

Ubuntu Municipality



*menawadigheol : hoop : of fears
ubuntu : rhamba : izithethe
humanity : hope : heritage*

SPECIAL COUNCIL MEETING

11 NOVEMBER 2019

**VICTORIA WEST COUNCIL
CHAMBERS**

10:00

[illegible]

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ITEM 1

ADOPTION OF SPECIAL ADJUSTMENT BUDGET

PURPOSE OF THIS REPORT:

To request council to approve the adjustment budget.

BACKGROUND:

National Treasury instructed the Municipality to adopt a funded budget on 18 October 2019. The deadline is 11 November 2019.

Part of the instructions which is attached included that the adjustments be discussed with the Provincial Treasury. This was done on 28 October 2019. The minutes is also attached.

The letter and adjustment budget was discussed and agreed to by councilors on 25 October 2019 at Ntsikelelo Thiba Public Library during a Special Strategic Planning session.

Revenue has been increased and a moratorium has been placed on all vacant positions as well as other expenditures reduced to reach a funded budget. Stringent controls need to be put in place in order to stay within the budget. Also see minutes from Provincial Treasury that relates to all adjustments made.

Based on these deliberations and MFMA section 18 the special adjustment budget is presented.

FINANCIAL IMPLICATIONS:

National Treasury has indicated that it will withhold the equitable share tranche of 2 December 2019 R11 534 000.00 if this budget is not approved.

There are financial implications with the adoption of the budget.

RECOMMENDATION:

It is therefore recommended;

- (a) that Council approves the special adjustment budget.



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 Tel: +27 12 315 5009, Fax: +27 12 395 6553

Ref No: NC/26

Mr Dibere Maposa
Municipal Manager
Ubuntu Municipality
PRIVATE BAG X329
VICTORIA WEST
7070

Email: maposa.d@gmail.com

Dear Mr Dibere Maposa

FAILURE TO ADOPT A FUNDED BUDGET FOR THE 2019/20 FINANCIAL YEAR AND THE PROCESS FOR CORRECTION

According to our records, your municipality has proceeded to adopt an unfunded budget for the 2019/20 financial year. As you are aware in terms of your fiduciary duties as the Accounting Officer of the municipality, section 18 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003), prohibits the adoption of an unfunded budget. Your failure to comply with the requirements of the MFMA is not only disappointing but can have adverse consequences for your municipality if left uncorrected.

An unfunded budget is indicative that the financial plan adopted by the municipality is inadequate to give effect to the priorities identified by a municipality for a particular year. It is also a leading indicator of impending financial distress. Experience has consistently shown that municipalities who adopt unfunded budgets generally experience cash flow challenges during implementation of the budget. Cash flow challenges manifest themselves in the inability of municipalities to pay creditors within the legislated period of 30 days, deliver services to residents and in severe cases an inability to cover the wage bill of the municipality.

Given the foreseen consequences of adopting an unfunded budget, National Treasury would like to give you the opportunity to rectify this situation through a *Special Adjustments Budget*. The MFMA recognizes that the onus rests with the municipality to resolve any existing or impending financial difficulties. This requires the Accounting Officer of the municipality to take all reasonable steps to ensure that measures are instituted to rectify the situation. If the municipality is unable to satisfactorily resolve the issue, provincial intervention may be necessary.

In order to rectify the situation, the following steps must be followed:

a) *Engagement between the municipality and the Provincial Treasury*

The provincial treasuries have agreed to hold individual meetings with each municipality in their respective provinces who has adopted an unfunded budget. The purpose of this engagement will be to assist your municipality in identifying and effecting the necessary adjustments to reflect a funded budget position. This will require the municipality to make hard but necessary expenditure and revenue choices, albeit unpopular. This task **must** be completed by the **end of October 2019**.

b) *Re-adoption of the revised budget in Council through a Special Adjustments Budget*

Once the budget has been revised to reflect a funded position for the 2019/20 financial year, the revised budget must be re-adopted at Special Adjustments Budget meeting of Council. Approval for this process will be granted by the National Treasury. The timeframe for this process is between the **1st to the 11th of November 2019**. The revised budget must include current payments to bulk suppliers. The budget proposed over the 2019/20 MTREF period must also reflect gradual improvements to cash surpluses to prioritise any arrear payments to bulk service providers.

Should the municipality fail to comply with the requirements of this letter, the National Treasury will invoke Section 216 (2) of the Constitution which permits the Treasury to stop the allocation of funds to a municipality. Formal notification will be sent to each municipality who fails to rectify the budget informing them that the next tranche of the equitable share due on 02 December 2019 will be withheld.

The National Treasury would like to avoid such punitive measures and encourages your municipality to comply with the requirements of this letter within the timeframes indicated above.

Please treat this matter with urgency and ensure that any measures taken to rectify this matter do not compromise service delivery. Your response must include a detailed plan to reverse the current situation. Please ensure that you include revised Municipal Budget and Reporting Regulations (MBRR) schedules and the new Council resolution indicating the adoption of the revised budget. All responses must be sent to Sadesh Ramjathan at: sadesh.ramjathan@treasury.gov.za.

Yours faithfully



MALIJENG NGQALENI
DEPUTY DIRECTOR-GENERAL: INTERGOVERNMENTAL RELATIONS
DATE: 8 OCTOBER 2019

CC: The Mayor
CFO
MFMA Co-ordinator
Office of the Auditor-General
Department of Co-operative Governance



NCPT

NORTHERN CAPE PROVINCIAL TREASURY

MUNITES

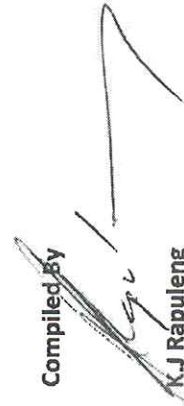
SUBJECT: FAILURE TO ADOPT A FUNDED BUDGET FOR THE 2019/20 FINANCIAL YEAR AND THE PROCESS FOR CORRECTION

Name of the Meeting	Workshop / Meeting Date	Venue of the Meeting	Official Representative of the Department	Cost Implications
Ubuntu Local Municipality R. Jacobs – Chief Financial Officer	28 October 2019	Provincial Treasury – De Aa Regional Office	K.J Rapuleng – Deputy Director S. Madyo – Assistant Director Ms. A. Wele – Assistant Director	
Purpose of the meeting / Workshop	RE-ADOPTION OF THE REVISED BUDGET IN COUNCIL THROUGH A SPECIAL ADJUSTMENTS BUDGET			
Discussions	<p>The municipality has proceeded to adopt an unfunded budget for the 2019/20 financial year. Section 18 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003), prohibits the adoption of an unfunded budget. An unfunded budget is indicative that the financial plan adopted by the municipality is inadequate to give effect to the priorities identified by a municipality for a particular year. It is also a leading indicator of impending financial distress. Experience has consistently shown that municipalities who adopt unfunded budgets generally experience cash flow challenges during implementation of the budget. Cash flow challenges manifest themselves in the inability of municipalities to pay creditors within the legislated period of 30 days, deliver services to residents and in severe cases an inability to cover the wage bill of the municipality.</p> <p>Given the foreseen consequences of adopting an unfunded budget, National Treasury would like to give the opportunity to rectify this situation through a <i>Special Adjustments Budget</i>. The MFMA recognizes that the onus rests with the municipality to resolve any existing or impending financial difficulties.</p>			

Name of the Meeting	Workshop / Meeting Date	Venue of the Meeting	Official Representative of the Department	Cost Implications
Ubuntu Local Municipality R. Jacobs – Chief Financial Officer	28 October 2019	Provincial Treasury – De Aa Regional Office	K.J Rapuleng – Deputy Director S. Madyo – Assistant Director Ms. A. Wele – Assistant Director	
	<p>This task must be completed by the end of October 2019.</p> <p>Should the municipality fail to comply with the requirements of this letter, the National Treasury will invoke Section 216 (2) of the Constitution which permits the Treasury to stop the allocation of funds to a municipality. Formal notification will be sent to each municipality who fails to rectify the budget informing them that the next tranche of the equitable share due on 02 December 2019 will be withheld.</p>			
	<p>The engagement between NCPT and the municipality resolved to make the following changes to the 2019/20 approved budget in order to make the budget funded;</p> <ul style="list-style-type: none"> • Increased Service Charges Water and Sanitations revenue upwards as it was understated as per 2018/19 draft audit outcomes • Increase Rental of Facilities and Equipment upwards due to new lease agreements • Increase Interest on outstanding Debtors upwards as of it being previously understated. • Increase Agency upwards as a result of traffic department operating at full capacity <p>The engagement further agreed to make changes to the following operating expenditures;</p> <ul style="list-style-type: none"> • Reduced Employee related costs downwards due to moratorium on all vacant positions and head count done by the CFO. • Increase Councillors remuneration that was previously understated. • Reduced Other expenditure downwards that was previously overstated <p>After the engagement between the municipality and Provincial Treasury to re-assess the budget of the municipality and to exclude creditors from the assessment framework resulted in the municipality budget being funded with a surplus of R11 679 million.</p>			
Key Decisions				
Implications for the Province / Department / Directorate	None			

Name of the Meeting	Workshop / Meeting Date	Venue of the Meeting	Official Representative of the Department	Cost Implications
Ubuntu Local Municipality R. Jacobs – Chief Financial Officer	28 October 2019	Provincial Treasury – De Aa Regional Office	K.J Rapuleng – Deputy Director S. Madyo – Assistant Director Ms. A. Wele – Assistant Director	
<p>Observations and Way Forward</p> <p>The municipality to table Special Adjustment Budget between the 1st to the 11th of November 2019 and the revised budget must include current payments to bulk suppliers. The budget proposed over the 2019/20 MTREF period must also reflect gradual improvements to cash surpluses to prioritise any arrear payments to bulk service providers.</p> <p>The revised budget must include a detailed plan to reverse the current situation and revised Municipal Budget and Reporting Regulations (MBRR) schedules "B. Schedules" and the new Council resolution indicating the adoption of the revised budget.</p> <p>Municipal Budget and Reporting Regulations (MBRR) schedules "B. Schedules" to be submitted to Provincial Treasury on the 01 November 2019 to Provincial Treasury Regional Office.</p> <p>The municipality must strictly implement credit control policies and cost containment measures</p>				

Compiled By



K.J Rapuleng

Deputy Director - Municipal Finance

Date: 29 October 2019

Municipal adjustments budgets & supporting tables

mSCOA Version 6.3

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Accountability

Transparency

**Information &
service delivery**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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mfma@treasury.gov.za

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Elsabé Rossouw
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Queries on formats: lgdataqueries@treasury.gov.za

NC071 Ubuntu - Table B1 Adjustments Budget Summary - 11/11/2019

Description	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
Financial Performance											
Property rates	9 636	--	--	--	--	--	--	--	9 636	10 214	10 827
Service charges	26 991	--	--	--	--	--	2 323	2 323	29 315	31 218	39 280
Investment revenue	364	--	--	--	--	--	--	--	364	386	409
Transfers recognised - operational	38 707	--	--	--	--	--	--	(10)	38 697	40 076	43 231
Other own revenue	37 859	--	--	--	--	--	3 708	3 708	41 567	40 129	42 533
Total Revenue (excluding capital transfers and contributions)	113 557	--	--	--	--	--	6 021	6 021	119 578	122 023	136 280
Employee costs	43 831	--	--	--	--	--	(6 291)	(6 291)	37 540	46 443	49 210
Remuneration of councillors	2 691	--	--	--	--	--	331	331	3 022	2 853	3 058
Depreciation & asset impairment	28 711	--	--	--	--	--	--	--	28 711	30 433	32 259
Finance charges	5 802	--	--	--	--	--	--	--	5 802	6 150	6 519
Materials and bulk purchases	19 522	--	--	--	--	--	--	--	19 522	20 694	21 935
Transfers and grants	82	--	--	--	--	--	--	--	82	87	93
Other expenditure	54 186	--	--	--	--	--	(332)	(332)	53 854	52 543	55 816
Total Expenditure	154 827	--	--	--	--	--	(6 292)	(6 292)	148 534	159 203	168 891
Surplus/(Deficit)	(41 270)	--	--	--	--	--	12 313	12 313	(28 956)	(37 180)	(32 612)
Transfers recognised - capital	14 975	--	--	--	--	--	500	500	15 475	12 190	12 727
Contributions recognised - capital & contributed assets	--	--	--	--	--	--	--	--	--	--	--
Surplus/(Deficit) after capital transfers & contributions	(26 295)	--	--	--	--	--	12 813	12 813	(13 481)	(24 990)	(19 885)
Share of surplus/ (deficit) of associate	--	--	--	--	--	--	--	--	--	--	--
Surplus/ (Deficit) for the year	(26 295)	--	--	--	--	--	12 813	12 813	(13 481)	(24 990)	(19 885)
Capital expenditure & funds sources											
Capital expenditure	14 975	--	--	--	--	--	200	200	15 175	12 190	12 727
Transfers recognised - capital	14 975	--	--	--	--	--	--	--	14 975	12 190	12 727
Borrowing	--	--	--	--	--	--	--	--	--	--	--
Internally generated funds	--	--	--	--	--	--	200	200	200	--	--
Total sources of capital funds	14 975	--	--	--	--	--	200	200	15 175	12 190	12 727
Financial position											
Total current assets	18 008	--	--	--	--	--	6 553	6 553	24 561	21 811	16 677
Total non current assets	642 320	--	--	--	--	--	(19 670)	(19 670)	622 651	627 145	627 145
Total current liabilities	(1 530)	--	--	--	--	--	85 133	85 133	83 604	(1 230)	(1 230)
Total non current liabilities	8 846	--	--	--	--	--	9 201	9 201	18 047	8 846	8 846
Community wealth/Equity	653 012	--	--	--	--	--	(107 451)	(107 451)	545 561	641 340	636 206
Cash flows											
Net cash from (used) operating	15 453	--	--	--	--	--	(6 224)	(6 224)	9 229	7 705	8 509
Net cash from (used) investing	(14 975)	--	--	--	--	--	5 500	5 500	(9 475)	(6 190)	(6 727)
Net cash from (used) financing	--	--	--	--	--	--	--	--	--	--	--
Cash/cash equivalents at the year end	3 046	--	--	--	--	--	(1 432)	(1 432)	1 614	3 129	4 911
Cash backing/surplus reconciliation											
Cash and investments available	18 008	--	--	--	--	--	(16 394)	(16 394)	1 614	21 810	16 677
Application of cash and investments	(1 530)	--	--	--	--	--	70 923	70 923	69 394	(1 230)	(1 230)
Balance - surplus (shortfall)	19 538	--	--	--	--	--	(87 317)	(87 317)	(67 779)	23 040	17 907
Asset Management											
Asset register summary (WDV)	642 320	--	--	--	--	--	(19 670)	(19 670)	622 651	639 535	640 072
Depreciation & asset impairment	28 565	--	--	--	--	--	--	--	28 565	30 279	32 096
Renewal and Upgrading of Existing Assets	65 025	--	--	--	--	--	(50 050)	(50 050)	14 975	10 270	10 701
Repairs and Maintenance	--	--	--	--	--	--	--	--	--	--	--
Free services											
Cost of Free Basic Services provided	691	--	--	--	--	--	5 428	5 428	6 120	733	777
Revenue cost of free services provided	--	--	--	--	--	--	--	--	--	--	--
Households below minimum service level											
Water:	--	--	--	--	--	--	--	--	--	--	--
Sanitation/sewerage:	--	--	--	--	--	--	--	--	--	--	--
Energy:	--	--	--	--	--	--	--	--	--	--	--
Refuse:	--	--	--	--	--	--	--	--	--	--	--

NC071 Ubuntu - Table B2 Adjustments Budget Financial Performance (functional classification) - 11/11/2019

Standard Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Functional												
<i>Governance and administration</i>		71 350	—	—	—	—	—	—	—	71 350	76 645	88 528
Executive and council		1 001	—	—	—	—	—	—	—	1 001	1 002	1 002
Finance and administration		70 349	—	—	—	—	—	—	—	70 349	75 643	87 527
Internal audit		—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		700	—	—	—	—	—	—	—	700	830	832
Community and social services		689	—	—	—	—	—	—	—	689	818	819
Sport and recreation		11	—	—	—	—	—	—	—	11	12	12
Public safety		—	—	—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		33 854	—	—	—	—	—	—	—	33 854	35 885	38 033
Planning and development		84	—	—	—	—	—	—	—	84	88	89
Road transport		33 771	—	—	—	—	—	—	—	33 771	35 797	37 945
Environmental protection		—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		22 627	—	—	—	—	—	6 521	6 521	29 148	32 732	40 876
Energy sources		9 976	—	—	—	—	—	6 521	6 521	16 497	20 075	27 460
Water management		4 659	—	—	—	—	—	—	—	4 659	4 938	5 235
Waste water management		4 358	—	—	—	—	—	—	—	4 358	3 866	4 097
Waste management		3 634	—	—	—	—	—	—	—	3 634	3 852	4 084
<i>Other</i>		—	—	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	128 532	—	—	—	—	—	6 521	6 521	135 053	146 091	168 269
Expenditure - Functional												
<i>Governance and administration</i>		64 814	—	—	—	—	—	(6 293)	(6 293)	58 521	68 607	72 844
Executive and council		50	—	—	—	—	—	—	—	50	53	56
Finance and administration		64 764	—	—	—	—	—	(6 293)	(6 293)	58 471	68 554	72 788
Internal audit		—	—	—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		1 829	—	—	—	—	—	—	—	1 829	1 942	2 053
Community and social services		1 818	—	—	—	—	—	—	—	1 818	1 930	2 040
Sport and recreation		—	—	—	—	—	—	—	—	—	—	—
Public safety		12	—	—	—	—	—	—	—	12	12	13
Housing		—	—	—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		21 383	—	—	—	—	—	—	—	21 383	22 531	23 754
Planning and development		12 239	—	—	—	—	—	—	—	12 239	12 838	13 480
Road transport		9 144	—	—	—	—	—	—	—	9 144	9 692	10 274
Environmental protection		—	—	—	—	—	—	—	—	—	—	—
<i>Trading services</i>		66 801	—	—	—	—	—	—	—	66 801	69 730	73 929
Energy sources		46 738	—	—	—	—	—	—	—	46 738	48 464	51 387
Water management		3 269	—	—	—	—	—	—	—	3 269	3 466	3 674
Waste water management		8 079	—	—	—	—	—	—	—	8 079	8 563	9 077
Waste management		8 714	—	—	—	—	—	—	—	8 714	9 237	9 791
<i>Other</i>		—	—	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	154 827	—	—	—	—	—	(6 293)	(6 293)	148 534	162 810	172 580
Surplus/ (Deficit) for the year		(26 295)	—	—	—	—	—	12 814	12 814	(13 481)	(16 718)	(4 311)

References

- Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
- Total Revenue by standard classification must reconcile to Total Operating Revenue shown in the Adjustments Budget Financial Performance (revenue and expenditure)
- Total Operating Expenditure by standard classification must reconcile to Total Operating Expenditure shown in the Adjustments Budget Financial Performance (revenue and expenditure)
- All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
- Increases of funds approved under MFMA section 31
- Adjustments approved in accordance with MFMA section 29
- Adjustments to transfers from National or Provincial Government
- Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
- G = B + C + D + E + F
- Adjusted Budget H = (A or A1/2 etc) + G

NC071 Ubuntu - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 11/11/2019

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
R thousands												
Revenue by Vote	1											
Vote 1 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services Directorate		61 081	-	-	-	-	-	-	-	61 081	65 264	69 745
Vote 3 - Corporate & Community Services		39 269	-	-	-	-	-	-	-	39 269	41 652	44 039
Vote 4 - Infrastructure & Planning		28 182	-	-	-	-	-	6 521	6 521	34 703	29 095	37 021
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	128 532	-	-	-	-	-	6 521	6 521	135 053	136 011	150 805
Expenditure by Vote	1											
Vote 1 - Office of the Municipal Manager		4 899	-	-	-	-	-	-	-	4 899	4 114	4 376
Vote 2 - Financial Services Directorate		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate & Community Services		38 485	-	-	-	-	-	(6 293)	(6 293)	32 192	40 794	43 239
Vote 4 - Infrastructure & Planning		59 336	-	-	-	-	-	-	-	59 336	62 556	66 176
Vote 5 - COMMUNITY & SOCIAL SERVICES		52 107	-	-	-	-	-	-	-	52 107	55 345	58 788
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	154 827	-	-	-	-	-	(6 293)	(6 293)	148 534	162 810	172 580
Surplus/ (Deficit) for the year	2	(26 295)	-	-	-	-	-	12 814	12 814	(13 481)	(26 798)	(21 775)

NC071 Ubuntu - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 11/11/2019

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	9 636	–	–	–	–	–	–	–	9 636	10 214	10 827
Service charges - electricity revenue	2	13 919	–	–	–	–	–	–	–	13 919	18 115	25 393
Service charges - water revenue	2	4 750	–	–	–	–	–	4 383	4 383	9 133	5 035	5 337
Service charges - sanitation revenue	2	4 521	–	–	–	–	–	(2 060)	(2 060)	2 462	4 039	4 280
Service charges - refuse revenue	2	3 801	–	–	–	–	–	–	–	3 801	4 029	4 271
Rental of facilities and equipment		204						1 496	1 496	1 700	216	229
Interest earned - external investments		364								364	386	409
Interest earned - outstanding debtors		3 170						2 012	2 012	5 182	3 361	3 562
Dividends received										–		
Fines, penalties and forfeits		33 402								33 402	35 406	37 531
Licences and permits		–								–		
Agency services		350						200	200	550	371	393
Transfers and subsidies		38 707						(10)	(10)	38 697	40 076	43 231
Other revenue	2	732	–	–	–	–	–	–	–	732	776	818
Gains on disposal of PPE										–		
Total Revenue (excluding capital transfers and contributions)		113 557	–	–	–	–	–	6 021	6 021	119 578	122 023	136 280
Expenditure By Type												
Employee related costs		43 831	–	–	–	–	–	(6 291)	(6 291)	37 540	46 443	49 210
Remuneration of councillors		2 691						331	331	3 022	2 853	3 058
Debt impairment		35 097						3 195	3 195	38 291	37 203	39 435
Depreciation & asset impairment		28 711	–	–	–	–	–	–	–	28 711	30 433	32 259
Finance charges		5 802								5 802	6 150	6 519
Bulk purchases		19 491	–	–	–	–	–	–	–	19 491	20 661	21 900
Other materials		31								31	33	35
Contracted services		6 970	–	–	–	–	–	–	–	6 970	6 232	6 726
Transfers and subsidies		82								82	87	93
Other expenditure		12 120	–	–	–	–	–	(3 527)	(3 527)	8 593	9 109	9 655
Loss on disposal of PPE										–		
Total Expenditure		154 827	–	–	–	–	–	(6 292)	(6 292)	148 534	159 203	168 891
Surplus/(Deficit)		(41 270)	–	–	–	–	–	12 313	12 313	(28 956)	(37 180)	(32 612)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		14 975						500	500	15 475	12 190	12 727
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)										–		
Transfers and subsidies - capital (in-kind - all)										–		
Surplus/(Deficit) before taxation		(26 295)	–	–	–	–	–	12 813	12 813	(13 481)	(24 990)	(19 885)
Taxation										–		
Surplus/(Deficit) after taxation		(26 295)	–	–	–	–	–	12 813	12 813	(13 481)	(24 990)	(19 885)
Attributable to minorities										–		
Surplus/(Deficit) attributable to municipality		(26 295)	–	–	–	–	–	12 813	12 813	(13 481)	(24 990)	(19 885)
Share of surplus/ (deficit) of associate										–		
Surplus/ (Deficit) for the year		(26 295)	–	–	–	–	–	12 813	12 813	(13 481)	(24 990)	(19 885)

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SB1
3. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
4. Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
5. Increases of funds approved under MFMA section 31
6. Adjustments approved in accordance with MFMA section 29
7. Adjustments to transfers from National or Provincial Government
8. Adjusts = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
9. $G = B + C + D + E + F$
10. Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$

NC071 Ubuntu - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 11/11/2019

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted 5 A1	Accum. Funds 6 B	Multi-year capital 7 C	Unfore. Unavold. 8 D	Nat. or Prov. Govt 9 E	Other Adjusts. 10 F	Total Adjusts. 11 G	Adjusted Budget 12 H	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Office of the Municipal Manager		--	--	--	--	--	--	--	--	--	--	--
Vote 2 - Financial Services Directorate		--	--	--	--	--	--	--	--	--	--	--
Vote 3 - Corporate & Community Services		--	--	--	--	--	--	--	--	--	--	--
Vote 4 - Infrastructure & Planning		14 975	--	--	--	--	--	--	--	14 975	12 190	12 727
Vote 5 - COMMUNITY & SOCIAL SERVICES		--	--	--	--	--	--	--	--	--	--	--
Vote 6 - [NAME OF VOTE 6]		--	--	--	--	--	--	--	--	--	--	--
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--	--
Capital multi-year expenditure sub-total	3	14 975	--	--	--	--	--	--	--	14 975	12 190	12 727
Single-year expenditure to be adjusted	2											
Vote 1 - Office of the Municipal Manager		--	--	--	--	--	--	--	--	--	--	--
Vote 2 - Financial Services Directorate		--	--	--	--	--	--	--	--	--	--	--
Vote 3 - Corporate & Community Services		--	--	--	--	--	--	--	--	--	--	--
Vote 4 - Infrastructure & Planning		--	--	--	--	--	--	200	200	200	--	--
Vote 5 - COMMUNITY & SOCIAL SERVICES		--	--	--	--	--	--	--	--	--	--	--
Vote 6 - [NAME OF VOTE 6]		--	--	--	--	--	--	--	--	--	--	--
Vote 7 - [NAME OF VOTE 7]		--	--	--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]		--	--	--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]		--	--	--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]		--	--	--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]		--	--	--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]		--	--	--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]		--	--	--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]		--	--	--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]		--	--	--	--	--	--	--	--	--	--	--
Capital single-year expenditure sub-total		--	--	--	--	--	--	200	200	200	--	--
Total Capital Expenditure - Vote		14 975	--	--	--	--	--	200	200	15 175	12 190	12 727
Capital Expenditure - Functional												
Governance and administration		--	--	--	--	--	--	--	--	--	--	--
Executive and council		--	--	--	--	--	--	--	--	--	--	--
Finance and administration		--	--	--	--	--	--	--	--	--	--	--
Internal audit		--	--	--	--	--	--	--	--	--	--	--
Community and public safety		--	--	--	--	--	--	--	--	--	--	--
Community and social services		--	--	--	--	--	--	--	--	--	--	--
Sport and recreation		--	--	--	--	--	--	--	--	--	--	--
Public safety		--	--	--	--	--	--	--	--	--	--	--
Housing		--	--	--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--	--	--
Economic and environmental services		--	--	--	--	--	--	--	--	--	--	--
Planning and development		--	--	--	--	--	--	--	--	--	--	--
Road transport		--	--	--	--	--	--	--	--	--	--	--
Environmental protection		--	--	--	--	--	--	--	--	--	--	--
Trading services		14 975	--	--	--	--	--	--	--	14 975	12 190	12 727
Energy sources		5 005	--	--	--	--	--	--	--	5 005	1 920	2 026
Water management		9 970	--	--	--	--	--	--	--	9 970	10 270	10 701
Waste water management		--	--	--	--	--	--	--	--	--	--	--
Waste management		--	--	--	--	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	200	200	200	--	--
Total Capital Expenditure - Functional	3	14 975	--	--	--	--	--	200	200	15 175	12 190	12 727
Funded by:												
National Government		14 975	--	--	--	--	--	--	--	14 975	12 190	12 727
Provincial Government		--	--	--	--	--	--	--	--	--	--	--
District Municipality		--	--	--	--	--	--	--	--	--	--	--
Other transfers and grants		--	--	--	--	--	--	--	--	--	--	--
Transfers recognised - capital	4	14 975	--	--	--	--	--	--	--	14 975	12 190	12 727
Borrowing		--	--	--	--	--	--	--	--	--	--	--
Internally generated funds		--	--	--	--	--	--	200	200	200	--	--
Total Capital Funding		14 975	--	--	--	--	--	200	200	15 175	12 190	12 727

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
- Capital expenditure by standard classification must reconcile to the appropriations by vote.
- Must reconcile to supporting table SBT and to Adjustments Budget Financial Performance (revenue and expenditure).
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not).
- Increases of funds approved under MFMA section 31.
- Adjustments approved in accordance with MFMA section 29.
- Adjustments to transfers from National or Provincial Government.
- Adjusts. = 'Other' Adjustments proposed to be approved, including revenue under-collection (MFMA section 28(2)(a)), additional revenue appropriation on existing programmes (section 28(2)(b)), projected savings (section 28(2)(d)), error correction (section 28(2)(f)).
- G = B + C + D + E + F
- Adjusted Budget H = (A or A1/2 etc) + G

NC071 Ubuntu - Table B6 Adjustments Budget Financial Position - 11/11/2019

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
ASSETS												
Current assets												
Cash		18 008						(16 394)	(16 394)	1 614	21 810	16 677
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	–	–	–	–	–	–	7 079	7 079	7 079	–	–
Other debtors		0						15 745	15 745	15 745	0	0
Current portion of long-term receivables									–	–		
Inventory		0						123	123	123	0	0
Total current assets		18 008	–	–	–	–	–	6 553	6 553	24 561	21 811	16 677
Non current assets												
Long-term receivables									–	–		
Investments									–	–		
Investment property		624 867						(595 229)	(595 229)	29 638	624 867	624 867
Investment in Associate									–	–		
Property, plant and equipment	1	15 175	–	–	–	–	–	577 811	577 811	592 986	–	–
Biological									–	–		
Intangible		2 278						(2 251)	(2 251)	27	2 278	2 278
Other non-current assets									–	–		
Total non current assets		642 320	–	–	–	–	–	(19 670)	(19 670)	622 651	627 145	627 145
TOTAL ASSETS		660 329	–	–	–	–	–	(13 117)	(13 117)	647 212	648 956	643 822
LIABILITIES												
Current liabilities												
Bank overdraft									–	–		
Borrowing		–	–	–	–	–	–	–	–	–	–	–
Consumer deposits								192	192	192		
Trade and other payables		(1 530)	–	–	–	–	–	81 865	81 865	80 335	(1 230)	(1 230)
Provisions								3 077	3 077	3 077		
Total current liabilities		(1 530)	–	–	–	–	–	85 133	85 133	83 604	(1 230)	(1 230)
Non current liabilities												
Borrowing	1	1 619	–	–	–	–	–	5 615	5 615	7 233	1 619	1 619
Provisions	1	7 227	–	–	–	–	–	3 586	3 586	10 814	7 227	7 227
Total non current liabilities		8 846	–	–	–	–	–	9 201	9 201	18 047	8 846	8 846
TOTAL LIABILITIES		7 316	–	–	–	–	–	94 334	94 334	101 650	7 616	7 616
NET ASSETS	2	653 012	–	–	–	–	–	(107 451)	(107 451)	545 561	641 340	636 206
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		653 012	–	–	–	–	–	(107 451)	(107 451)	545 561	641 340	636 206
Reserves		–	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY		653 012	–	–	–	–	–	(107 451)	(107 451)	545 561	641 340	636 206

References

- Detail to be provided in Table SA3
- Net assets must balance with Total Community Wealth/Equity
- Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
- Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
- Increases of funds approved under MFMA section 31
- Adjustments approved in accordance with MFMA section 29
- Adjustments to transfers from National or Provincial Government
- Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
- $G = B + C + D + E + F$
- Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$

NC071 Ubuntu - Table B7 Adjustments Budget Cash Flows - 11/11/2019

Description	Ref	Budget Year 2019/20									Budget Year +1 2020/21	Budget Year +2 2021/22
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		5 782						964	964	6 745	7 150	7 579
Service charges		20 151						369	369	20 520	23 933	33 034
Other revenue		8 296						3 037	3 037	11 333	8 673	9 069
Government - operating	1	38 707						(10)	(10)	38 697	41 874	45 029
Government - capital	1	14 975						500	500	15 475	12 190	12 727
Interest		2 266						1 725	1 725	3 991	2 402	2 546
Dividends		-						-	-	-	-	-
Payments												
Suppliers and employees		(71 741)						(9 907)	(9 907)	(81 648)	(85 355)	(97 471)
Finance charges		(2 901)						(2 901)	(2 901)	(5 802)	(3 075)	(3 911)
Transfers and Grants	1	(82)						-	-	(82)	(87)	(93)
NET CASH FROM/(USED) OPERATING ACTIVITIES		15 453	-	-	-	-	-	(6 224)	(6 224)	9 229	7 705	8 509
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE									-	-		
Decrease (Increase) in non-current debtors								6 000	6 000	6 000	6 000	6 000
Decrease (increase) other non-current receivables									-	-		
Decrease (increase) in non-current investments									-	-		
Payments												
Capital assets		(14 975)						(500)	(500)	(15 475)	(12 190)	(12 727)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(14 975)	-	-	-	-	-	5 500	5 500	(9 475)	(6 190)	(6 727)
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		478	-	-	-	-	-	(724)	(724)	(246)	1 515	1 782
Cash/cash equivalents at the year begin:	2	2 568						(708)	(708)	1 860	1 614	3 129
Cash/cash equivalents at the year end:	2	3 046						(1 432)	(1 432)	1 614	3 129	4 911

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less
3. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
4. Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably have been foreseen)
5. Increases of funds approved under MFMA section 31
6. Adjustments approved in accordance with MFMA section 29
7. Adjustments to transfers from National or Provincial Government
8. Adjusts. = 'Other' Adjustments proposed to be approved; including revenue under-collection (MFMA section 28(2)(a)); additional revenue appropriation on existing programmes (section 28(2)(b)); projected savings (section 28(2)(d)); error correction (section 28(2)(f))
9. $G = B + C + D + E + F$
10. Adjusted Budget $H = (A \text{ or } A1/2 \text{ etc}) + G$