



202122
SCHEDULE B

202122 BUDGET ADJUSTMENTS

Budget & Reporting
Budget & Treasury Office
202122 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 purpose of this report is to recommend a special adjustment budget in the light of the allocation as per Provincial Cooperative Governance and Traditional Affairs (CoGTA) dated 20 July 2021. The municipality will receive grant allocation through the Provincial adjustment budget amounting to R4million for the refurbishment and protection of existing springs. 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 2021/22 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 to the annual budget and to revise spending programmes already budgeted for
- 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 purpose of the adjustment budget seeks to adjust the 2021/22 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 2021/2022 adjustment budget is funded and the municipality prepared the realistic adjustment budget.

In preparing the adjustment budget Water and Services has seen an increase in revenue as per the conditions of the grant to prioritise the refurbishment and spring protections even though the municipality will prepare the legislated adjustment budget in February 2022, this is largely due to repairs and maintenance of the aging water and sanitation infrastructure that is now degenerating putting more strain on the cash flow of the municipality.

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 2021/2022, as set-out in the schedules contained in Section 4:
- 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.

This adjustments budget is therefore prepared in terms of section 28 (2) (b) of the MFMA since the municipality has received an allocation amounting to R4 million from CoGTA for refurbishment protection of existing springs.

The Adjusted revenue has increased by R4m from R801, 5m to R805, 5m. This upward adjustment is mainly due to following major contributing factors;

- CoGTA Grant R 4million

Total operating revenue budget remains the same from the original budget as the special adjustments budget only affects the capital transfers recognized.

The capital budget has increased from R307, 2million to R311, 2million. This is mainly attributable to the upward adjustment of the following grants;

- ✓ Refurbishment and spring protection CoGTA) Grant R4m

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 - 44326

Description	Budget Year 2021/22					Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	5	6	7	8			
R thousands	A	E	F	G	H		
Financial Performance							
Property rates	-	-	-	-	-	-	-
Service charges	69 422	-	-	-	69 422	73 587	78 002
Investment revenue	5 682	-	-	-	5 682	6 018	6 290
Transfers recognised - operational	417 406	-	-	-	417 406	440 169	444 057
Other own revenue	10 748	-	-	-	10 748	11 384	12 058
Total Revenue (excluding capital transfers and contributions)	503 258	-	-	-	503 258	531 159	540 407
Employee costs	237 156	-	-	-	237 156	252 896	269 738
Remuneration of councillors	8 922	-	-	-	8 922	9 547	10 215
Depreciation & asset impairment	87 410	-	-	-	87 410	91 000	94 981
Finance charges	1 328	-	-	-	1 328	1 385	1 447
Inventory consumed and bulk purchases	31 249	-	-	-	31 249	32 610	34 064
Transfers and grants	17 000	-	-	-	17 000	20 000	20 000
Other expenditure	194 529	-	-	-	194 529	205 559	214 374
Total Expenditure	577 594	-	-	-	577 594	612 998	644 819
Surplus/(Deficit)	(74 336)	-	-	-	(74 336)	(81 839)	(104 412)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	298 258	-	4 000	4 000	302 258	340 236	355 787
Surplus/(Deficit) after capital transfers & contributions	223 922	-	4 000	4 000	227 922	258 397	251 375
Surplus/ (Deficit) for the year	223 922	-	4 000	4 000	227 922	258 397	251 375
Capital expenditure & funds sources							
Capital expenditure	307 283	-	4 000	4 000	311 283	347 620	363 499
Transfers recognised - capital	298 258	-	4 000	4 000	302 258	340 236	355 787
Borrowing	-	-	-	-	-	-	-
Internally generated funds	9 025	-	-	-	9 025	7 384	7 712
Total sources of capital funds	307 283	-	4 000	4 000	311 283	347 620	363 499
Financial position							
Total current assets	107 619	-	-	-	107 619	110 829	96 764
Total non current assets	2 845 908	-	4 000	4 000	2 849 908	3 099 933	3 409 502
Total current liabilities	106 785	-	-	-	106 785	99 278	91 271
Total non current liabilities	25 676	-	-	-	25 676	26 265	28 384
Community wealth/Equity	2 821 066	-	4 000	4 000	2 825 066	3 085 219	3 386 611

Table B1 Cont.....

DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary - 44326

Description	Budget Year 2021/22					Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	5	6	7	8			
R thousands	A	E	F	G	H		
Cash flows							
Net cash from (used) operating	313 261	4 000	–	4 000	317 261	350 820	347 252
Net cash from (used) investing	(307 283)	(4 000)	–	(4 000)	(311 283)	(347 620)	(363 499)
Net cash from (used) financing	(3 529)	–	–	–	(3 529)	(2 151)	(3)
Cash/cash equivalents at the year end	51 179	–	–	–	51 179	52 228	35 977
Cash backing/surplus reconciliation							
Cash and investments available	51 179	–	–	–	51 179	52 228	35 977
Application of cash and investments	6 130	–	–	–	6 130	(8 930)	(16 905)
Balance - surplus (shortfall)	45 050	–	–	–	45 050	61 157	52 882
Asset Management							
Asset register summary (WDV)	2 178 724	–	4 000	4 000	2 182 724	2 432 749	2 742 318
Depreciation	87 410	–	–	–	87 410	91 000	94 981
Renewal and Upgrading of Existing Assets	16 500	–	4 000	4 000	20 500	–	–
Repairs and Maintenance	34 000	–	1 000	1 000	35 000	35 496	37 093
Free services							
Cost of Free Basic Services provided	7	–	–	–	7	7	7
Revenue cost of free services provided	–	–	–	–	–	–	–
Households below minimum service level							
Water:	31	–	–	–	31	33	35
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) - 44326

Standard Description	Budget Year 2021/22					Budget Year	Budget Year
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2022/23	+2 2023/24
		9	10	11	12		
R thousands	A	E	F	G	H		
Revenue - Functional							
Governance and administration	404 553	-	-	-	404 553	429 229	433 781
Executive and council	-	-	-	-	-	-	-
Finance and administration	404 553	-	-	-	404 553	429 229	433 781
Internal audit	-	-	-	-	-	-	-
Community and public safety	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Economic and environmental services	22 412	-	-	-	22 412	25 955	26 235
Planning and development	22 412	-	-	-	22 412	25 955	26 235
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	374 551	-	4 000	4 000	378 551	416 210	436 179
Energy sources	-	-	-	-	-	-	-
Water management	360 199	-	-	-	360 199	400 997	420 054
Waste water management	14 352	-	4 000	4 000	18 352	15 213	16 126
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenue - Functional	801 516	-	4 000	4 000	805 516	871 394	896 195
Expenditure - Functional							
Governance and administration	251 534	-	-	-	251 534	265 093	279 603
Executive and council	24 745	-	-	-	24 745	26 149	27 649
Finance and administration	217 553	-	-	-	217 553	229 088	241 434
Internal audit	9 236	-	-	-	9 236	9 856	10 519
Community and public safety	18 501	-	-	-	18 501	19 736	21 057
Community and social services	18 501	-	-	-	18 501	19 736	21 057
Sport and recreation	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Economic and environmental services	154 812	-	-	-	154 812	166 438	172 760
Planning and development	154 812	-	-	-	154 812	166 438	172 760
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	152 747	-	-	-	152 747	161 730	171 400
Energy sources	-	-	-	-	-	-	-
Water management	151 849	-	-	-	151 849	160 769	170 372
Waste water management	898	-	-	-	898	961	1 028
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Expenditure - Functional	577 594	-	-	-	577 594	612 998	644 819
Surplus/ (Deficit) for the year	223 922	-	4 000	4 000	227 922	258 397	251 375

The revenue of the municipality has increased from R801, 5million originally approved budget to R805, 5million. The Water and Services has seen an increase in revenue due to allocation of refurbishment and protection of existing springs of R4million.

The operational expenditure proportions are still the same as those of the original budget as the additional allocations are not affecting the operational budget

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) - 44326

Vote Description <i>[Insert departmental structure etc]</i>	Budget Year 2021/22					Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<i>R thousands</i>	A	E	F	G	H		
Revenue by Vote							
Vote 01 - Summary Council	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	404 553	-	-	-	404 553	429 229	433 781
Vote 04 - Summary Corporate Services	-	-	-	-	-	-	-
Vote 05 - Summary Social Services & Development Planning	22 412	-	-	-	22 412	25 955	26 235
Vote 06 - Summary Infrastructure Services	311 333	-	-	-	311 333	349 199	365 148
Vote 07 - Summary Water Services	63 218	-	4 000	4 000	67 218	67 011	71 032
Total Revenue by Vote	801 516	-	4 000	4 000	805 516	871 394	896 195
Expenditure by Vote							
Vote 01 - Summary Council	16 256	-	-	-	16 256	17 203	18 215
Vote 02 - Summary Municipal Manager	17 726	-	-	-	17 726	18 802	19 953
Vote 03 - Summary Budget And Treasury Office	85 267	-	-	-	85 267	89 833	94 713
Vote 04 - Summary Corporate Services	89 530	-	-	-	89 530	94 174	99 154
Vote 05 - Summary Social Services & Development Planning	68 717	-	-	-	68 717	77 472	79 919
Vote 06 - Summary Infrastructure Services	109 078	-	-	-	109 078	113 497	119 028
Vote 07 - Summary Water Services	191 021	-	-	-	191 021	202 016	213 836
Total Expenditure by Vote	577 594	-	-	-	577 594	612 998	644 819
Surplus/ (Deficit) for the year	223 922	-	4 000	4 000	227 922	258 397	251 375

Table B2 and Table B3 presents a comparison of original budget and adjusted budget for both revenue and operating expenditure. Both tables shows that the only adjustment is on transfers recognized capital that increased then overall surplus from R223, 9million to R227, 9million

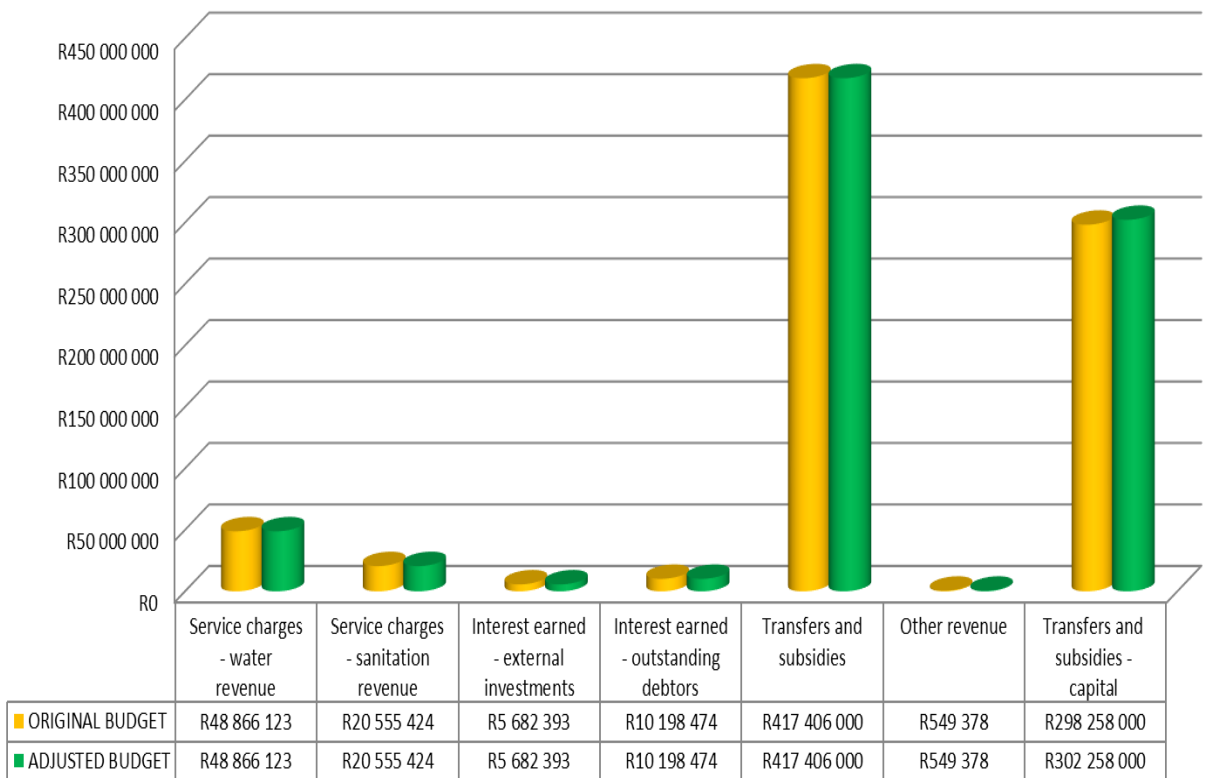
TABLE B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

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) - 44326

Description	Budget Year 2021/22					Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Revenue By Source							
Property rates	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-
Service charges - water revenue	48 866	-	-	-	48 866	51 798	54 906
Service charges - sanitation revenue	20 555	-	-	-	20 555	21 789	23 096
Service charges - refuse revenue	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-
Interest earned - external investments	5 682	-	-	-	5 682	6 018	6 290
Interest earned - outstanding debtors	10 198	-	-	-	10 198	10 810	11 459
Dividends received	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-
Transfers and subsidies	417 406	-	-	-	417 406	440 169	444 057
Other revenue	549	-	-	-	549	574	599
Gains	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	503 258	-	-	-	503 258	531 159	540 407
Expenditure By Type							
Employee related costs	237 156	-	-	-	237 156	252 896	269 738
Remuneration of councillors	8 922	-	-	-	8 922	9 547	10 215
Debt impairment	27 645	-	-	-	27 645	28 861	30 160
Depreciation & asset impairment	87 410	-	-	-	87 410	91 000	94 981
Finance charges	1 328	-	-	-	1 328	1 385	1 447
Bulk purchases - electricity	-	-	-	-	-	-	-
Inventory consumed	31 249	-	-	-	31 249	32 610	34 064
Contracted services	105 296	-	1 000	1 000	106 296	110 111	114 923
Transfers and subsidies	17 000	-	-	-	17 000	20 000	20 000
Other expenditure	61 589	-	(1 000)	(1 000)	60 589	66 587	69 291
Losses	-	-	-	-	-	-	-
Total Expenditure	577 594	-	-	-	577 594	612 998	644 819
Surplus/(Deficit)	(74 336)	-	-	-	(74 336)	(81 839)	(104 412)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	298 258	-	4 000	4 000	302 258	340 236	355 787
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation	223 922	-	4 000	4 000	227 922	258 397	251 375
Taxation	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation	223 922	-	4 000	4 000	227 922	258 397	251 375
Attributable to minorities	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	223 922	-	4 000	4 000	227 922	258 397	251 375
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	223 922	-	4 000	4 000	227 922	258 397	251 375

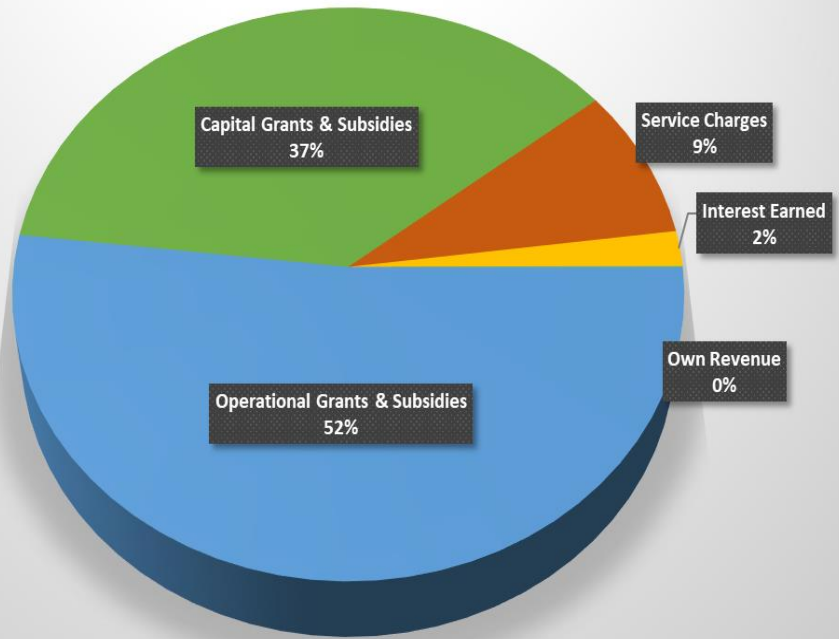
REVENUE SOURCES BY CATEGORY: ORIGINAL VS ADJUSTED BUDGET



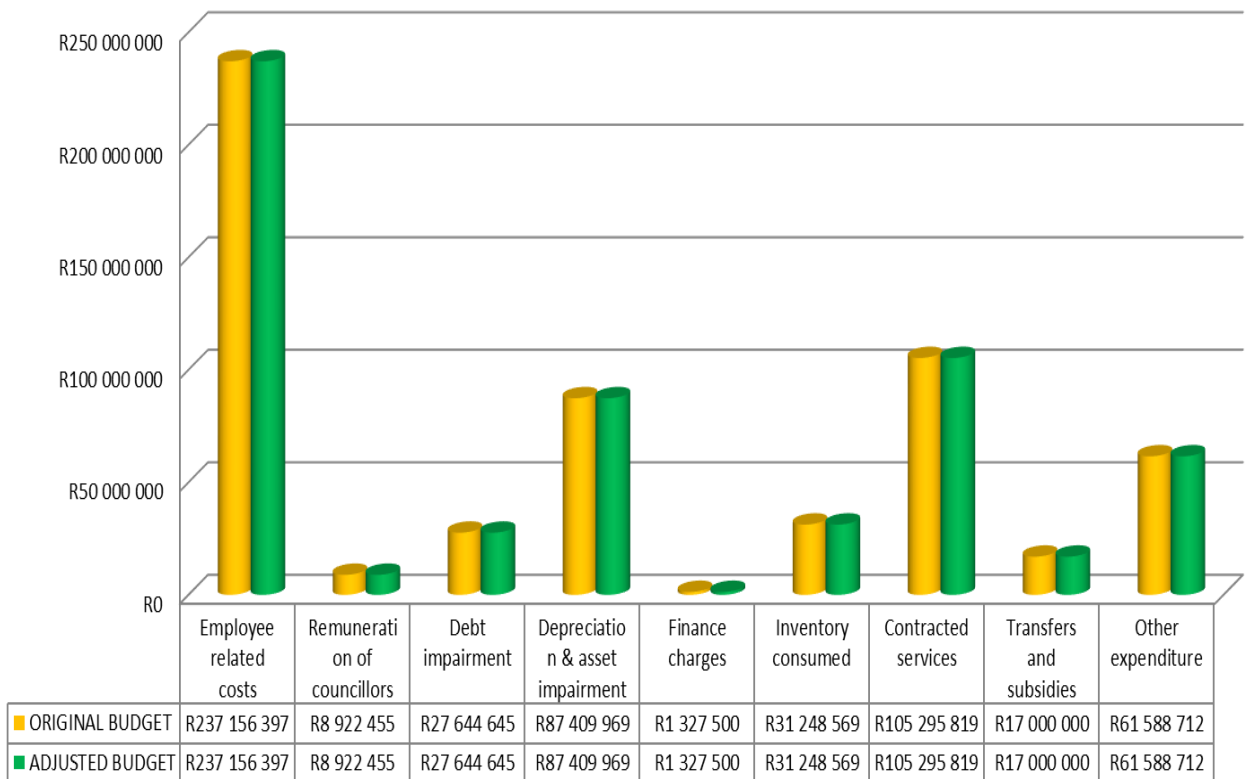
The above graphs present comparison of original and adjusted budget for revenue (by source)

The revenue of the municipality has increased from R801,5million originally approved budget to R805,5million. The Water and Services has seen an increase in revenue due to allocation of refurbishment and protection of existing springs of R4million.

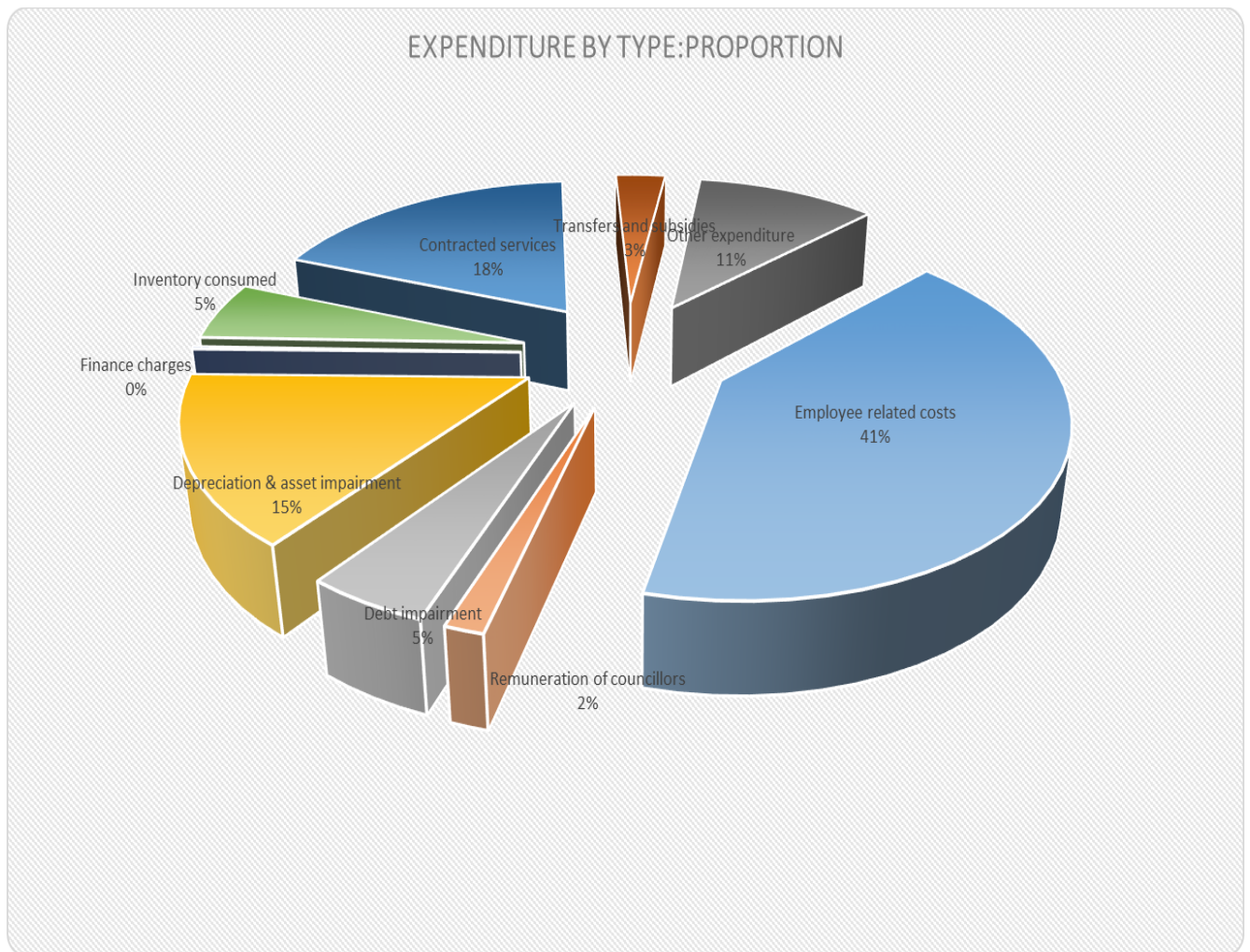
REVENUE BY SOURCE:PROPORTION



EXPENDITURE BY TYPE :ORIGINAL BUDGET VS ADJUSTED BUDGET



The above graph shows an expenditure (by type) even though there are no changes from the original budget and special adjustment budget



The operational expenditure proportions are still the same as those of the original adjustment budget as the additional allocations are not affecting the OPEX budget.

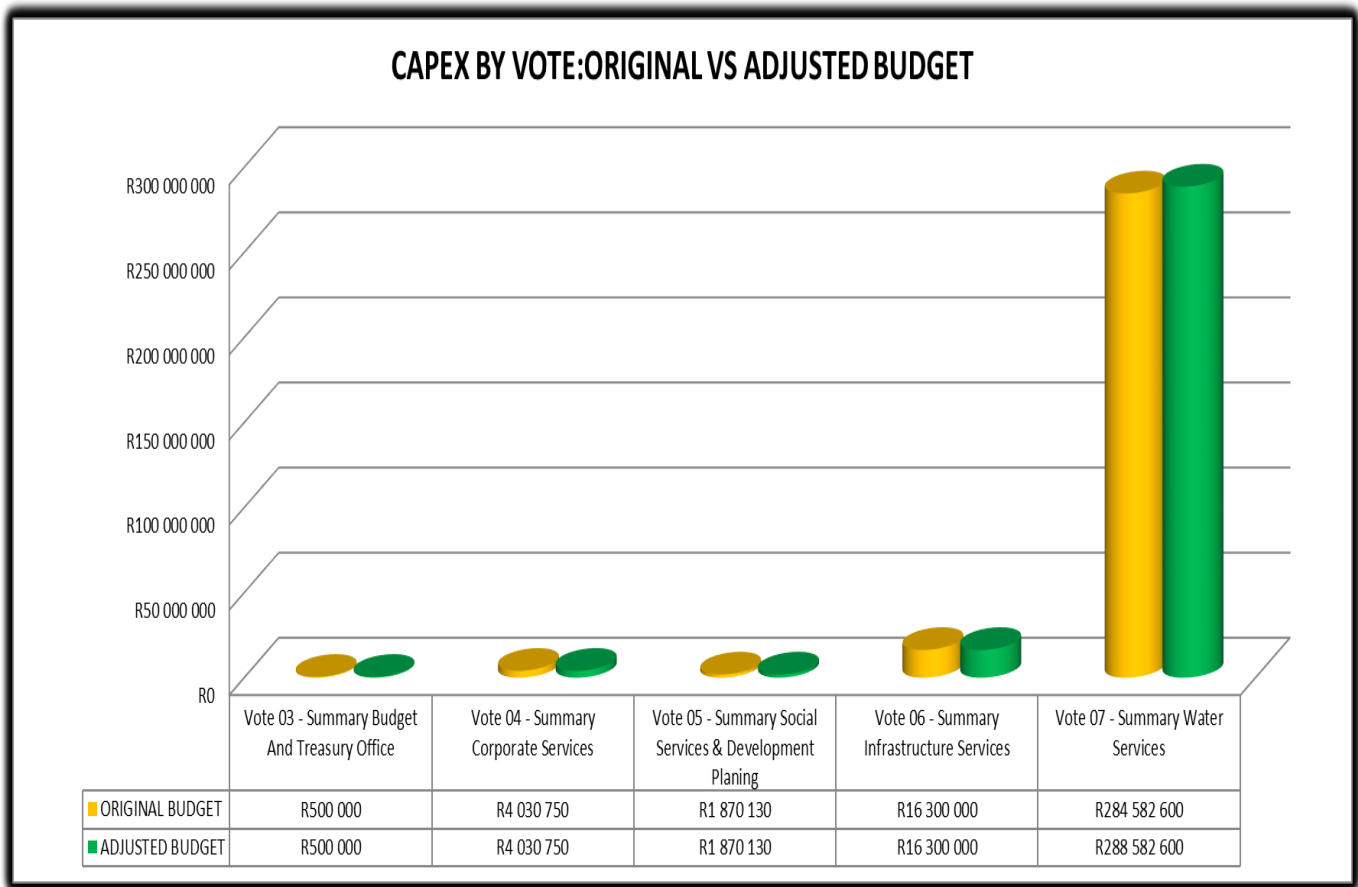
TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING

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 - 44326

Description	Budget Year 2021/22					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	9	10	11	12			
R thousands	A	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	500	-	-	-	500	-	-
Vote 04 - Summary Corporate Services	4 031	-	-	-	4 031	4 945	5 163
Vote 05 - Summary Social Services & Development Planning	1 870	-	-	-	1 870	1 787	1 868
Vote 06 - Summary Infrastructure Services	16 300	-	-	-	16 300	20 000	20 000
Vote 07 - Summary Water Services	284 583	-	4 000	4 000	288 583	320 888	336 468
Capital multi-year expenditure sub-total	307 283	-	4 000	4 000	311 283	347 620	363 499
Total Capital Expenditure - Vote	307 283	-	4 000	4 000	311 283	347 620	363 499
Capital Expenditure - Functional							
Governance and administration	5 110	-	-	-	5 110	5 145	5 373
Executive and council							
Finance and administration	5 110	-	-	-	5 110	5 145	5 373
Internal audit							
Community and public safety	1 021	-	-	-	1 021	1 587	1 658
Community and social services	1 021	-	-	-	1 021	1 587	1 658
Sport and recreation							
Public safety							
Housing							
Health							
Economic and environmental services	1 270	-	-	-	1 270	-	-
Planning and development	1 270	-	-	-	1 270	-	-
Road transport							
Environmental protection							
Trading services	299 883	-	4 000	4 000	303 883	340 888	356 468
Energy sources							
Water management	244 033	-	4 000	4 000	248 033	293 888	300 468
Waste water management	55 850	-	-	-	55 850	47 000	56 000
Waste management							
Other							
Total Capital Expenditure - Functional	307 283	-	4 000	4 000	311 283	347 620	363 499
Funded by:							
National Government	298 258	-	-	-	298 258	340 236	355 787
Provincial Government	-	-	4 000	4 000	4 000	-	-
District Municipality	-	-	-	-	-	-	-
Transfers recognised - capital	298 258	-	4 000	4 000	302 258	340 236	355 787
Borrowing	-	-	-	-	-	-	-
Internally generated funds	9 025	-	-	-	9 025	7 384	7 712
Total Capital Funding	307 283	-	4 000	4 000	311 283	347 620	363 499

Chart 6: Capital Expenditure by Type



The originally approved capital budget was R 307, 2million and adjusted budget is R 311, 2million. The upward adjustment is due to refurbishment and protection of existing springs.

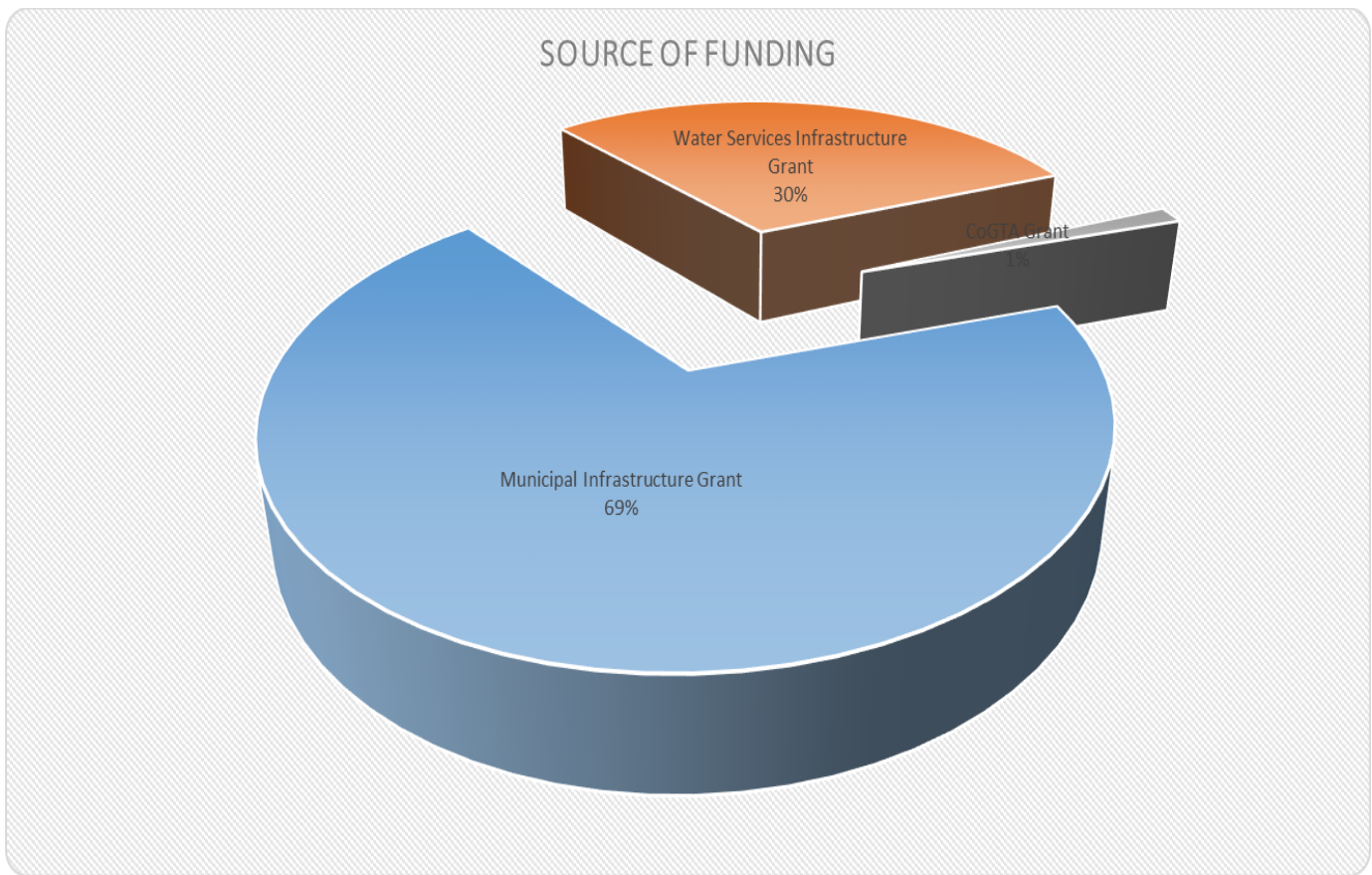


TABLE B6 ADJUSTMENTS BUDGET FINANCIAL POSITION

Table C6 displays the adjustment budget financial position of the municipality

DC43 Harry Gwala - Table B6 Consolidated Adjustments Budget Financial Position - 44326

Description	Budget Year 2021/22					Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
ASSETS							
Current assets							
Cash	11 058	-	-	-	11 058	11 896	(4 574)
Call investment deposits	40 121	-	-	-	40 121	40 332	40 551
Consumer debtors	30 951	-	-	-	30 951	30 504	30 087
Other debtors	25 222	-	-	-	25 222	27 820	30 410
Current portion of long-term receivables	-	-	-	-	-	-	-
Inventory	267	-	-	-	267	278	289
Total current assets	107 619	-	-	-	107 619	110 829	96 764
Non current assets							
Long-term receivables	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-
Investment in Associate	-	-	-	-	-	-	-
Property, plant and equipment	2 843 962	-	4 000	4 000	2 847 962	3 097 877	3 407 572
Biological	-	-	-	-	-	-	-
Intangible	1 946	-	-	-	1 946	2 056	1 929
Other non-current assets	0	-	-	-	0	0	0
Total non current assets	2 845 908	-	4 000	4 000	2 849 908	3 099 933	3 409 502
TOTAL ASSETS	2 953 527	-	4 000	4 000	2 957 527	3 210 762	3 506 266
LIABILITIES							
Current liabilities							
Bank overdraft	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-
Consumer deposits	2 155	-	-	-	2 155	2 304	2 447
Trade and other payables	91 336	-	-	-	91 336	83 121	75 012
Provisions	13 294	-	-	-	13 294	13 853	13 813
Total current liabilities	106 785	-	-	-	106 785	99 278	91 271
Non current liabilities							
Borrowing	1 878	-	-	-	1 878	146	-
Provisions	23 797	-	-	-	23 797	26 119	28 384
Total non current liabilities	25 676	-	-	-	25 676	26 265	28 384
TOTAL LIABILITIES	132 461	-	-	-	132 461	125 543	119 655
NET ASSETS	2 821 066	-	4 000	4 000	2 825 066	3 085 219	3 386 611
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)	2 821 066	-	4 000	4 000	2 825 066	3 085 219	3 386 611
Reserves	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2 821 066	-	4 000	4 000	2 825 066	3 085 219	3 386 611

TABLE B7 ADJUSTMENTS BUDGET CASH FLOWS

DC43 Harry Gwala - Table B7 Consolidated Adjustments Budget Cash Flows - 44326

Description	Budget Year 2021/22					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	+1 2022/23	+2 2023/24
	Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
R thousands	A	7 E	8 F	9 G	10 H	Budget	Budget
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates				-	-		
Service charges	53 905	-	-	-	53 905	56 959	60 197
Other revenue	549	-	-	-	549	574	599
Transfers and Subsidies - Operational	395 084	-	-	-	395 084	414 394	418 011
Transfers and Subsidies - Capital	303 580	4 000	-	4 000	307 580	346 011	361 833
Interest	5 682	-	-	-	5 682	6 018	6 290
Dividends				-	-		
Payments							
Suppliers and employees	(444 212)	-	-	-	(444 212)	(471 751)	(498 232)
Finance charges	(1 328)	-	-	-	(1 328)	(1 385)	(1 447)
Transfers and Grants	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	313 261	4 000	-	4 000	317 261	350 820	347 252
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	(307 283)	(4 000)	-	(4 000)	(311 283)	(347 620)	(363 499)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(307 283)	(4 000)	-	(4 000)	(311 283)	(347 620)	(363 499)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	147	-	-	-	147	149	143
Payments							
Repayment of borrowing	(3 676)	-	-	-	(3 676)	(2 300)	(146)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 529)	-	-	-	(3 529)	(2 151)	(3)
NET INCREASE/ (DECREASE) IN CASH HELD	2 448	-	-	-	2 448	1 048	(16 251)
Cash/cash equivalents at the year begin:	48 731	-	-	-	48 731	51 179	52 228
Cash/cash equivalents at the year end:	51 179	-	-	-	51 179	52 228	35 977

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. Cash and cash equivalents at year end totals to R48,7million and at the beginning of the financial year the municipality had a positive opening balance of R51,8million.

TABLE B8 CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

DC43 Harry Gwala - Table B8 Consolidated Cash backed reserves/accumulated surplus reconciliation - 44326

Description	Budget Year 2021/22					Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Cash and investments available							
Cash/cash equivalents at the year end	51 179	-	-	-	51 179	52 228	35 977
Other current investments > 90 days	0	-	-	-	0	-	-
Non current assets - Investments	-	-	-	-	-	-	-
Cash and investments available:	51 179	-	-	-	51 179	52 228	35 977
Applications of cash and investments							
Unspent conditional transfers	-	-	-	-	-	-	-
Unspent borrowing							
Statutory requirements	(52 989)	-	-	-	(52 989)	(58 316)	(58 542)
Other working capital requirements	59 118				59 118	49 386	41 637
Other provisions							
Long term investments committed	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-				-	-	-
Total Application of cash and investments:	6 130	-	-	-	6 130	(8 930)	(16 905)
Surplus(shortfall)	45 050	-	-	-	45 050	61 157	52 882

The objective of the medium-term framework is to ensure the budget is funded aligned to section 18 of the MFMA. As part of the Municipal Finance Management Circular 107 that informed the funding position of the budget and adjustment budget and considering the requirements of section 18 of the MFMA, it can be concluded that the Adjustment Budget is funded due to the cash surplus as opposed to a deficit

TABLE B9 ASSET MANAGEMENT

DC43 Harry Gwala - Table B9 Consolidated Asset Management - 44326

Description	Budget Year 2021/22					Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	11 E	12 F	13 G	14 H		
R thousands							
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	290 783	-	-	-	290 783	347 620	363 499
<i>Water Supply Infrastructure</i>	228 108	-	-	-	228 108	293 236	299 787
<i>Sanitation Infrastructure</i>	55 850	-	-	-	55 850	47 000	56 000
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	283 958	-	-	-	283 958	340 236	355 787
Licences and Rights	1 418	-	-	-	1 418	1 733	1 812
Intangible Assets	1 418	-	-	-	1 418	1 733	1 812
Computer Equipment	2 130	-	-	-	2 130	2 717	2 837
Furniture and Office Equipment	3 057	-	-	-	3 057	2 934	3 063
Machinery and Equipment	220	-	-	-	220	-	-
<u>Total Renewal of Existing Assets to be adjusted</u>	16 000	-	4 000	4 000	20 000	-	-
<i>Water Supply Infrastructure</i>	15 800	-	-	-	15 800	-	-
<i>Sanitation Infrastructure</i>	-	-	4 000	4 000	4 000	-	-
Infrastructure	15 800	-	4 000	4 000	19 800	-	-
Machinery and Equipment	200	-	-	-	200	-	-
<u>Total Upgrading of Existing Assets to be adjusted</u>	500	-	-	-	500	-	-
<i>Water Supply Infrastructure</i>	500	-	-	-	500	-	-
Infrastructure	500	-	-	-	500	-	-
<u>Total Capital Expenditure to be adjusted</u>	307 283	-	4 000	4 000	311 283	347 620	363 499
<i>Water Supply Infrastructure</i>	244 408	-	-	-	244 408	293 236	299 787
<i>Sanitation Infrastructure</i>	55 850	-	4 000	4 000	59 850	47 000	56 000
Infrastructure	300 258	-	4 000	4 000	304 258	340 236	355 787
Licences and Rights	1 418	-	-	-	1 418	1 733	1 812
Intangible Assets	1 418	-	-	-	1 418	1 733	1 812
Computer Equipment	2 130	-	-	-	2 130	2 717	2 837
Furniture and Office Equipment	3 057	-	-	-	3 057	2 934	3 063
Machinery and Equipment	420	-	-	-	420	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	307 283	-	4 000	4 000	311 283	347 620	363 499
ASSET REGISTER SUMMARY - PPE (WDV)	2 178 724	-	4 000	4 000	2 182 724	2 432 749	2 742 318
<i>Roads Infrastructure</i>	(0)	-	-	-	(0)	-	-
<i>Storm water Infrastructure</i>							
<i>Electrical Infrastructure</i>	9 004	-	-	-	9 004	7 435	5 866
<i>Water Supply Infrastructure</i>	1 868 527	-	4 000	4 000	1 872 527	2 101 808	2 373 922
<i>Sanitation Infrastructure</i>	227 065	-	-	-	227 065	261 256	312 120
<i>Information and Communication Infrastructure</i>	97	-	-	-	97	14	0
Infrastructure	2 104 692	-	4 000	4 000	2 108 692	2 370 512	2 691 908
Community Assets	2 533	-	-	-	2 533	2 306	2 078
Other Assets	34 969	-	-	-	34 969	33 902	32 834
Intangible Assets	1 946	-	-	-	1 946	2 056	1 929
Computer Equipment	6 013	-	-	-	6 013	4 927	3 374
Furniture and Office Equipment	3 550	-	-	-	3 550	2 983	2 667
Machinery and Equipment	439	-	-	-	439	(161)	(341)
Transport Assets	24 581	-	-	-	24 581	16 224	7 868
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 178 724	-	4 000	4 000	2 182 724	2 432 749	2 742 318

DC43 Harry Gwala - Table B9 Consolidated Asset Management - 44326

Description	Budget Year 2021/22					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total Adjusts.	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.		Budget	Budget	Budget
	11	12	13	14			
	E	F	G	H			
R thousands	A						
EXPENDITURE OTHER ITEMS							
<u>Depreciation & asset impairment</u>	87 410	-	-	-	87 410	91 000	94 981
<u>Repairs and Maintenance by asset class</u>	34 000	-	1 000	1 000	35 000	35 496	37 093
<i>Water Supply Infrastructure</i>	29 000	-	-	-	29 000	30 276	31 638
Infrastructure	29 000	-	-	-	29 000	30 276	31 638
Community Facilities	-	-	-	-	-	-	-
Sport and Recreation Facilities	90	-	-	-	90	94	98
Community Assets	90	-	-	-	90	94	98
Heritage Assets	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Operational Buildings	3 000	-	1 000	1 000	4 000	3 132	3 273
Housing	-	-	-	-	-	-	-
Other Assets	3 000	-	1 000	1 000	4 000	3 132	3 273
Biological or Cultivated Assets	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-
Computer Equipment	320	-	-	-	320	334	349
Furniture and Office Equipment	-	-	-	-	-	-	-
Machinery and Equipment	1 262	-	-	-	1 262	1 318	1 377
Transport Assets	328	-	-	-	328	342	357
Land	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	121 410	-	1 000	1 000	122 410	126 496	132 074
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	5,4%				6,6%	0,0%	0,0%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	18,9%				23,5%	0,0%	0,0%
<i>R&M as a % of PPE</i>	1,6%				1,6%	1,5%	1,4%
<i>Renewal and upgrading and R&M as a % of PPE</i>	2,3%				2,5%	1,5%	1,4%

TABLE B10 BASIC SERVICE DELIVERY MEASUREMENT

DC43 Harry Gwala - Table B10 Consolidated Basic service delivery measurement - 44326

Description	Budget Year 2021/22					Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	11 E	12 F	13 G	14 H		
Household service targets							
Water:							
Piped water inside dwelling	52292	0	0	–	52292	55691	59310,89
Piped water inside yard (but not in dwelling)	21261	0	0	–	21261	22643	24114,76
Using public tap (at least min.service level)	37292	0	0	–	37292	39715,98	42297,52
Other water supply (at least min.service level)	30936	0	0	–	30936	33	35
<i>Minimum Service Level and Above sub-total</i>	142	–	–	–	142	151	161
Using public tap (< min.service level)				–	–		
Other water supply (< min.service level)	30936	0	0	–	30936	32946,84	35088,38
No water supply				–	–		
<i>Below Minimum Service Level sub-total</i>	31	–	–	–	31	33	35
Total number of households	173	–	–	–	173	184	196
Sanitation/sewerage:							
Flush toilet (connected to sewerage)	81649	0	0	–	81 649	86956,18	92608,34
Flush toilet (with septic tank)	13164	0	0	–	13 164	14019,66	14930,94
Chemical toilet				–	–		
Pit toilet (ventilated)	46969	0	0	–	46 969	50021,99	53273,41
Other toilet provisions (> min.service level)				–	–		
<i>Minimum Service Level and Above sub-total</i>	141 782	–	–	–	141 782	150 998	160 813
Bucket toilet				–	–		
Other toilet provisions (< min.service level)				–	–		
No toilet provisions				–	–		
<i>Below Minimum Service Level sub-total</i>	–	–	–	–	–	–	–
Total number of households	141 782	–	–	–	141 782	150 998	160 813
Cost of Free Basic Services provided (R'000)							
Water (6 kilolitres per indigent household per month)	–	–	–	–	–	–	–
Sanitation (free sanitation service to indigent households)	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)	–	–	–	–	–	–	–
Refuse (removed once a week for indigent households)	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	7	–	–	–	7	7	7
Total cost of FBS provided	7	–	–	–	7	7	7

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 work noting.

External factors: The economic slowdown as shown by the further declines in economic growth figures, the rising cost of living, the high unemployment levels and financial resources are limited due to reduced payment levels by consumers as a result of the coronavirus pandemic. 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 73 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 73 per cent.

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 - 44326

Description	Budget Year 2021/22					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	+1 2022/23	+2 2023/24
	Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
	9	10	11	12			
R thousands	A	C	D	E	F		
RECEIPTS:							
Operating Transfers and Grants							
National Government:	400 406	-	-	-	400 406	420 169	424 057
Local Government Equitable Share							
Equitable Share	387 013	-	-	-	387 013	410 807	414 421
Expanded Public Works Programme Integrated Grant	4 596	-	-	-	4 596	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 200	-	-	-	1 200	1 200	1 200
Municipal Disaster Relief Grant	-	-	-	-	-	-	-
Municipal Infrastructure Grant	5 322	-	-	-	5 322	5 775	6 046
Rural Road Asset Management Systems Grant	2 275	-	-	-	2 275	2 387	2 390
Water Services Infrastructure Grant	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-
Capacity Building and Other Grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Rural Development Grant	-	-	-	-	-	-	-
District Municipality:	17 000	-	-	-	17 000	20 000	20 000
<i>Specify (Add grant description)</i>	17 000	-	-	-	17 000	20 000	20 000
Other grant providers:	-	-	-	-	-	-	-
<i>Chemical Industry Seta</i>	-	-	-	-	-	-	-
<i>Parent Municipality</i>	-	-	-	-	-	-	-
<i>Unspecified</i>	-	-	-	-	-	-	-
Total Operating Transfers and Grants	417 406	-	-	-	417 406	440 169	444 057
Capital Transfers and Grants							
National Government:	298 258	-	-	-	298 258	340 236	355 787
Equitable Share	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-
Municipal Infrastructure Grant	207 558	-	-	-	207 558	225 236	235 787
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	-	-	-	-	20 000	20 000
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-
Water Services Infrastructure Grant	90 700	-	-	-	90 700	95 000	100 000
Provincial Government:	-	-	4 000	4 000	4 000	-	-
COGTA grant	-	-	4 000	4 000	4 000	-	-
District Municipality:	-	-	-	-	-	-	-
<i>Specify (Add grant description)</i>	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-
<i>[insert description]</i>							
Total Capital Transfers and Grants	298 258	-	4 000	4 000	302 258	340 236	355 787
TOTAL RECEIPTS OF TRANSFERS & GRANTS	715 664	-	4 000	4 000	719 664	780 405	799 844

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

- National Government R 417, 4million

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

- National Government R 302, 2million

2.3 Adjustments to Expenditure on Allocations and Grant Programmes

2.3.1 An allocation of capital grants for refurbishment and protection of existing springs which is made up of the following grant allocation:

- COGTA Grant R 4 000 000

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 30 September 2021