

Senqu Municipality

Adjustment Budget 2020/21 – 2022/23

Adjusted Medium Term Revenue
and Expenditure Framework

(February 2021)



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Glossary

Adjustments Budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Budget - The financial plan of the Municipality.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

Equitable Share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality

MFMA - The Municipal Finance Management Act - No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Net Assets - Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure - Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - Generally, spending without, or in excess of, an approved budget.

Vote - One of the main segments of a budget. In Senqu Municipality this means at function level.

PART 1 - ANNUAL BUDGET

Section 1 - Mayor's Report

It is with great pleasure that I present the 2020/2021 Adjustment Budget to the Council for approval.

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

- (i) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.
- (ii) To authorise the utilisation of projected savings in one vote towards spending under another vote.
- (iii) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council.
- (iv) To correct any errors in the annual budget.

In line with the MFMA, the 2020/21 approved Budget has now been adjusted. The adjustments tabled today is as a result of a review of the revenue and expenditure for the first six months of the financial year.

The main adjustments proposed in this adjustment budget are included in this section of the report.

Operating Budget

Operating Revenue (Including Capital Transfers)

Adjustments to revenue can be summarised as follows (R'000):

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Revenue By Source</u>						
Property rates	9 048	9 048	–	9 048	9 591	10 166
Service charges - electricity revenue	43 365	43 365	–	43 365	45 967	48 725
Service charges - refuse revenue	10 226	10 226	–	10 226	10 840	11 490
Rental of facilities and equipment	123	123	–	123	131	139
Interest earned - external investments	18 800	18 800	–	18 800	18 500	18 500
Interest earned - outstanding debtors	2 546	2 546	–	2 546	2 699	2 861
Fines, penalties and forfeits	177	177	(11)	166	187	199
Licences and permits	1 260	1 260	(76)	1 184	1 335	1 416
Agency services	1 059	1 059	(64)	996	1 123	1 190
Transfers and subsidies	166 246	196 750	–	196 750	173 184	180 729
Other revenue	1 968	1 968	(118)	1 850	2 086	2 211
Total Revenue (excluding capital transfers and contributions)	254 819	285 323	(268)	285 055	265 643	277 625
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36 332	36 332	1 291	37 623	41 096	42 458
Total Revenue	15 467	31 971	1 689	33 660	21 933	16 604

Based on current and previous actual trends, the full year forecast for revenue items were adjusted downwards by R267 818. These items include Fines, penalties and forfeits, Licences and permits, Agency services and Other revenue.

Revenue relating to Capital grants was increased by R1,29 million. This increase was due to the unspent portion of the Integrated National Electrification Grant (DoE) that rolled over from 30 June 2020, that was included in the grant expenditure program.

Operating Expenditure

Adjustments to expenditure can be summarised as follows (R'000):

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Expenditure By Type</u>						
Employee related costs	100 989	100 989	–	100 989	107 026	113 677
Remuneration of councillors	14 468	14 468	–	14 468	15 336	16 256
Debt impairment	7 633	12 633	–	12 633	8 057	8 585
Depreciation & asset impairment	21 432	21 432	–	21 432	22 624	24 105
Finance charges	3 188	3 188	–	3 188	3 366	3 586
Bulk purchases	39 029	41 529	–	41 529	41 058	44 712
Other materials	17 135	18 635	(233)	18 402	17 190	18 806
Contracted services	34 186	34 186	(353)	33 834	32 751	33 994
Transfers and subsidies	48	48	–	48	–	–
Other expenditure	37 575	42 575	(81)	42 494	37 399	39 758
Total Expenditure	275 683	289 683	(666)	289 017	284 806	303 480

The nett decrease in the operating expenditure budget for 2020/2021 amounts to R665 885. These minor adjustments are the result of the cash flows for the first six months of the financial year. Line items that were adjusted are Other materials, Contracted services and Other expenditure.

Capital Budget

Adjustments to the capital budget can be summarised as follows (R'000):

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
CAPITAL EXPENDITURE						
<u>Total Capital Expenditure</u>	76 792	92 792	(21 873)	70 919	65 152	86 048
<i>Roads Infrastructure</i>	19 581	29 581	(4 481)	25 100	19 282	35 478
<i>Storm water Infrastructure</i>	–	–	–	–	878	23 067
<i>Electrical Infrastructure</i>	2 288	2 288	1 589	3 877	4 194	3 403
<i>Solid Waste Infrastructure</i>	30 555	30 555	(18 555)	12 000	20 186	18 580
Infrastructure	52 424	62 424	(21 447)	40 977	44 540	80 528
Community Facilities	11 063	16 063	(2 182)	13 882	13 860	3 440
Community Assets	11 063	16 063	(2 182)	13 882	13 860	3 440
Operational Buildings	2 872	3 872	756	4 628	4 781	–
Other Assets	2 872	3 872	756	4 628	4 781	–
Licences and Rights	88	88	–	88	92	96
Intangible Assets	88	88	–	88	92	96
Computer Equipment	3 370	3 370	–	3 370	458	479
Furniture and Office Equipment	300	300	–	300	241	252
Machinery and Equipment	5 496	5 496	550	6 046	1 180	234
Transport Assets	1 178	1 178	450	1 628	–	1 019
TOTAL CAPITAL EXPENDITURE	76 792	92 792	(21 873)	70 919	65 152	86 048

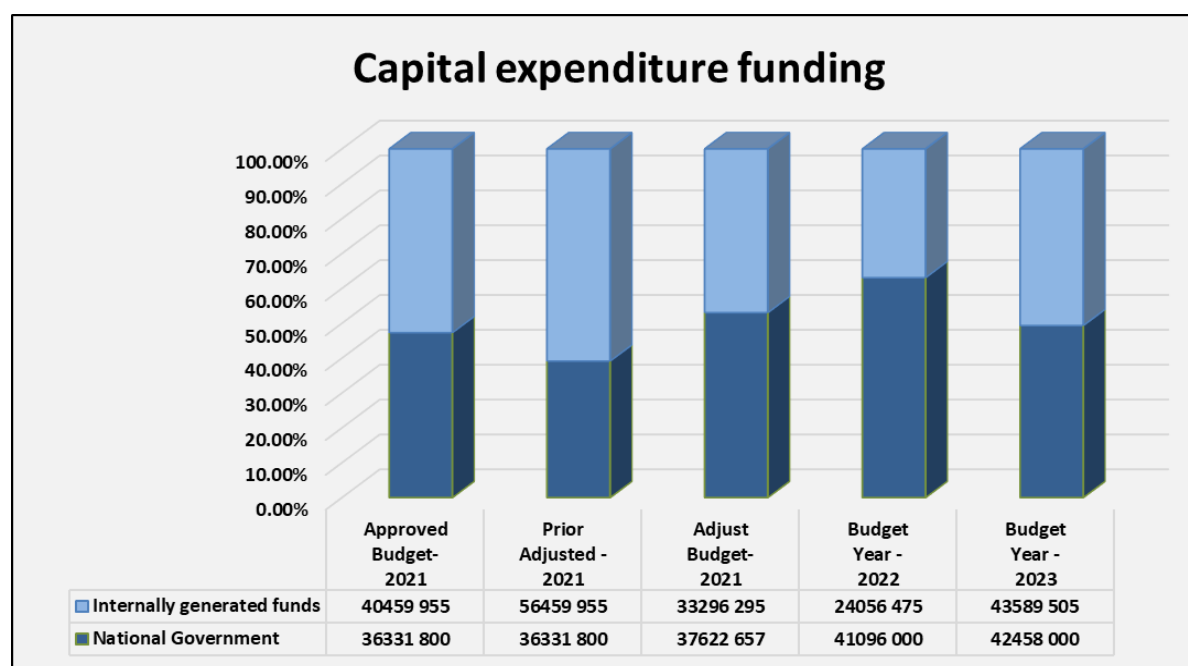
The nett effect of the adjustments on the capital budget amounts to a decrease of R21,87 million. This is the result of the following amendments on capital projects:

- 1) The New Rest Construction Paving project decreased with R1,47 million due to delays in the starting period of the contract.
- 2) A decrease of R8 million for the Weighbridges at Herschel and Rossouw Solid Waste Management Sites which will be constructed at a later stage.
- 3) The Bus Route in Boyce Nondala Township Barkly East increased with R2,19 million as a result of a variation order on the project.
- 4) An increase of R2,10 million for the construction of 6 km Access Roads with Storm Water control in Ward 2 due to the contract value being more than estimated.
- 5) An amount of R2,28 million was allocated to DOE Projects - Rural Connections which partly rolled over from the 2019/20 financial year, and will be partially funded by the approved DOE rollover funds;
- 6) Solid waste infrastructure projects decreased with R18,56 million due to changes in the grades of the sites as per environmental requirements.

- 7) Renovations of the Barkly East Town Hall increased with R3,52 million as a result of an increase in the engineering estimate.
- 8) A decrease of R5,70 million for the Construction of New Cemetery in Barkly East project which will commence at a later stage due to unresponsive tenders.
- 9) The Upgrading of Municipal Office in Lady Grey Ward 14 project increased with R1,03 million due to a variation order on the project.

The expected investment in infrastructure remains high, to such an extent that current cash flows cannot sustain it. The municipality is forced to utilise previously accumulated cash reserves to fund part of these projects. Out of the total capital expenditure of R70,92 million for 2020/2021, R33,29 million is funded by internally generated funds. However, the municipality believes it is strategically important to invest timely in infrastructure, to cater for the need to extend service delivery across the region.

The revised forecasted capital expenditure can be summarised as follows:



Funding and Cash flows

The budget indicates a net cash outflow of R10,27 million, after capital expenditure of R70,92 million has been incurred. Non-cash items such as the Provision for debt impairment of R12,63 million, and depreciation and asset impairment of R21,43 million have been taken into account.

The expected Cash flows for the MTREF period are as follows - R,000

Source	2020/2021 Original Budget	2020/2021 Prior Adjusted	2020/2021 Adjustments Budget	2021/2022 Budget	2022/2023 Budget
Generated Operating inflows	35 992	59 843	61 432	41 549	40 060
Net Financing outflows	(784)	(784)	(784)	(796)	(809)
Net cash inflows	35 208	59 059	60 647	40 753	39 251
Outflows - Investment in Assets	(76 792)	(92 792)	(70 919)	(65 152)	(86 048)
Net inflows / (outflows)	(41 584)	(33 733)	(10 272)	(24 399)	(46 796)

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. From the table below it can be seen that the cash and investments available over the MTREF, will be sufficient to cover all commitments.

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Cash and investments available</u>						
Cash/cash equivalents at the year end	254 063	261 913	23 462	285 375	260 975	214 179
Cash and investments available:	254 063	261 913	23 462	285 375	260 975	214 179
<u>Applications of cash and investments</u>						
Unspent conditional transfers	12 766	12 766	–	12 766	12 766	12 766
Other working capital requirements	(4 771)	(6 058)	(84)	(6 142)	(11 912)	(15 334)
Other provisions	15 100	15 100	–	15 100	16 293	17 517
Reserves to be backed by cash/investments	212 389	212 343	25 164	237 507	232 142	194 056
Total Application of cash and investments:	235 484	234 151	25 079	259 231	249 289	209 005
Surplus(shortfall)	18 579	27 762	(1 618)	26 144	11 686	5 174

Unforeseen and unavoidable expenditure

There was no unforeseen expenditure approved by the Mayor and incorporated into this adjustment budget since the original approved budget.

Changes to allocations and grant adjustments

Changes to allocations and grant adjustments are reflected in the budget supporting documentation forms SB7 and SB8.

The table below gives a breakdown of the various grants and subsidies allocated to the municipality over the medium term (Please note that a portion of the Equitable share grant as per Dora is allocated to “Nat Gov: Councillor Remuneration” grant).

As stated previously in the report, Capital grants revenue increased by R1,29 million as a result of the unspent portion of the Integrated National Electrification Grant (DoE) that rolled over from 30 June 2020, that was included in the grant expenditure program.

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:						
<u>Operating expenditure of Transfers and Grants</u>						
National Government:	164 746	195 250	–	195 250	171 684	179 229
Local Government Equitable Share	151 263	181 767	–	181 767	160 362	167 480
Finance Management	1 700	1 700	–	1 700	1 700	1 700
Nat Gov: Councillor Remuneration	7 254	7 254	–	7 254	7 554	7 867
Municipal Infrastructure Grant (MIG)	1 912	1 912	–	1 912	2 068	2 182
EPWP Incentive	2 617	2 617	–	2 617	–	–
Provincial Government:	1 500	1 500	–	1 500	1 500	1 500
Libraries	1 500	1 500	–	1 500	1 500	1 500
Total operating expenditure of Transfers and Grants:	166 246	196 750	–	196 750	173 184	180 729
<u>Capital expenditure of Transfers and Grants</u>						
National Government:	36 332	36 332	1 291	37 623	41 096	42 458
Municipal Infrastructure Grant (MIG)	36 332	36 332	–	36 332	39 292	41 458
Integrated National Electrification Programme	–	–	1 291	1 291	1 804	1 000
Total capital expenditure of Transfers and Grants	36 332	36 332	1 291	37 623	41 096	42 458
Total capital expenditure of Transfers and Grants	202 578	233 082	1 291	234 373	214 280	223 187

It must be noted that the Municipality is grant dependant, as only 30% of the municipality's revenue is from own revenue generated. Therefore, any adverse effect the economic environment may have on the levy and collection of own revenue, will have a minimum impact on the Municipality's financial sustainability as a whole.

Financial Viability and Sustainability

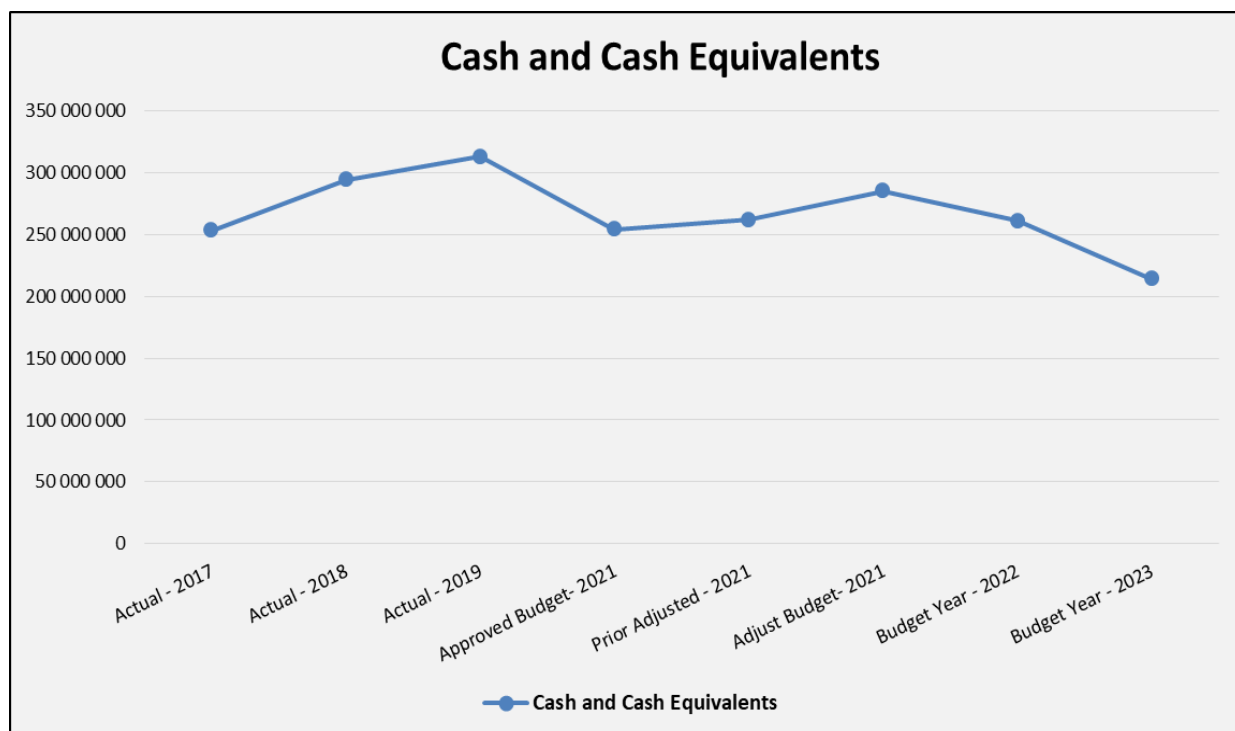
Senqu Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect the lockdown levels had on its economic environment. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover.

Issues such as unemployment and high energy and other costs negatively impacts on the sustainability of municipalities. These Macro-Economic issues is largely beyond the control of the municipalities. For this reason, municipalities should as far possible take control of issues it can directly manage (such as the implementation of cost containment measures and increasing the effectiveness of debt collection policies and strategies) to optimise productivity levels within the municipality.

Financial sustainability and viability of the municipality is thus very much dependent on its ability to preserve its cash resources, which is considered to be a scare commodity in the current economic environment.

The projected balance of the cash and cash equivalents increase from R254,06 million to R285,38 million for 2020/2021 and then decrease to R218,14 million over the MTREF.

The forecast is as follows:



Currently, although still a funded budget, the proposed budget will have a negative impact on the projected cash position of the municipality as indicated in the graph. This downward trend can mainly be attributed to the inability of the municipal budget to produce adequate cash resources to meet the proposed capital and operating program of the municipality.

Municipalities should as far possible approve budgets that are within their financial constraints. In other words, projected capital and operating expenditure should be financed from projected future revenue streams, thus eliminating the need to utilise accumulated funds from previous years.

Recommendations

It is recommended:

- 1) that the Council approves the adjustments budget and take the resolutions listed in Section 2 below; and
- 2) That the Council approves the changes to the service delivery and budget implementation plan.

Section 2 - Budget Related Resolutions

Senqu Municipality

MTREF 2020/2021

These are the resolutions that must be approved by Council with the final adoption of the adjustments budget:

RESOLVED:

[a]. That the adjustments budget, inclusive of changes in terms of section 28(2) of the MFMA, of Senqu Municipality for the financial year 2020/2021; and indicative for the two projected years 2021/22 and 2022/23, as set-out in the schedules contained in Section 4, be approved:

1.1 Table B2: Budgeted Financial Performance (expenditure by standard classification)

1.2 Table B3: Budgeted Financial Performance (expenditure by municipal vote)

1.3 Table B4: Budgeted Financial Performance (revenue by source)

1.4 Table B5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.

[b]. That the amended performance objectives as contained in the SDBIP be approved (Attached supporting documentation form SB 3).

[c]. That it be noted that there are no changes to any budget related policies.

Section 3 - Executive Summary

A key consideration for the compilation of the adjustments budget was long term financial sustainability and ensuring that sustainable municipal services are provided economically and equally to all communities.

The new projected forecasts for the MTREF are as follows:

OPERATING BUDGET (R'000)

Type	2020/2021 Original Budget	2020/2021 Prior Adjusted	2020/2021 Adjustment Budget	2021/2022 Budget	2022/2023 Budget
Revenue	291 150	321 654	322 677	306 739	320 083
Expenditure	275 683	289 683	289 017	284 806	303 480
Surplus/(Deficit)	15 467	31 971	33 660	21 933	16 604
Less:Capital Grants	(36 332)	(36 332)	(37 623)	(41 096)	(42 458)
Deficit excluding capital grants	(20 865)	(4 361)	(3 963)	(19 163)	(25 854)

CAPITAL BUDGET (R'000)

Objective	2020/2021 Original Budget	2020/2021 Prior Adjusted	2020/2021 Adjustment Budget	2021/2022 Budget	2022/2023 Budget
Governance and Admin	11 056	12 056	13 084	631	659
Community and Safety Services	12 024	17 024	14 570	18 641	3 440
Economic Services	20 877	20 877	24 397	20 371	36 194
Trading Services	32 836	42 836	18 869	25 509	45 754
Total	76 792	92 792	70 919	65 152	86 048

The projected funding of the capital budget is as follows: (R 000)

Funding Source	2020/2021 Original Budget	2020/2021 Prior Adjusted	2020/2021 Adjustments Budget	2021/2022 Budget	2022/2023 Budget
National Government	36 332	36 332	37 623	41 096	42 458
Own Funds	40 460	56 460	33 296	24 056	43 590
Total	76 792	92 792	70 919	65 152	86 048

A summary of the revised budget is included in Section 4 of this report.

Section 4 - Adjustment budget tables

The Budget tables are:

Table B1 - Adjustments Budget Summary

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Financial Performance</u>						
Property rates	9 048	9 048	–	9 048	9 591	10 166
Service charges	53 591	53 591	–	53 591	56 807	60 215
Investment revenue	18 800	18 800	–	18 800	18 500	18 500
Transfers recognised - operational	166 246	196 750	–	196 750	173 184	180 729
Other own revenue	7 133	7 133	(268)	6 865	7 561	8 015
Total Revenue (excluding capital transfers and contributions)	254 819	285 323	(268)	285 055	265 643	277 625
Employee costs	100 989	100 989	–	100 989	107 026	113 677
Remuneration of councillors	14 468	14 468	–	14 468	15 336	16 256
Depreciation & asset impairment	21 432	21 432	–	21 432	22 624	24 105
Finance charges	3 188	3 188	–	3 188	3 366	3 586
Materials and bulk purchases	56 163	60 163	(233)	59 931	58 247	63 518
Transfers and grants	48	48	–	48	–	–
Other expenditure	79 394	89 394	(433)	88 961	78 207	82 337
Total Expenditure	275 683	289 683	(666)	289 017	284 806	303 480
Surplus/(Deficit)	(20 865)	(4 361)	398	(3 963)	(19 163)	(25 854)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36 332	36 332	1 291	37 623	41 096	42 458
Surplus/ (Deficit) for the year	15 467	31 971	1 689	33 660	21 933	16 604
<u>Capital expenditure & funds sources</u>						
Capital expenditure	76 792	92 792	(21 873)	70 919	65 152	86 048
Transfers recognised - capital	36 332	36 332	1 291	37 623	41 096	42 458
Internally generated funds	40 460	56 460	(23 164)	33 296	24 056	43 590
Total sources of capital funds	76 792	92 792	(21 873)	70 919	65 152	86 048
<u>Financial position</u>						
Total current assets	281 143	283 002	23 462	306 464	287 893	247 233
Total non current assets	566 969	582 969	(21 873)	561 096	603 625	665 567
Total current liabilities	46 330	47 684	(100)	47 584	47 702	50 374
Total non current liabilities	34 525	34 525	–	34 525	36 433	38 438
Community wealth/Equity	767 258	783 762	1 689	785 451	807 384	823 988

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Cash flows</u>						
Net cash from (used) operating	35 992	59 843	1 589	61 432	41 549	40 060
Net cash from (used) investing	(76 792)	(92 792)	21 873	(70 919)	(65 152)	(86 048)
Net cash from (used) financing	(784)	(784)	–	(784)	(796)	(809)
Cash/cash equivalents at the year end	254 063	261 913	23 462	285 375	260 975	214 179
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	254 063	261 913	23 462	285 375	260 975	214 179
Application of cash and investments	235 484	234 151	25 079	259 231	249 289	209 005
Balance - surplus (shortfall)	18 579	27 762	(1 618)	26 144	11 686	5 174
<u>Asset Management</u>						
Asset register summary (WDV)	566 969	582 969	(21 873)	561 096	603 625	665 567
Depreciation & asset impairment	21 432	21 432	–	21 432	22 624	24 105
Renewal and Upgrading of Existing Assets	15 521	16 521	4 855	21 375	22 682	16 940
Repairs and Maintenance	13 165	13 165	(241)	12 924	14 562	16 645
<u>Free services</u>						
Cost of Free Basic Services provided	642	642	–	642	680	721
Revenue cost of free services provided	2 296	2 296	–	2 296	2 434	2 580
<u>Households below minimum service level</u>						
Energy:	9	9	–	9	10	10
Refuse:	44	44	–	44	46	50

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

Standard Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Revenue - Functional</u>						
<i>Governance and administration</i>	128 549	146 851	(21)	146 830	134 610	139 833
Executive and council	7 254	7 254	–	7 254	7 554	7 867
Finance and administration	121 295	139 597	(21)	139 576	127 056	131 966
Internal audit	–	–	–	–	–	–
<i>Community and public safety</i>	4 455	4 455	(171)	4 284	4 632	4 820
Community and social services	1 647	1 647	(3)	1 644	1 656	1 665
Sport and recreation	9	9	–	9	10	10
Public safety	2 799	2 799	(168)	2 631	2 966	3 144
Housing	–	–	–	–	–	–
Health	–	–	–	–	–	–
<i>Economic and environmental services</i>	41 044	41 044	(11)	41 033	41 554	43 845
Planning and development	2 093	2 093	(11)	2 082	2 260	2 385
Road transport	38 951	38 951	–	38 951	39 294	41 460
Environmental protection	–	–	–	–	–	–
<i>Trading services</i>	117 100	129 302	1 226	130 528	125 939	131 582
Energy sources	74 973	81 074	1 291	82 365	81 280	84 744
Water management	–	–	–	–	–	–
Waste water management	–	–	–	–	–	–
Waste management	42 127	48 228	(64)	48 163	44 659	46 838
<i>Other</i>	3	3	(0)	3	3	3
Total Revenue - Functional	291 150	321 654	1 023	322 677	306 739	320 083
<u>Expenditure - Functional</u>						
<i>Governance and administration</i>	109 930	109 930	(276)	109 654	109 196	116 898
Executive and council	28 051	28 051	(155)	27 896	30 222	32 050
Finance and administration	79 167	79 167	(121)	79 046	76 121	81 288
Internal audit	2 712	2 712	–	2 712	2 853	3 560
<i>Community and public safety</i>	18 501	18 501	288	18 789	19 009	20 455
Community and social services	11 418	11 418	178	11 596	12 140	13 141
Sport and recreation	2 635	2 635	105	2 740	2 459	2 629
Public safety	4 447	4 447	5	4 452	4 409	4 685
Housing	–	–	–	–	–	–
Health	–	–	–	–	–	–
<i>Economic and environmental services</i>	43 361	43 361	(458)	42 903	46 889	47 930
Planning and development	18 556	18 556	(458)	18 098	20 440	19 462
Road transport	24 625	24 625	–	24 625	26 257	28 265
Environmental protection	180	180	–	180	192	204
<i>Trading services</i>	102 056	116 056	(208)	115 848	107 772	116 137
Energy sources	58 219	63 719	(348)	63 372	61 581	66 928
Water management	–	–	–	–	–	–
Waste water management	4 855	4 855	–	4 855	5 160	5 520
Waste management	38 981	47 481	140	47 621	41 031	43 689
<i>Other</i>	1 835	1 835	(12)	1 823	1 941	2 059
Total Expenditure - Functional	275 683	289 683	(666)	289 017	284 806	303 480
Surplus/ (Deficit) for the year	15 467	31 971	1 689	33 660	21 933	16 604

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

Vote Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Revenue by Vote</u>						
Vote 1 - Executive & Council	7 254	7 254	–	7 254	7 554	7 867
Vote 2 - Planning & Development	1 975	1 975	(4)	1 972	2 135	2 253
Vote 3 - Corporate Services	193	193	(11)	183	205	217
Vote 4 - Budget & Treasury	121 219	139 522	(18)	139 504	126 976	131 881
Vote 5 - Road Transport	41 656	41 656	(162)	41 493	42 161	44 499
Vote 9 - Community & Social Services	1 650	1 650	(3)	1 647	1 659	1 669
Vote 10 - Sport & Recreation	9	9	–	9	10	10
Vote 11 - Public Safety	93	93	(6)	88	99	105
Vote 12 - Electricity	74 973	81 074	1 291	82 365	81 280	84 744
Vote 13 - Waste Management	42 127	48 228	(64)	48 163	44 659	46 838
Total Revenue by Vote	291 150	321 654	1 023	322 677	306 739	320 083
<u>Expenditure by Vote</u>						
Vote 1 - Executive & Council	30 763	30 763	(155)	30 608	33 075	35 610
Vote 2 - Planning & Development	20 960	20 960	(470)	20 490	22 986	22 163
Vote 3 - Corporate Services	38 375	38 375	–	38 375	36 159	38 546
Vote 4 - Budget & Treasury	39 620	39 620	(121)	39 499	38 718	41 423
Vote 5 - Road Transport	28 192	28 192	–	28 192	29 731	31 955
Vote 6 - Waste Water Management	4 855	4 855	–	4 855	5 160	5 520
Vote 9 - Community & Social Services	12 201	12 201	178	12 379	12 970	14 023
Vote 10 - Sport & Recreation	2 635	2 635	105	2 740	2 459	2 629
Vote 11 - Public Safety	881	881	5	886	936	995
Vote 12 - Electricity	58 219	63 719	(348)	63 372	61 581	66 928
Vote 13 - Waste Management	38 981	47 481	140	47 621	41 031	43 689
Total Expenditure by Vote	275 683	289 683	(666)	289 017	284 806	303 480
Surplus/ (Deficit) for the year	15 467	31 971	1 689	33 660	21 933	16 604

Table B4 - Adjustments Budgeted Financial Performance (revenue and expenditure)

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Revenue By Source</u>						
Property rates	9 048	9 048	–	9 048	9 591	10 166
Service charges - electricity revenue	43 365	43 365	–	43 365	45 967	48 725
Service charges - refuse revenue	10 226	10 226	–	10 226	10 840	11 490
Rental of facilities and equipment	123	123	–	123	131	139
Interest earned - external investments	18 800	18 800	–	18 800	18 500	18 500
Interest earned - outstanding debtors	2 546	2 546	–	2 546	2 699	2 861
Fines, penalties and forfeits	177	177	(11)	166	187	199
Licences and permits	1 260	1 260	(76)	1 184	1 335	1 416
Agency services	1 059	1 059	(64)	996	1 123	1 190
Transfers and subsidies	166 246	196 750	–	196 750	173 184	180 729
Other revenue	1 968	1 968	(118)	1 850	2 086	2 211
Gains	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)	254 819	285 323	(268)	285 055	265 643	277 625
<u>Expenditure By Type</u>						
Employee related costs	100 989	100 989	–	100 989	107 026	113 677
Remuneration of councillors	14 468	14 468	–	14 468	15 336	16 256
Debt impairment	7 633	12 633	–	12 633	8 057	8 585
Depreciation & asset impairment	21 432	21 432	–	21 432	22 624	24 105
Finance charges	3 188	3 188	–	3 188	3 366	3 586
Bulk purchases	39 029	41 529	–	41 529	41 058	44 712
Other materials	17 135	18 635	(233)	18 402	17 190	18 806
Contracted services	34 186	34 186	(353)	33 834	32 751	33 994
Transfers and subsidies	48	48	–	48	–	–
Other expenditure	37 575	42 575	(81)	42 494	37 399	39 758
Total Expenditure	275 683	289 683	(666)	289 017	284 806	303 480
Surplus/(Deficit)	(20 865)	(4 361)	398	(3 963)	(19 163)	(25 854)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	36 332	36 332	1 291	37 623	41 096	42 458
Surplus/ (Deficit) for the year	15 467	31 971	1 689	33 660	21 933	16 604

Table B5 - Adjustments Budgeted Capital Expenditure by vote, standard classification and funding

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Capital expenditure - Vote</u>						
<u>Multi-year expenditure to be adjusted</u>						
Vote 3 - Corporate Services	2 200	2 200	1 028	3 228	–	–
Vote 5 - Road Transport	19 560	19 560	2 809	22 368	24 063	35 478
Vote 6 - Waste Water Management	–	–	–	–	878	23 067
Vote 9 - Community & Social Services	11 063	16 063	(2 182)	13 882	12 487	3 440
Vote 12 - Electricity	2 000	2 000	1 709	3 709	4 194	3 403
Vote 13 - Waste Management	30 555	30 555	(18 555)	12 000	20 186	18 580
Capital multi-year expenditure sub-total	65 378	70 378	(15 191)	55 187	61 808	83 968
<u>Single-year expenditure to be adjusted</u>						
Vote 1 - Executive & Council	1 415	1 415	–	1 415	178	186
Vote 2 - Planning & Development	336	336	–	336	133	139
Vote 3 - Corporate Services	4 496	5 496	–	5 496	100	105
Vote 4 - Budget & Treasury	2 945	2 945	–	2 945	353	369
Vote 5 - Road Transport	1 942	1 942	438	2 380	956	577
Vote 9 - Community & Social Services	–	–	–	–	1 373	–
Vote 12 - Electricity	40	40	430	470	90	536
Vote 13 - Waste Management	240	10 240	(7 550)	2 690	161	168
Capital single-year expenditure sub-total	11 413	22 413	(6 682)	15 732	3 344	2 080
Total Capital Expenditure - Vote	76 792	92 792	(21 873)	70 919	65 152	86 048
<u>Capital Expenditure - Functional</u>						
<i>Governance and administration</i>	11 056	12 056	1 028	13 084	631	659
Executive and council	1 327	1 327	–	1 327	87	90
Finance and administration	9 640	10 640	1 028	11 668	453	473
Internal audit	88	88	–	88	92	96
<i>Community and public safety</i>	12 024	17 024	(2 454)	14 570	18 641	3 440
Community and social services	11 063	16 063	(2 182)	13 882	13 860	3 440
Public safety	960	960	(272)	688	4 781	–
<i>Economic and environmental services</i>	20 877	20 877	3 519	24 397	20 371	36 194
Planning and development	336	336	–	336	133	139
Road transport	20 541	20 541	3 519	24 060	20 238	36 055
<i>Trading services</i>	32 836	42 836	(23 967)	18 869	25 509	45 754
Energy sources	2 040	2 040	2 139	4 179	4 284	3 939
Waste water management	–	–	–	–	878	23 067
Waste management	30 796	40 796	(26 105)	14 690	20 347	18 748
Total Capital Expenditure - Functional	76 792	92 792	(21 873)	70 919	65 152	86 048
<u>Funded by:</u>						
National Government	36 332	36 332	1 291	37 623	41 096	42 458
Transfers recognised - capital	36 332	36 332	1 291	37 623	41 096	42 458
Internally generated funds	40 460	56 460	(23 164)	33 296	24 056	43 590
Total Capital Funding	76 792	92 792	(21 873)	70 919	65 152	86 048

Table B6 - Adjustments Budgeted Financial Position

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
ASSETS						
Current assets						
Cash	21 289	29 139	23 462	52 601	51 479	36 107
Call investment deposits	232 774	232 774	–	232 774	209 497	178 072
Consumer debtors	21 299	15 299	–	15 299	21 087	27 178
Other debtors	5 378	5 378	–	5 378	5 378	5 378
Inventory	403	411	–	411	452	497
Total current assets	281 143	283 002	23 462	306 464	287 893	247 233
Non current assets						
Investment property	45 607	45 607	–	45 607	45 607	45 607
Property, plant and equipment	521 165	537 165	(21 873)	515 292	557 860	619 846
Intangible	197	197	–	197	158	114
Total non current assets	566 969	582 969	(21 873)	561 096	603 625	665 567
TOTAL ASSETS	848 113	865 971	1 589	867 560	891 518	912 800
LIABILITIES						
Current liabilities						
Borrowing	887	887	–	887	904	922
Consumer deposits	1 811	1 811	–	1 811	1 901	1 996
Trade and other payables	28 532	29 887	(100)	29 787	28 604	29 939
Provisions	15 100	15 100	–	15 100	16 293	17 517
Total current liabilities	46 330	47 684	(100)	47 584	47 702	50 374
Non current liabilities						
Borrowing	7 747	7 747	–	7 747	6 843	5 921
Provisions	26 777	26 777	–	26 777	29 589	32 517
Total non current liabilities	34 525	34 525	–	34 525	36 433	38 438
TOTAL LIABILITIES	80 855	82 209	(100)	82 109	84 134	88 813
NET ASSETS	767 258	783 762	1 689	785 451	807 384	823 988
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)	488 958	505 508	(23 475)	482 033	508 012	561 357
Reserves	278 301	278 255	25 164	303 418	299 372	262 631
TOTAL COMMUNITY WEALTH/EQUITY	767 258	783 762	1 689	785 451	807 384	823 988

Table B7 - Adjustments Budgeted Cash Flows

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	7 100	7 100	–	7 100	7 506	7 925
Service charges	42 053	42 053	–	42 053	44 461	46 941
Other revenue	4 561	6 558	(268)	6 291	6 946	7 354
Transfers and Subsidies - Operational	166 246	196 750	–	196 750	173 184	180 729
Transfers and Subsidies - Capital	36 332	36 332	1 291	37 623	41 096	42 458
Interest	20 798	18 800	–	18 800	18 500	18 500
Payments						
Suppliers and employees	(237 860)	(244 513)	566	(243 948)	(246 778)	(260 261)
Finance charges	(3 188)	(3 188)	–	(3 188)	(3 366)	(3 586)
Transfers and Grants	(48)	(48)	–	(48)	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	35 992	59 843	1 589	61 432	41 549	40 060
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Capital assets	(76 792)	(92 792)	21 873	(70 919)	(65 152)	(86 048)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(76 792)	(92 792)	21 873	(70 919)	(65 152)	(86 048)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Increase (decrease) in consumer deposits	86	86	–	86	91	95
Payments						
Repayment of borrowing	(871)	(871)	–	(871)	(887)	(904)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(784)	(784)	–	(784)	(796)	(809)
NET INCREASE/ (DECREASE) IN CASH HELD	(41 584)	(33 733)	23 462	(10 272)	(24 399)	(46 796)
Cash/cash equivalents at the year begin:	295 647	295 647	–	295 647	285 375	260 975
Cash/cash equivalents at the year end:	254 063	261 913	23 462	285 375	260 975	214 179

Table B8 - Adjustments Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
<u>Cash and investments available</u>						
Cash/cash equivalents at the year end	254 063	261 913	23 462	285 375	260 975	214 179
Cash and investments available:	254 063	261 913	23 462	285 375	260 975	214 179
<u>Applications of cash and investments</u>						
Unspent conditional transfers	12 766	12 766	–	12 766	12 766	12 766
Other working capital requirements	(4 771)	(6 058)	(84)	(6 142)	(11 912)	(15 334)
Other provisions	15 100	15 100	–	15 100	16 293	17 517
Reserves to be backed by cash/investments	212 389	212 343	25 164	237 507	232 142	194 056
Total Application of cash and investments:	235 484	234 151	25 079	259 231	249 289	209 005
Surplus(shortfall)	18 579	27 762	(1 618)	26 144	11 686	5 174

Table B9 - Adjustments Budget Asset Management

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands						
CAPITAL EXPENDITURE						
<u>Total New Assets to be adjusted</u>	61 271	76 271	(26 727)	49 544	42 470	69 108
Roads Infrastructure	9 469	19 469	(3 016)	16 453	1 498	18 538
Storm water Infrastructure	–	–	–	–	878	23 067
Electrical Infrastructure	2 288	2 288	1 589	3 877	4 194	3 403
Solid Waste Infrastructure	28 329	28 329	(20 329)	8 000	20 186	18 580
Infrastructure	40 085	50 085	(21 755)	28 330	26 757	63 588
Community Facilities	10 082	15 082	(5 700)	9 382	8 962	3 440
Community Assets	10 082	15 082	(5 700)	9 382	8 962	3 440
Operational Buildings	672	672	(272)	400	4 781	–
Other Assets	672	672	(272)	400	4 781	–
Licences and Rights	88	88	–	88	92	96
Intangible Assets	88	88	–	88	92	96
Computer Equipment	3 370	3 370	–	3 370	458	479
Furniture and Office Equipment	300	300	–	300	241	252
Machinery and Equipment	5 496	5 496	550	6 046	1 180	234
Transport Assets	1 178	1 178	450	1 628	–	1 019
<u>Total Renewal of Existing Assets to be adjusted</u>	4 094	4 094	4 547	8 640	4 016	–
Roads Infrastructure	912	912	–	912	–	–
Infrastructure	912	912	–	912	–	–
Community Facilities	982	982	3 518	4 500	4 016	–
Community Assets	982	982	3 518	4 500	4 016	–
Operational Buildings	2 200	2 200	1 028	3 228	–	–
Other Assets	2 200	2 200	1 028	3 228	–	–
<u>Total Upgrading of Existing Assets to be adjusted</u>	11 427	12 427	308	12 735	18 666	16 940
Roads Infrastructure	9 200	9 200	(1 465)	7 735	17 784	16 940
Solid Waste Infrastructure	2 227	2 227	1 773	4 000	–	–
Infrastructure	11 427	11 427	308	11 735	17 784	16 940
Community Facilities	–	–	–	–	883	–
Community Assets	–	–	–	–	883	–
Operational Buildings	–	1 000	–	1 000	–	–
Other Assets	–	1 000	–	1 000	–	–
<u>Total Capital Expenditure to be adjusted</u>	76 792	92 792	(21 873)	70 919	65 152	86 048
Roads Infrastructure	19 581	29 581	(4 481)	25 100	19 282	35 478
Storm water Infrastructure	–	–	–	–	878	23 067
Electrical Infrastructure	2 288	2 288	1 589	3 877	4 194	3 403
Solid Waste Infrastructure	30 555	30 555	(18 555)	12 000	20 186	18 580
Infrastructure	52 424	62 424	(21 447)	40 977	44 540	80 528
Community Facilities	11 063	16 063	(2 182)	13 882	13 860	3 440
Community Assets	11 063	16 063	(2 182)	13 882	13 860	3 440
Operational Buildings	2 872	3 872	756	4 628	4 781	–
Other Assets	2 872	3 872	756	4 628	4 781	–
Licences and Rights	88	88	–	88	92	96
Intangible Assets	88	88	–	88	92	96
Computer Equipment	3 370	3 370	–	3 370	458	479
Furniture and Office Equipment	300	300	–	300	241	252
Machinery and Equipment	5 496	5 496	550	6 046	1 180	234
Transport Assets	1 178	1 178	450	1 628	–	1 019
TOTAL CAPITAL EXPENDITURE to be adjusted	76 792	92 792	(21 873)	70 919	65 152	86 048

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
ASSET REGISTER SUMMARY - PPE (WDV)	566 969	582 969	(21 873)	561 096	603 625	665 567
<i>Roads Infrastructure</i>	152 489	162 489	(4 481)	158 008	167 876	193 324
<i>Storm water Infrastructure</i>	38 686	38 686	–	38 686	38 004	59 408
<i>Electrical Infrastructure</i>	38 244	38 244	1 589	39 833	42 897	45 095
<i>Solid Waste Infrastructure</i>	72 551	72 551	(18 555)	53 995	73 921	92 224
Infrastructure	301 970	311 970	(21 447)	290 522	322 698	390 051
Community Assets	63 972	68 972	(2 182)	66 791	78 250	79 132
Investment properties	45 607	45 607	–	45 607	45 607	45 607
Other Assets	97 168	98 168	756	98 924	102 784	101 802
Intangible Assets	197	197	–	197	158	114
Computer Equipment	5 339	5 339	–	5 339	4 869	4 360
Furniture and Office Equipment	1 015	1 015	–	1 015	542	24
Machinery and Equipment	18 879	18 879	550	19 429	17 730	14 914
Transport Assets	3 805	3 805	450	4 255	1 969	545
Land	29 018	29 018	–	29 018	29 018	29 018
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	566 969	582 969	(21 873)	561 096	603 625	665 567
EXPENDITURE OTHER ITEMS						
<u>Depreciation & asset impairment</u>	21 432	21 432	–	21 432	22 624	24 105
<u>Repairs and Maintenance by asset class</u>	13 165	13 165	(241)	12 924	14 562	16 645
<i>Roads Infrastructure</i>	2 697	2 697	–	2 697	2 997	3 407
<i>Storm water Infrastructure</i>	336	336	–	336	376	433
<i>Electrical Infrastructure</i>	1 025	1 025	(294)	731	1 179	1 358
<i>Solid Waste Infrastructure</i>	339	339	30	369	379	437
Infrastructure	4 396	4 396	(264)	4 132	4 931	5 635
Community Facilities	2 373	2 373	98	2 471	2 551	2 933
Sport and Recreation Facilities	229	229	95	324	232	262
Community Assets	2 602	2 602	193	2 795	2 783	3 195
Operational Buildings	1 116	1 116	(200)	916	1 249	1 438
Other Assets	1 116	1 116	(200)	916	1 249	1 438
Furniture and Office Equipment	677	677	(200)	477	744	837
Machinery and Equipment	1 883	1 883	150	2 033	2 076	2 347
Transport Assets	2 491	2 491	80	2 571	2 780	3 192
TOTAL EXPENDITURE OTHER ITEMS	34 597	34 597	(241)	34 356	37 186	40 750
Renewal and upgrading of Existing Assets as % of total capex	20.2%	17.8%		30.1%	34.8%	19.7%
Renewal and upgrading of Existing Assets as % of deprecn"	72.4%	77.1%		99.7%	100.3%	70.3%
R&M as a % of PPE	2.3%	2.3%		2.3%	2.4%	2.5%
Renewal and upgrading and R&M as a % of PPE	5.1%	5.1%		6.1%	6.2%	5.0%

Table B10 - Adjustments Budget Basic service delivery measurement

Description	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<u>Household service targets</u>						
<u>Energy:</u>						
Electricity (at least min. service level)	37 949	37 949	–	37 949	40 226	43 444
Electricity - prepaid (> min.service level)	1 450	1 450	–	1 450	1 537	1 660
<i>Minimum Service Level and Above sub-total</i>	39 399	39 399	–	39 399	41 763	45 104
Other energy sources	8 967	8 967	–	8 967	9 505	10 266
<i>Below Minimum Service Level sub-total</i>	8 967	8 967	–	8 967	9 505	10 266
Total number of households	48 366	48 366	–	48 366	51 268	55 370
<u>Refuse:</u>						
Removed at least once a week (min.service)	6 223	6 223	–	6 223	6 597	7 124
Minimum Service Level and Above sub-total	6 223	6 223	–	6 223	6 597	7 124
Using communal refuse dump	43 565	43 565	–	43 565	46 179	49 873
<i>Below Minimum Service Level sub-total</i>	43 565	43 565	–	43 565	46 179	49 873
Total number of households	49 788	49 788	–	49 788	52 776	56 998
<u>Cost of Free Basic Services provided (R'000)</u>						
Electricity/other energy (50kwh per indigent household per month)	642	642	–	642	680	721
Total cost of FBS provided	642	642	–	642	680	721
<u>Highest level of free service provided</u>						
Property rates (R'000 value threshold)	60 000	60 000	–	60 000	60 000	60 000
Electricity (kw per household per month)	50	50	–	50	50	50
Refuse (average litres per week)	140	140	–	140	140	140
<u>Revenue cost of free services provided (R'000)</u>						
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	2 296	2 296	–	2 296	2 434	2 580
Total revenue cost of subsidised services provided	2 296	2 296	–	2 296	2 434	2 580

The municipality does not have any entities for which adjustments budgets must be prepared.

PART 2 - SUPPORTING DOCUMENTATION

Section 5 - Measurable performance objectives and indicators

Changes to measurable performance objectives and indicators are included in the supporting tables attached as Appendix “A”. These indicators are part of the indicators contained in the Service Delivery and Budget Implementation Plan, which again forms the basis of the performance contracts of the Municipal Manager and Senior Management.

Section 6 - Budget related policies

There are no changes to the budget related policies proposed in the adjustments budget.

Section 7 - Overview of budget assumptions

Budget Assumptions

There are no changes to the budget assumptions proposed in the adjustments budget.

Section 8 - Funding compliance

The adjustments budget is cash - funded which is the first indicator of a “credible” budget.

Funding levels are acceptable at an average of 13 months cash - resources (inclusive of the Reserve balances), which is remarkable in these economic times, and is sufficient to cover all requirements of the funding and reserves policy.

Section 9 - Overview of budget funding

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

Fiscal Overview of Senqu Municipality

Over the past financial years via sound and strong financial management, Senqu Municipality has moved internally to a position of relative financial stability. There is also a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management.

Long term financial planning

The municipality's financial position is sound and this budget further ensures that it stays sound.

The municipality plans to continue exercising strict financial management and ensuring a cash flow which meets the requirements.

Due to the fact that the majority of capital expenditure from own sources be funded by way of own cash, the municipality must ensure that the principle of "the user pays for the use of the assets" be applied in its long -term financial strategy. It is for this reason that the municipality provides for cash - backed reserves, which consist of Employee Benefits provisions, the cost of replacing the existing valuation roll and contributions to the Capital Replacement Reserve with the idea being a contribution at least equal to the depreciation charges on those assets being used.

Sources of funding

Interest earned from investments is applied to the income and expenditure account to help fund the operating budget. The following tables summarises the budgeted interest over the MTREF;

R '000	2020/2021 Original Budget	2020/21 Prior Adjusted	2020/2021 Adjustment Budget	2021/2022 Budget	2022/2023 Budget
Investment Interest	18 800	18 800	18 800	18 500	18 500

Borrowing

The MFMA prescribes the conditions within which municipalities may borrow through either short or long term debt.

The Act stipulates that short term debt can be used to meet immediate cash flow needs but that it must be fully repaid within the financial year in which it was incurred. Long term debt can only be incurred for capital expenditure or to re-finance existing long term debt. Proposals to incur long term debt must go through a public consultation process.

The cash flow projections will determine the likely need to borrow short term. It is not projected that any short term borrowing will be required over the MTREF period.

The ratios as set out in the Cash and Management Investment policy are used to establish prudential levels of borrowing in terms of affordability and the overall indebtedness of the Municipality.

Section 10 - Expenditure on allocations and grant programmes

Grant allocations

Details of each grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report.

Section 11 - Allocations and grants made by the Municipality

Allocations Made by the Municipality

Refer to supporting schedule SB10 for allocations made.

Any allocation made to an outside body must comply with the requirements of section 67 of the MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place.

National Treasury further indicated in MFMA circular 51 that “discretionary” funds should not be appropriated in the budget due to such funds not being transparent during the consultation process.

Section 12 - Councillor Allowances and employee benefits

Salaries, Allowances and Benefits

There are minor adjustments proposed for Councillor Allowances.

Details of Councillor Allowances and employee benefits are included in supporting table SB11 attached.

Section 13 - Monthly targets for revenue, expenditure and cash flow

Monthly Cash Flows by source

Supporting tables SB 12 to SB 17 show the adjusted monthly cash flows.

Section 14 - Adjustments to the quarterly service delivery and budget implementation plans - internal departments

The changes to the quarterly service delivery and budget implementation plans as a result of the changes to the budget are being submitted separately. The main changes to the SDBIP for the year are listed below.

Description	Unit of measurement	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote 3 - Corporate Services							
Function 1 - Buildings							
Sub-function 1 - Other Buildings							
<i>Upgrading of Municipal Office in Lady Grey Ward 14</i>	Completion of project to the specification of the engineers	2 200	2 200	1 028	3 228	-	-
<i>Construction of Change rooms - Lady Grey</i>	Completion of project to the specification of the engineers	-	500	-	500	-	-
<i>Construction of Change rooms - Barkly East</i>	Completion of project to the specification of the engineers	-	500	-	500	-	-
Vote5 - Road Transport							
Function 1 - Roads							
Sub-function 1 - Access Roads							
<i>Construction of Gravel Road with Stormwater control Ward 2 (7.01 km)</i>	Completion of project to the specification of the engineers	5 400	5 400	2 100	7 500	-	-
<i>Tienbank Property Access Construction</i>	Completion of project to the specification of the engineers	432	432	368	800	-	-
Sub-function 2 - Surfaced Roads							
<i>Construction of Gravel Road with Stormwater control Esilindini to Frans Ward 10 (6km)</i>	Completion of project to the specification of the engineers	255	255	-	255	-	-
<i>New Rest Construction - Paving</i>	Completion of project to the specification of the engineers	9 200	9 200	(1 465)	7 735	17 784	16 940
<i>Construction of Bus Route in Boyce Nondala Township Barkly East</i>	Completion of project to the specification of the engineers	2 400	2 400	2 198	4 598	-	-
<i>Construction of Speed bumps in Lady Grey</i>	Completion of project to the specification of the engineers	785	785	215	1 000	-	-
<i>Construction of Speed bumps in Rhodes</i>	Completion of project to the specification of the engineers	196	196	104	300	-	-
<i>Construction of interlock paved streets in Khewzi Naledi (Steve Tswete) W 14</i>	Completion of project to the specification of the engineers	-	-	-	-	400	5 000
<i>Resurface of existing paved roads (asphalt) & upgrade of storm water in Barkly East.</i>	Completion of project to the specification of the engineers	-	-	-	-	1 000	10 000
Function 2 - Road Structures							
Sub-function 1 - Bridges							
<i>Transwilger Bridge</i>	Completion of project to the specification of the engineers	912	912	-	912	1 824	1 824
<i>Construction of a pedestrian bridge between Esilindini and Frans (W12)</i>	Completion of project to the specification of the engineers	-	-	-	-	98	3 538
Function 3 - Road and Traffic Regulation							
Sub-function 1 - Municipal Offices							
<i>Driving Licence and Testing Centre Sterkspruit</i>	Completion of project to the	672	672	(272)	400	4 781	-

Description	Unit of measurement	Budget Year 2020/21				Budget Year +1 2021/22	Budget Year +2 2022/23
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Vote 6 - Waste Water Management							
Function 1 - Storm water							
Sub-function 1 - Storm water Conveyance							
Lining, fencing and upgrading of primary storm water channel through Lady Grey.	Completion of project to the specification of the engineers	-	-	-	-	478	11 533
Lining, fencing and upgrading of primary storm water channel through Khwezi Naledi and upgrade of two motor bridges..	Completion of project to the specification of the engineers	-	-	-	-	400	11 533
Vote9 - Community & Social Services							
Function 1 - Community Halls							
Sub-function 1 - Buildings							
Renovations (Barkly East Town Hall)	Renovation of the hall to	982	982	3 518	4 500	4 016	-
Upgrade of MPCC in Sterkspruit	Renovation of the hall to	-	-	-	-	883	-
Function 2 - Cemeteries							
Sub-function 1 - Cemeteries							
Construction of New Cemetery in Barkly East	Completion of project to the specification of the engineers	8 200	13 200	(5 700)	7 500	-	-
Construction of New Cemetery in Sterkspruit	Completion of project to the specification of the engineers	442	442	-	442	1 177	3 440
Fencing of existing cemeteries at Joveleni, Hinana and Voyizana	Completion of project to the specification of the engineers	-	-	-	-	1 373	-
Senqu Cemeteries	Completion of project to the specification of the engineers	1 440	1 440	-	1 440	6 411	-
Vote13 - Waste Management							
Function 1 - Refuse							
Sub-function 1 - Waste sites Infrastructure							
Solid Waste Site - Sterkspruit	Completion of project to satisfy specifications of the engineers	4 200	4 200	(3 700)	500	13 347	13 580
Solid Waste Site - Herschel	Completion of project to satisfy specifications of the engineers	13 329	13 329	(10 329)	3 000	5 815	-
Solid Waste Site - Rossouw	Completion of project to satisfy specifications of the engineers	10 500	10 500	(6 500)	4 000	525	-
Solid Waste Site - Rhodes	Completion of project to satisfy specifications of the engineers	300	300	200	500	500	5 000
Upgrading of Existing Solid Waste Site in Lady Grey	Completion of project to satisfy specifications of the engineers	2 227	2 227	1 773	4 000	-	-
Weighbridge at Herschel Solid Waste Management Site	Completion of project to satisfy specifications of the engineers	-	5 000	(4 000)	1 000	-	-
Weighbridge at Rossouw Solid Waste Management Site	Completion of project to satisfy specifications of the engineers	-	5 000	(4 000)	1 000	-	-

Section 15 - Annual budgets and service delivery agreements - municipal entities and other external mechanisms

ENTITIES

The municipality does not have any entities.

Other Service Delivery Mechanisms.

The municipality has service delivery agreements with external parties for the delivery of the Municipality's services.

Section 16 - Contracts having future budgetary implications

The municipality does not have any roll - over contracts with budget implications.

Section 17 - Capital expenditure details

Capital expenditure details are listed in Supporting Table SB 18(a) to SB 19.

Section 18 - Municipal Manager's quality certification

I, M M Yawa, Municipal Manager of Senqu 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 documents are consistent with the Integrated Development Plan of the Municipality.

M M Yawa

Municipal Manager of Senqu Municipality

Signature

Date