



202021 SCHEDULE B

202021 BUDGET ADJUSTMENTS

Budget & Reporting
Budget & Treasury Office
202021 SCHEDULE B

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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.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

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.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by National to Provincial and local government.

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

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations April 2009

MFMA – The Municipal Finance Management Act – No. 56 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.

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.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget. In Harry Gwala District Municipality means a directorate level.

PART 1 – ADJUSTMENTS BUDGET

1. Mayor’s Report

INTRODUCTION

The adjustment budget seeks to inform the council on the additional and stopping of funding for Municipal Infrastructure Grant and Regional Bulk Infrastructure Grant that was gazetted on the gazette dated 29 March 2021 number 44349 and on the one dated 22 February gazette number 44178. The revised budget must be adopted at Special Adjustments Budget meeting of Council. The budget proposed over the 2020/21 MTREF period must also reflect gradual improvements to cash surpluses to prioritise any arrear payments to service providers. This special adjustment is drafted in terms of section 28 of the MFMA and seeks to adhere to the stipulations of section 28(2) of the MFMA.

BACKGROUND

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 adjustment has been mainly necessitated as a result of the following:

- To appropriate the increase of revenues that have been added from the annual budget, but only to revise spending programmes already budgeted for
- An adjustment budget is necessary due to appropriate additional grants that was received from National Treasury for capital projects
- To authorize the utilization of projected savings in one vote towards spending in another vote
- The Adjustments Budget reaffirms the Municipality's commitment to achieve the service delivery targets and performance indicators as reflected in the approved service delivery and budget implementation plan.

The process of budget adjustment also allows us to assess the state of our finances, reflect on the current challenges and design therapeutic measures that will turn around the finances of Harry Gwala District Municipality.

The purpose of the adjustment budget seeks to adjust the 2020/21 budget to utilise current standard allocations to provide for the fast changing economic conditions and allow spending on the additional funding for capital projects and to turn the municipality to a funded position. The 2020/2021 adjustment budget is funded and the municipality prepared the realistic adjustment budget.

Harry Gwala District Municipality vested the majority of the 2020/2021 capital budget in infrastructure services (R294, 3million or 88% of the R 334, 9million capital budget) this investment is needed to ensure effective service delivery for our people and to ensure that bulk services are available to support development. It is vital that we make sure that we have the necessary infrastructure in place and the improvement of services for our community.

2. Resolutions

It is recommended that the Harry Gwala District Municipal Council;

2.1 Approves the adjustments budget and consolidated adjustments budget for the financial year 2020/2021, as set-out in the schedules contained in Section 4, be approved:

2.2 Approves any adjustments permitted in terms of Section 28 (2) of the Act,

2.3 Approves the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget.

3. Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains viable and that the municipality services are provided sustainably, economically and equitably to all communities.

It is critical to note that this report s28 MFMA report has been prepared as informed by the National Treasury additional funding for capital projects and to correct municipality's funding position for the 2020/21 financial year presented to Council by May 2020 in terms of s24 of the MFMA.

The Adjusted revenue for parent has increased by R23m (3%) from R790, 8m to R813, 9m. This upward adjustment is mainly due to following major contributing factors;

- | | |
|--|----------------|
| • Municipal Infrastructure Grant | R 12million |
| • Regional Bulk Infrastructure Grant | R 13, 3million |
| • Municipal Infrastructure Grant reduction | R 2,4million |
| • Own Revenue | R 183 000 |

The consolidated Adjusted revenue for has increased by R23m (3%) from R794, 4m to R817, 5m.

There is no adjustment to the total operational budget. The original budget is still sitting on the R575, 9million for parent and R596million for consolidated. There was a virement processed for funds from votes that are overspend to votes without spending.

The parent capital budget has increased from R312million to R334, 9million. The consolidated capital budget has increased from R 312, 6million to R 335, 5million. This is mainly attributable to the upward adjustment of the following grants;

- | | |
|--|----------------|
| ✓ Municipal Infrastructure Grant | R 12million |
| ✓ Regional Bulk Infrastructure Grant | R 13, 3million |
| ✓ Municipal Infrastructure Grant reduction | R 2,4million |

TABLE B 1 ADJUSTMENT BUDGET SUMMARY

Table B1 below provides a summary of the budget adjustment of the municipality and is unpacked in the sections that follow.

DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary - 29/04/2021

Description	Budget Year 2020/21						Budget Year	Budget Year
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	1	5	6	7	8		
R thousands	A	A1	E	F	G	H		
Financial Performance								
Property rates	-	-	-	-	-	-	-	-
Service charges	71 050	65 492	-	-	-	65 492	69 422	73 587
Investment revenue	7 681	5 372	-	-	-	5 372	5 682	6 018
Transfers recognised - operational	387 266	434 926	-	17 000	17 000	451 926	420 906	440 169
Other own revenue	11 345	10 172	-	183	183	10 355	10 748	11 384
Total Revenue (excluding capital transfers and contributions)	477 343	515 962	-	17 183	17 183	533 145	506 758	531 159
Employee costs	222 746	222 446	-	-	-	222 446	237 156	252 896
Remuneration of councillors	8 018	8 339	-	-	-	8 339	8 922	9 547
Depreciation & asset impairment	84 249	84 149	-	-	-	84 149	87 410	91 000
Finance charges	4 385	1 507	-	-	-	1 507	1 328	1 385
Materials and bulk purchases	27 745	28 674	-	-	-	28 674	30 249	31 566
Transfers and grants	-	-	-	17 000	17 000	17 000	17 000	20 000
Other expenditure	207 401	233 999	-	(20)	(20)	233 979	198 729	206 289
Total Expenditure	554 543	579 114	-	16 980	16 980	596 094	580 794	612 684
Surplus/(Deficit)	(77 200)	(63 152)	-	203	203	(62 949)	(74 036)	(81 526)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	263 488	278 488	-	22 907	22 907	301 395	298 258	340 236
Surplus/(Deficit) after capital transfers & contributions	186 288	215 336	-	23 110	23 110	238 446	224 222	258 710
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	186 288	215 336	-	23 110	23 110	238 446	224 222	258 710
Capital expenditure & funds sources								
Capital expenditure	271 221	312 346	-	23 197	23 197	335 542	307 583	347 933
Transfers recognised - capital	263 488	278 588	-	22 907	22 907	301 495	298 758	340 236
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	7 734	33 758	-	290	290	34 048	8 825	7 698
Total sources of capital funds	271 221	312 346	-	23 197	23 197	335 542	307 583	347 933
Financial position								
Total current assets	54 026	95 326	-	(25 152)	(25 152)	70 174	76 908	85 277
Total non current assets	2 290 106	2 608 295	-	23 197	23 197	2 631 492	2 603 533	2 643 883
Total current liabilities	85 282	105 190	-	921	921	106 111	106 566	97 999
Total non current liabilities	27 811	37 425	-	-	-	37 425	25 825	26 594
Community wealth/Equity	2 231 219	2 485 278	-	(2 315)	(2 315)	2 482 963	2 548 317	2 604 846

Table B1 Cont.....

DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary - 29/04/2021

Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
Cash flows								
Net cash from (used) operating	369 455	369 455	-	(60 689)	(60 689)	308 765	315 836	349 894
Net cash from (used) investing	(271 221)	(271 221)	-	(64 321)	(64 321)	(335 542)	(307 583)	(347 933)
Net cash from (used) financing	1 265	(2 008)	-	-	-	(2 008)	(149)	(149)
Cash/cash equivalents at the year end	112 420	136 896	-	(116 950)	(116 950)	19 946	24 777	24 455
Cash backing/surplus reconciliation								
Cash and investments available	6 237	41 471	-	(21 421)	(21 421)	20 050	21 980	28 199
Application of cash and investments	35 120	2 958	-	6 519	6 519	9 477	15 006	2 371
Balance - surplus (shortfall)	(28 883)	38 513	-	(27 939)	(27 939)	10 574	6 974	25 828
Asset Management								
Asset register summary (WDV)	1 875 916	1 941 111	-	23 197	23 197	1 964 308	1 936 349	1 976 699
Depreciation & asset impairment	84 249	84 149	-	-	-	84 149	87 410	91 000
Renewal and Upgrading of Existing Assets	17 505	31 700	-	8 093	8 093	39 793	1 800	-
Repairs and Maintenance	22 897	42 594	-	1 036	1 036	43 629	34 000	35 496
Free services								
Cost of Free Basic Services provided	-	-	-	-	-	-	7	7
Revenue cost of free services provided	-	-	-	-	-	-	-	-
Households below minimum service level								
Water:	-	-	-	-	-	-	31	33
Sanitation/sewerage:	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-

TABLE B2 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

Schedule B2 is the Expenditure by standard classification presents the adjustment expenditures by the departments.

DC43 Harry Gwala - Table B2 Consolidated Adjustments Budget Financial Performance (functional classification) - 29/04/2021

Standard Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted 5	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
Revenue - Functional								
Governance and administration	391 887	434 454	-	183	183	434 637	404 553	429 229
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	391 887	434 454	-	183	183	434 637	404 553	429 229
Internal audit	-	-	-	-	-	-	-	-
Economic and environmental services	6 966	8 576	-	17 000	17 000	25 576	25 912	25 955
Planning and development	6 966	8 576	-	17 000	17 000	25 576	25 912	25 955
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Trading services	341 978	351 420	-	22 907	22 907	374 327	374 551	416 210
Energy sources	-	-	-	-	-	-	-	-
Water management	321 468	317 028	-	22 907	22 907	339 935	353 995	394 421
Waste water management	20 510	34 392	-	-	-	34 392	20 555	21 789
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Revenue - Functional	740 831	794 450	-	40 090	40 090	834 540	805 016	871 394
Expenditure - Functional								
Governance and administration	240 522	257 226	-	1 377	1 377	258 603	251 534	265 093
Executive and council	24 234	25 142	-	1 387	1 387	26 529	24 745	26 149
Finance and administration	208 209	223 745	-	(10)	(10)	223 735	217 553	229 088
Internal audit	8 078	8 338	-	-	-	8 338	9 236	9 856
Community and public safety	18 788	16 826	-	12	12	16 838	18 201	19 422
Community and social services	18 788	16 826	-	12	12	16 838	18 201	19 422
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	148 577	135 268	-	13 980	13 980	149 248	158 312	166 438
Planning and development	148 577	135 268	-	13 980	13 980	149 248	158 312	166 438
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Trading services	146 657	169 793	-	1 611	1 611	171 405	152 747	161 730
Energy sources	-	-	-	-	-	-	-	-
Water management	145 857	168 951	-	1 611	1 611	170 562	151 849	160 769
Waste water management	800	842	-	-	-	842	898	961
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Expenditure - Functional	554 543	579 114	-	16 980	16 980	596 094	580 794	612 684
Surplus/ (Deficit) for the year	186 288	215 336	-	23 110	23 110	238 446	224 222	258 710

The parent revenue of the municipality has increased by 3% from R790, 8million originally approved budget to R813, 9million. The Budget and Treasury has seen the biggest increase in revenue due to the additional funding on conditional grants of R23million.

The consolidated revenue of the municipality has increased by 3% from R794, 4million originally approved budget to R834, 5million. The Budget and Treasury has seen the biggest increase in revenue due to the additional funding on conditional grants of R23million.

The actual adjusted revenue is R817, 5million, however due to R17million for transfers and subsidies paid over to Harry Gwala Development Agency as revenue on their side this result on overstating the revenue by R17million on the consolidated budget.

There is no adjustment to the total operational budget. The original budget is still sitting on the R575, 9million for parent and R596 for consolidation. There was a virement processed for funds from votes that are overspend to votes without spending.

The actual adjusted expenditure is R579million, however due to R17million expenditure for Harry Gwala Development Agency this results on overstating the expenditure by R 17 million

Chart 1: Adjusted Operation Budget by Standard Classification

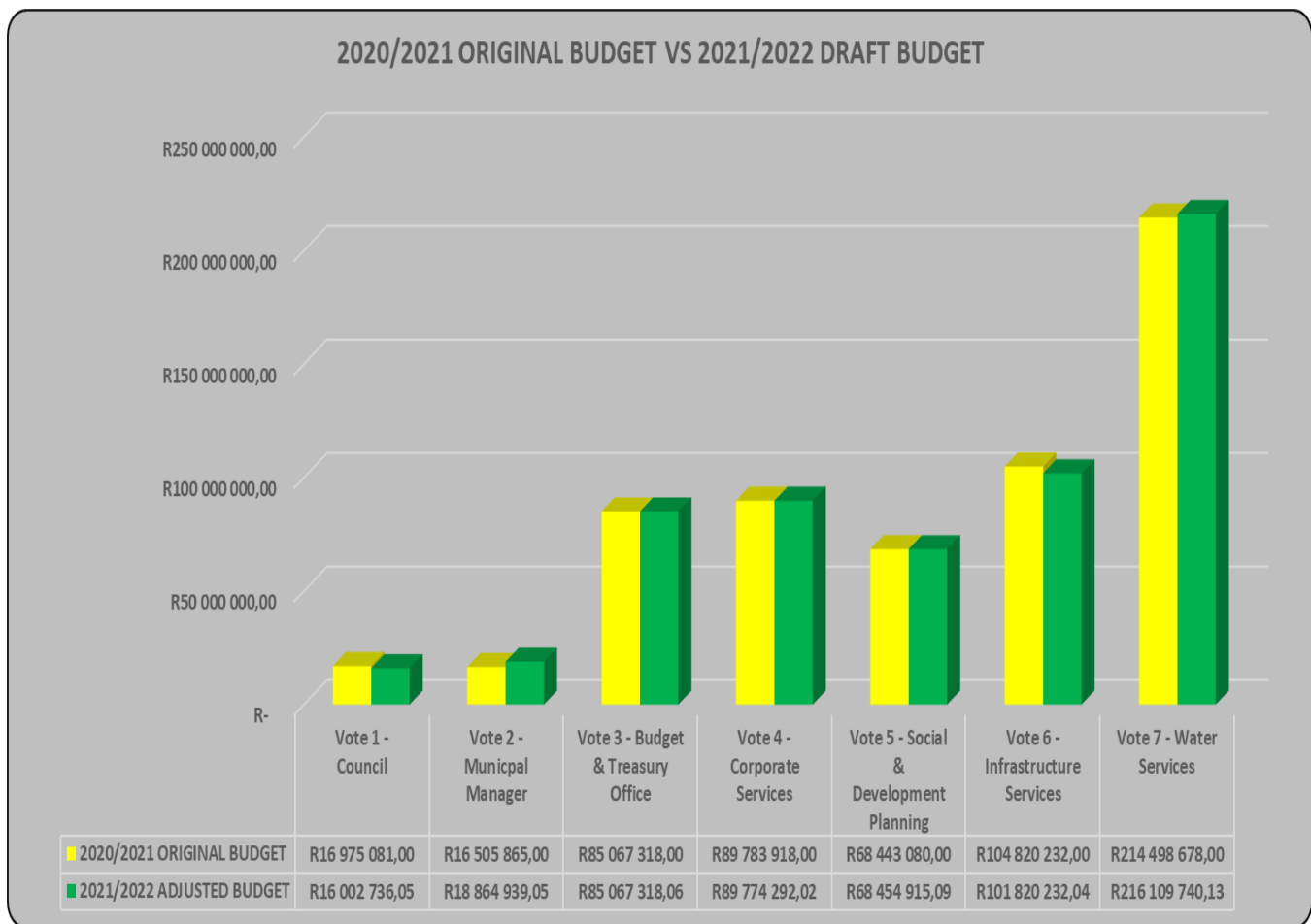


TABLE B3 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

Table B3 presents the same information as the table above, the difference being that it's by Municipal vote.

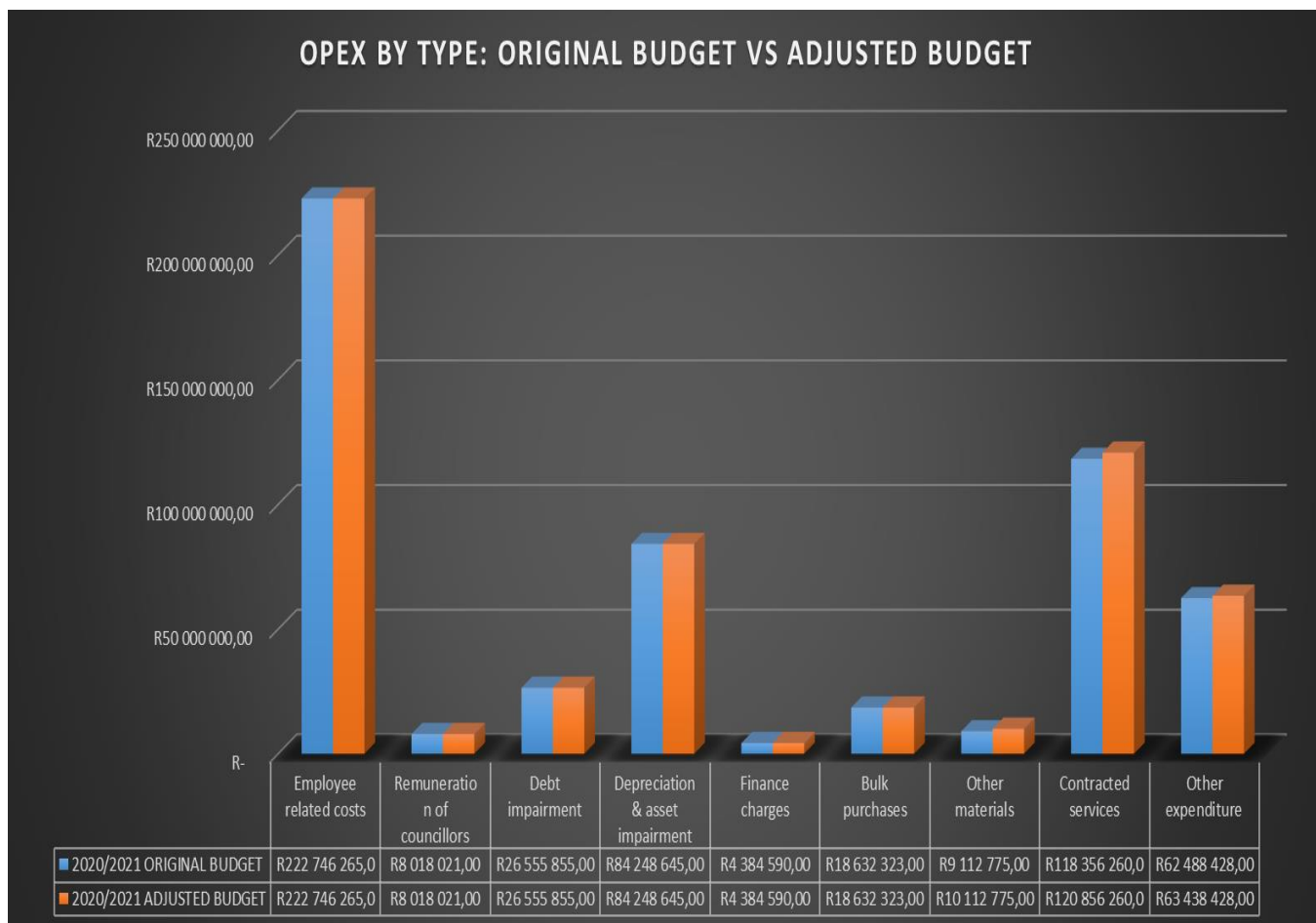
DC43 Harry Gwala - Table B3 Consolidated Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 29/04/2021

Vote Description <i>[Insert departmental structure etc]</i>	Budget Year 2020/21					Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	3 A1	8 F	9 G	10 H		
Revenue by Vote							
Vote 01 - Summary Council	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	391 887	433 819	183	183	434 002	404 553	429 229
Vote 04 - Summary Corporate Services	-	635	-	-	635	-	-
Vote 05 - Summary Social Services & Development Planning	6 966	8 576	17 000	17 000	25 576	25 912	25 955
Vote 06 - Summary Infrastructure Services	270 928	270 928	22 907	22 907	293 835	305 129	342 623
Vote 07 - Summary Water Services	71 050	80 492	-	-	80 492	69 422	73 587
Vote 15 - Other	-	-	-	-	-	-	-
Total Revenue by Vote	740 831	794 450	40 090	40 090	834 540	805 016	871 394
Expenditure by Vote							
Vote 01 - Summary Council	15 677	16 975	(972)	(972)	16 003	16 256	17 203
Vote 02 - Summary Municipal Manager	16 635	16 506	2 359	2 359	18 865	17 726	18 802
Vote 03 - Summary Budget And Treasury Office	84 548	85 067	-	-	85 067	85 267	89 833
Vote 04 - Summary Corporate Services	81 310	89 784	(10)	(10)	89 774	89 530	94 174
Vote 05 - Summary Social Services & Development Planning	58 793	51 463	16 992	16 992	68 455	71 917	77 159
Vote 06 - Summary Infrastructure Services	112 989	104 820	(3 000)	(3 000)	101 820	109 078	113 497
Vote 07 - Summary Water Services	184 590	214 499	1 611	1 611	216 110	191 021	202 016
Vote 15 - Other	-	-	-	-	-	-	-
Total Expenditure by Vote	554 543	579 114	16 980	16 980	596 094	580 794	612 684
Surplus/ (Deficit) for the year	186 288	215 336	23 110	23 110	238 446	224 222	258 710

The actual adjusted expenditure is R579million, however due to R17million expenditure for Harry Gwala Development Agency this results on overstating the expenditure by R 17 million to R 596million.

No adjustments have been effected.

Chart 2: Adjustment budget financial performance



The graph above presents the adjustment budget expenditure by type.

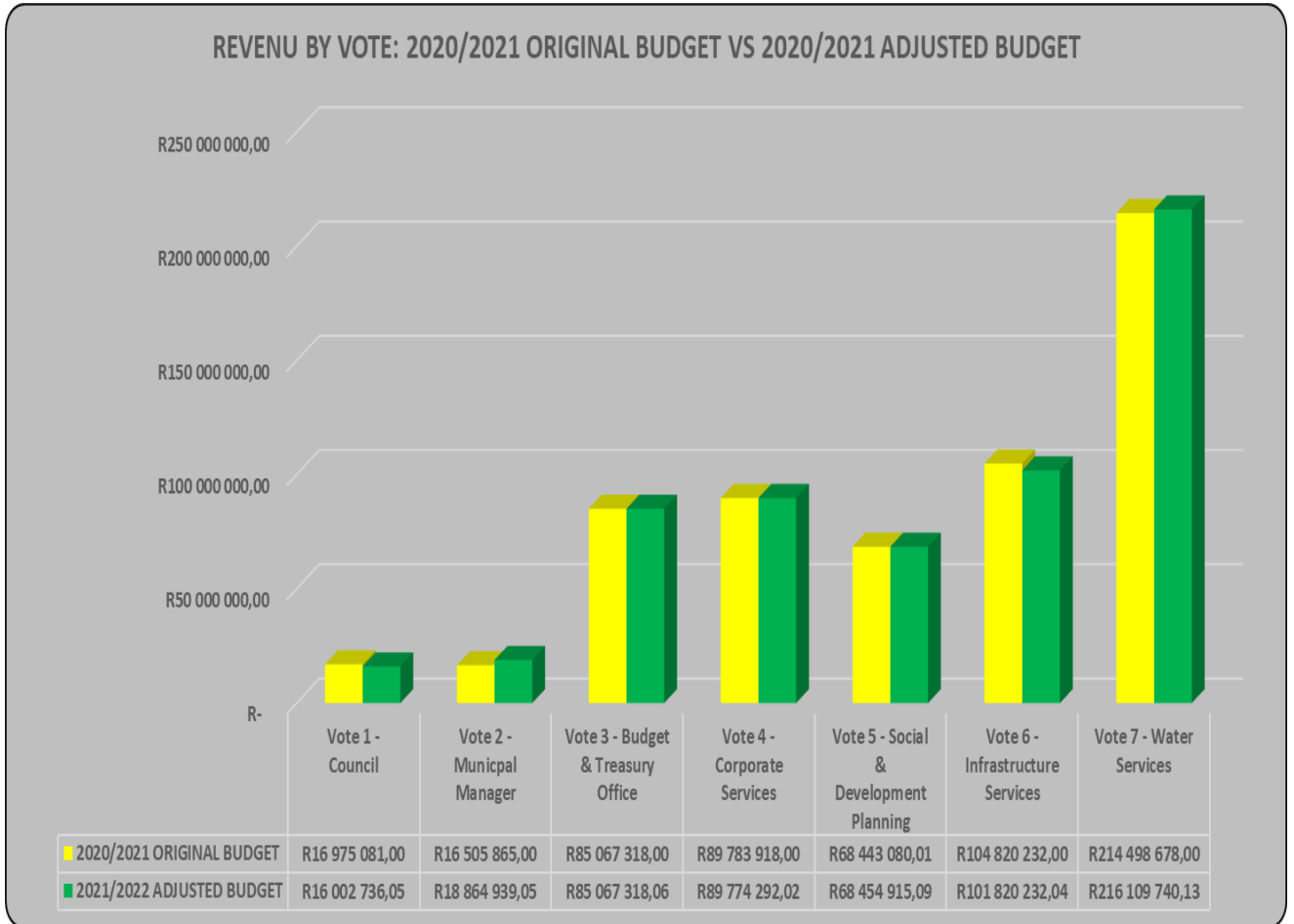
TABLE B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

This schedule provides information on the adjustment revenue by source and adjustment operational expenditures by type.

DC43 Harry Gwala - Table B4 Consolidated Adjustments Budget Financial Performance (revenue and expenditure) - 29/04/2021

Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted 3	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
Revenue By Source								
Property rates	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-
Service charges - water revenue	50 540	46 100	-	-	-	46 100	48 866	51 798
Service charges - sanitation revenue	20 510	19 392	-	-	-	19 392	20 555	21 789
Service charges - refuse revenue	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-
Interest earned - external investments	7 681	5 372	-	-	-	5 372	5 682	6 018
Interest earned - outstanding debtors	10 238	9 621	-	-	-	9 621	10 198	10 810
Dividends received	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-
Transfers and subsidies	387 266	434 926	-	17 000	17 000	451 926	420 906	440 169
Other revenue	1 107	550	-	183	183	733	549	574
Gains	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	477 343	515 962	-	17 183	17 183	533 145	506 758	531 159
Expenditure By Type								
Employee related costs	222 746	222 446	-	-	-	222 446	237 156	252 896
Remuneration of councillors	8 018	8 339	-	-	-	8 339	8 922	9 547
Debt impairment	26 556	26 556	-	-	-	26 556	27 645	28 861
Depreciation & asset impairment	84 249	84 149	-	-	-	84 149	87 410	91 000
Finance charges	4 385	1 507	-	-	-	1 507	1 328	1 385
Bulk purchases	18 632	18 632	-	-	-	18 632	-	-
Other materials	9 113	10 042	-	-	-	10 042	30 249	31 566
Contracted services	118 356	141 278	-	(36)	(36)	141 241	105 996	110 841
Transfers and subsidies	-	-	-	17 000	17 000	17 000	17 000	20 000
Other expenditure	62 488	66 165	-	16	16	66 182	65 089	66 587
Losses	-	-	-	-	-	-	-	-
Total Expenditure	554 543	579 114	-	16 980	16 980	596 094	580 794	612 684
Surplus/(Deficit)	(77 200)	(63 152)	-	203	203	(62 949)	(74 036)	(81 526)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	263 488	278 488	-	22 907	22 907	301 395	298 258	340 236
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation	186 288	215 336	-	23 110	23 110	238 446	224 222	258 710
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	186 288	215 336	-	23 110	23 110	238 446	224 222	258 710
Attributable to minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	186 288	215 336	-	23 110	23 110	238 446	224 222	258 710
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	186 288	215 336	-	23 110	23 110	238 446	224 222	258 710

Chart 3: Revenue by Vote



The above graph presents the adjustment budget by source

Chart 4: Revenue by Source

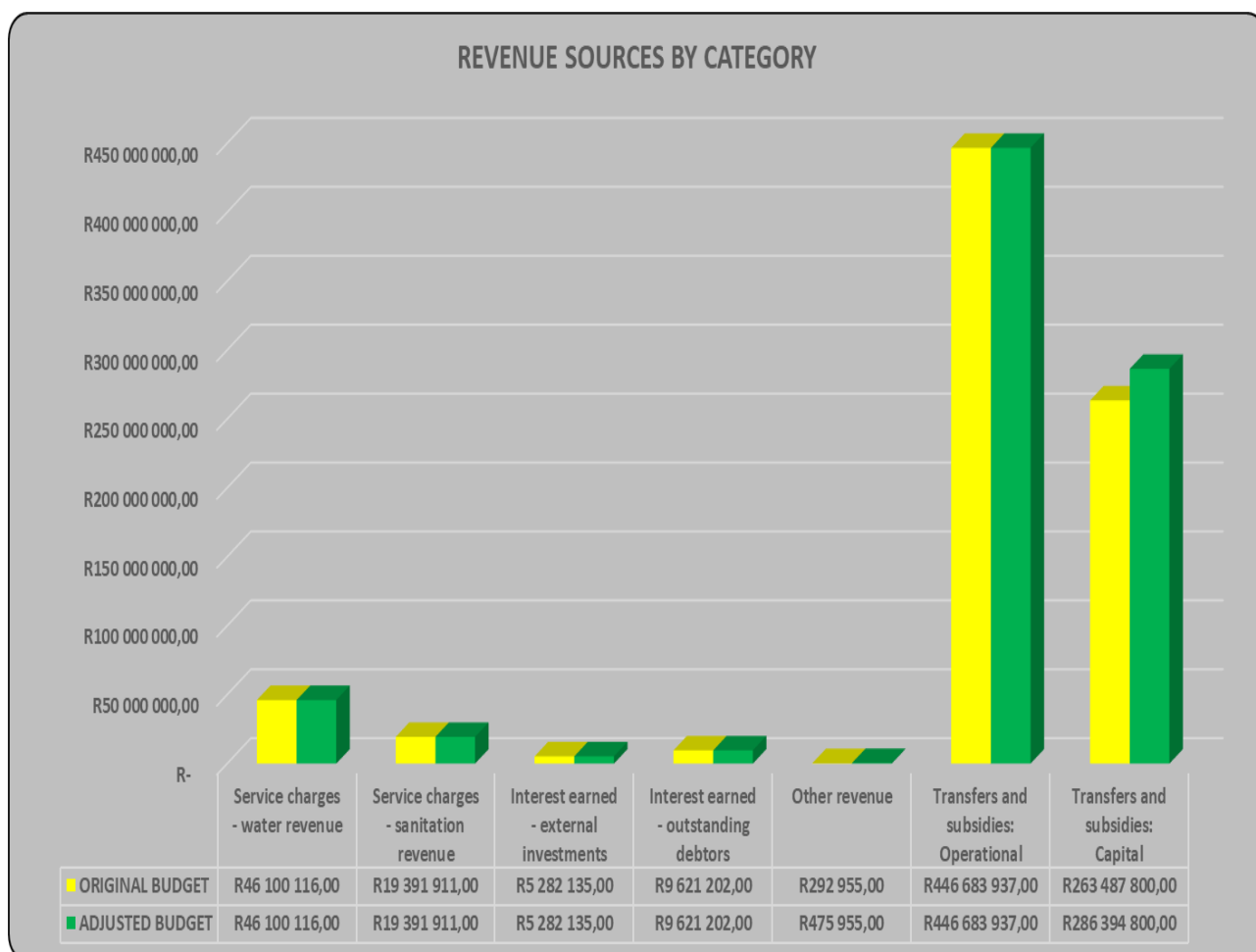


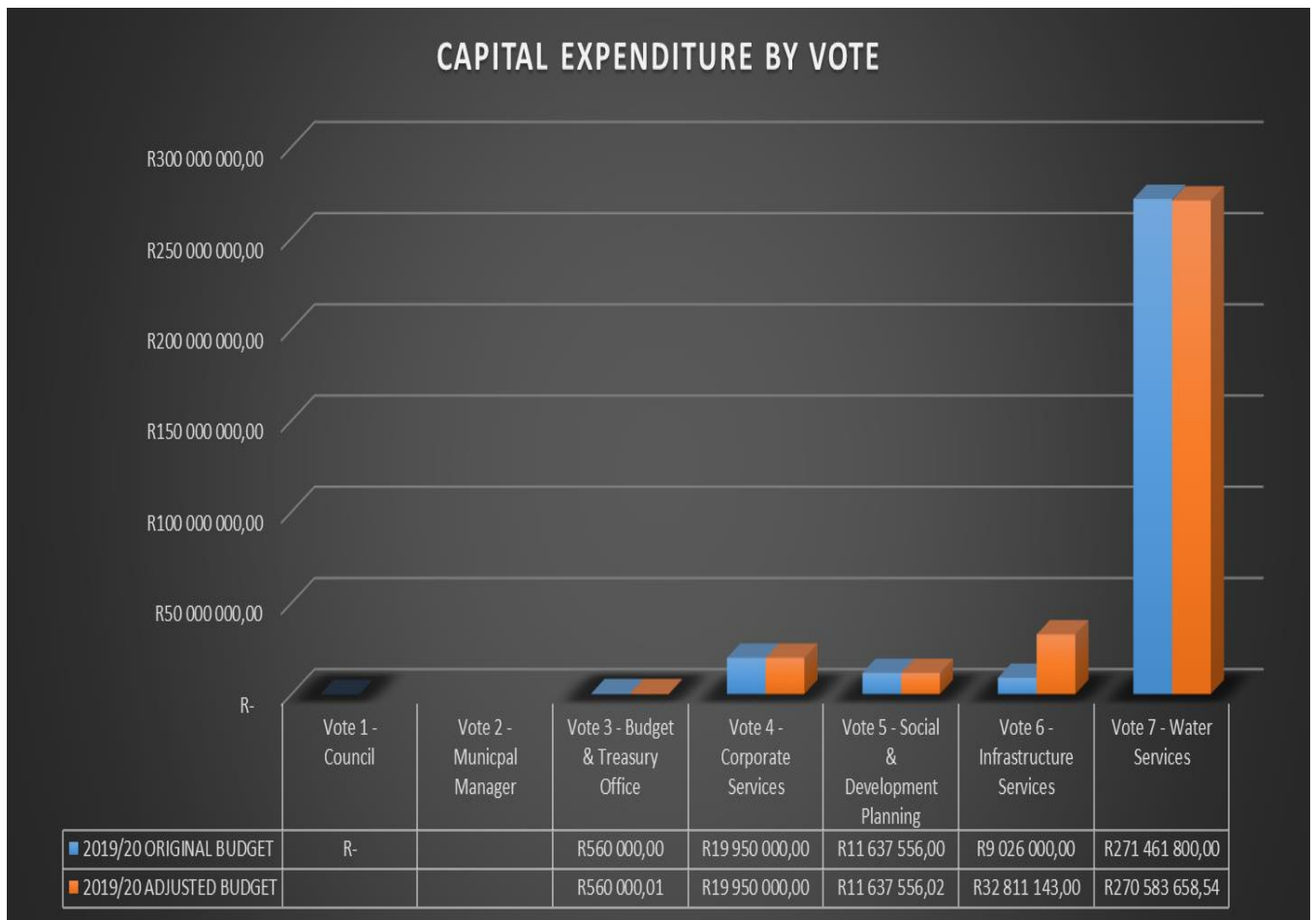
TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING

Schedule B5 below reports on the adjusted capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

DC43 Harry Gwala - Table B5 Consolidated Adjustments Capital Expenditure Budget by vote and funding - 29/04/2021

Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	5	9	10	11	12			
R thousands	A	A1	E	F	G	H		
Capital expenditure - Vote								
Multi-year expenditure to be adjusted								
Vote 01 - Summary Council	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	324	560	-	-	-	560	2 095	2 553
Vote 04 - Summary Corporate Services	2 350	19 950	-	-	-	19 950	3 881	4 945
Vote 05 - Summary Social Services & Development Planning	3 060	11 348	-	290	290	11 638	850	200
Vote 06 - Summary Infrastructure Services	9 026	9 026	-	23 785	23 785	32 811	-	20 000
Vote 07 - Summary Water Services	256 462	271 462	-	(878)	(878)	270 584	300 758	320 236
Vote 15 - Other	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	271 221	312 346	-	23 197	23 197	335 542	307 583	347 933
Single-year expenditure to be adjusted								
Vote 01 - Summary Council	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	-	-	-	-	-	-
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	271 221	312 346	-	23 197	23 197	335 542	307 583	347 933
Capital Expenditure - Functional								
Governance and administration	2 964	20 800	-	290	290	21 089	6 555	7 698
Executive and council	-	-	-	-	-	-	-	-
Finance and administration	2 964	20 800	-	290	290	21 089	6 555	7 698
Internal audit	-	-	-	-	-	-	-	-
Community and public safety	2 500	11 058	-	-	-	11 058	-	-
Community and social services	2 500	11 058	-	-	-	11 058	-	-
Sport and recreation	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	270	0	-	-	-	0	270	-
Planning and development	270	0	-	-	-	0	270	-
Road transport	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-
Trading services	265 488	280 488	-	22 907	22 907	303 395	300 758	340 236
Energy sources	-	-	-	-	-	-	-	-
Water management	220 615	255 851	-	22 907	22 907	278 758	252 582	293 236
Waste water management	44 873	24 637	-	-	-	24 637	48 176	47 000
Waste management	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	271 221	312 346	-	23 197	23 197	335 542	307 583	347 933
Funded by:								
National Government	263 488	263 488	-	22 907	22 907	286 395	298 758	340 236
Provincial Government	-	15 000	-	-	-	15 000	-	-
District Municipality	-	100	-	-	-	100	-	-
Transfers recognised - capital	263 488	278 588	-	22 907	22 907	301 495	298 758	340 236
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	7 734	33 758	-	290	290	34 048	8 825	7 698
Total Capital Funding	271 221	312 346	-	23 197	23 197	335 542	307 583	347 933

Chart 6: Capital Expenditure by Type



The originally approved capital budget was R 312, 6million and adjusted budget is R 335, 5million. The upward adjustment is due to additional funding for Municipal Infrastructure Grant and Regional Bulk Infrastructure Grant.

TABLE B6 ADJUSTMENTS BUDGET FINANCIAL POSITION

Table C6 displays the adjustment budget financial position of the municipality

DC43 Harry Gwala - Table B6 Consolidated Adjustments Budget Financial Position - 29/04/2021

Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
ASSETS								
Current assets								
Cash	568 181	589 769	-	(580 957)	(580 957)	8 812	10 002	15 348
Call investment deposits	(561 944)	(548 298)	-	559 537	559 537	11 239	11 978	12 851
Consumer debtors	33 454	30 939	-	(3 731)	(3 731)	27 208	34 682	34 235
Other debtors	14 334	22 917	-	-	-	22 917	20 245	22 843
Current portion of long-term receivables	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total current assets	54 026	95 326	-	(25 152)	(25 152)	70 174	76 908	85 277
Non current assets								
Long-term receivables	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-
Investment in Associate	-	-	-	-	-	-	-	-
Property, plant and equipment	2 288 618	2 606 966	-	22 997	22 997	2 629 962	2 602 454	2 643 053
Biological	-	-	-	-	-	-	-	-
Intangible	1 489	1 329	-	200	200	1 529	1 079	829
Other non-current assets	0	0	-	-	-	0	0	0
Total non current assets	2 290 106	2 608 295	-	23 197	23 197	2 631 492	2 603 533	2 643 883
TOTAL ASSETS	2 344 132	2 703 621	-	(1 955)	(1 955)	2 701 666	2 680 441	2 729 160
LIABILITIES								
Current liabilities								
Bank overdraft	-	-	-	-	-	-	-	-
Borrowing	4 555	(0)	-	-	-	(0)	-	-
Consumer deposits	1 845	2 008	-	-	-	2 008	2 157	2 306
Trade and other payables	68 734	89 888	-	921	921	90 809	91 114	81 840
Provisions	10 148	13 294	-	-	-	13 294	13 294	13 853
Total current liabilities	85 282	105 190	-	921	921	106 111	106 566	97 999
Non current liabilities								
Borrowing	3 485	16 040	-	-	-	16 040	1 878	146
Provisions	24 326	21 385	-	-	-	21 385	23 946	26 447
Total non current liabilities	27 811	37 425	-	-	-	37 425	25 825	26 594
TOTAL LIABILITIES	113 094	142 615	-	921	921	143 536	132 391	124 592
NET ASSETS	2 231 038	2 561 006	-	(2 876)	(2 876)	2 558 130	2 548 050	2 604 568
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)	2 231 038	2 561 006	-	(2 876)	(2 876)	2 558 130	2 548 050	2 604 568
Reserves	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2 231 038	2 561 006	-	(2 876)	(2 876)	2 558 130	2 548 050	2 604 568

TABLE B7 ADJUSTMENTS BUDGET CASH FLOWS

DC43 Harry Gwala - Table B7 Consolidated Adjustments Budget Cash Flows - 29/04/2021

Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	3 A1	7 E	8 F	9 G	10 H		
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates					-	-		
Service charges	56 849	56 849	-	(3 374)	(3 374)	53 475	53 905	56 959
Other revenue	1 107	1 107	-	(632)	(632)	476	549	574
Transfers and Subsidies - Operational	960 372	960 372	-	(536 166)	(536 166)	424 206	369 036	381 955
Transfers and Subsidies - Capital	270 719	270 719	-	22 907	22 907	293 626	305 855	348 398
Interest	7 681	7 681	-	(2 309)	(2 309)	5 372	5 682	6 018
Dividends					-	-		
Payments								
Suppliers and employees	(922 890)	(922 890)	-	456 007	456 007	(466 882)	(419 192)	(444 009)
Finance charges	(4 385)	(4 385)	-	2 877	2 877	(1 507)	-	-
Transfers and Grants					-	-		
NET CASH FROM/(USED) OPERATING ACTIVITIES	369 455	369 455	-	(60 689)	(60 689)	308 765	315 836	349 894
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE					-	-		
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments					-	-		
Payments								
Capital assets	(271 221)	(271 221)	-	(64 321)	(64 321)	(335 542)	(307 583)	(347 933)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(271 221)	(271 221)	-	(64 321)	(64 321)	(335 542)	(307 583)	(347 933)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans					-	-		
Borrowing long term/refinancing					-	-		
Increase (decrease) in consumer deposits	(104)	(2 008)	-	-	-	(1 904)	(149)	(149)
Payments								
Repayment of borrowing	1 370	(0)	-	-	-	(0)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES	1 265	(2 008)	-	-	-	(1 904)	(149)	(149)
NET INCREASE/ (DECREASE) IN CASH HELD	99 498	96 225	-	(125 010)	(125 010)	(28 681)	8 104	1 812
Cash/cash equivalents at the year begin:	12 922	40 671	-	8 060	8 060	48 731	16 674	22 643
Cash/cash equivalents at the year end:	112 420	136 896	-	(116 950)	(116 950)	20 050	24 777	24 455

TABLE B8 CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

DC43 Harry Gwala - Table B8 Consolidated Cash backed reserves/accumulated surplus reconciliation - 29/04/2021

Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted 3	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	A1	E	F	G	H		
Cash and investments available								
Cash/cash equivalents at the year end	112 420	136 896	-	(116 950)	(116 950)	19 946	24 777	24 455
Other current investments > 90 days	(106 183)	(95 425)	-	95 529	95 529	104	(2 797)	3 744
Non current assets - Investments	-	-	-	-	-	-	-	-
Cash and investments available:	6 237	41 471	-	(21 421)	(21 421)	20 050	21 980	28 199
Applications of cash and investments								
Unspent conditional transfers	236	236	-	-	-	236	-	-
Unspent borrowing	-	-	-	-	-	-	-	-
Statutory requirements	-	(42 128)	-	-	-	(42 128)	(44 250)	(47 150)
Other working capital requirements	34 884	44 851	-	6 519	6 519	51 369	59 257	49 522
Other provisions	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-
Total Application of cash and investments:	35 120	2 958	-	6 519	6 519	9 477	15 006	2 371
Surplus(shortfall)	(28 883)	38 513	-	(27 939)	(27 939)	10 574	6 974	25 828

TABLE B9 ASSET MANAGEMENT

DC43 Harry Gwala - Table B9 Consolidated Asset Management - 20/04/2021

Description	Budget Year 2020/21						Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	7	11	12	13	14		
R thousands		A1	E	F	G	H		
CAPITAL EXPENDITURE								
Total New Assets to be adjusted	253 717	280 646	-	15 103	15 103	295 749	305 783	347 933
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	213 161	240 851	-	21 343	21 343	262 195	250 832	293 236
<i>Sanitation Infrastructure</i>	34 873	24 637	-	(6 680)	(6 680)	17 957	48 176	47 000
Infrastructure	248 033	265 488	-	14 664	14 664	280 152	299 008	340 236
<i>Licences and Rights</i>	200	700	-	200	200	900	450	200
<i>Intangible Assets</i>	200	700	-	200	200	900	450	200
<i>Computer Equipment</i>	1 590	1 690	-	90	90	1 779	2 130	2 717
<i>Furniture and Office Equipment</i>	910	1 710	-	150	150	1 860	1 881	2 228
<i>Machinery and Equipment</i>	484	100	-	-	-	100	2 315	2 553
<i>Transport Assets</i>	2 500	10 958	-	-	-	10 958	-	-
Total Renewal of Existing Assets to be adjusted	830	23 200	-	2 146	2 146	25 346	1 050	-
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	780	0	-	982	982	982	1 000	-
<i>Sanitation Infrastructure</i>	-	6 500	-	1 314	1 314	7 814	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	780	6 500	-	2 296	2 296	8 796	1 000	-
<i>Community Facilities</i>	-	-	-	-	-	-	-	-
<i>Machinery and Equipment</i>	50	0	-	-	-	0	50	-
<i>Transport Assets</i>	-	16 700	-	(150)	(150)	16 550	-	-
<i>Land</i>	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets to be adjusted	16 675	8 500	-	5 947	5 947	14 447	750	-
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	6 675	8 500	-	582	582	9 082	750	-
<i>Sanitation Infrastructure</i>	10 000	0	-	5 365	5 365	5 365	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	16 675	8 500	-	5 947	5 947	14 447	750	-
<i>Community Facilities</i>	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	271 221	312 346	-	23 197	23 197	335 542	307 583	347 933
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	220 615	249 351	-	22 907	22 907	272 258	252 582	293 236
<i>Sanitation Infrastructure</i>	44 873	31 137	-	-	-	31 137	48 176	47 000
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	265 488	280 488	-	22 907	22 907	303 395	300 758	340 236
<i>Licences and Rights</i>	200	700	-	200	200	900	450	200
<i>Intangible Assets</i>	200	700	-	200	200	900	450	200
<i>Computer Equipment</i>	1 590	1 690	-	90	90	1 779	2 130	2 717
<i>Furniture and Office Equipment</i>	910	1 710	-	150	150	1 860	1 881	2 228
<i>Machinery and Equipment</i>	534	100	-	-	-	100	2 365	2 553
<i>Transport Assets</i>	2 500	27 658	-	(150)	(150)	27 508	-	-
<i>Land</i>	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	271 221	312 346	-	23 197	23 197	335 542	307 583	347 933

DC43 Harry Gwala - Table B9 Consolidated Asset Management - 20/04/2021

Description	Budget Year 2020/21						Budget Year	Budget Year
	Original	Prior	Nat. or Prov.	Other	Total	Adjusted	Adjusted	
	Budget	Adjusted	Govt	Adjusts.	Adjusts.	Budget	Budget	
	7	11	12	13	14	+1 2021/22	+2 2022/23	
	A	A1	E	F	G	H		
R thousands								
ASSET REGISTER SUMMARY - PPE (WDV)	1 875 916	1 941 111	-	23 197	23 197	1 964 308	1 936 349	1 976 699
<i>Roads Infrastructure</i>	3 718	197	-	-	-	197	197	197
<i>Storm water Infrastructure</i>								
<i>Electrical Infrastructure</i>	14 902	10 098	-	-	-	10 098	10 098	10 098
<i>Water Supply Infrastructure</i>	1 639 662	1 673 453	-	22 907	22 907	1 696 360	1 670 184	1 710 837
<i>Sanitation Infrastructure</i>	174 209	176 209	-	-	-	176 209	199 748	198 572
<i>Solid Waste Infrastructure</i>								
<i>Rail Infrastructure</i>								
<i>Coastal Infrastructure</i>								
<i>Information and Communication Infrastructure</i>	361	161	-	-	-	161	161	161
Infrastructure	1 832 853	1 860 117	-	22 907	22 907	1 883 024	1 880 387	1 919 865
Community Assets	28 498	2 619	-	-	-	2 619	2 619	2 619
Heritage Assets								
Investment properties	-	-	-	-	-	-	-	-
Other Assets	114	36 037	-	-	-	36 037	36 037	36 037
Biological or Cultivated Assets								
Intangible Assets	1 489	1 329	-	200	200	1 529	1 079	829
Computer Equipment	2 395	5 094	-	90	90	5 184	5 535	6 122
Furniture and Office Equipment	2 630	2 570	-	150	150	2 719	2 740	3 087
Machinery and Equipment	192	258	-	-	-	258	2 523	2 711
Transport Assets	7 746	33 087	-	(150)	(150)	32 937	5 429	5 429
Land								
Zoo's, Marine and Non-biological Animals								
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 875 916	1 941 111	-	23 197	23 197	1 964 308	1 936 349	1 976 699
EXPENDITURE OTHER ITEMS								
Depreciation & asset impairment	84 249	84 149	-	-	-	84 149	87 410	91 000
Repairs and Maintenance by asset class	22 897	42 594	-	1 036	1 036	43 629	34 000	35 496
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	18 685	36 695	-	1 026	1 026	37 721	29 000	30 276
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-
Infrastructure	18 685	36 695	-	1 026	1 026	37 721	29 000	30 276
Community Facilities	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	153	86	-	10	10	96	90	94
Community Assets	153	86	-	10	10	96	90	94
Investment properties	-	-	-	-	-	-	-	-
Operational Buildings	2 500	3 766	-	-	-	3 766	3 000	3 132
Housing	-	-	-	-	-	-	-	-
Other Assets	2 500	3 766	-	-	-	3 766	3 000	3 132
Intangible Assets	-	-	-	-	-	-	-	-
Computer Equipment	520	520	-	-	-	520	320	334
Furniture and Office Equipment	-	-	-	-	-	-	-	-
Machinery and Equipment	724	1 213	-	-	-	1 213	1 262	1 318
Transport Assets	315	315	-	-	-	315	328	342
Land	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	107 146	126 742	-	1 036	1 036	127 778	121 410	126 496
Renewal and upgrading of Existing Assets as % of total capex	6,5%	10,1%				11,9%	0,6%	0,0%
Renewal and upgrading of Existing Assets as % of deprecn"	20,8%	37,7%				47,3%	2,1%	0,0%
R&M as a % of PPE	1,2%	2,2%				2,2%	1,8%	1,8%
Renewal and upgrading and R&M as a % of PPE	2,2%	3,8%				4,2%	1,8%	1,8%

TABLE B10 BASIC SERVICE DELIVERY MEASUREMENT

DC43 Harry Gwala - Table B10 Consolidated Basic service delivery measurement - 29/10/2019

Description	Budget Year 2019/20						Budget Year	Budget Year
	Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2020/21	+2 2021/22
	A	7 A1	11 E	12 F	13 G	14 H	Adjusted Budget	Adjusted Budget
Household service targets								
Water:								
Piped water inside dwelling	48 641	48 641			–	48 641	48 418	52 292
Piped water inside yard (but not in dwelling)	19 885	19 885			–	19 885	19 686	21 261
Using public tap (at least min.service level)	30 026	30 026			–	30 026	34 529	37 292
Other water supply (at least min.service level)					–	–		
<i>Minimum Service Level and Above sub-total</i>	98 552	98 552	–	–	–	98 552	102 633	110 845
Using public tap (< min.service level)	–	–			–	–	–	–
Other water supply (< min.service level)	30 152	30 152			–	30 152	28 645	30 936
No water supply	–	–			–	–	–	–
<i>Below Minimum Servic Level sub-total</i>	30 152	30 152	–	–	–	30 152	28 645	30 936
Total number of households	128 704	128 704	–	–	–	128 704	131 278	141 781
Sanitation/sewerage:								
Flush toilet (connected to sewerage)	70 615	70 615			–	70 615	75 601	81 649
Flush toilet (with septic tank)	12 312	12 312			–	12 312	12 188	13 164
Chemical toilet	–	–			–	–	–	–
Pit toilet (ventilated)	45 779	45 779			–	45 779	43 490	46 969
Other toilet provisions (> min.service level)	–	–			–	–	–	–
<i>Minimum Service Level and Above sub-total</i>	128 706	128 706	–	–	–	128 706	131 279	141 782
Bucket toilet					–	–		
Other toilet provisions (< min.service level)					–	–		
No toilet provisions					–	–		
<i>Below Minimum Servic Level sub-total</i>	–	–	–	–	–	–	–	–
Total number of households	128 706	128 706	–	–	–	128 706	131 279	141 782
Cost of Free Basic Services provided (R'000)								
Water (6 kilolitres per indigent household per month)	6 189	6 189	–	–	–	6 189	6 561	6 954
Sanitation (free sanitation service to indigent households)	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	–	–	–	–	–	–	–	–
Total cost of FBS provided	6 189	6 189	–	–	–	6 189	6 561	6 954
Total revenue cost of subsidised services provided	–	–	–	–	–	–	–	–

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

There have not been major shifts in the budget assumptions. However, the few points noted below are worth noting.

External factors: The economic slowdown as shown by the further declines in economic growth figures, the rising cost of living due to increases in the cost of borrowing and the high unemployment levels, financial resources are limited due to reduced payment levels by consumers. The latest figures released by the Census also show a decline in district population due to migration. This has resulted in declining cash inflows, which has necessitated major budgeted expenditure cuts to ensure that cash outflows remain within the affordability parameters of the district's finances.

Collection rate for revenue services: A collection rate of 74 per cent of billed services looking at the performance of the previous financial year.

2.2 Adjustments to Budget funding

Cash flow constraints still continue to affect the financial sustainability of the municipality as the municipality is largely grant dependent. This high grant dependency ratio (of over 90%) means that the municipality's operations are highly sensitive to non-payment by consumers. The increasing water & sanitation infrastructural assets also tend to burden the operations budget in the form of high operations and maintenance costs.

As stated in the budget assumptions above, the adjustment to revenue collection estimated at a conservative 74 per cent.

Except for the existing ABSA loan, the Municipality has not planned to fund any of its infrastructural developments with debt instruments.

Table SB 7 below provides details of the Government Grants and Subsidies differentiated between National & Provincial Governments.

DC43 Harry Gwala - Supporting Table SB7 Consolidated Adjustments Budget - transfers and grant receipts - 20/04/2021

Description	Budget Year 2020/21							Budget Year +1 2021/22	Budget Year +2 2022/23
	Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	7 A1	8 B	9 C	10 D	11 E	12 F		
RECEIPTS:									
Operating Transfers and Grants									
National Government:	385 766	431 049	-	-	-	-	431 049	400 406	420 169
Local Government Equitable Share									
Equitable Share	372 340	417 623	-	-	-	-	417 623	387 013	410 807
Expanded Public Works Programme Integrated Grant	5 195	5 195	-	-	-	-	5 195	4 596	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 000	1 000	-	-	-	-	1 000	1 200	1 200
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	4 986	4 986	-	-	-	-	4 986	5 322	5 775
Rural Road Asset Management Systems Grant	2 245	2 245	-	-	-	-	2 245	2 275	2 387
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-
Provincial Government:	1 500	(0)	-	-	-	-	(0)	-	-
Other	-	-	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	1 500	(0)	-	-	-	-	(0)	-	-
District Municipality:	-	-	-	-	17 000	17 000	17 000	17 000	20 000
Specify (Add grant description)	-	-	-	-	17 000	17 000	17 000	17 000	20 000
Other grant providers:	-	3 877	-	-	-	-	3 877	3 500	-
Chemical Industry Seta	-	377	-	-	-	-	377	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	3 500	-	-	-	-	3 500	3 500	-
Total Operating Transfers and Grants	387 266	434 926	-	-	17 000	17 000	451 926	420 906	440 169
Capital Transfers and Grants									
National Government:	263 488	263 488	-	22 907	-	22 907	286 395	298 258	340 236
Equitable Share	-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	194 462	194 462	-	9 552	-	9 552	204 014	207 558	225 236
Municipal Water Infrastructure Grant	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	9 026	9 026	-	13 355	-	13 355	22 381	-	20 000
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	60 000	60 000	-	-	-	-	60 000	90 700	95 000
Provincial Government:	-	15 000	-	-	-	-	15 000	-	-
Specify (Add grant description)	-	15 000	-	-	-	-	15 000	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	263 488	278 488	-	22 907	-	22 907	301 395	298 258	340 236
TOTAL RECEIPTS OF TRANSFERS & GRANTS	650 754	713 414	-	22 907	17 000	39 907	753 321	719 164	780 405

The total adjusted **Operational Government** grant allocations are as follows;

- National Government R 431million

While the adjusted **Capital Funding** are as follows;

- National Government R 286, 3million

2.3 Adjustments to Expenditure on Allocations and Grant Programmes

2.3.1 A total amount of R2, 4million according to gazette 44178 dated 22 February has been reduced which is made up of the following grant allocation:

- Municipal Infrastructure Grant R 2 448 000

2.3.2 Additional funding amounting to R22 907 000 for Municipal Infrastructure Grant and Regional Bulk Infrastructure Grant.

2.4 Municipal Manager's Quality Certificates

I, **Adelaide Nomnandi Dlamini**, Municipal Manager of **Harry Gwala District 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 that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print name: A. N. Dlamini

Municipal Manager of Harry Gwala District Municipality (DC43)

Signature: _____

Date 23 April 2021