



ADJUSTED BUDGET OF
**MAKHUDUTHAMAGA LOCAL
MUNICIPALITY**

2019/20

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- **At the reception of our municipal buildings**
- **All public libraries of the municipality**
- **At www.makhuduthamaga.gov.za**

Abbreviations and Acronyms

BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
IDP	Integrated Development Plan	PPP	Public Private Partnership
IT	Information Technology	RG	Restructuring Grant
km	kilometre	SALGA	South African Local Government Association
GFS	Government Financial Statistics	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	DOE	Department of Energy
LED	Local Economic Development		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act Programme		
MBRR	Municipal Budget and Reporting Regulation		

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1. PART 1 – ADJUSTED BUDGET

1.1 Mayor's report.

The honourable speaker, the Executive committee, Our Traditional Leaders, the Municipal Manager, Honourable councillors, Senior Managers and all municipal officials present here;

Allow me to acknowledge and welcome all of you not forgetting other local government stakeholders present in this council sitting of today, the 28th of February 2020. Allow me honourable speaker, to further extend my revolutionary greetings to all citizens of Makhuduthamaga who have elected us to represent them and their interests in this council. I like to appreciate their support from the first day when we started our mammoth task in government in August 2016 to date and want to reassure them that we remain committed to deliver the promises that our government has made as guided by both the National Development Plan and the municipality's approved IDP which is reviewed together with them every year.

Honourable Speaker

The Local Government: Municipal Finance Management Act No.56 of 2003, section 72 subsection 1(a) states that:

“(1). the accounting officer of the municipality must by 25 January of each year –

(a) assess the performance of the municipality during the first half of the financial year, taking in to account (i) to (iv).”

Subsection 3 of the same section 72 of the MFMA, states that:

“(3). The accounting officer as part of the review –

(a) make recommendations as to whether an adjustment budget is necessary; and

(b) recommend revised projections for the revenue and expenditure to the extent that this may be necessary.”

Honourable speaker

The Midyear budget and performance assessment was completed by the accounting officer and was submitted to the office of the Mayor, the National Treasury and the Limpopo Provincial Treasury by the 25th January 2020. The report has made recommendations that adjustments to the approved 2019/20 budget be considered by this council due to revenue collection targets that were not met, to increase interests on overdue debtors accounts and to correct errors in the approved budget to ensure full compliance with the Municipal Budget and Reporting Regulations (MBRR) and the municipal Standard Chart of Accounts (mSCOA).

Honourable speaker.

This sitting is further guided by section 28 of the Municipal Finance Management Act No 56 of 2003, which allows the municipal councils to review the approved annual budget through an adjustments budget. The Service Delivery and Budget Implementation Plan (SDBIP) for 2019/20 has also been adjusted to reallocate targets not met in the first half of the 2019/20 financial year to the last two quarters of the financial year, to adjust the performance indicators to be SMART, and to remove targets that will not be achieved during the current year due to lack of funds.

Honourable Speaker

Budgeted Revenue

The municipality's total budgeted revenue for the 2019/20 financial year has no significant adjustments as the total annual revenue budget increased from **R 427 million** to **R 428 million** after the net off, of the adjustments made to individual sources of revenue. The total revenue of **R 428 million** is made of **R 95 million** from own sources of revenue and **R 333 million** from government grants. The details of the adjustments on revenue and the sources of revenue affected are indicated under the executive summary (operating revenue) and table B4 per source of revenue.

Budgeted Expenditure.

The municipality's total budgeted expenditure for the 2019/20 financial year also increased from **R 427 million** to **R 428 million** which is made of operational expenditure to the amount of **R 339 million** and capital expenditure to the amount of **R 89 million**. The increase in budgeted expenditure is due to increase in debt impairment for non-paying property rates customers. All other adjustments made to the expenditure budget was reallocation of funds from certain programmes to fund other line items within the approved budget for the financial year ending 30 June 2020.

Adjustments on Operational Expenditure.

- **Employee related costs.**

Employee related costs budget has been reduced by **R 9.4 million** from **90 million** to **R 80.6 million** due to the vacant positions which were not filled as planned during the first half of the 2019/20 financial year. This amount was reallocated to the operational expenditure items that requires additional funding to accelerate the service delivery. The budget for the affected positions that were still vacant as at the end of January was therefore projected for only three (3) months in this adjustments budget considering the stage of recruitment for all positions. Positions that were filled from 01 February 2020 were provided budget for only five (5) months for the financial year 2019/20.

- **Remuneration of councillors**

Remuneration of councillors is reduced by **R 455 thousands** from **R24.3 million** to **R23.8 million**. This reduction was made taking in to consideration the proposed increase for the Public Office Bearers by the Minister of Cogta leaving the projected increase for the councillors at 5% for the 2019/20 financial year. Council will implement the final percentage as approved by the minister through the upper limits gazette.

- **Debt impairment**

Our debtors for property rates and traffic fines are not paying well and the provision for debt impairment was adjusted by **R 7.9 million** from **R 35.9 million** to **R 43.8 million**. The municipality is currently enforcing the credit control policy to ensure improved collection from the local businesses. This include usage of a debt collector who was appointed to follow up on all debts ageing above 60 days and refusal to provide services such as provision of PTOs, proof of residence and renewal of business licenses to customers who owes the municipality until they settle their accounts. A letter was sent to the National Treasury to intervene on the outstanding debts for the government properties and we remain hopeful that through their help, poor collection on property rates shall become a matter of the past in our municipality so that the **R 43.8 million** that is provided for impairment can be allocated to service delivery programmes in future budget years.

- **Depreciation**

Depreciation of assets increased by **R 440 thousand** from **R 27.2 million** to **R 27.7 million**.

- **Contracted services**

Contracted services has increased from **R 101 million** to **R 107 million** due to the increase in repairs and maintenance for infrastructure assets to ensure that they are at all times in good condition for rendering of services to our communities. The municipality remain compliant in terms of the percentage as guided by the budget circular issued for 2019/20 financial year which requires the municipality to budget at least 10% of the operational expenditure or 8% of the Assets value for repairs and maintenance of the municipal assets. The municipality in this regard budgeted **20.3%** of the operational expenditure for repairs and maintenance of assets.

- **Other expenditure**

Other expenditure has decreased from **R 50 million** to **R 48.7 million** due to the discontinuation of some of the operational activities which couldn't be implemented in the first half of the 2019/20 financial year. The full list of other expenditure items is attached under other supporting documents on part two of this adjustment budget document.

Adjustments on Capital Expenditure

The municipality's annual capital budget was **R 90 million** as approved by council in May 2019. The total approved annual budget of the municipality was reduced by **R 961 thousand** to **R 89 million** during this adjustments budget.

The following Capital projects were affected by the adjustments through shifting of funds from one project to another as informed by the reviewed projects implementation plans:

- Ga-Mampane access road 2019/20 - reduced by **R 117 thousand to R 23.1 million.**
- Upgrading of Marishane Sports Ground 2019/20 – Increased from **R 0 to R 5 million.**
- Makgwabe_Mphane access road 2019/20 – Increased by **R 971 thousand to R 12.6 million.**
- Mashabela Tribal Office access road 2019/20 – reduced by **R 4.3 million to R 2 million.**
- Mohlala Nngwanatshwane access bridge 2019/20 – Increased by **R 3.5 million to R 4 million.**
- Matulaneng Access Bridge 2019/20 – Increased by **R 5 million to R 7 million.**
- Mokwete Molepane access road 2019/20 – **reduced by R 3.9 million to R 2.1 million**
- Phaahla Tribal Office 2019/20 – Increased by **R 943 000 to R 7 million**
- Stocking Internal Streets 2019/20 – reduced by **R 1 million to R 4.1 million**
- Marishane Phaahla Internal streets 2019/20 – reduced by **R 1 million to R 9 million**
- Rietfontein Stormwater control 2019/20 – **Discontinued and will be implemented in the coming financial year.**

Honourable speaker

Allow me to indicate that the expenditure allocations on our original and this adjusted budget are not satisfactory as the operational expenditure takes the whole **79.2%** of the total budget as compared to the remaining **20,8%** that is allocated for capital expenditure which is for the provision of basic infrastructure services. The employee costs added together with councillor allowances amounts to **29%** of the total operational expenditure budget and **23%** of the total expenditure budget and it keeps on increasing every year, which indicates that if we do not put together and implement strategies to improve our revenue sources and collection, and to review our priorities in expenditure allocations, the municipality will not have funds for services delivery in the coming future. It is therefore important that the cost containment regulations and the policy adopted by council be strictly implemented and be used to interrogate our budgets to ensure that the limited resources we have are channelled to service delivery as opposed to the current picture we see.

Further to that, we need to put our hands together with all strategic partners and stakeholders to ensure that the credit control policy and the revenue enhancements strategies are implemented without fail. We all must carry the responsibility upon our shoulders to educate and encourage our community members to pay the municipality for property rates and any other services rendered to them at a fee to ensure sustainability of the municipality. I further urge the provincial departments

to set a good example to our citizens by paying all amounts that they lawfully owe to the municipality and in this regard the National Treasury must intervene to resolve the long outstanding debts of the government departments.

Honourable Speaker

I hereby on behalf of the Executive committee of Makhuduthamaga Local Municipality table the Adjustments Budget for 2019/2020 before council for approval.

I Thank You.



1.2 Resolutions



1.3 Executive Summary.

Makhuduthamaga Local Municipality has prepared its adjustments budget for 2019/20 in accordance with section 28 of the Municipal Finance Management Act and Chapter 2, part 4 of the Municipal Budget and Reporting Regulations as published under GN 393 in GG 32141 dated 17 April 2009. No budget adjustments were effected on both the revenue and expenditure forecasts for the two outer years 2020/21 and 2021/22 of the MTREF.

The municipality's financial management strategies and service delivery priorities were reviewed as part of the mid-year budget and performance assessment in terms of section 72 of the Municipal Finance Management Act. Where appropriate, funds were transferred from low- to high-priority programmes and funds not utilised as planned during the compilation of the annual budget were also re-allocated to other programmes to ensure services delivery and accurately satisfactory spending at the end of the financial year. The total annual revenue budget increased by **R 875 thousand**, the total annual expenditure budget increased by the same **R 875 thousand** for the 2019/20 financial year.

The following findings were established during the mid-year budget and performance assessment review in January 2020 and the senior management of the Municipality found it necessary to adjust the annual budget for 2019/20 as approved by council in May 2019:

ADJUSTMENTS ON REVENUE

Property Rates

The revenue from the property rates billing is reduced by **R 1.6 million** for the 2019/20 financial year as guided by the supplementary valuations and the projected monthly billing for the remaining months of the 2019/2020 financial year.

Interest received (Outstanding debtors)

The municipality has originally budgeted **R 35 million** for interest charged on long-overdue debtors accounts for the 2019/20 financial year, however due to non-payment of such debtor accounts and as a result an increase in the amount of outstanding debtors, it was deemed necessary to increase the original budget by **R 7.9 million** as more interest charges are expected from long-overdue debtor accounts. The adjusted budget for interests charged on outstanding debtors is **42.9 million**.

Interest on investment

The municipality has originally budgeted to earn an amount of **R 5.6 million** from interest on short term investments for the 2019/20 financial year. The budget is been reduced to **R 2.8 million** as the municipality did not invest as budgeted for during the first half of the year, and it is less likely that the total budgeted revenue from short term investments will be realised in the last half of the financial year. The municipality's cash position is very low and therefore unable to make meaningful investments that can earn the budgeted revenue from this source.

Other income

The municipality originally budgeted to receive **R 7 million** from the sales of tender documents and other sources of income for the 2019/20 financial year, however it became quite evident that municipality will not collect as anticipated in the last half of the financial year and the budget for other sources of income was then reduced to **R 6.3 million** to ensure that only realistic projections are approved.

Licenses and permits (Agency Services)

The municipality did not manage to collect more as anticipated on the budgeted revenue from the issuing of licences and permits during the first half of the 2019/20 financial year, it was therefore deemed necessary that the annual revenue from licenses and permits to the amount of **R 6.5 million** be reduced to **R 5.9 million** for the 2019/20 financial year. This results from the interrupted services by none availability of network due to more often load shedding by ESKOM and as this is still expected going forward, it was found necessary to take its impact on our performance in to consideration when projecting the realistic revenue to be collected from this source of revenue.

Traffic Fines.

The **R 625 thousands** budget on traffic fines is been increased to **R 694 thousands** as the municipality billed more revenue on the traffic fines during the first half of the financial year, though the billing on traffic fines has been increased thus far, it remains a serious challenge for the municipality to collect on the billed revenue from traffic fines and therefore the increase in the budget for this revenue source may automatically trigger an increase in a budget for provision for debt impairment.

ADJUSTMENT ON TOTAL BUDGETED EXPENDITURE

The municipality has originally budgeted total expenditure of **R 427 million** and this budget is being increased by **R 875 thousand** as guided by the 2019/20 Mid- year budget and performance assessment reports:

Adjustment on Operational Expense.

The municipality saved **R 9.4 million** on the employee related costs for the 2019/20 financial year due to some vacant positions which were not filled as planned and budgeted for during the first half of the year. It was therefore deemed appropriate, as guided by section 28(1) (2) d of the MFMA, to reallocate these savings to some of the operational expenditure items which were likely to overspend and required additional funding to accelerate the service delivery levels.

Debt Impairment increases from **R 35.9 million** to **R 43.8 million** for the 2019/20 financial year due to an increase in the budget for interests charged on overdue debtor's accounts and traffic fines.

The depreciation of municipal assets remained unchanged at **R 27.7 million** for the 2019/20 financial year.

The annual contracted services budget is increased from **R 99.7 million** to **R 106 million** in an attempt to close the increasing backlogs in the repairs and maintenance of the municipality's infrastructure assets.

Adjustments on Capital Expenditure

The municipality's annual capital budget is **R 90 million** as approved by council in May 2019. The total approved annual budget of the municipality is reduced slightly to **R89 million** for the 2019/2020 financial year, and there has been a reallocation of funds amongst the approved capital projects for the year. The **R 3 million** budget for the second phase of the refurbishment of the new municipal building was erroneously approved as an infrastructure project in May 2019, the budget has now been moved to the budget & treasury office under the additions to the municipal buildings. **The R 1 million** budget on furniture & office equipment was reduced by **R 400 thousand** to provide more budget on the installation of the telecommunications systems in the new municipal building.

Below are the capital projects which were affected by the 2019/20 budget adjustment processes:

- Ga-Mampane access road 2019/20 - reduced by **R 117 thousand to R 23.1 million.**
- Upgrading of Marishane Sports Ground 2019/20 – Increased from **R 0 to R 5 million.**
- Makgwabe_Mphane access road 2019/20 – Increased by **R 971 thousand to R 12.6 million.**
- Mashabela Tribal Office access road 2019/20 – reduced by **R 4.3 million to R 2 million.**
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- Phaahla Tribal Office 2019/20 – Increased by **R 943 000 to R 7 million**
- Stocking Internal Streets 2019/20 – reduced by **R 1 million to R 4.1 million**
- Marishane Phaahla Internal streets 2019/20 – reduced by **R 1 million to R 9 million**
- Rietfontein Stormwater control 2019/20 – **Discontinued**

The following projects were not affected by the 2019/20 budget adjustment processes:

- Madibong Weigh Bridge 2019/20 – budget remains at **R 2.3 million.**
- Lobethal/Tisane access road 3.3km 2019/20 –budget remains at **R 435 thousand.**
- Seruleng/Marishane Access Bridge 2019/20 – budget remains at **R 500 thousands.**

- Glen Cowie/Old Post Office access road 7km 2019/20 –budget remains at **R 435 thousand.**
- Maila Mapitsane/Magolego 3.6km Tribal Office 2019/20 –budget remains at **R 870 thousand.**

No multi-year shifting of funds was done in relation to the capital expenditure budget for the 2019/20 financial year.

Table 1 Consolidated Overview of the Adjusted 2019/20 MTREF:

Description	Adjusted Budget 2018/19	Approved Budget 2019/20	Adjustments Increase/Decrease	Adjusted Budget 2019/20	Adjusted Budget 2020/21	Adjusted Budget 2021/22
Total Revenue	406,198,848.76	427,204,789.13	875,241.94	428,080,031.07	450,839,165.23	480,333,731.72
Total Operating Expenditure	343,251,519.70	337,027,359.39	2,000,848.68	339,028,208.07	356,856,558.23	374,140,838.71
Operating Surplus/Deficit for the year	62,947,329.06	90,177,429.74	- 1,125,606.74	89,051,823.00	93,982,607.00	106,192,893.00
Cash backed reserves	16,469,799.68	-	-	-	-	-
VAT Refunds 2018/19(July 2018 - December 2018)	23,494,903.15	-	-	-	-	-
Total Funding for Capital Expenditure	102,912,031.89	90,177,429.74	- 1,125,606.74	89,051,823.00	93,982,607.00	106,192,893.00
Capital Expenditure	102,782,173.71	90,012,694.00	- 960,871.00	89,051,823.00	93,982,607.00	106,192,893.00
Total Surplus/Deficit	129,858.18	164,735.74	- 164,735.74	-	-	-

Total revenue was increased by **R 875 thousand** to **R 428 million**. This reflects a 0% increase as compared to the original budget. For the two outer years, total revenue will remain unchanged at **R 450 million** and **R 480 million** respectively, equating to a total revenue growth of **R 74 million** over the MTREF when compared to the 2018/19 financial year. The total revenue includes the grants allocations from the national treasury and conditional grants.

Total operating expenditure budget for the 2019/20 financial year has increased by **R 2 million** and that translates into an operating budgeted surplus of **R 89 million** as indicated in table B4. As compared to the 2018/19 Adjusted Budget, operational expenditure has decreased by 1%, increases by 5% for 2020/21/10 and an increase of 4% per cent for 2021/22 financial year. The operating surplus for the two outer years steadily increases to **R 93.9 million** and then **R 106 million** respectively. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The total approved capital budget decreased by **R 960 thousand** to **R 89 million** for 2019/20 and it decreased by 13 per cent as compared to the 2018/19 adjusted budget on capital projects.

The capital expenditure increases to **R 93 million** in the 2020/21 financial year and increases to **R 106 million** in 2021/22. Of the total capital budget an amount of **R 62 million** is funded by MIG for roads and bridges. The rest of the capital projects and acquisitions of new assets is being funded from the equitable share.

Operating Revenue Framework

In order for the municipality to continue improving the quality of services provided to its communities it needs to generate the required sustainable revenue to meet its funding requirements. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and high level of unemployment in our municipality. The expenditure required to address these challenges will always exceed available funding; hence difficult choices have to be made in relation to balancing expenditures against realistically anticipated revenues. The fact is, we cannot increase the property rates tariffs in the near future as we still have very low level of revenue collection for the property rates which makes 48% of the total own revenue. Property rates tariffs remain unchanged at 0.015 cents in a rand.

In an attempt to ensure a strong revenue base, the municipality has also reviewed its revenue enhancement strategy to improve revenue collection in the 2019/20 financial year and the two outer years. To this effect, a new source of revenue (Waste collection) was implemented starting with billing for this service to the government departments and the big businesses within the municipal area. The intention is to grow this service to even reach the households by 2021/22 financial year.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs; (e.g. Waste collection project)
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the adjusted 2019/20 MTREF (classified by main revenue source)

Table 2 Summary of revenue classified by main revenue source

LIM473 Makhuduthamaga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	8	9	10			
R thousands	1	A	A1	F	G	H		
Revenue By Source								
Property rates	2	43,049	–	(1,635)	(1,635)	41,414	45,696	48,342
Rental of facilities and equipment		142		(18)	(18)	124	152	156
Interest earned - external investments		5,693		(2,923)	(2,923)	2,770	6,034	6,336
Interest earned - outstanding debtors		37,715		6,133	6,133	43,847	38,061	39,964
Dividends received		–		–	–	–	–	–
Fines, penalties and forfeits		626		68	68	694	650	686
Licences and permits		–		–	–	–	–	–
Agency services		–		–	–	–	7,011	7,432
Transfers and subsidies		270,771		–	–	270,771	287,206	306,521
Other revenue	2	7,088	–	(750)	(750)	6,338	461	368
Gains on disposal of PPE		–		–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		365,083	–	875	875	365,958	385,270	409,805
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		62,122		–	–	62,122	65,569	70,529
Total Revenue (Including capital transfers and contributions)		427,205	–	875	875	428,080	450,839	480,334

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The total revenue for the municipality excluding capital transfers after adjustments amount to **R 365 million** for 2019/20, **R 385 million** for 2020/21 and **R 409 million** for 2021/22.

The revenue from government grants forms a significant percentage of the total operating revenue for the municipality for the entire 2019/120 MTREF. This clearly indicate that our municipality is dependent on government grants which contribute 74% of the total operating revenue in 2019/20 budget year and 75% across the whole 2019/20 MTREF.

❖ Operating Expenditure Framework

As indicated in the original budget, the municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The infrastructure projects plan in the IDP to address the backlog and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to backlog eradication plan;
- Operational gains/ surpluses will be directed to funding the capital budget.
- Funding was allocated to only projects which have projects implementation plans to guard against under spending.

The following table is a high level summary of the adjusted operational expenditure budget for 2019/20 and MTREF (classified per main type of operating expenditure):

Table 3 Summary of operating expenditure by standard classification item

LIM473 Makhuduthamaga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	8	9	10		
R thousands	1	A	A1	F	G	H		
Expenditure By Type								
Employee related costs		90,079	–	(9,491)	(9,491)	80,588	92,749	98,777
Remuneration of councillors		24,329		(455)	(455)	23,874	26,032	27,854
Debt impairment		35,906		7,933	7,933	43,839	38,061	39,964
Depreciation & asset impairment		27,280	–	440	440	27,720	31,878	36,660
Finance charges					–	–		
Bulk purchases		–	–	–	–	–	–	–
Other materials		53			–	53		
Contracted services		101,529	–	6,145	6,145	107,675	99,449	98,831
Transfers and subsidies		7,750		(1,200)	(1,200)	6,550		
Other expenditure		50,101	–	(1,372)	(1,372)	48,730	68,688	72,054
Loss on disposal of PPE					–	–		
Total Expenditure		337,027	–	2,001	2,001	339,028	356,857	374,141

Adjustment on employee related costs

The budget for Employee related costs has been reduced by **R 9.4 million** as a result of the following positions which were still vacant as at 31 December 2019 and those which were filled during the first half of the financial year:

Department	Post name
Executive Support	1. Mayoral Chauffeur x 1 2. AIDS Co-ordinator x 1 3. Manager in speaker's office x 1
Corporate Services	1. Labour Relations Officer x 1 2. HR Manager x 1 3. Admin Manager x 1
Budget & Treasury	1. Budget & Reporting Manager x 1
Municipal Manager's Office	1. Senior Internal Audit x 1 2. Internal Auditors x 2

Community Services	1. Library Assistant x 3 2. Community Services Manager x 1 3. Chief Licensing Officer x 1 4. General workers x 4 5. Land Fill Operator X 2 6. Compactor Operator x 1
Economic Development and Planning	1. LED Manager x 1 2. Building Inspector X 1
Infrastructure Development	1. PMU Manager x 1 2. Bookkeeper x 1 3. General Worker x 4 4. Plant Operator x 4

Remuneration of councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's adjusted budget for 2019/20. The total amount of **R 24.3 million** was calculated on Grade 3 and includes budget for Councillors allowance, cell phone allowance, data cards, pension and car allowance as contained in the circular received from the Minister of Co-operative Governance and Traditional Affairs. The councillor's remuneration budget has been reduced by **R 455 thousand** to **R 23.8 million** having taken into account circular 04/2020 dated 13 February 2020 detailing the recommended 3% annual increment on the upper limits for the 2019/20 financial year. The circular hasn't been adopted for implementation pending the publication of the final notice and therefore the municipality has left a projection of 5% increase in the councillor allowance for 2019/20 financial year.

Debt impairment

The provision of debt impairment for 2019/20 was determined based on the Debt Write-off Policy of the municipality. For the 2019/20 financial year this amount was originally budgeted at **R 35.9 million** and it increases to **R 43.8 million** for the financial year. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues and therefore have to be budgeted for adequately to avoid unauthorised expenditure and bankruptcy.

Depreciation

Provision for depreciation and asset impairment is informed by the Municipality's Asset Management Policy and GRAP 17. The annual budget for depreciation and amortisation remains unchanged at **R 27.7 million** for the 2019/20 financial year.

Finance charges

The municipality is not planning to use borrowings to fund its projects in the near future due to revenue generation incapacity and collection challenges.

Contracted Services

Contracted services comprises of security services, cleaning services, repairs and maintenance for infrastructure assets and operating leases for office equipment and machinery as well as waste management expenses. For the current year budget, contracted services has been increased from **R 101 million** to **R 107 million** to strengthen the department of Infrastructure Development to improve on the repairs and maintenance of the municipality's infrastructure assets. The increase in the budget is mainly informed by numerous internal streets within the municipality's villages that are seriously damaged and not usable due to heavy rains experienced in the area.

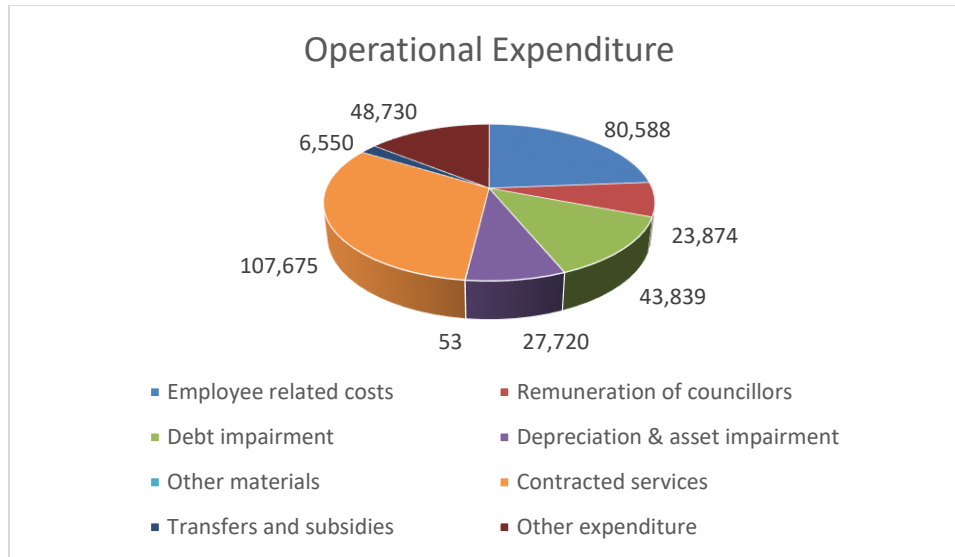
Other Expenditure

The budget for other expenditure has been decreased from **R 50 million** to **R 48.7 million** for the 2019/20 financial year. The funds for some programmes were moved from this source of expenditure to contracted services. **NB;The details of this expenditure are under part 2, other supporting documents as they cannot fit on the space provided for on table SB1.**

Further explanations and reasons for adjustments are provided under supporting documents of the adjustment budget under adjustments to Service Delivery and Implementation Plan.

The following bar chart gives a breakdown of the main expenditure categories for the 2019/20 financial year Adjustment Budget.

Main Operational Expenditure categories for 2019/20 financial year



Adjustments on repairs and maintenance

Considering national treasury circular number 54, 55, 58 and 59 our municipality has put repairs and maintenance as one of the priorities to preserving and maintaining the municipality's current infrastructure, to ensure that the existing assets are good working conditions and to lengthen the assets life span. The 2019/20 budget and MTREF provide for a growth in the area of asset maintenance, as informed by the repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. In our municipality's case, all repairs and maintenance services for our infrastructure assets will be done through contracted services as indicated in table SA1 of the B schedule. The total repairs and maintenance expenditure for the 2019/20 financial year has increased from **R 60.3 million** to **R 68.9 million** to cover the increase in the expenditure for the repairs and maintenance of the municipal infrastructure assets.

Adjustments on Free Basic Services: Electricity tokens

The municipality gives free basic electricity tokens to poor households within the municipal jurisdictions to assist them as they cannot afford the electricity costs. Our municipality does not have a licence to sell electricity and therefore buys the tokens from Eskom for the affected households who registered with the municipality. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 16 MBRR Table B10 (Basic Service Delivery Measurement)

The cost of the free basic electricity of the registered indigent households is financed through the local government equitable share received in terms of the annual Division of Revenue Act. There were no adjustments done on the Free Basic Electricity budget for the 2019/20 financial year.

Capital expenditure

The following table provides a breakdown of adjustments on budgeted capital expenditure by vote:

Table 4 Adjusted Capital budget per vote.

LIM473 Makhuduthamaga - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			5	10	11	12		
R thousands		A	A1	F	G	H		
Capital expenditure - Vote								
Multi-year expenditure to be adjusted	2							
Vote 4 - Infrastructure Development		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Capital multi-year expenditure sub-total	3	84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Single-year expenditure to be adjusted	2							
Vote 5 - Community Services		–	–	–	–	–	1,000	–
Vote 6 - Corporate Services		3,200	–	–	–	3,200	2,400	2,500
Vote 7 - Budget and Treasury		2,300	–	3,000	3,000	5,300	4,800	7,000
Capital single-year expenditure sub-total		5,500	–	3,000	3,000	8,500	8,200	9,500
Total Capital Expenditure - Vote		90,013	–	(961)	(961)	89,052	93,983	106,193

For the 2019/20 financial year an amount of **R 90 million** was originally appropriated for the capital expenditure to be funded by MIG grant and equitable share. For 2020/21 and 2021/22 the budget has been appropriated at **R 93.9 million** and **R 106 million** respectively. The approved capital budget for 2019/20 was reduced by **R 961 thousand** to **R 89 million**.

Infrastructure and development vote is appropriated the highest allocation of **R 80.5 million** for 2019/20 which equates to 90% of the total capital budget, followed by budget & treasury and corporate services at **R 3.2 million** (4%) and **R 5.3 million** (6%) for each department respectively.

1.4 ADJUSTMENT BUDGET TABLES (B1 to B10)

The following are the ten main B schedule tables for the annual budget of Makhuduthamaga Local municipality for the 2019/20 MTREF.

1.4.1 Table 5 MBRR B1 – Annual Budget Summary

LIM473 Makhuduthamaga - Table B1 Adjustments Budget Summary - 28/02/2020							
Description	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1	6	7	8		
	A	A1	F	G	H		
Financial Performance							
Property rates	43,049	–	(1,635)	(1,635)	41,414	45,696	48,342
Investment revenue	5,693	–	(2,923)	(2,923)	2,770	6,034	6,336
Transfers recognised - operational	270,771	–	–	–	270,771	287,206	306,521
Other own revenue	45,570	–	5,433	5,433	51,003	46,334	48,606
Total Revenue (excluding capital transfers and contributions)	365,083	–	875	875	365,958	385,270	409,805
Employee costs	90,079	–	(9,491)	(9,491)	80,588	92,749	98,777
Remuneration of councillors	24,329	–	(455)	(455)	23,874	26,032	27,854
Depreciation & asset impairment	27,280	–	440	440	27,720	31,878	36,660
Other expenditure	187,537	–	12,706	12,706	200,243	206,198	210,849
Total Expenditure	337,027	–	2,001	2,001	339,028	356,857	374,141
Surplus/(Deficit)	28,055	–	(1,126)	(1,126)	26,930	28,414	35,664
Transfers recognised - capital	62,122	–	–	–	62,122	65,569	70,529
Surplus/(Deficit) after capital transfers & contributions	90,177	–	(1,126)	(1,126)	89,052	93,983	106,193
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	90,177	–	(1,126)	(1,126)	89,052	93,983	106,193
Capital expenditure & funds sources							
Capital expenditure	90,013	–	(961)	(961)	89,052	93,983	106,193
Transfers recognised - capital	90,013	–	(961)	(961)	89,052	93,983	106,193
Total sources of capital funds	90,013	–	(961)	(961)	89,052	93,983	106,193
Financial position							
Total current assets	75,087	–	21,641	21,641	96,728	95,814	103,702
Total non current assets	278,511	–	63,987	63,987	342,498	353,997	361,712
Total current liabilities	10,648	–	165	165	10,813	9,655	10,716
Total non current liabilities	4,856	–	–	–	4,856	5,119	5,395
Community wealth/Equity	338,094	–	85,464	85,464	423,557	435,037	449,303
Cash flows							
Net cash from (used) operating	87,214	–	21,641	21,641	108,855	107,883	126,474
Net cash from (used) investing	(91,799)	–	–	–	(91,799)	(105,504)	(114,593)
Cash/cash equivalents at the year end	22,094	–	21,641	21,641	43,735	46,114	57,995
Cash backing/surplus reconciliation							
Cash and investments available	22,094	–	21,641	21,641	43,735	46,114	57,995
Application of cash and investments	(2,251)	–	(13,231)	(13,231)	(15,481)	(4,315)	(2,332)
Balance - surplus (shortfall)	24,345	–	34,872	34,872	59,217	50,429	60,326
Asset Management							
Asset register summary (WDV)	278,511	–	63,987	63,987	342,498	353,997	361,712
Depreciation & asset impairment	27,720	–	–	–	27,720	31,878	36,660
Repairs and Maintenance	60,391	–	13,193	13,193	73,585	59,887	57,726
Free services							
Cost of Free Basic Services provided	–	–	–	–	–	–	–
Revenue cost of free services provided	4,500	–	–	–	4,500	4,800	5,000
Households below minimum service level							

1.4.2 Table 6 MBRR B2 – Budgeted Financial Performance (Standard Classification)

LIM473 Makhuduthamaga - Table B2 Adjustments Budget Financial Performance (functional classification) - 28/02/2020

Standard Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			5	10	11	12		
R thousands	1, 4	A	A1	F	G	H		
Revenue - Functional								
<i>Governance and administration</i>		427,205	–	875	875	428,080	450,839	480,334
Executive and council		–	–	–	–	–	–	–
Finance and administration		427,205	–	875	875	428,080	450,839	480,334
Internal audit		–	–	–	–	–	–	–
<i>Other</i>		–	–	–	–	–	–	–
Total Revenue - Functional	2	427,205	–	875	875	428,080	450,839	480,334
Expenditure - Functional								
<i>Governance and administration</i>		222,891	–	1,122	1,122	224,013	247,642	264,541
Executive and council		67,413	–	(2,487)	(2,487)	64,926	80,248	85,393
Finance and administration		151,760	–	3,809	3,809	155,570	164,313	175,552
Internal audit		3,718	–	(200)	(200)	3,518	3,082	3,597
<i>Community and public safety</i>		26,812	–	(6,631)	(6,631)	20,181	27,815	30,180
Community and social services		8,930	–	(2,646)	(2,646)	6,284	9,121	9,785
Sport and recreation		1,500	–	(400)	(400)	1,100	1,700	2,000
Public safety		13,904	–	(985)	(985)	12,918	14,821	15,786
Housing		2,478	–	(2,600)	(2,600)	(122)	2,174	2,609
Health		–	–	–	–	–	–	–
<i>Economic and environmental services</i>		77,413	–	7,875	7,875	85,288	70,542	68,573
Planning and development		14,315	–	(3,091)	(3,091)	11,224	13,123	13,421
Road transport		34,448	–	11,268	11,268	45,716	25,620	21,802
Environmental protection		28,650	–	(302)	(302)	28,348	31,800	33,350
<i>Trading services</i>		9,912	–	(366)	(366)	9,546	10,857	10,846
Energy sources		7,201	–	–	–	7,201	7,970	7,772
Water management		–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–
Waste management		2,711	–	(366)	(366)	2,345	2,887	3,075
<i>Other</i>		–	–	–	–	–	–	–
Total Expenditure - Functional	3	337,027	–	2,001	2,001	339,028	356,857	374,141
Surplus/ (Deficit) for the year		90,177	–	(1,126)	(1,126)	89,052	93,983	106,193

1.4.3 Table 7 MBRR B3 – Budgeted Financial Performance (Municipal Vote)

LIM473 Makhuduthamaga - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28/02/2020								
Vote Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<i>[Insert departmental structure etc]</i>			3	8	9	10		
R thousands		A	A1	F	G	H		
Revenue by Vote	1							
Vote 1 - Executive Support		-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		427,205	-	875	875	428,080	450,839	480,334
Total Revenue by Vote	2	427,205	-	875	875	428,080	450,839	480,334
Expenditure by Vote	1							
Vote 1 - Executive Support		56,946	-	(1,317)	(1,317)	55,629	69,100	73,520
Vote 2 - Office of the Municipal Manager		14,467	-	(1,703)	(1,703)	12,764	14,748	16,022
Vote 3 - Economic Development and Planning		12,047	-	(3,001)	(3,001)	9,046	10,711	10,856
Vote 4 - Infrastructure Development		46,395	-	8,578	8,578	54,974	38,176	34,747
Vote 5 - Community Services		55,694	-	(4,699)	(4,699)	50,996	60,328	63,996
Vote 6 - Corporate Services		29,378	-	(2,688)	(2,688)	26,690	31,260	32,118
Vote 7 - Budget and Treasury		122,100	-	6,831	6,831	128,931	132,534	142,881
Total Expenditure by Vote	2	337,027	-	2,001	2,001	339,028	356,857	374,141
Surplus/ (Deficit) for the year	2	90,177	-	(1,126)	(1,126)	89,052	93,983	106,193

1.4.4 Table 8 MBRR B4 – Budgeted Financial Performance (Operational Revenue and Expenditure)

LIM473 Makhuduthamaga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	8	9	10			
R thousands	1	A	A1	F	G	H		
Revenue By Source								
Property rates	2	43,049	–	(1,635)	(1,635)	41,414	45,696	48,342
Rental of facilities and equipment		142		(18)	(18)	124	152	156
Interest earned - external investments		5,693		(2,923)	(2,923)	2,770	6,034	6,336
Interest earned - outstanding debtors		37,715		6,133	6,133	43,847	38,061	39,964
Fines, penalties and forfeits		626		68	68	694	650	686
Agency services		–		–	–	–	7,011	7,432
Transfers and subsidies		270,771		–	–	270,771	287,206	306,521
Other revenue	2	7,088	–	(750)	(750)	6,338	461	368
Gains on disposal of PPE					–	–		
Total Revenue (excluding capital transfers and contributions)		365,083	–	875	875	365,958	385,270	409,805
Expenditure By Type								
Employee related costs		90,079	–	(9,491)	(9,491)	80,588	92,749	98,777
Remuneration of councillors		24,329		(455)	(455)	23,874	26,032	27,854
Debt impairment		35,906		7,933	7,933	43,839	38,061	39,964
Depreciation & asset impairment		27,280	–	440	440	27,720	31,878	36,660
Contracted services		101,529	–	6,145	6,145	107,675	99,449	98,831
Other expenditure		50,101	–	(1,372)	(1,372)	48,730	68,688	72,054
Total Expenditure		337,027	–	2,001	2,001	339,028	356,857	374,141
Surplus/(Deficit)		28,055	–	(1,126)	(1,126)	26,930	28,414	35,664
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		62,122			–	62,122	65,569	70,529
Surplus/(Deficit) before taxation		90,177	–	(1,126)	(1,126)	89,052	93,983	106,193
Taxation					–	–		
Surplus/(Deficit) after taxation		90,177	–	(1,126)	(1,126)	89,052	93,983	106,193
Attributable to minorities					–	–		
Surplus/(Deficit) attributable to municipality		90,177	–	(1,126)	(1,126)	89,052	93,983	106,193
Share of surplus/ (deficit) of associate					–	–		
Surplus/ (Deficit) for the year		90,177	–	(1,126)	(1,126)	89,052	93,983	106,193

1.4.5 Table 9 MBRR B5 – Budgeted Capital Expenditure (By Vote & Standard Classification)

LIM473 Makhuduthamaga - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			5	10	11	12		
R thousands		A	A1	F	G	H		
Capital expenditure - Vote								
Multi-year expenditure to be adjusted	2							
Vote 4 - Infrastructure Development		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Capital multi-year expenditure sub-total	3	84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Single-year expenditure to be adjusted	2							
Vote 5 - Community Services		–	–	–	–	–	1,000	–
Vote 6 - Corporate Services		3,200	–	–	–	3,200	2,400	2,500
Vote 7 - Budget and Treasury		2,300	–	3,000	3,000	5,300	4,800	7,000
Capital single-year expenditure sub-total		5,500	–	3,000	3,000	8,500	8,200	9,500
Total Capital Expenditure - Vote		90,013	–	(961)	(961)	89,052	93,983	106,193
Capital Expenditure - Functional								
Governance and administration		5,500	–	3,000	3,000	8,500	7,200	9,500
Finance and administration		5,500		3,000	3,000	8,500	7,200	9,500
Community and public safety		–	–	–	–	–	1,000	–
Public safety		–			–	–	1,000	–
Economic and environmental services		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Road transport		84,513		(3,961)	(3,961)	80,552	85,783	96,693
Trading services		–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	90,013	–	(961)	(961)	89,052	93,983	106,193
Funded by:								
National Government		90,013		(961)	(961)	89,052	93,983	106,193
Transfers recognised - capital	4	90,013	–	(961)	(961)	89,052	93,983	106,193
Total Capital Funding		90,013	–	(961)	(961)	89,052	93,983	106,193

1.4.6 Table 10 MBRR B6 – Budgeted Financial Position

LIM473 Makhuduthamaga - Table B6 Adjustments Budget Financial Position - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	8	9	10		
R thousands		A	A1	F	G	H		
ASSETS								
Current assets								
Cash		22,094		27,875	27,875	49,969	52,347	64,228
Consumer debtors	1	28,032	–	–	–	28,032	37,329	36,697
Other debtors		24,361			–	24,361	11,921	8,510
Inventory		600			–	600	450	500
Total current assets		75,087	–	27,875	27,875	102,962	102,047	109,936
Non current assets								
Investment property		210			–	210	210	210
Property, plant and equipment	1	277,526	–	63,987	63,987	341,513	353,142	360,688
Intangible		776			–	776	646	815
Total non current assets		278,511	–	63,987	63,987	342,498	353,997	361,712
TOTAL ASSETS		353,598	–	91,862	91,862	445,460	456,045	471,648
LIABILITIES								
Current liabilities								
Trade and other payables		10,648	–	165	165	10,813	9,655	10,716
Total current liabilities		10,648	–	165	165	10,813	9,655	10,716
Non current liabilities								
Provisions	1	4,856	–	–	–	4,856	5,119	5,395
Total non current liabilities		4,856	–	–	–	4,856	5,119	5,395
TOTAL LIABILITIES		15,504	–	165	165	15,669	14,774	16,111
NET ASSETS	2	338,094	–	91,697	91,697	429,791	441,271	455,536
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)		338,094	–	91,697	91,697	429,791	441,271	455,536
TOTAL COMMUNITY WEALTH/EQUITY		338,094	–	91,697	91,697	429,791	441,271	455,536

1.4.7 Table 11 MBRR B7 – Budgeted Cash Flows

LIM473 Makhuduthamaga - Table B7 Adjustments Budget Cash Flows - 28/02/2020							
Description	Ref	Budget Year 2019/20				Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	9	10			
R thousands		A	A1	G	H		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates		14,567		–	14,567	18,467	20,003
Other revenue		7,250		30,798	38,048	7,638	7,978
Government - operating	1	270,771		–	270,771	288,976	310,061
Government - capital	1	62,122		–	62,122	65,569	70,529
Interest		5,693		(2,923)	2,770	6,034	6,336
Payments							
Suppliers and employees		(273,189)		–	(273,189)	(278,801)	(288,433)
NET CASH FROM/(USED) OPERATING ACTIVITIES		87,214	–	27,875	115,088	107,883	126,474
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE				–	–		
Payments							
Capital assets		(91,799)		–	(91,799)	(105,504)	(114,593)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(91,799)	–	–	(91,799)	(105,504)	(114,593)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans				–	–		
Borrowing long term/refinancing				–	–		
Increase (decrease) in consumer deposits				–	–		
Payments							
Repayment of borrowing				–	–		
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(4,585)	–	27,875	23,289	2,378	11,881
Cash/cash equivalents at the year begin:	2	26,680		–	26,680	49,969	52,347
Cash/cash equivalents at the year end:	2	22,094	–	27,875	49,969	52,347	64,228

1.4.8 Table 12 MBRR B8 – Cash backed reserves/Accumulated surplus reconciliation

LIM473 Makhuduthamaga - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2020

Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	8	9	10			
R thousands		A	A1	F	G	H		
Cash and investments available								
Cash/cash equivalents at the year end	1	22,094	–	27,875	27,875	49,969	52,347	64,228
Other current investments > 90 days		–	–	(0)	(0)	(0)	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–
Cash and investments available:		22,094	–	27,875	27,875	49,969	52,347	64,228
Applications of cash and investments								
Unspent conditional transfers		–	–	–	–	–	–	–
Unspent borrowing					–	–		
Statutory requirements					–	–		
Other working capital requirements	2	(2,251)	–	(16,765)	(16,765)	(19,015)	(4,315)	(2,332)
Other provisions					–	–		
Long term investments committed		–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–
Total Application of cash and investments:		(2,251)	–	(16,765)	(16,765)	(19,015)	(4,315)	(2,332)
Surplus(shortfall)		24,345	–	44,639	44,639	68,984	56,662	66,560
Other working capital requirements								
Debtors		12,899	–			29,828	13,970	13,048
Creditors due		10,648	–			10,813	9,655	10,716
Total		2,251	–			19,015	4,315	2,332
Debtors collection assumptions:								
Balance outstanding - debtors		52,393	–			52,393	49,250	45,207
Estimate of debtors collection rate		25%	0%			57%	28%	29%

1.4.9 Table 13 MBRR table B9 – Asset Management

LIM473 Makhuduthamaga - Table B9 Asset Management - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		7	12	13	14			
R thousands		A	A1	F	G	H		
CAPITAL EXPENDITURE								
Total New Assets to be adjusted	1	90,013	–	(3,961)	(3,961)	86,052	93,983	106,193
Roads Infrastructure		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Infrastructure		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Community Facilities		1,300	–	–	–	1,300	1,000	–
Community Assets		1,300	–	–	–	1,300	1,000	–
Computer Equipment		3,200	–	400	400	3,600	2,400	2,500
Furniture and Office Equipment		1,000	–	(400)	(400)	600	1,300	1,500
Machinery and Equipment		–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	3,500	5,500
Total Capital Expenditure to be adjusted	4	90,013	–	(961)	(961)	89,052	93,983	106,193
Roads Infrastructure		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Infrastructure		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Community Facilities		1,300	–	–	–	1,300	1,000	–
Community Assets		1,300	–	–	–	1,300	1,000	–
Computer Equipment		3,200	–	400	400	3,600	2,400	2,500
Furniture and Office Equipment		1,000	–	(400)	(400)	600	1,300	1,500
Transport Assets		–	–	–	–	–	3,500	5,500
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE to be adjusted	4	90,013	–	(961)	(961)	89,052	93,983	106,193
ASSET REGISTER SUMMARY - PPE (WDV)								
	5	278,511	–	63,987	63,987	342,498	353,997	361,712
Roads Infrastructure		223,721		63,987	63,987	287,708	308,904	325,720
Electrical Infrastructure		979			–	979	579	179
Infrastructure		224,700	–	63,987	63,987	288,687	309,483	325,899
Investment properties		210			–	210	210	210
Other Assets		52,826			–	52,826	44,248	35,604
Intangible Assets		776			–	776	57	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	278,511	–	63,987	63,987	342,498	353,997	361,712
EXPENDITURE OTHER ITEMS								
Depreciation & asset impairment		27,720	–	–	–	27,720	31,878	36,660
Repairs and Maintenance by asset class	3	60,391	–	13,193	13,193	73,585	59,887	57,726
Roads Infrastructure		21,739	–	9,600	9,600	31,339	17,304	13,043
Electrical Infrastructure		2,174	–	–	–	2,174	2,609	2,174
Solid Waste Infrastructure		28,400	–	(102)	(102)	28,298	31,500	33,000
Infrastructure		52,313	–	9,498	9,498	61,811	51,413	48,217
Operational Buildings		2,478	–	400	400	2,878	2,174	2,609
Other Assets		2,478	–	400	400	2,878	2,174	2,609
Computer Equipment		3,600	–	3,695	3,695	7,295	4,000	4,200
Transport Assets		2,000	–	(400)	(400)	1,600	2,300	2,700
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		88,111	–	13,193	13,193	101,305	91,765	94,386

1.4.10 Table 14 MBRR table B10 – Basic Service Delivery Measurement

LIM473 Makhuduthamaga - Table B10 Basic service delivery measurement - 28/02/2020							Budget Year +1 2020/21	Budget Year +2 2021/22
Description	Ref	Budget Year 2019/20					Adjusted Budget	Adjusted Budget
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget		
		A	7	12	13	14		
		A	A1	F	G	H		
Household service targets	1							
Highest level of free service provided								
Property rates (R'000 value threshold)					–	–		
Water (kilolitres per household per month)					–	–		
Sanitation (kilolitres per household per month)					–	–		
Sanitation (Rand per household per month)					–	–		
Electricity (kw per household per month)		50			–	50	50	50
Refuse (average litres per week)					–	–		
Revenue cost of free services provided (R'000)	17							
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		4,500			–	4,500	4,800	5,000
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	–	–	–
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–
Municipal Housing - rental rebates					–	–		
Housing - top structure subsidies	6				–	–		
Other					–	–		
Total revenue cost of subsidised services provided		4,500	–	–	–	4,500	4,800	5,000

2 PART 2 – SUPPORTING DOCUMENTS

2.1 Adjustments to budget assumptions.

2.1.1. External factors

- The municipality's operational revenue and cash inflows remain unchanged to ensure credibility of the budget and to avoid cash flow problems and the total expenditure budget together with the total cash outflow has been adjusted accordingly to be within the municipality's available cash due to the following factors:
 - ✚ Debtor's accounts are not paid on time, and affect the cash inflow of the municipality negatively.
 - The government departments owe the municipality a total of **R 366 million** as at 31 December 2019.

2.1.2. General inflation outlook and its impact on the municipal activities

- The following key factors were considered during the preparation of the adjusted budget for the 2019/20 MTREF:
 - National Government macro-economic targets;
 - The general inflationary outlook and the impact on municipality's residents and businesses
 - The impact of municipal cost drivers;
 - The increase in prices for electricity and water; and
 - The increase in the cost of remuneration.
- No adjustment has been done to the assumptions as per the original budget.

2.1.3. Interest rates for borrowing and investment of funds.

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality is not planning to use borrowing to fund its capital projects due to collection problems and therefore no interests are to be paid.

2.2 Adjustments to budget funding

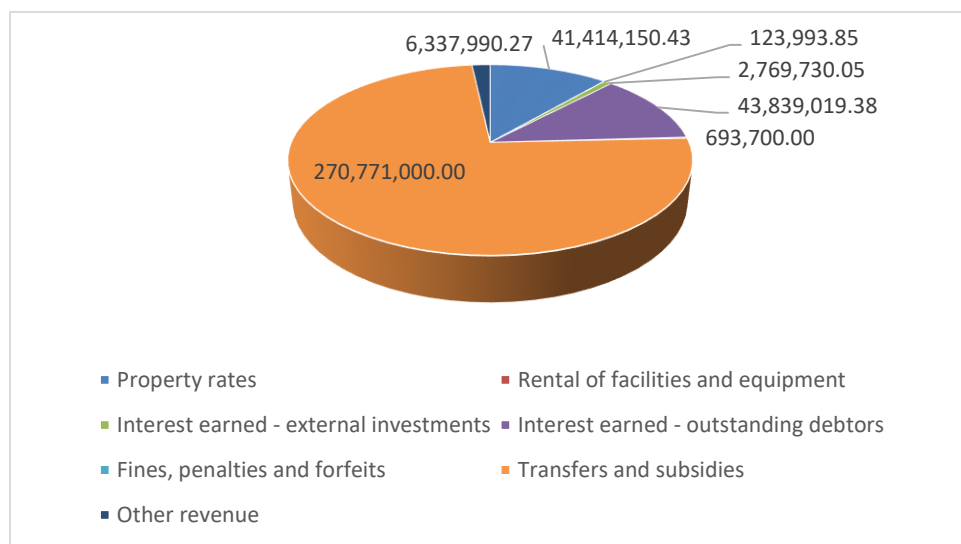
2.2.1 Medium-term outlook: operating revenue

The following table is a breakdown of the adjusted operating revenue over the medium-term:

Table 15 Breakdown of the adjusted operating revenue over the medium-term

LIM473 Makhuduthamaga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	8	9	10			
R thousands	1	A	A1	F	G	H		
Revenue By Source								
Property rates	2	43,049	–	(1,635)	(1,635)	41,414	45,696	48,342
Rental of facilities and equipment		142		(18)	(18)	124	152	156
Interest earned - external investments		5,693		(2,923)	(2,923)	2,770	6,034	6,336
Interest earned - outstanding debtors		37,715		6,133	6,133	43,847	38,061	39,964
Dividends received		–		–	–	–	–	–
Fines, penalties and forfeits		626		68	68	694	650	686
Licences and permits		–		–	–	–	–	–
Agency services		–		–	–	–	7,011	7,432
Transfers and subsidies		270,771		–	–	270,771	287,206	306,521
Other revenue	2	7,088	–	(750)	(750)	6,338	461	368
Gains on disposal of PPE					–	–		
Total Revenue (excluding capital transfers and contributions)		365,083	–	875	875	365,958	385,270	409,805

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year as adjusted.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the transfers recognised – operational (government grants), Property rates, capital grants from organs of state and other minor charges (such as licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- National Treasury guidelines;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase/decrease in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The approved tariff rates for the 2019/20 MTREF for Property rates remain unadjusted and can be shown as follows:

Table 16 Approved tariff reduction over the medium-term

Revenue Category	Approved Tarriff 2016/17	Approved Tarriff 2017/18	Approved Tarriff 2018/19	Approved Tarriff 2019/20
Property Rates	0.015 Cents	0.015 Cents	0.015 Cents	0.015 Cents

Revenue to be generated from property rates was originally budgeted at **R 43 million** for the 2019/20 financial year and decreases to **R 41 million** which represents 11% of the operating revenue base of the municipality. It is estimated at around **R 45 million** on average over the medium term.

Operational grants and subsidies amount to **R 271 million**, **R 287 million** and **R 307 million** for 2019/20, 2020/21 and 2021/22 respectively. No adjustment has been done to operational grants and subsidies received from national government.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of **R 2.7 million**, **R 6 million** and **R 6 million** for the respective three financial years of the 2019/20 MTREF. The actual performance against budget was carefully monitored and adjustments were effected on the investment revenue budget for the 2019/20 financial year and investment revenue for the two outer years remain unadjusted. Investment revenue is reduced by **R 4.7 million** to **R 2.7 million** for 2019/20 financial year.

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The 2019/20 MTREF adjusted budget shows an operating surplus to the amount of **R 89 million** (2019/20), **R 96.9 million** (2020/21) and **R 106 million** (2021/22). The budgeted surplus for the 2019/20 will partly be used to fund the budgeted capital projects for the financial year.

2.2.2. Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 17 Sources of capital revenue over the MTREF

LIM473 Makhuduthamaga - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			5	10	11	12		
R thousands		A	A1	F	G	H		
Funded by:								
National Government		90,013		(961)	(961)	89,052	93,983	106,193
Provincial Government					–	–		
District Municipality					–	–		
Other transfers and grants					–	–		
Transfers recognised - capital	4	90,013	–	(961)	(961)	89,052	93,983	106,193
Borrowing					–	–		
Internally generated funds					–	–		
Total Capital Funding		90,013	–	(961)	(961)	89,052	93,983	106,193

The total adjusted capital budget of **R 89 million** is funded by government grants in a form of MIG **R 62 million** and Equitable share **R 27 million** for the 2019/20 financial year.

No adjustments were made to the equitable share for the 2019/20 financial year.

NB: Details of the capital projects and adjustments are in table SB 19 (List of capital programmes and projects affected by adjustments)

2.2.3. Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management of the municipality. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue and other own sources of revenue

Table 18 MBRR Table B7 – Adjusted Budget cash flow statement

LIM473 Makhuduthamaga - Table B7 Adjustments Budget Cash Flows - 28/02/2020							
Description	Ref	Budget Year 2019/20				Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	9	10		
R thousands		A	A1	G	H		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates		14,567		–	14,567	18,467	20,003
Other revenue		7,250		30,798	38,048	7,638	7,978
Government - operating	1	270,771		–	270,771	288,976	310,061
Government - capital	1	62,122		–	62,122	65,569	70,529
Interest		5,693		(2,923)	2,770	6,034	6,336
Payments							
Suppliers and employees		(273,189)		–	(273,189)	(278,801)	(288,433)
NET CASH FROM/(USED) OPERATING ACTIVITIES		87,214	–	27,875	115,088	107,883	126,474
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Proceeds on disposal of PPE				–	–		
Payments							
Capital assets		(91,799)		–	(91,799)	(105,504)	(114,593)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(91,799)	–	–	(91,799)	(105,504)	(114,593)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Short term loans				–	–		
Borrowing long term/refinancing				–	–		
Increase (decrease) in consumer deposits				–	–		
Payments							
Repayment of borrowing				–	–		
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(4,585)	–	27,875	23,289	2,378	11,881
Cash/cash equivalents at the year begin:	2	26,680		–	26,680	49,969	52,347
Cash/cash equivalents at the year end:	2	22,094	–	27,875	49,969	52,347	64,228

The above table shows a **R 23.2 million** net increase in cash held for 2019/20 financial year and is boosted by the **R 26.6 million** positive opening balance of the municipality's bank account, the municipality's cash flow position improves over the 2019/20 MTREF with increasing net increases in the cash flow.

Property Rates

- The municipality has managed to collect **R 9.4 million** from government and local business by the end of December 2019. The municipality has also considered the customers who pay their accounts on a monthly basis in its calculation for the budgeted cash flow from this source of revenue. It is therefore expected the municipality will be able to reach its targeted inflow of **R 14.5 million** from property rates by the end of the financial year.

Other Revenue

- Other revenue sources include the rental of facilities, traffic fines, VAT refunds and agency income. The municipality has managed to collect **R 24.6 million** for this sources of cash flow combined by 31 January 2020 and therefore considering the decreases as indicated in table B4 and the amount already collected for VAT refunds together with the projected VAT refunds for the remaining months of the 2019/20 financial year, the cash inflows are increased to **R 38 million**.
- All other revenue sources are projected to be collected at 100% as per the adjustments budget.

Government Grants & Transfers Cash Flow Assumptions

- All government grants are projected to be received at 100% and all conditional grants are projected to be spent at 100% by end of the financial year.

Interest on investments Cash Flow Assumptions

- The interest on investments is projected to be received at 100%. This budget on this revenue item was reduced to an achievable target considering the amount of interest collected as at 31 January 2020 and the monthly interests received from the positive bank balances in the current accounts.

2.2.4. Cash Backed Reserves/Accumulated Surplus Reconciliation.

This following table highlights the requirements of the MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small

surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 19 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

LIM473 Makhuduthamaga - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	8	9	10		
R thousands		A	A1	F	G	H		
Cash and investments available								
Cash/cash equivalents at the year end	1	22,094	–	27,875	27,875	49,969	52,347	64,228
Other current investments > 90 days		–	–	(0)	(0)	(0)	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–
Cash and investments available:		22,094	–	27,875	27,875	49,969	52,347	64,228
Applications of cash and investments								
Unspent conditional transfers		–	–	–	–	–	–	–
Unspent borrowing					–	–		
Statutory requirements					–	–		
Other working capital requirements	2	(2,251)	–	(16,765)	(16,765)	(19,015)	(4,315)	(2,332)
Other provisions					–	–		
Long term investments committed		–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–
Total Application of cash and investments:		(2,251)	–	(16,765)	(16,765)	(19,015)	(4,315)	(2,332)
Surplus(shortfall)		24,345	–	44,639	44,639	68,984	56,662	66,560
Other working capital requirements								
Debtors		12,899	–			29,828	13,970	13,048
Creditors due		10,648	–			10,813	9,655	10,716
Total		2,251	–			19,015	4,315	2,332
Debtors collection assumptions:								
Balance outstanding - debtors		52,393	–			52,393	49,250	45,207
Estimate of debtors collection rate		25%	0%			57%	28%	29%

From the above table it can be seen that the cash and investments available was unadjusted at **R 49 million** for the 2019/20 financial year.

The municipality is planning to spend on all the conditional grants received during the 2019/20 financial year, therefore the balances on unspent conditional grants are zero throughout the MTREF.

The municipality's third party payments such as SARS under the statutory requirements are accounted for under the employee related costs on B7 as part of the payments to suppliers and

employees over the 2019/20 MTREF. The VAT portion is also accounted for as part of the payments to suppliers and employees and also under the capital assets payments on the B7.

The main purpose of the other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

It can be concluded that the municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the adjusted budget statement of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA.

Table 20 MBRR SB6 – Funding compliance measurement

LIM473 Makhuduthamaga - Supporting Table SB6 Adjustments Budget - funding measurement - 28/02/2020										
Description	Ref	MFMA section	2016/17	2017/18	2018/19	Medium Term Revenue and Expenditure Framework				
R thousands			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures										
Cash/cash equivalents at the year end - R'000	1	18(1)b	65,338	19,278	26,680	22,094	–	49,969	52,347	64,228
Cash + investments at the yr end less applications - R'000	2	18(1)b	87,177	(23,869)	36,454	24,345	–	68,984	56,662	66,560
Cash year end/monthly employee/supplier payments	3	18(1)b	0	0	0	55,236	–	124,922	130,868	160,571
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)	127,691	(67,576)	62,947	90,177	–	89,052	93,983	106,193
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)	13.0%	-6.5%	-3.6%	0.0%	0.0%	0.0%	4.3%	-0.2%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	79.4%	17.3%	84.1%	24.6%	0.0%	56.9%	28.4%	28.9%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)	82.9%	174.4%	84.1%	83.1%	0.0%	105.5%	83.0%	82.4%
Capital payments % of capital expenditure	8	18(1)c;19	100.0%	15.0%	77.0%	102.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c	0.0%	0.0%	111.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	10	18(1)a	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	11	18(1)a	70.2%	-50.6%	-47.9%	60.3%	-47.9%	60.3%	-6.0%	-8.2%
Long term receivables % change - incr(decr)	12	18(1)a	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)	10.0%	14.6%	24.0%	21.7%	0.0%	21.5%	16.9%	16.0%
Asset renewal % of capital budget	14	20(1)(vi)	11.0%	0.0%	2.5%	0.0%	0.0%	3.4%	0.0%	0.0%
Macro CPIX target						6%	6%	6%	6%	6%
Total service charge revenue						43,049	–	41,414	45,696	48,342
Total service charge revenue - previous year								–	41,414	45,696
Provincial government gazetted allocations			–	–	–	–	–	–	–	–
National government DoRA allocations			87,210	74,655	322,837	332,893	332,893	332,893	352,775	377,050
Cash receipts from ratepayers			53,976	13,493	65,660	21,817	–	52,615	26,105	27,981
Ratepayer & Other revenue			68,009	77,987	78,057	88,619	–	92,417	92,030	96,948
Change in debtors								52,393	(3,143)	(4,043)

2.3 Adjustments to expenditure on allocations and grant programmes.

- No budget adjustments were effected on the municipality's revenue from grants and transfers for the 2019/20 financial year.

2.4 Adjustments to allocations and grants made by the municipality.

Our municipality does not make any allocations or any grants transferred to other municipalities or entities.

2.5 Adjustments to councillor Allowances and employee benefits.

The following tables indicate the adjustments done on employee related costs and councillor allowances.

Table: 21
LIM473 Makhuduthamaga - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28/02/2020

Summary of remuneration	Ref	Budget Year 2019/20					% change
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	
			5	10	11	12	
		A	A1	F	G	H	
R thousands							
<u>Councillors (Political Office Bearers plus Other)</u>							
Basic Salaries and Wages		13,776		(257)	(257)	13,519	-1.9%
Pension and UIF Contributions		2,336		(44)	(44)	2,292	-1.9%
Motor Vehicle Allowance		4,792		(90)	(90)	4,703	-1.9%
Cellphone Allowance		3,026		(54)	(54)	2,972	
Other benefits and allowances		399		(10)	(10)	389	
Sub Total - Councillors		24,329	-	(455)	(455)	23,874	-1.9%
% increase			(0)			(0)	
<u>Senior Managers of the Municipality</u>							
Basic Salaries and Wages		3,420			-	3,420	0.0%
Pension and UIF Contributions		318			-	318	0.0%
Medical Aid Contributions		369			-	369	0.0%
Motor Vehicle Allowance		1,220			-	1,220	0.0%
Cellphone Allowance		106			-	106	0.0%
Housing Allowances		206			-	206	
Other benefits and allowances		64			-	64	
Sub Total - Senior Managers of Municipality		5,701	-	-	-	5,701	0.0%
% increase			(0)			-	
<u>Other Municipal Staff</u>							
Basic Salaries and Wages		47,281		(4,339)	(4,339)	42,941	-9.2%
Pension and UIF Contributions		7,959		(1,088)	(1,088)	6,870	-13.7%
Medical Aid Contributions		6,393		(771)	(771)	5,622	-12.1%
Overtime		669		(168)	(168)	501	-25.1%
Motor Vehicle Allowance		11,148		(1,466)	(1,466)	9,682	-13.1%
Cellphone Allowance		1,834		(210)	(210)	1,623	-11.5%
Housing Allowances		4,110		(539)	(539)	3,571	
Other benefits and allowances		4,983		(908)	(908)	4,076	
Sub Total - Other Municipal Staff		84,378	-	(9,490)	(9,490)	74,887	-11.2%
% increase							
Total Parent Municipality		114,408	-	(9,945)	(9,945)	104,463	-8.7%
TOTAL SALARY, ALLOWANCES & BENEFITS		114,408	-	(9,945)	(9,945)	104,463	-8.7%
% increase							
TOTAL MANAGERS AND STAFF		90,079	-	(9,490)	(9,490)	80,588	-10.5%

2.6 Adjustments to service delivery and budget implementation plan.

- SDBIP for the municipality was reviewed taking in to account the actual performance in the budget and the mid-year budget and assessment for 2019/20. The Adjusted SDBIP was approved by council on the 28th February 2020.

2.7 Adjustments to capital expenditure.

- The following table indicates the adjustments on capital projects for 2019/20 MTREF
Table 25:

Makhuduthamaga Local Municipality – LIM473 2019/20 Adjusted Budget and MTREF

LIM473 Makhuduthamaga - Supporting Table SB19 List of capital programmes and projects affected by Adjustments Budget - 28/02/2020								
Function	Project Description	Project Number	Medium Term Revenue and Expenditure Framework					
			Budget Year 2019/20		Budget Year +1 2020/21		Budget Year +2 2021/22	
R thousands			Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
Parent municipality:								
<i>List all capital projects grouped by Function</i>								
Vote 4 - Infrastructure Development	RD Makgwabe_Mphane10km	CAP_001	11,709	12,680	–	–	–	–
Vote 4 - Infrastructure Development	Mashabela_Machacha 10km	CAP_006	6,391	2,000	7,739	7,739	13,043	13,043
Vote 4 - Infrastructure Development	Marishane/Phaahla_Internal streets	CAP_035	10,000	9,000				
Vote 4 - Infrastructure Development	Matulaneng_Access_Bridge	CAP_014	2,000	5,373	–	–	–	–
Vote 4 - Infrastructure Development	RD Lobethal_Tisane	CAP_020	435		10,870	10,870	–	–
Vote 4 - Infrastructure Development	RD Glen Cowie_Post Office Phokoane	CAP_036	435		12,043	12,043	3,745	3,745
Vote 4 - Infrastructure Development	Bridge_Seruleng/Marishan	CAP_023	500		–	–	–	–
Vote 4 - Infrastructure Development	RD Maila Mapitsa_Magoleg	CAP_024	870		5,217	5,217	13,043	13,043
Vote 4 - Infrastructure Development	RD Phaahla _1.5km	CAP_026	6,087	7,030	–	–	–	–
Vote 4 - Infrastructure Development	RD Ga-Mampane-Phase 4	CAP_032	23,217	23,100	4,348	4,348	–	–
Vote 4 - Infrastructure Development	RD Stocking Internal Streets	CAP_037	5,069	4,069	8,696	8,696	14,783	14,783
Vote 4 - Infrastructure Development	RD Mokwe_Molap/Ntw _10km	CAP_021	6,000	6,000	17,391	17,391	17,391	17,391
Vote 4 - Infrastructure Development	Setlaboswane_Access_Road	CAP_015	–	–	–	–	7,217	7,217
Vote 4 - Infrastructure Development	Cabrieve_Access_Road	CAP_017	–	–	6,087	6,087	6,957	6,957
Vote 4 - Infrastructure Development	Nchabeleng/Thabampshe_Bridge	CAP_046	–	–	696	696	3,652	3,652
Vote 4 - Infrastructure Development	Mathousand/Marangrang Bridge	CAP_050	–	–	–	–	4,348	4,348
Vote 4 - Infrastructure Development	Ga-Kgagara/Moretsele Primary_Access road	CAP_052	–	–	–	–	7,826	7,826
Vote 4 - Infrastructure Development	Grade A DLTC_Ga-Masemola	CAP_041	–	–	12,696	12,696	4,687	4,687
Vote 4 - Infrastructure Development	Mohlala_Ngoanatswane_	CAP_008	500	4,000	–	–	–	–
Vote 4 - Infrastructure Development	Refurb of water&sewage system main office & satellite offices	CAP_033	–	1,200	–	–	–	–
Vote 4 - Infrastructure Development	SWC Rietfontein Storm Water Control	CAP_038	6,000		–	–	–	–
Vote 4 - Infrastructure Development	Weigh_Bridge_Madibong	CAP_039	2,300	2,300	–	–	–	–
Vote 4 - Infrastructure Development	Upgrading of Marishane sports complex	CAP_032	–	5,000				
Vote 7 - Budget and Treasury	Petitioning of new municipal building	CAP_035	3,000	3,000	–	–	–	–
Vote 7 - Budget and Treasury	Purchases of Office Furniture and Equipment	CAP_036	1,000	600	1,300	1,300	1,500	1,500
Vote 7 - Budget and Treasury	Purchases of Office Transport Assets	CAP_037	–		3,500	3,500	5,500	5,500
Vote 6 - Corporate Services	Acquisition of IT Infrastructure Assets	CAP_038	3,200	3,200	2,400	2,400	2,500	2,500
Vote 5 Community Services	Acquisition of Transport Assets	CAP_040	1,300	500	1,000	1,000	–	–

2.8 Other Supporting documents.

2.8.1 Table 26: SB1

LIM473 Makhuduthamaga - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - 28/02/2020

Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	6 A1	11 F	12 G	13 H		
R thousands								
REVENUE ITEMS								
Property rates								
Total Property Rates		43,049		(1,635)	(1,635)	41,414	45,696	48,342
<i>impermissible values in excess of section 17 of MPRA)</i>					–	–		
Net Property Rates		43,049	–	(1,635)	(1,635)	41,414	45,696	48,342
Other Revenue By Source								
Tender Documents		7,088		-749670	(750)	6,338	200	100
Other Revenue		–		0	–	–	261	268
Total 'Other' Revenue	1	7,088	–	(750)	(750)	6,338	461	368
EXPENDITURE ITEMS								
Employee related costs								
Basic Salaries and Wages		49,717		(7,029)	(7,029)	42,688	50,811	54,114
Pension and UIF Contributions		8,554		(1,095)	(1,095)	7,459	8,814	9,387
Medical Aid Contributions		6,989		(771)	(771)	6,218	7,201	7,669
Overtime		710		2,521	2,521	3,230	713	759
Motor Vehicle Allowance		12,798		(1,341)	(1,341)	11,457	13,172	14,029
Cellphone Allowance		2,007		(209)	(209)	1,798	2,066	2,200
Housing Allowances		4,450		(537)	(537)	3,913	4,597	4,895
Other benefits and allowances		4,853		(1,029)	(1,029)	3,825	5,375	5,724
sub-total		90,079	–	(9,491)	(9,491)	80,588	92,749	98,777
<i>Less: Employees costs capitalised to PPE</i>					–	–		
Total Employee related costs	1	90,079	–	(9,491)	(9,491)	80,588	92,749	98,777
Contributions recognised - capital								
Total Contributions recognised - capital		–	–	–	–	–	–	–
Depreciation & asset impairment								
Depreciation of Property, Plant & Equipment		27,280		440	440	27,720	31,878	36,660
Total Depreciation & asset impairment	1	27,280	–	440	440	27,720	31,878	36,660
Contracted services								
Repairs and Maintenance		–			–	–	60,330	57,965
Security Services and Cleaning Services		–			–	–	15,150	16,050
Other Contracted Services		101,529		6,145	6,145	107,675	23,969	24,816
sub-total	1	101,529	–	6,145	6,145	107,675	99,449	98,831
Allocations to organs of state:								
Total contracted services??		101,529	–	6,145	6,145	107,675	99,449	98,831
Other Expenditure By Type								
Audit fees		3,390			–	3,390	3,690	3,850
General expenses	3,5	46,711		(1,372)	(1,372)	45,340	64,998	68,204
Total Other Expenditure	1	50,101	–	(1,372)	(1,372)	48,730	68,688	72,054

2.8.2 Table 27: SB2

LIM473 Makhuduthamaga - Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	4	9	10	11		
R thousands		A	A1	F	G	H		
ASSETS								
Consumer debtors								
Consumer debtors		28,032			–	28,032	37,329	36,697
Less: provision for debt impairment		–	–	–	–	–	–	–
Total Consumer debtors	1	28,032	–	–	–	28,032	37,329	36,697
Property, plant & equipment								
PPE at cost/valuation (excl. finance leases)		277,526		63,987	63,987	341,513	353,142	360,688
Total Property, plant & equipment	1	277,526	–	63,987	63,987	341,513	353,142	360,688
LIABILITIES								
Current liabilities - Borrowing								
Short term loans (other than bank overdraft)					–	–		
Current portion of long-term liabilities					–	–		
Total Current liabilities - Borrowing		–	–	–	–	–	–	–
Trade and other payables								
Trade Payables	12	10,648		165	165	10,813	9,655	10,716
Total Trade and other payables	1	10,648	–	165	165	10,813	9,655	10,716
Non current liabilities - Borrowing								
Borrowing	3				–	–		
Total Non current liabilities - Borrowing		–	–	–	–	–	–	–
Provisions - non current								
Retirement benefits		4,856			–	4,856	5,119	5,395
Total Provisions - non current		4,856	–	–	–	4,856	5,119	5,395
CHANGES IN NET ASSETS								
Accumulated surplus/(Deficit)								
Accumulated surplus/(Deficit) - opening balance		338,094		91,697	91,697	429,791	441,271	455,536
Accumulated Surplus/(Deficit)	1	338,094	–	91,697	91,697	429,791	441,271	455,536
Reserves								
Total Reserves	2	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	338,094	–	91,697	91,697	429,791	441,271	455,536

2.8.4 Table 28: SB7

LIM473 Makhuduthamaga - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28/02/2020

Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	7 A1	10 D	11 E	12 F		
RECEIPTS:	1, 2							
Operating Transfers and Grants								
National Government:		270,771	–	–	–	270,771	287,206	306,521
Local Government Equitable Share		267,931			–	267,931	285,436	304,751
Finance Management	3	1,770			–	1,770	1,770	1,770
Municipal Systems Improvement		–			–	–	–	–
EPWP Incentive		1,070			–	1,070	–	–
Total Operating Transfers and Grants	6	270,771	–	–	–	270,771	287,206	306,521
Capital Transfers and Grants								
National Government:		62,122	–	–	–	62,122	65,569	70,529
Municipal Infrastructure Grant (MIG)		62,122			–	62,122	65,569	70,529
Total Capital Transfers and Grants	6	62,122	–	–	–	62,122	65,569	70,529
TOTAL RECEIPTS OF TRANSFERS & GRANTS		332,893	–	–	–	332,893	352,775	377,050

2.8.5 Table 29: SB8

LIM473 Makhuduthamaga - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28/02/2020

Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			2	5	6	7		
R thousands		A	A1	D	E	F		
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1							
<u>Operating expenditure of Transfers and Grants</u>								
National Government:		270,771	–	(1,200)	(1,200)	269,571	287,206	306,521
Local Government Equitable Share		267,931		(1,200)	(1,200)	266,731	285,436	304,751
Finance Management		1,770			–	1,770	1,770	1,770
Municipal Systems Improvement		–			–	–	–	–
EPWP Incentive		1,070			–	1,070	–	–
Total operating expenditure of Transfers and Grants:		270,771	–	(1,200)	(1,200)	269,571	287,206	306,521
<u>Capital expenditure of Transfers and Grants</u>								
National Government:		62,122	–	–	–	62,122	65,569	70,529
Municipal Infrastructure Grant (MIG)		62,122			–	62,122	65,569	70,529
Total capital expenditure of Transfers and Grants		62,122	–	–	–	62,122	65,569	70,529
Total capital expenditure of Transfers and Grants		332,893	–	(1,200)	(1,200)	331,693	352,775	377,050

2.8.6 Table 30: SB9

LIM473 Makhuduthamaga - Supporting Table SB9 Adjustments Budget - reconciliation of transfers, grant receipts, and unspent funds - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original	Prior	Other	Total Adjusts.	Adjusted	+1 2020/21	+2 2021/22
		Budget	Adjusted	Adjusts.		Budget	Adjusted	Adjusted
			2	5	6	7	Budget	Budget
R thousands		A	A1	D	E	F		
Operating transfers and grants:								
National Government:								
Balance unspent at beginning of the year					-	-		
Current year receipts		270,771		(1,200)	(1,200)	269,571	287,206	306,521
Conditions met - transferred to revenue		270,771	-	(1,200)	(1,200)	269,571	287,206	306,521
Total operating transfers and grants revenue		270,771	-	(1,200)	(1,200)	269,571	287,206	306,521
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-
Capital transfers and grants:								
National Government:								
Balance unspent at beginning of the year					-	-		
Current year receipts		62,122			-	62,122	65,569	70,529
Conditions met - transferred to revenue		62,122	-	-	-	62,122	65,569	70,529
Total capital transfers and grants revenue		62,122	-	-	-	62,122	65,569	70,529
Total capital transfers and grants - CTBM		-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		332,893	-	(1,200)	(1,200)	331,693	352,775	377,050
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-

2.8.7 Table 31: SB12

LIM473 Makhuduthamaga - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) - 28/02/2020																	
Description	Ref	Budget Year 2019/20														Medium Term Revenue and Expenditure Framework	
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Full year budget	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget		Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue by Vote																	
Vote 1 - Executive Support		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		150,490	8,593	8,168	8,095	8,146	121,188	7,880	8,260	84,123	7,895	7,962	7,278	428,080	428,080	450,839	480,334
Total Revenue by Vote		150,490	8,593	8,168	8,095	8,146	121,188	7,880	8,260	84,123	7,895	7,962	7,278	428,080	428,080	450,839	480,334
Expenditure by Vote																	
Vote 1 - Executive Support		5,172	3,772	5,773	4,937	5,127	5,429	3,348	3,013	4,410	7,490	3,912	3,244	55,629	55,629	69,100	73,520
Vote 2 - Office of the Municipal Manager		1,839	939	839	1,439	839	789	1,339	839	1,289	839	939	839	12,764	12,764	14,748	16,022
Vote 3 - Economic Development and Planning		651	320	2,730	920	520	520	350	320	820	320	320	1,259	9,046	9,046	10,711	10,856
Vote 4 - Infrastructure Development		5,982	3,787	1,875	5,415	6,173	2,982	2,498	5,132	7,104	5,010	3,809	5,207	54,974	54,974	38,176	34,747
Vote 5 - Community Services		5,305	4,455	4,211	5,190	4,459	3,906	4,572	3,942	4,011	2,246	4,447	4,252	50,996	50,996	60,328	63,996
Vote 6 - Corporate Services		3,211	1,377	2,351	1,979	1,357	1,836	2,184	4,283	1,728	2,424	2,193	1,768	26,690	26,690	31,260	32,118
Vote 7 - Budget and Treasury		9,261	13,624	10,399	10,085	10,052	10,568	10,658	10,582	10,144	11,393	11,833	10,332	128,931	128,931	132,534	142,881
Total Expenditure by Vote		31,420	28,273	28,177	29,963	28,525	26,031	24,949	28,111	29,506	29,721	27,451	26,901	339,028	339,028	356,857	374,141
Surplus/ (Deficit)		119,070	(19,681)	(20,009)	(21,868)	(20,379)	95,158	(17,069)	(19,850)	54,618	(21,826)	(19,489)	(19,623)	89,052	89,052	93,983	106,193

2.8.7 Table 32: SB13

LIM473 Makhuduthamaga - Supporting Table SB13 Adjustments Budget - monthly revenue and expenditure (functional classification) - 28/02/2020																	
Description - Standard classification	Ref	Budget Year 2019/20												Full year budget	Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget		Adjusted Budget	Adjusted Budget	Adjusted Budget
Revenue - Functional																	
<i>Governance and administration</i>		150,490	8,593	8,168	8,095	8,146	121,188	7,880	8,260	84,123	7,895	7,962	7,278	428,080	428,080	450,839	480,334
Finance and administration		150,490	8,593	8,168	8,095	8,146	121,188	7,880	8,260	84,123	7,895	7,962	7,278	428,080	428,080	450,839	480,334
Total Revenue - Functional		150,490	8,593	8,168	8,095	8,146	121,188	7,880	8,260	84,123	7,895	7,962	7,278	428,080	428,080	450,839	480,334
Expenditure - Functional																	
<i>Governance and administration</i>		20,483	19,712	19,362	19,039	17,374	18,622	18,029	18,717	18,071	22,145	19,994	12,466	224,013	224,013	247,642	264,541
Executive and council		7,011	4,711	6,612	6,375	5,966	6,218	4,687	3,852	5,699	8,329	4,851	616	64,926	64,926	80,248	85,393
Finance and administration		12,472	15,001	12,750	12,064	11,408	12,404	12,842	14,865	11,872	13,816	14,025	12,049	155,570	155,570	164,313	175,552
Internal audit		1,000			600			500	–	500	–	1,118	(200)	3,518	3,518	3,082	3,597
<i>Community and public safety</i>		1,910	1,821	2,176	2,676	1,964	1,582	1,577	1,810	1,806	2,077	1,954	(1,173)	20,181	20,181	27,815	30,180
Community and social services		593	534	349	1,445	597	322	561	297	499	343	447	297	6,284	6,284	9,121	9,785
Sport and recreation		200	–	150	–	350	–	–	–	–	210	190	–	1,100	1,100	1,700	2,000
Public safety		1,117	1,017	1,217	1,051	1,017	1,090	1,017	1,150	1,017	1,149	1,017	1,060	12,918	12,918	14,821	15,786
Housing		–	270	460	180	–	170	–	362	290	376	300	(2,530)	(122)	(122)	2,174	2,609
<i>Economic and environmental services</i>		9,569	5,338	5,526	7,516	7,464	4,749	5,385	6,816	9,338	4,666	5,853	13,067		85,288	70,542	68,573
Planning and development		651	320	2,730	920	520	520	350	320	820	320	320	3,437		11,224	13,123	13,421
Road transport		5,719	2,319	496	4,096	4,645	1,929	2,235	4,196	6,219	3,996	2,935	6,930		45,716	25,620	21,802
Environmental protection		3,200	2,700	2,300	2,500	2,300	2,300	2,800	2,300	2,300	350	2,598	2,700		28,348	31,800	33,350
<i>Trading services</i>		237	1,246	957	1,067	1,567	922	237	612	634	612	612	846	9,546	9,546	10,857	10,846
Energy sources		42	1,042	762	872	1,372	727	42	417	439	417	417	651	7,201	7,201	7,970	7,772
Waste management		195	204	195	195	195	195	195	195	195	195	195	195		2,345	2,887	3,075
<i>Other</i>													–		–	–	–
Total Expenditure - Functional		32,199	28,117	28,021	30,297	28,369	25,874	25,228	27,954	29,850	29,500	28,413	25,206	253,740	339,028	356,857	374,141
Surplus/ (Deficit) 1.		118,291	(19,525)	(19,853)	(22,202)	(20,223)	95,314	(17,348)	(19,694)	54,274	(21,605)	(20,450)	(17,928)	174,340	89,052	93,983	106,193

2.8.8 Table 33: SB18a

LIM473 Makhuduthamaga - Supporting Table SB18a Adjustments Budget - capital expenditure on new assets by asset class - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original	Prior	Other	Total Adjusts.	Adjusted	+1 2020/21	+2 2021/22
		Budget	Adjusted	Adjusts.		Budget	Adjusted	Adjusted
			7	12	13	14		
R thousands		A	A1	F	G	H		
Capital expenditure on new assets by Asset Class/Sub-class								
Infrastructure		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Roads Infrastructure		84,513	–	(3,961)	(3,961)	80,552	85,783	96,693
Roads		84,513		(3,961)	(3,961)	80,552	85,783	96,693
Community Assets		1,300	–	–	–	1,300	1,000	–
Community Facilities		1,300	–	–	–	1,300	1,000	–
Police		1,300		–	–	1,300	1,000	–
Computer Equipment		3,200	–	400	400	3,600	2,400	2,500
Computer Equipment		3,200		400	400	3,600	2,400	2,500
Furniture and Office Equipment		1,000	–	(400)	(400)	600	1,300	1,500
Furniture and Office Equipment		1,000		(400)	(400)	600	1,300	1,500
Machinery and Equipment		–	–	–	–	–	–	–
Machinery and Equipment					–	–		
Transport Assets		–	–	–	–	–	3,500	5,500
Transport Assets		–		–	–	–	3,500	5,500
Land		–	–	–	–	–	–	–
Land					–	–		
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals					–	–		
Total Capital Expenditure on new assets to be adjusted	1	90,013	–	(3,961)	(3,961)	86,052	93,983	106,193

2.8.9 Table 34: SB18b

LIM473 Makhuduthamaga - Supporting Table SB18b Adjustments Budget - capital expenditure on renewal of existing assets by asset class - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year	Budget Year
		Original	Prior	Other	Total Adjusts.	Adjusted	+1 2020/21	+2 2021/22
		Budget	Adjusted	Adjusts.		Budget	Adjusted	Adjusted
			7	12	13	14	Budget	Budget
R thousands		A	A1	F	G	H		
Capital expenditure on renewal of existing assets by Asset Class/Sub-class								
Other assets		-	-	3,000	3,000	3,000	-	-
Operational Buildings		-	-	3,000	3,000	3,000	-	-
Municipal Offices		-	-	3,000	3,000	3,000	-	-
Total Capital Expenditure on renewal of existing assets to be adjusted	1	-	-	3,000	3,000	3,000	-	-

2.8.10 Table 34: SB18c

LIM473 Makhuduthamaga - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class - 28/02/2020								
Description	Ref	Budget Year 2019/20					Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7	12	13	14		
R thousands		A	A1	F	G	H		
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure		52,313	–	9,498	9,498	61,811	51,413	48,217
Roads Infrastructure		21,739	–	9,600	9,600	31,339	17,304	13,043
Road Structures		21,739		9,600	9,600	31,339	17,304	13,043
Electrical Infrastructure		2,174	–	–	–	2,174	2,609	2,174
LV Networks		2,174		–	–	2,174	2,609	2,174
Solid Waste Infrastructure		28,400	–	(102)	(102)	28,298	31,500	33,000
Landfill Sites		28,400		(102)	(102)	28,298	31,500	33,000
Community Assets		–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–
Computer Equipment		3,600	–	3,695	3,695	7,295	4,000	4,200
Computer Equipment		3,600		3,695	3,695	7,295	4,000	4,200
Furniture and Office Equipment		–	–	–	–	–	–	–
Furniture and Office Equipment					–	–		
Machinery and Equipment		–	–	–	–	–	–	–
Machinery and Equipment					–	–		
Transport Assets		2,000	–	(400)	(400)	1,600	2,300	2,700
Transport Assets		2,000		(400)	(400)	1,600	2,300	2,700
Land		–	–	–	–	–	–	–
Land					–	–		
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals					–	–		
Total Repairs and Maintenance Expenditure to be adjusted	1	60,391	–	13,193	13,193	73,585	59,887	57,726

2.8.11 Table 35: General Expenses

Account Number	Item Description	Function	Adjusted Budget 2019/20
O0001/IE01581/F0041/X044/R0278/001/0000	Air Transport	Mayor and Council	37,947.20
O0001/IE00143/F0041/X044/R0278/001/0000	Car Rental	Mayor and Council	57,860.00
O0001/IE00144/F0041/X044/R0278/001/0000	Own Transport	Mayor and Council	76,690.80
O0001/IE00060/F0041/X044/R0278/001/0000	Accommodation	Mayor and Council	372,408.00
O0001/IE00062/F0041/X044/R0278/001/0000	Food and Beverage (Serve	Mayor and Council	57,860.00
O0001/IE01530/F0041/X044/R0278/001/0000	Leave Pay	Mayor and Council	-
			602,766.00
O0001/IE00592/F0041/X044/R0279/001/4520	Seating Allowance for Tr	Mayor and Council	300,000.00
O0001/IE00586/F0041/X044/R0279/001/4520	Remuneration to Ward Com	Mayor and Council	4,296,000.00
O1240-1/IE00571/F0041/X044/R0279/001/4520	Hire Charges	Mayor and Council	473,400.00
O0001/IE00781/F0041/X044/R0278/001/4520	Councillors	Mayor and Council	55,000.00
O0001/IE00571/F0041/X044/R0278/001/4520	Hire Charges	Mayor and Council	327,000.00
O1223-1/IE00059/F0041/X044/R0279/001/4520	National	Mayor and Council	1,000,000.00
			6,451,400.00
O0001/IE00769/F0041/X044/R0278/001/4530	Cellular Contract (Subsc	Mayor and Council	800,000.00
O1240-2/IE00754/F0041/X044/R0279/001/4530	Gifts and Promotional It	Mayor and Council	857,203.55
O1240-2/IE00772/F0041/X044/R0279/001/4530	Radio and TV Transmissio	Mayor and Council	100,000.00
			1,757,203.55
O0001/IE00060/F0041/X006/R0278/001/5066	Accommodation	Community Halls and Faci	92,000.00
O0001/IE00144/F0041/X006/R0278/001/5066	Own Transport	Community Halls and Faci	64,000.00
O0001/IE00572/F0041/X016/R0278/001/5066	Honoraria (Voluntarily W	Community Halls and Faci	27,000.00
			183,000.00
O0001/IE01526/F1177/X047/R0278/001/5200	Bonus	Asset Management	12,877.63
O0001/IE00595/F1177/X047/R0278/001/5200	Skills Development Fund	Asset Management	128.78
O0001/IE00036/F1177/X047/R0278/001/5200	Basic Salary and Wages	Asset Management	154,531.60
O0001/IE00045/F1177/X047/R0278/001/5200	Unemployment Insurance	Asset Management	128.78
O0001/IE00059/F1177/X047/R0278/001/5200	National	Asset Management	50,000.00
O0001/IE00143/F0041/X047/R0278/001/5200	Car Rental	Asset Management	12,700.00
O0001/IE01583/F0041/X047/R0278/001/5200	Road Transport	Asset Management	2,200.00
O0001/IE01581/F0041/X047/R0278/001/5200	Air Transport	Asset Management	16,500.00
O0001/IE00062/F0041/X047/R0278/001/5200	Food and Beverage (Serve	Asset Management	40,100.00
O0001/IE00060/F0041/X047/R0278/001/5200	Accommodation	Asset Management	84,000.00
O0001/IE00144/F0041/X047/R0278/001/5200	Own Transport	Asset Management	36,000.00
O0001/IE00605/F0041/X047/R0278/001/5200	Vehicle Tracking	Asset Management	60,000.00
O0001/IE01526/F1177/X049/R0278/001/5201	Bonus	Budget and Treasury Offi	12,877.63
O0001/IE00595/F1177/X049/R0278/001/5201	Skills Development Fund	Budget and Treasury Offi	128.78
O0001/IE00036/F1177/X049/R0278/001/5201	Basic Salary and Wages	Budget and Treasury Offi	154,531.60
O0001/IE00045/F1177/X049/R0278/001/5201	Unemployment Insurance	Budget and Treasury Offi	128.78
O0001/IE00059/F1177/X049/R0278/001/5201	National	Budget and Treasury Offi	50,000.00
O0001/IE01581/F0041/X048/R0278/001/5200	Air Transport	Budget and Treasury Offi	16,500.00
O0001/IE00062/F0041/X049/R0278/001/5201	Food and Beverage (Serve	Budget and Treasury Offi	40,100.00
O0001/IE00060/F0041/X049/R0278/001/5201	Accommodation	Budget and Treasury Offi	84,000.00
O0001/IE00144/F0041/X049/R0278/001/5201	Own Transport	Budget and Treasury Offi	35,500.00
O0001/IE00143/F0041/X048/R0278/001/5200	Car Rental	Budget and Treasury Offi	12,700.00
O0001/IE00063/F0041/X048/R0278/001/5200	Incidental Cost	Budget and Treasury Offi	12,800.00
O0001/IE00830/F0041/X049/R0278/001/5200	Accounting and Auditing	Finance	3,390,000.00
O0001/IE00759/F0041/X049/R0278/001/5200	Bank Accounts	Finance	210,000.00
O0001/IE00579/F0041/X049/R0278/001/5200	Municipal Services	Finance	2,200,000.00
O0001/IE01526/F1177/X049/R0278/001/5200	Bonus	Finance	12,877.63
O0001/IE00595/F1177/X049/R0278/001/5200	Skills Development Fund	Finance	128.78
O0001/IE00036/F1177/X049/R0278/001/5200	Basic Salary and Wages	Finance	154,531.60
O0001/IE00045/F1177/X049/R0278/001/5200	Unemployment Insurance	Finance	128.78



O0001/IE00059/F1177/X049/R0278/001/5200	National	Finance	50,000.00
O0001/IE00805/F0041/X049/R0278/001/5200	Premiums	Finance	500,000.00
O0001/IE00583/F0041/X049/R0278/001/5200	Printing, Publications a	Finance	2,500,000.00
O0001/IE01581/F0041/X049/R0278/001/5200	Air Transport	Finance	27,000.00
O0001/IE00062/F0041/X049/R0278/001/5200	Food and Beverage (Serve	Finance	52,000.00
O0001/IE00060/F0041/X049/R0278/001/5200	Accommodation	Finance	159,000.00
O0001/IE00144/F0041/X049/R0278/001/5200	Own Transport	Finance	52,000.00
O0001/IE00143/F0041/X049/R0278/001/5200	Car Rental	Finance	12,729.20
O0001/IE00607/F0041/X050/R0279/001/5200	Wet Fuel	Fleet Management	2,410,000.00
O0001/IE00808/F0041/X050/R0278/001/5200	Motor Vehicle Licence an	Fleet Management	32,000.00
O0001/IE01526/F1177/X081/R0278/001/5200	Bonus	Governance Function	12,877.63
O0001/IE00595/F1177/X081/R0278/001/5200	Skills Development Fund	Governance Function	128.78
O0001/IE00036/F1177/X081/R0278/001/5200	Basic Salary and Wages	Governance Function	154,531.60
O0001/IE00045/F1177/X081/R0278/001/5200	Unemployment Insurance	Governance Function	128.78
O0001/IE00059/F1177/X081/R0278/001/5200	National	Governance Function	50,000.00
O0001/IE01526/F1177/X056/R0278/001/5200	Bonus	Risk Management	12,877.63
O0001/IE00595/F1177/X056/R0278/001/5200	Skills Development Fund	Risk Management	128.78
O0001/IE00045/F1177/X056/R0278/001/5200	Unemployment Insurance	Risk Management	154,531.60
O0001/IE00059/F1177/X056/R0278/001/5200	National	Risk Management	128.78
O0001/IE00036/F1177/X056/R0278/001/5200	Basic Salary and Wages	Risk Management	50,000.00
O0001/IE01526/F1177/X058/R0278/001/5200	Bonus	Supply Chain Management	12,877.63
O0001/IE00036/F1177/X058/R0278/001/5200	Basic Salary and Wages	Supply Chain Management	128.78
O0001/IE00045/F1177/X058/R0278/001/5200	Unemployment Insurance	Supply Chain Management	154,531.60
O0001/IE00059/F1177/X058/R0278/001/5200	National	Supply Chain Management	128.78
O0001/IE00595/F1177/X058/R0278/001/5200	Skills Development Fund	Supply Chain Management	50,000.00
O0001/IE01581/F0041/X058/R0278/001/5200	Air Transport	Supply Chain Management	16,516.40
O0001/IE00062/F0041/X058/R0278/001/5200	Food and Beverage (Serve	Supply Chain Management	40,449.40
O0001/IE00060/F0041/X058/R0278/001/5200	Accommodation	Supply Chain Management	63,120.00
O0001/IE00144/F0041/X058/R0278/001/5200	Own Transport	Supply Chain Management	57,597.00
O0001/IE00143/F0041/X058/R0278/001/5200	Car Rental	Supply Chain Management	12,729.20
O0001/IE00063/F0041/X058/R0278/001/5200	Incidental Cost	Supply Chain Management	12,729.20
			13,506,971.14
O0001/IE00579/F0041/X046/R0278/001/5520	Municipal Services	Administrative and Corpo	1,262,400.00
O0001/IE00738/F0041/X046/R0278/001/5520	Standard Rated	Administrative and Corpo	52,600.00
O1297-1/IE00571/F0041/X046/R0278/001/5520	Hire Charges	Administrative and Corpo	50,000.00
O1297-1/IE00059/F0041/X046/R0278/001/5520	National	Administrative and Corpo	200,000.00
O0001/IE00059/F0041/X046/R0278/001/5520	National	Administrative and Corpo	600,000.00
O0001/IE00143/F0041/X046/R0278/001/5520	Car Rental	Administrative and Corpo	28,269.87
O0001/IE00144/F0041/X046/R0278/001/5520	Own Transport	Administrative and Corpo	55,941.68
O0001/IE01581/F0041/X046/R0278/001/5520	Air Transport	Administrative and Corpo	47,094.36
O0001/IE00060/F0041/X046/R0278/001/5520	Accommodation	Administrative and Corpo	196,091.22
O0001/IE00062/F0041/X046/R0278/001/5520	Food and Beverage (Serve	Administrative and Corpo	63,695.97
O1227-1/IE03752/F0041/X046/R0278/001/5520	Bursaries (Non-Employee)	Administrative and Corpo	3,850,000.00
O0001/IE00846/F0041/X046/R0278/001/5520	Quality Control	Administrative and Corpo	100,000.00
O1235-1/IE00571/F0041/X046/R0278/001/5520	Hire Charges	Administrative and Corpo	100,000.00
O1235-1/IE00751/F0041/X046/R0278/001/5520	Corporate and Municipal	Administrative and Corpo	50,000.00
O1235-1/IE00677/F0041/X046/R0278/001/5520	Catering Services	Administrative and Corpo	30,000.00
O0001/IE01583/F0041/X046/R0278/001/5520	Road Transport	Administrative and Corpo	46,525.75
O0001/IE00783/F0041/X046/R0278/001/5520	Professional Bodies, Mem	Human Resources	650,000.00
O0001/IE00143/F0041/X051/R0278/001/5520	Car Rental	Human Resources	11,600.00
O0001/IE00144/F0041/X051/R0278/001/5520	Own Transport	Human Resources	28,300.00
O0001/IE01581/F0041/X051/R0278/001/5520	Air Transport	Human Resources	16,700.00
O0001/IE00060/F0041/X051/R0278/001/5520	Accommodation	Human Resources	126,000.00
O0001/IE00062/F0041/X051/R0278/001/5520	Food and Beverage (Serve	Human Resources	24,900.00
O0001/IE00757/F0041/X051/R0278/001/5520	Staff Recruitment	Human Resources	240,000.00
O0001/IE00143/F0041/X052/R0278/001/5520	Car Rental	Information Technology	11,631.44
O0001/IE00144/F0041/X052/R0278/001/5520	Own Transport	Information Technology	11,631.44
O0001/IE01581/F0041/X052/R0278/001/5520	Air Transport	Information Technology	14,400.83
O0001/IE00060/F0041/X052/R0278/001/5520	Accommodation	Information Technology	49,295.14
O0001/IE00062/F0041/X052/R0278/001/5520	Food and Beverage (Serve	Information Technology	11,631.44
O0001/IE00143/F0041/X053/R0278/001/5520	Car Rental	Legal Services	11,700.00
O0001/IE00144/F0041/X053/R0278/001/5520	Own Transport	Legal Services	11,600.00
O0001/IE01581/F0041/X053/R0278/001/5520	Air Transport	Legal Services	11,700.00
O0001/IE00060/F0041/X053/R0278/001/5520	Accommodation	Legal Services	42,000.00
O0001/IE00062/F0041/X053/R0278/001/5520	Food and Beverage (Serve	Legal Services	11,600.00
O0001/IE00753/F0041/X054/R0278/001/5520	Customer/Client Informat	Marketing, Customer Rela	470,000.00
O0001/IE00758/F0041/X058/R0278/001/5520	Tenders	Supply Chain Management	800,000.00
			9,287,309.13

O0022-1/IE00021/F0041/X098/R0279/001/6200	Organisational	Economic Development/Pla	700,000.00
			700,000.00
O0001/IE00573/F0041/X032/R0278/001/7200	Indigent Relief	Electricity	4,500,000.00
			4,500,000.00
O0001/IE00063/F0041/X099/R0278/001/7350	Incidental Cost	Project Management Unit	-
O0001/IE00144/F0041/X099/R0278/001/7350	Own Transport	Project Management Unit	38,900.00
O0001/IE01581/F0041/X099/R0278/001/7350	Air Transport	Project Management Unit	10,900.00
O0001/IE01583/F0041/X099/R0278/001/7350	Road Transport	Project Management Unit	6,600.00
O0001/IE00143/F0041/X099/R0278/001/7350	Car Rental	Project Management Unit	46,600.00
O0001/IE00062/F0041/X099/R0278/001/7350	Food and Beverage (Serve	Project Management Unit	65,400.00
O0001/IE00060/F0041/X099/R0278/001/7350	Accommodation	Project Management Unit	90,500.00
O0001/IE06922/F0791/X116/R0278/001/7350	Travel or Motor Vehicle	Roads	
			258,900.00
O1346-1/IE00080/F0041/X116/R0279/001/7500	Civil	Roads	5,662,130.00
O1278-2/IE00599/F1169/X116/R0279/001/7500	Supplier Development Pro	Roads	1,570,000.00
O0001/IE03969/F0791/X116/R0278/001/7500	Non Structured	Roads	3,000,000.00
			10,232,130.00
O1275-1/IE00751/F0041/X039/R0279/001/7750	Corporate and Municipal	Pollution Control	50,000.00
			50,000.00
O0001/IE00632/F0041/X113/R0279/001/8510	Catering Services	Police Forces, Traffic a	100,000.00
O0001/IE00754/F0041/X113/R0279/001/8510	Gifts and Promotional It	Police Forces, Traffic a	-
			100,000.00
O0155-1/IE00649/F0041/X125/R0279/001/8550	Maintenance of Buildings	Sports Grounds and Stadi	-
O1333-1/IE00751/F0041/X125/R0279/001/8550	Corporate and Municipal	Sports Grounds and Stadi	1,100,000.00
O0001/IE00583/F0041/X125/R0278/001/8550	Printing, Publications a	Sports Grounds and Stadi	-
			1,100,000.00
	TOTAL EXPENDITURE - GENERAL EXPENSES 2019/20		48,729,679.82

2.9 Municipal Manager's quality certificate