue	2	8 263	-	8 263
Gains on disposal of PPE		-	-	-
Total Revenue (excluding capital transfers and contributions)		430 575	(7 326)	423 249

Revenue decreased by R7.3 million from original budget of R430 million and the resulted decrease was as result of the following adjustment processed.

Traffic Fines

Traffic fines indicate undesirable collection rate against original budget. The percentage as reported depict incorrect result due to traffic fines not being recognized on the system.

Municipality had challenges during the process to intergrade traffic fines system to the Municipality financial system

Investment revenue

The investment income is seating at 20% against original budget. This variance will be considered as part of the budget adjustment process to be conducted by the municipality. The adjustment process will ensure over or under budgeting is avoided by the end of the financial year period

Other income

Material variance is made up of, rental of facilities, advertisement, building plans and cemetery bookings among others. The variances for other line item are dependent on consumption level with some being linked to slow economy in our country. These items are marked for review during the budget adjustment process

Table 2 below shows the summary of increase/decrease in expenditure.

Table 2: Application of increased/decreased expenditure (adjusted budget 2019/20)

Description	Ref	Budget Year 2019/20		
		Original Budget	Total Adjusts	Adjusted Budget
		A	G	H
R thousands	1			
Expenditure By Type				
Employee related costs		132 355	3 000	135 355
Remuneration of councillors		7 843		7 843
Debt impairment		9 000		9 000
Depreciation & asset impairment		50 880	(20 000)	30 880
Finance charges		7 000	5 000	12 000
Bulk purchases		114 241	7 759	122 000
Other materials		21 950	(11 144)	10 806
Contracted services		32 142	8 018	40 161
Transfers and subsidies		-		-
Other expenditure		48 706	1 472	50 179
Loss on disposal of PPE		-		-
Total Expenditure		424 117	(5 894)	418 223

Table 2 above depict decrease in expenditure by R5.8 million from its original budget of R424 million which is largely derived in by contracted services, Depreciation, finance charges and bulk purchases. This is composed of the following:

Depreciation and impairment

- ▶ Although this item is a non-cash item, it is vital for the municipality to budget accurately on the non-cash item as it will relate to future funding to renew assets infrastructure.
- ▶ Depreciation was not recognised on the financial system due to lack of assets model not been fully functional. Municipality had engaged services provider to allow assets module to be activated which will auto calculate depreciation on regular basis and allow monthly recognition on the system.
- ▶ The adjustment was however not as result of non-recognition on the system. Comparison of original budget and previous year audited was done and R29 million was reported during 2019 audit year with R33 million reported for 2018 financial year. Therefore original budget of R50 million in 2020 financial year was not consistence with that of previous year audited result which prompted the adjustment on depreciation.

Material bulk purchases

- ▶ Material and bulk purchases is seating at 48% spending in the first half of the year against annual budget. Monitoring will continue to take place during the remainder of the financial year to ensure there is no over spending which can result in unauthorised expenditure

Contracted Services

- ▶ Legal dispute between Municipality and services provider relating to fleet contract was concluded. Municipality is expected to pay services provider settlement amount as per court papers. The adjustment on legal was affected in order to meet the court obligation.

Employee cost

- ▶ Comparison of audited 2019 was done and adjusted to have realistic budget.

Finance charges

- ▶ Comparison between audited 2019 financial and done as part of analysis of realistic budget and the finance charges had to be adjusted taking into account the interest cost to be incurred or recognised at year end relating to employment benefit and actuarial gain determined.

Other Expenditure

- ▶ Other expenditure was reviewed to ensure all line item are properly budgeted for. Several line item were adjusted such as insurance premium and annual compensation fund for Department of Labour

1.4 Adjustment Budget Tables

The discussion below presents the ten (10) main adjustments budget tables as required in terms of section Schedule B of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/20 adjustments budget as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 3 MBRR Table B1 - Budget Summary

Description	Budget Year 2019/20									Budget Year	Budget Year
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
R thousands	A	A1	B	C	D	E	F	G	H	Adjusted Budget	Adjusted Budget
Financial Performance											
Property rates	90 845	-	-	-	-	-	-	-	90 845	96 296	102 074
Service charges	198 374	-	-	-	-	-	-	-	198 374	210 276	222 893
Investment revenue	4 272	-	-	-	-	-	-	-	-	5 000	5 250
Transfers recognised - operational	93 655	-	-	-	-	-	(2 000)	(2 000)	2 272	5 000	5 250
Other own revenue	43 429	-	-	-	-	-	-	-	93 655	101 025	110 487
Total Revenue (excluding capital transfers and contributions)	430 575						(5 326)	(5 326)	423 249	455 667	482 175
Employee costs	132 355	-	-	-	-	-	3 000	3 000	135 355	136 973	145 921
Remuneration of councillors	7 843	-	-	-	-	-	-	-	7 843	8 235	8 647
Depreciation & asset impairment	50 880	-	-	-	-	-	-	-	30 880	53 933	57 169
Finance charges	7 000	-	-	-	-	-	(20 000)	(20 000)	5 000	7 350	7 718
Materials and bulk purchases	136 191	-	-	-	-	-	5 000	5 000	12 000	143 439	151 112
Transfers and grants	-	-	-	-	-	-	(3 385)	(3 385)	132 806	-	-
Other expenditure	89 849	-	-	-	-	-	-	-	-	-	-
Total Expenditure	424 117						9 491	9 491	99 339	94 211	99 506
Surplus/(Deficit)	6 458						(5 894)	(5 894)	418 223	446 141	470 072
Transfers recognised - capital	76 911	-	-	-	-	-	(1 432)	(1 432)	5 026	9 526	12 103
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	8 700	8 700	85 611	76 848	87 835
Surplus/(Deficit) after capital transfers & contributions	83 369						7 268	7 268	90 637	86 374	99 938
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	83 369						7 268	7 268	90 637	86 374	99 938
Capital expenditure & funds sources											
Capital expenditure	75 615	-	-	-	-	-	8 700	8 700	84 315	75 489	86 386
Transfers recognised - capital	75 615	-	-	-	-	-	-	-	8 700	75 489	86 386
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	75 615						8 700	8 700	84 315	75 489	86 386
Financial position											
Total current assets	77 834	-	-	-	-	-	(21 432)	(21 432)	56 401	56 109	76 785
Total non current assets	1 099 188	-	-	-	-	-	-	-	1 127 888	267 931	267 931
Total current liabilities	204 298	-	-	-	-	-	28 700	28 700	204 298	(6 779)	(6 779)
Total non current liabilities	90 000	-	-	-	-	-	-	-	90 000	-	-
Community wealth/Equity	799 354								799 354		
Cash flows											
Net cash from (used) operating	140 589	-	-	-	-	-	-	-	-	-	-
Net cash from (used) investing	(126 495)	-	-	-	-	-	(12 432)	(12 432)	128 157	147 027	164 231
Net cash from (used) financing	-	-	-	-	-	-	(8 700)	(8 700)	(135 195)	(129 422)	(143 554)
Cash/cash equivalents at the year end	35 917						(21 132)	(21 132)	14 785	32 390	53 086
Cash backing/surplus reconciliation											
Cash and investments available	35 917	-	-	-	-	-	-	-	-	-	-
Application of cash and investments	143 679	-	-	-	-	-	(21 132)	(21 132)	14 785	32 390	53 066
Balance - surplus (shortfall)	(107 763)						520	520	144 199	(23 157)	(23 429)
Asset Management											
Asset register summary (NDV)	1 048 437	-	-	-	-	-	28 700	28 700	1 077 137	75 489	86 386
Depreciation & asset impairment	50 880	-	-	-	-	-	(20 000)	(20 000)	30 880	53 933	57 169
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	21 950	-	-	-	-	-	(11 244)	(11 244)	10 706	10 706	21 950

Explanatory notes to MBRR Table B1 - Budget Summary

1. Table B1 is the adjustments budget summary and provides a concise overview of the municipality's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance);
2. Adjusted budget depicts a surplus of R R5 million from original budget surplus of R6.4 million. Surplus reduction can be attributed to increased bulk purchases, together with adjustment movement made under contracted services and other expenditure.
3. The reported surplus of R5 million include a non-cash item of R42 million leaving cash surplus to at least of R57 million should the non-cash items not be considered; and
4. Financial management reforms emphasis the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard.

Table 4 MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2020/21	+2 2021/22
Revenue - Functional												
<i>Governance and administration</i>		213 236	-	-	-	-	-	(7 326)	(7 326)	205 910	226 327	246 401
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		213 236	-	-	-	-	-	(7 326)	(7 326)	205 910	229 327	246 401
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6 672	-	-	-	-	-	-	-	6 672	5 981	6 317
Community and social services		1 634	-	-	-	-	-	-	-	1 634	622	657
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		5 038	-	-	-	-	-	-	-	5 038	5 340	5 660
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		26 873	-	-	-	-	-	-	-	26 873	28 190	30 064
Planning and development		962	-	-	-	-	-	-	-	962	1 017	1 075
Road transport		25 911	-	-	-	-	-	-	-	25 911	27 173	28 989
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		260 705	-	-	-	-	-	8 700	8 700	269 405	269 037	287 229
Energy sources		149 150	-	-	-	-	-	8 700	8 700	157 850	163 474	176 453
Water management		81 394	-	-	-	-	-	-	-	81 394	74 703	77 636
Waste water management		20 385	-	-	-	-	-	-	-	20 385	20 828	20 973
Waste management		9 776	-	-	-	-	-	-	-	9 776	10 033	10 168
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	507 486	-	-	-	-	-	1 374	1 374	508 860	532 515	570 010
Expenditure - Functional												
<i>Governance and administration</i>		164 001	-	-	-	-	-	(574)	(574)	163 427	172 322	181 787
Executive and council		10 392	-	-	-	-	-	26	26	10 418	10 880	11 424
Finance and administration		151 372	-	-	-	-	-	(614)	(614)	150 758	169 093	167 696
Internal audit		2 237	-	-	-	-	-	214	214	2 452	2 349	2 467
<i>Community and public safety</i>		29 197	-	-	-	-	-	2 338	2 338	31 534	30 656	32 189
Community and social services		16 751	-	-	-	-	-	(1 262)	(1 262)	15 489	17 589	18 468
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		12 445	-	-	-	-	-	3 600	3 600	16 045	13 068	13 721
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		66 833	-	-	-	-	-	(20 454)	(20 454)	46 379	70 391	74 196
Planning and development		16 517	-	-	-	-	-	(2 918)	(2 918)	13 599	17 343	18 210
Road transport		60 317	-	-	-	-	-	(17 537)	(17 537)	32 780	53 049	55 967
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		164 088	-	-	-	-	-	12 797	12 797	176 883	172 771	181 899
Energy sources		119 145	-	-	-	-	-	7 179	7 179	126 324	126 129	133 490
Water management		13 498	-	-	-	-	-	4 834	4 834	18 333	13 592	13 690
Waste water management		14 857	-	-	-	-	-	(864)	(864)	13 993	15 600	16 380
Waste management		16 585	-	-	-	-	-	1 648	1 648	18 233	17 450	18 339
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	424 117	-	-	-	-	-	(5 894)	(5 894)	418 223	446 141	470 072
Surplus/ (Deficit) for the year		83 369	-	-	-	-	-	7 268	7 268	90 637	86 374	99 938

Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports; and
2. Table B2 is a reproduction of Table B1 in GFA format so the aggregate figures of these tables are the same.

Table 5MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description <i>(insert departmental structure etc)</i>	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Vote 1: Chief Financial Officer		211 774	-	-	-	-	-	(7 526)	(7 526)	204 248	227 792	244 789
Vote 2 - Vote 2: Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3: Corporate Services		1 462	-	-	-	-	-	200	200	1 662	1 535	1 612
Vote 4 - Vote 4: Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5: Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6: Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7: Planning and Economic Development		962	-	-	-	-	-	-	-	962	1 017	1 075
Vote 8 - Vote 8: Social and Community Services		36 833	-	-	-	-	-	-	-	36 833	36 822	37 457
Vote 9 - Vote 9: Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10: Technical Services		266 455	-	-	-	-	-	8 700	8 700	265 155	265 349	265 077
Vote 11 - Vote 11: Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	507 486	-	-	-	-	-	1 374	1 374	508 860	532 515	570 010
Expenditure by Vote	1											
Vote 1 - Vote 1: Chief Financial Officer		80 046	-	-	-	-	-	(3 200)	(3 200)	76 846	83 600	88 015
Vote 2 - Vote 2: Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3: Corporate Services		67 764	-	-	-	-	-	2 233	2 233	69 997	71 752	75 954
Vote 4 - Vote 4: Mayor		5 185	-	-	-	-	-	2 260	2 260	7 444	6 444	5 716
Vote 5 - Vote 5: Municipal Manager		5 492	-	-	-	-	-	228	228	5 720	5 786	6 056
Vote 6 - Vote 6: Internal Audit		2 237	-	-	-	-	-	214	214	2 452	2 349	2 457
Vote 7 - Vote 7: Planning and Economic Development		14 844	-	-	-	-	-	(3 234)	(3 234)	11 610	15 587	16 366
Vote 8 - Vote 8: Social and Community Services		46 382	-	-	-	-	-	4 035	4 035	50 417	48 737	51 190
Vote 9 - Vote 9: Speaker		3 278	-	-	-	-	-	(2 309)	(2 309)	969	3 411	3 581
Vote 10 - Vote 10: Technical Services		183 773	-	-	-	-	-	3 498	3 498	187 271	193 623	204 063
Vote 11 - Vote 11: Technical Services		15 117	-	-	-	-	-	(9 619)	(9 619)	5 498	15 873	16 667
Vote 12 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	424 117	-	-	-	-	-	(5 894)	(5 894)	418 223	446 141	470 072
Surplus/ (Deficit) for the year	2	83 369	-	-	-	-	-	7 268	7 268	90 637	86 374	89 938

Explanatory notes to MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 6 MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unform. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2020/21	+2 2021/22
Revenue By Source												
Property rates	2	90 845	-	-	-	-	-	-	-	90 845	96 296	102 074
Service charges - electricity revenue	2	141 362	-	-	-	-	-	-	-	141 362	149 844	158 635
Service charges - water revenue	2	31 200	-	-	-	-	-	-	-	31 200	33 072	35 057
Service charges - sanitation revenue	2	17 383	-	-	-	-	-	-	-	17 383	18 426	19 532
Service charges - refuse revenue	2	8 428	-	-	-	-	-	-	-	8 428	8 934	9 470
Rental of facilities and equipment		1 462	-	-	-	-	-	-	-	1 462	1 635	1 612
Interest earned - external investments		4 272	-	-	-	-	-	200	200	4 472	5 000	5 250
Interest earned - outstanding debtors		(11 252)	-	-	-	-	-	(2 000)	(2 000)	(13 252)	(9 001)	(5 401)
Dividends received		-	-	-	-	-	-	2 000	2 000	2 000	2 000	2 000
Fines, penalties and forfeits		(17 526)	-	-	-	-	-	-	-	(17 526)	(17 526)	(17 526)
Licences and permits		4 926	-	-	-	-	-	-	-	4 926	5 221	5 635
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		93 655	-	-	-	-	-	-	-	93 655	101 025	110 487
Other revenue	2	8 263	-	-	-	-	-	-	-	8 263	8 734	9 232
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		430 575	-	-	-	-	-	(7 326)	(7 326)	423 249	455 667	482 175
Expenditure By Type												
Employee related costs		132 355	-	-	-	-	-	3 000	3 000	135 355	138 973	145 921
Remuneration of councillors		7 843	-	-	-	-	-	-	-	7 843	8 235	8 647
Debt impairment		9 000	-	-	-	-	-	-	-	9 000	9 450	9 923
Depreciation & asset impairment		50 880	-	-	-	-	-	(20 000)	(20 000)	30 880	53 933	57 169
Finance charges		7 000	-	-	-	-	-	5 000	5 000	12 000	7 350	7 716
Bulk purchases		114 241	-	-	-	-	-	7 759	7 759	122 000	120 398	126 924
Other materials		21 950	-	-	-	-	-	(11 144)	(11 144)	10 806	23 042	24 188
Contracted services		32 142	-	-	-	-	-	8 018	8 018	40 161	33 645	35 452
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-	-
Other expenditure		48 706	-	-	-	-	-	1 472	1 472	50 178	51 116	54 132
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		424 117	-	-	-	-	-	(5 894)	(5 894)	418 223	446 141	470 672
Surplus/(Deficit)												
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 458	-	-	-	-	-	(1 432)	(1 432)	5 026	9 526	12 103
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		76 911	-	-	-	-	-	8 700	8 700	85 611	76 848	87 835
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		83 369	-	-	-	-	-	7 268	7 268	90 637	86 374	99 938
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		83 369	-	-	-	-	-	7 268	7 268	90 637	86 374	99 938
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		83 369	-	-	-	-	-	7 268	7 268	90 637	86 374	99 938
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		83 369	-	-	-	-	-	7 268	7 268	90 637	86 374	99 938

Explanatory notes to Table B4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue as per original budget was set at R430 million for 2019/20 budget year and was not considered for adjustment as the total billed revenue is seating at average of 50% as depicted on half yearly result.
2. Total expenditure was decreased by R5.8 million from R424 million in the 2019/20 to R418 million. The factors contributing to this situation were outlined in the Executive Summary above.

Table 7 MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt.	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H	I	J
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Vote 1: Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2: Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3: Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Vote 4: Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5: Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6: Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7: Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Vote 8: Social and Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Vote 9: Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10: Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Vote 11: Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Vote 1: Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Vote 2: Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Vote 3: Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Vote 4: Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Vote 5: Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Vote 6: Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Vote 7: Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Vote 8: Social and Community Services		4 000	-	-	-	-	-	1 119	1 119	5 119	9 553	14 000
Vote 9 - Vote 9: Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Vote 10: Technical Services		71 615	-	-	-	-	-	7 581	7 581	79 197	85 936	122 386
Vote 11 - Vote 11: Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - NULL		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - NULL		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		75 615	-	-	-	-	-	8 700	8 700	84 315	95 489	146 386
Total Capital Expenditure - Vote		75 615	-	-	-	-	-	8 700	8 700	84 315	95 489	146 386
Capital Expenditure - Functional												
Governance and administration												
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		4 000	-	-	-	-	-	1 119	1 119	5 119	9 553	14 000
Community and social services		4 000	-	-	-	-	-	1 119	1 119	5 119	9 553	14 000
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		20 615	-	-	-	-	-	(1 119)	(1 119)	19 497	18 378	11 540
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		20 615	-	-	-	-	-	(1 119)	(1 119)	19 497	18 378	11 540
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		51 000	-	-	-	-	-	8 700	8 700	59 700	68 445	89 845
Energy services		6 000	-	-	-	-	-	8 700	8 700	14 700	22 200	30 750
Water management		20 670	-	-	-	-	-	1 421	1 421	22 291	24 251	34 300
Waste water management		24 330	-	-	-	-	-	(1 421)	(1 421)	22 709	21 284	29 786
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	75 615	-	-	-	-	-	8 700	8 700	84 315	95 489	146 386
Funded by:												
National Government		75 615	-	-	-	-	-	8 700	8 700	84 315	95 489	146 386
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		75 615	-	-	-	-	-	8 700	8 700	84 315	95 489	146 386
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-
Total Capital Funding		75 615	-	-	-	-	-	8 700	8 700	84 315	95 489	146 386

Explanatory notes to Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single - year and single-year appropriations); 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;
2. No additional funding has been budgeted from municipality's own sources;
3. The capital budget did not have any adjustment other than restructuring of the existing project.
4. The municipality has not budgeted for any long term borrowing to fund the capital programme.

Table 8 MBRR Table B6 -Budgeted Financial Position

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash		30 805						(21 132)	(21 132)	9 673	27 278	47 954
Call investment deposits	1	5 112								5 112	5 112	5 112
Consumer debtors	1	18 198								17 898		
Other debtors		23 319						(300)	(300)	23 319	23 319	23 319
Current portion of long-term receivables												
Inventory		400								400	400	400
Total current assets		77 834						(21 432)	(21 432)	56 404	56 409	76 785
Non current assets												
Long-term receivables												
Investments												
Investment property		284 836								284 836	284 836	284 836
Investment in Associate												
Property, plant and equipment	1	811 257						28 700	28 700	839 957		
Biological												
Intangible		2 495								2 495	2 495	2 495
Other non-current assets		600								600	600	600
Total non current assets		1 099 188								1 127 888	287 931	287 931
TOTAL ASSETS		1 177 021						7 268	7 268	1 184 289	344 040	364 716
LIABILITIES												
Current liabilities												
Bank overdraft												
Borrowing												
Consumer deposits		5 779								5 779	(5 779)	(5 779)
Trade and other payables		197 519								197 519		
Provisions		1 000								1 000	(1 000)	(1 000)
Total current liabilities		204 298								204 298	(6 779)	(6 779)
Non current liabilities												
Borrowing	1											
Provisions	1	90 000								90 000		
Total non current liabilities		90 000								90 000		
TOTAL LIABILITIES		294 298								294 298	(6 779)	(6 779)
NET ASSETS	2	882 724						7 268	7 268	889 991	350 818	371 495
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		799 354								799 354		
Reserves												
TOTAL COMMUNITY WEALTH/EQUITY		799 354								799 354		

Explanatory notes to Table B6 - Budgeted Financial Position

1. Table B6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of several items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current liabilities;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. 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 informed directly by forecasting the statement of financial position.

Table 9 MBRR Table B7 - Budgeted Cash Flow Statement

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		100 873						300	300	101 173	106 926	113 341
Service charges		194 686						0	0	194 686	206 367	218 749
Other revenue		32 177						(7 326)	(7 326)	24 851	34 058	36 070
Government - operating	1	93 655								93 655	101 025	110 487
Government - capital	1	76 911						8 700	8 700	85 611	76 848	87 835
Interest		15 524								15 524	14 001	10 651
Dividends												
Payments												
Suppliers and employees		(366 237)						(9 106)	(9 106)	(375 343)	(384 858)	(405 188)
Finance charges		(7 000)						(5 000)	(5 000)	(12 000)	(7 350)	(7 718)
Transfers and Grants	1											
NET CASH FROM/(USED) OPERATING ACTIVITIES		140 589	-	-	-	-	-	(12 432)	(12 432)	128 157	147 027	164 231
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		(126 455)						(8 700)	(8 700)	(135 155)	(129 422)	(143 554)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(126 455)	-	-	-	-	-	(8 700)	(8 700)	(135 155)	(129 422)	(143 554)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans												
Borrowing long term refinancing												
Increase (decrease) in consumer deposits												
Payments												
Repayment of borrowing												
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		14 094	-	-	-	-	-	(21 132)	(21 132)	(7 038)	17 605	20 676
Cash/cash equivalents at the year begin:	2	21 823								21 823	14 785	32 390
Cash/cash equivalents at the year end:	2	35 917								14 785	32 390	53 066

Explanatory notes to Table B7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded;
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 10 MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H	+1 2020/21	+2 2021/22
Cash and investments available												
Cash/cash equivalents at the year end	1	35 917	-	-	-	-	-	(21 132)	(21 132)	14 785	32 390	53 066
Other current investments > 90 days		-	-	-	-	-	-	0	0	0	0	0
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		35 917	-	-	-	-	-	(21 132)	(21 132)	14 785	32 390	53 066
Applications of cash and investments												
Unspent conditional transfers		12 505	-	-	-	-	-	-	-	12 505	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	131 174	-	-	-	-	-	520	520	131 694	(23 167)	(23 429)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		143 679	-	-	-	-	-	520	520	144 199	(23 167)	(23 429)
Surplus(shortfall)		(107 763)	-	-	-	-	-	(21 652)	(21 652)	(129 414)	55 557	76 495

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. In essence the table evaluates 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. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 11 MBRR Table B9 - Asset Management

Description	Ref	Budget Year 2018/20									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfor.	Nat. or Prov.	Other	Total Adjust.	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	12	14	Budget	Budget
A	A1	B	C	D	E	F	G	H	I	J	K	
R thousands												
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	75 615	--	--	--	--	--	8 700	8 700	84 315	75 489	86 386
Roads Infrastructure		18 181	--	--	--	--	--	(684)	(684)	17 497	16 427	11 540
Storm water Infrastructure		3 435	--	--	--	--	--	(982)	(982)	2 453	5 065	--
Electrical Infrastructure		6 000	--	--	--	--	--	8 700	8 700	14 700	12 200	20 760
Water Supply Infrastructure		20 870	--	--	--	--	--	1 421	1 421	22 291	28 281	24 300
Sanitation Infrastructure		24 130	--	--	--	--	--	(1 421)	(1 421)	22 709	9 214	15 786
Solid Waste Infrastructure		--	--	--	--	--	--	--	--	--	--	8 000
Infrastructure		72 615	--	--	--	--	--	7 035	7 035	79 650	71 168	80 386
Community Facilities		--	--	--	--	--	--	--	--	--	--	6 000
Sport and Recreation Facilities		3 000	--	--	--	--	--	1 665	1 665	4 665	4 322	--
Community Assets		3 000	--	--	--	--	--	1 665	1 665	4 665	4 322	6 000
Heritage Assets		--	--	--	--	--	--	--	--	--	--	--
Total Capital Expenditure to be adjusted	4	75 615	--	--	--	--	--	8 700	8 700	84 315	75 489	86 386
Roads Infrastructure		18 181	--	--	--	--	--	(684)	(684)	17 497	16 427	11 540
Storm water Infrastructure		3 435	--	--	--	--	--	(982)	(982)	2 453	5 065	--
Electrical Infrastructure		6 000	--	--	--	--	--	8 700	8 700	14 700	12 200	20 760
Water Supply Infrastructure		20 870	--	--	--	--	--	1 421	1 421	22 291	28 281	24 300
Sanitation Infrastructure		24 130	--	--	--	--	--	(1 421)	(1 421)	22 709	9 214	15 786
Solid Waste Infrastructure		--	--	--	--	--	--	--	--	--	--	8 000
Infrastructure		72 615	--	--	--	--	--	7 035	7 035	79 650	71 168	80 386
Community Facilities		--	--	--	--	--	--	--	--	--	--	6 000
Sport and Recreation Facilities		3 000	--	--	--	--	--	1 665	1 665	4 665	4 322	--
Community Assets		3 000	--	--	--	--	--	1 665	1 665	4 665	4 322	6 000
Heritage Assets		--	--	--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--	--	--
TOTAL CAPITAL EXPENDITURE to be adjusted	4	75 615	--	--	--	--	--	8 700	8 700	84 315	75 489	86 386
ASSET REGISTER SUMMARY - PPE (WDV)	5	1 048 437	--	--	--	--	--	28 700	28 700	1 077 137	75 489	86 386
Roads Infrastructure		156 536	--	--	--	--	--	9 863	9 863	166 399	11 196	11 540
Storm water Infrastructure		59 699	--	--	--	--	--	(982)	(982)	58 712	5 065	--
Electrical Infrastructure		48 762	--	--	--	--	--	9 700	9 700	58 462	--	--
Water Supply Infrastructure		33 419	--	--	--	--	--	4 421	4 421	37 840	28 281	24 300
Sanitation Infrastructure		220 736	--	--	--	--	--	(1 579)	(1 579)	222 315	9 214	15 786
Solid Waste Infrastructure		17 406	--	--	--	--	--	--	--	17 406	--	8 000
Rail Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Coastal Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Information and Communication Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Infrastructure		538 551	--	--	--	--	--	24 581	24 581	561 133	53 738	59 526
Community Assets		65 694	--	--	--	--	--	2 119	2 119	67 813	9 553	6 000
Heritage Assets		600	--	--	--	--	--	--	--	600	--	--
Investment properties		284 836	--	--	--	--	--	--	--	--	284 836	--
Other Assets		69 101	--	--	--	--	--	--	--	--	69 101	20 760
Biological or Cultivated Assets		--	--	--	--	--	--	--	--	--	--	--
Intangible Assets		2 495	--	--	--	--	--	--	--	2 495	--	--
Computer Equipment		(348)	--	--	--	--	--	2 000	2 000	1 652	--	--
Furniture and Office Equipment		5 213	--	--	--	--	--	--	--	6 213	--	--
Machinery and Equipment		1 059	--	--	--	--	--	--	--	1 059	--	--
Transport Assets		3 326	--	--	--	--	--	--	--	3 326	--	--
Land		78 309	--	--	--	--	--	--	--	78 309	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--	--	--
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 048 437	--	--	--	--	--	28 700	28 700	1 077 137	75 489	86 386
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		50 880	--	--	--	--	--	(20 000)	(20 000)	30 880	53 933	57 169
Repairs and Maintenance by asset class	3	21 550	--	--	--	--	--	(11 244)	(11 244)	10 706	10 706	21 950
Roads Infrastructure		600	--	--	--	--	--	(150)	(150)	450	450	600
Storm water Infrastructure		7 800	--	--	--	--	--	(6 400)	(6 400)	1 400	1 400	7 800
Electrical Infrastructure		5 400	--	--	--	--	--	(1 620)	(1 620)	4 380	4 380	5 400
Water Supply Infrastructure		850	--	--	--	--	--	(550)	(550)	300	300	850
Sanitation Infrastructure		2 200	--	--	--	--	--	0	0	2 200	2 200	2 200
Solid Waste Infrastructure		300	--	--	--	--	--	(270)	(270)	30	30	300
Rail Infrastructure		--	--	--	--	--	--	--	--	--	--	--
Coastal Infrastructure		400	--	--	--	--	--	(334)	(334)	66	66	400
Information and Communication Infrastructure		100	--	--	--	--	--	0	0	100	100	100
Infrastructure		17 650	--	--	--	--	--	(8 724)	(8 724)	8 926	8 926	17 650
Community Facilities		1 800	--	--	--	--	--	(950)	(950)	850	850	1 800
Sport and Recreation Facilities		2 400	--	--	--	--	--	(1 500)	(1 500)	900	900	2 400
Community Assets		4 200	--	--	--	--	--	(2 450)	(2 450)	1 750	1 750	4 200
Furniture and Office Equipment		100	--	--	--	--	--	(70)	(70)	30	30	100
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		72 530	--	--	--	--	--	(31 244)	(31 244)	41 586	64 539	78 119
Renewal and upgrading of Existing Assets as % of total cap		0,0%	0,0%							0,0%	0,0%	0,0%
Renewal and upgrading of Existing Assets as % of deprec		0,0%	0,0%							0,0%	0,0%	0,0%
R&M as a % of PPE		2,1%	0,0%							1,0%	14,2%	25,4%
Renewal and upgrading and R&M as a % of PPE		2,1%	0,0%							1,0%	14,2%	25,4%

Explanatory notes to Table B9 - Asset Management

1. Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The table shows that all of the capital allocations are for new assets.
3. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 12 MBRR Table B10 - Basic Service Delivery Measurement

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	NaL or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
		A	7 A1	B B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:										14	14073	14073
Piped water inside dwelling		14073								1	855	855
Piped water inside yard (but not in dwelling)	2	855								3	3138	3138
Using public tap (at least min. service level)		3138								0	0	0
Other water supply (at least min. service level)		4								0	0	0
Minimum Service Level and Above sub-total		18								18	18	18
Using public tap (< min. service level)	3	0								7	2288	2288
Other water supply (< min. service level)	3,4	6668									0	0
No water supply		0								7	6	6
Below Minimum Service Level sub-total		7								25	23	23
Total number of households	5	25								25	23	23
Sanitation/sewerage:										14 928	14 928	14 928
Flush toilet (connected to sewerage)		14 928								855	855	855
Flush toilet (with septic tank)		855								0	0	0
Chemical toilet		0								951	951	951
Pit toilet (ventilated)		951								1 334	1 334	1 334
Other toilet provisions (> min. service level)		1 334								18 068	18 068	18 068
Minimum Service Level and Above sub-total		18 068								10 200	9 800	9 800
Bucket toilet		0								10 200	9 800	9 800
Other toilet provisions (< min. service level)		10 200								0	0	0
No toilet provisions		0								10 200	9 800	9 800
Below Minimum Service Level sub-total		10 200								28 268	27 868	27 868
Total number of households	5	28 268								28 268	27 868	27 868
Electricity:										577	577	577
Electricity (at least min. service level)		577								15 428	15 845	15 845
Electricity - prepaid (> min. service level)		15 428								16 003	16 422	16 422
Minimum Service Level and Above sub-total		16 003								0	0	0
Electricity (< min. service level)		0								2 065	2 065	2 065
Electricity - prepaid (< min. service level)		0								2 065	2 065	2 065
Other energy sources		2 065								18 068	18 487	18 487
Below Minimum Service Level sub-total		2 065								18 068	18 487	18 487
Total number of households	5	18 068								18 068	18 487	18 487
Refuse:										16 600	16 600	16 600
Removed at least once a week (min. service)		16 600								16 600	16 600	16 600
Minimum Service Level and Above sub-total		16 600								2 350	2 350	2 350
Removed less frequently than once a week		0								0	0	0
Using communal refuse dump		2 350								0	0	0
Using own refuse dump		0								0	0	0
Other rubbish disposal		0								1 095	1 095	1 095
No rubbish disposal		1 095								3 445	3 445	3 445
Below Minimum Service Level sub-total		3 445								20 045	20 045	20 045
Total number of households	5	20 045								20 045	20 045	20 045
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)												
Sanitation (free minimum level service)												
Electricity/other energy (50kwh per household per month)												
Refuse (removed at least once a week)												
Cost of Free Basic Services provided (R'000)	16									6 627	6 627	6 627
Water (6 kilolitres per indigent household per month)		6 627								18 919	18 919	18 919
Sanitation (free sanitation service to indigent households)		18 919								11 806	11 806	11 806
Refuse (removed once a week for indigent households)		11 806								3 644	3 644	3 644
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		3 644										
Total cost of FBS provided		40 996								40 996	40 996	40 996
Highest level of free service provided												
Property rates (R'000 value threshold)										6	6	6
Water (kilolitres per household per month)		0								208	218,4	229,32
Sanitation (kilolitres per household per month)		208								50	50	50
Sanitation (Rand per household per month)		50										
Electricity (kw per household per month)												
Refuse (average litres per week)												
Revenue cost of free services provided (R'000)	17									33 876	33 876	33 876
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)		33 876										
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)												
Municipal Housing - rental rebates												
Housing - top structure subsidies	6											
Other												
Total revenue cost of subsidized services provided		33 876								33 876	33 876	33 876

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. The municipality continues to make good progress with the eradication of backlogs.

Part 2 – Supporting Documentation

2.1. Adjustments to budget assumptions

Except for the factors outlined below, the assumptions that underlined the approved 2019/20 MTREF still hold. The following factors were taken into consideration when compiling this adjustments budget.

- Six-month revenue reached almost 50% of the budgeted revenue with the exception of certain revenue item which were considered for adjustment in order to have realistic revenue at year end.
- Misallocation of expenditure in order to realign the incorrect segment which was as result of mSCOA implementation.
- Litigation outcome which resulted in increased legal cost relating to pay out as per court order.
- Increased bulk purchases to ensure it's correctly budgeted for to avoid unauthorised expenditure.

2.2. Adjustments to budget funding

Table 13 below depicts the adjustments that were made to the operating revenue.

Table 13: Adjustments to operating revenue

Description	Ref	Budget Year 2019/20			Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			9 G	10 H		
R thousands	1	A				
Revenue By Source						
Property rates	2	90 845	-	90 845	96 296	102 074
Service charges - electricity revenue	2	141 362	-	141 362	149 844	158 835
Service charges - water revenue	2	31 200	-	31 200	33 072	35 057
Service charges - sanitation revenue	2	17 383	-	17 383	18 426	19 532
Service charges - refuse revenue	2	8 428	-	8 428	8 934	9 470
Rental of facilities and equipment		1 462	200	1 662	1 535	1 612
Interest earned - external investments		4 272	(2 000)	2 272	5 000	5 250
Interest earned - outstanding debtors		11 252	2 000	13 252	9 001	5 401
Dividends received		-	-	-	-	-
Fines, penalties and forfeits		17 526	(7 526)	10 000	18 578	19 692
Licences and permits		4 926	-	4 926	5 221	5 535
Agency services		-	-	-	-	-
Transfers and subsidies		93 655	-	93 655	101 025	110 487
Other revenue	2	8 263	-	8 263	8 734	9 232
Gains on disposal of PPE		-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		430 575	(7 326)	423 249	455 667	482 175

Table 13 above shows no consideration on the original budget of R430 million was considered for adjustment.

2.4. Adjustments to allocations and grants made by the municipality

The municipality does not allocate any grants to external parties.

2.5. Adjustments to councilors and board member's allowances and employees benefit

During the compilation of 2019/20 main budget, consideration of upper limit on councillor salaries were considered and therefore no adjustments are necessary.

2.6. Adjustments to service delivery and budget implementation plan

The 2019/20 SDBIP Adjustment will be prepared in the context of the 2019/20 Adjustment Budget. In a sense, the report must also highlight areas where targets have been adjusted due to the influence of the decisions on the budget adjustment side. Most importantly, the budget adjustment as well as any adjustment to the SDBIP is done in total alignment to the goals of the municipality as set out in the IDP. Any unavoidable deviation from the adjusted SDBIP will be dealt with during the revision of the IDP, taking into consideration all necessary legislative requirements. In addition, the report will also capture changes that have occurred during the past 2 Quarters of the year, such as structural changes that have brought about relocation of certain KPIs/targets among and/or within department/divisions.

The following generic principles will be followed with the drafting of the SDBIP adjustment. Department will be requested to review their targets:

- to ensure where obvious errors in judgement in target setting occurred could be corrected
- to deal decisively with indicators that departments are required to report on, on a monthly basis that are not reflective of their core business, or which cannot be accurately measured
- to reflect the amendments to resource allocation as captured in the Adjusted MTREF submission prepared by the Budget & Treasury Department
- to appropriately accommodate and plan for the amendments that are necessitated by external funding increases and/or decreases
- with a view to evaluate the amount of target capability that will not be realised as a result of the reduced funds
- to evaluate if funds can be diverted from another source internally within agreed financial transfer mechanisms.

2.7. Adjustments to capital expenditure

There have been few adjustments made on capital projects. MIG and WSIG projects have been adjusted by shifting funds within the projects which resulted to zero adjustment in the total allocation.

The capital spending for the first six month was seating reasonable for both grants except WSIGN which reported 16% spent for the first Six month of the financial year and Municipality anticipate to fully utilize the grant in line with the condition aligned to each grant.

Additional adjustment was made on INEP project to the tune of R8.7 million as result of approved rollover grant from previous year.

Based on the above said it is proposed / requested that the following amendments shall be considered during the 2019/20 budget adjustment process

Municipal Infrastructure Grant (MIG)			
Segment Desc	Original Budget	Adjustment	Adjusted budget
Bela Bela Spa Park Sports Facilities	R 2 113 224.00	R 2 202 056.00	R 4 315 280.00
Masakhane Sports Facilities	R 886 776.00	-R 536 776.00	R 350 000.00
Road Paving & Storm Water X5 & Hostel View	R 3 000 000.00	R -	R 3 000 000.00
Road Paving X4; 6; 7 & 8	R 14 180 892.00	-R 137 283.70	R 14 043 608.30
Storm Water Spa Park	R 3 434 568.00	-R 981 500.30	R 2 453 067.70
Extension of Existing Grave Yard	R 999 996.00	-R 546 496.00	R 453 500.00
Total	R 24 615 456.00	R 0.00	R 24 615 456.00
Water Services Infrastructure Grant			
Segment Desc	Original Budget	Adjustment	Adjusted budget
Recycling of Bela Bela Effluent	R 5 321 424.00	R 1 527 582.66	R 6 849 006.66
Upgrading of Aventura Sewer Pump Station	R 11 468 748.00	-R 2 580 433.26	R 8 888 314.74
Bulk Sewer Outfall for X8 & Future	R 7 340 004.00	-R 368 167.46	R 6 971 836.54
Supply & install new & replace faulty water meters (+-7500HH)	R 6 000 000.00	-R 1 469 278.34	R 4 530 721.66
Refurbishment of Old Section of WTW	R 4 128 756.00	R 3 206 047.40	R 7 334 803.40
Water Desalination Plant - Rapotokwane	R 10 741 068.00	-R 315 751.00	R 10 425 317.00
Total	R 45 000 000.00	R 0.00	R 45 000 000.00
Integrated National Electrification Programme (INEP)			

Segment Desc	Original Budget	Adjustment	Adjusted budget
Electricity sub-station	R -	R 8 700 000.00	R 8 700 000.00
Electrification Bela Bela X9 (900HH)	R 6 000 000.00	R -	R 6 000 000.00
Total	R 6 000 000.00	R 8 700 000.00	R 14 700 000.00

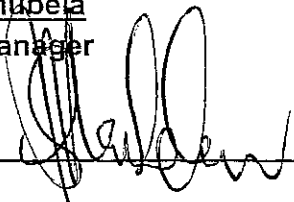
2.8. Municipality manager's quality certificate

I, Sello Michael Makhubela, the municipal manager of Bela-Bela Local Municipality, hereby certify that:-

❖ Adjustment budget

Has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Mr. SM Makhubela
Municipal Manager

Signature: 

Date: 26/02/2020

