KAI !GARIB MUNICIPALITY

KAI !GARIB
MUNISIPALITEIT/MUNICIPALITY

BUDGET REPORT

MTREF 2021-2023

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Glossary

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

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

Budget – The financial plan of the Municipality.

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

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

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

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

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

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

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

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

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

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

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

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

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

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

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

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

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

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

Virement – A transfer of budget.

Vote – One of the main segments of a budget. The structure is for reporting requirements and links the accounting performance both to the IDP and to the responsible officials.

PART 1 - ANNUAL BUDGET

Section 1 - Mayor's Report

Introduction:

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

With the Covid-19 pandemic among us, careful consideration must be taken to ensure that we as the municipality put all the necessary controls in place to ensure the safety of our staff and especially members of our communities. This pandemic will have long lasting effects on the municipality's economic and the ability to render services safely and effectively.

The budget tabled does not meet the requirements yet, however we strive towards a budget that complies with the latest budget regulations as well as the requirements of the National Treasury. The municipality continues to refine the budgeting processes, for which I must thank the Chief Financial Officer and her staff for the tremendous effort.

The assumptions the annual budget is based on, are fully disclosed in the executive summary of the budget documentation. Unfortunately, I must report that the municipality is in a dire cash flow position and unless drastic measures, including full cooperation from the Council and the Management team, are being taken, the municipality's sustainability is in serious doubt.

According to treasury requirements and previous circulars municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts. Municipalities were also requested to pay particular attention to managing all revenue and cash streams effectively and carefully evaluate all spending decisions.

During the review of the financial status of the municipality undertaken in the drafting of the mid-year report and with the compilation of the Adjustment Budget, it became clear that further attention would have to be paid to managing the cash streams of the municipality more effectively and that all spending decisions will have to undergo

even stricter evaluations to ensure that funds are spent only on necessities and that the spending is economic, efficient and effective.

Recommendations

It is recommended:

1) that the Council approves the Annual Budget for the MTREF 2020/2021
2) That further investigation should take place with regard to cost reflective tariffs for the services rendered by the municipality.
3) That the Service Delivery Budget and Implementation Plan (SDBIP) be adjusted accordingly and approved in line with the legislative requirements

Section 2 - Budget Related Resolutions

ANNUAL BUDGET 2020/2021

The resolution tabled at Council for consideration with approval of the adjustments budget is:

RECOMMENDATION:

a) That the Annual Budget of KAI !GARIB Municipality for the MTREF 2020/2021 as set out in the summary be approved:

(i)	Total Revenue	R 262,248m
(ii)	Total Expenditure	R 250,399m
(iii)	Total Capital budget	R 30,296m

b) That it will be noted that there are no changes to any budget related policies.

c) That the Directors put control measures in place to prevent any over-expenditure on the Operational and Capital Budget.

d) That the Service Delivery Budget and Implementation Plan (SDBIP) be adjusted accordingly and be approved in line with the legislative requirements.

Section 3 - Executive Summary

Introduction

The Annual 2019/20 budget already indicated to us that the 2020/2021 will be a cash flow challenged year. During the midterm assessment the figures for the six months shows us that the challenge is going to be more serious and that immediately remedial actions need to be put into place.

Remedial actions like the following were recommended to Council with the tabling of the adjustment budget;

1. The constitution of a debt collection unit with the mandate to concentrate on the collection of debt by means of legal actions and at the same time the cleansing of data to support the debt collection efforts.
2. Stricter control over "out of control expenses" like, overtime and vehicle costs. Over time is being assessed on a weekly basis to limit it to "emergency over time" only. This process involves a mind shit from our employees to brake the previous culture and to think outside the box and in the process become more effective.

KGM will have to face the fact that the health of our cash flow will take medium to long term to recover considering material factors like the R343,470m outstanding creditors together with the current monthly struggle to honour the fixed commitments.

In order for Council to deliver with regard to service delivery serious actions from administration with the necessary support from Council is needed.

PAYMENT PECENTAGE

As indicated in the Section 72 report, the payment percentage drop since the National Lockdown was announced at the end of March this year. This gives direction towards 2020/2021 and will have a long-lasting effect on the economy. A percentage of 80 % was used for the 2020/2021 budget.

ELECTRICITY SERVICE

As to the Council during the last budget processes explained, the electricity services (commercial services) subsidized the other activities of the Council. The practice came under pressure over the past 10 years with the exceedingly increases for Eskom. Exceedingly increases granted Eskom on one side and tariffs municipalities on the other hand can pass on to consumers, constrained by NERSA. The municipality will apply for a tariff increase of 6.22% according to the latest Budget Circular.

WATER SERVICE

The potential for generating income from water is limited. KGM had been criticized because of the fact that the water tariffs are not cost reflective. The income in the budget is based on 6% tariff adjustments.

The consumption with regard to indigents were not considered for the income projection and an 80% payment percentage is used.

SEWERAGE SERVICE

The municipality has no other choice but to increase the service tariffs with 6%. Additional to that the tariff becomes a prepaid tariff. KGM is in the unfortunate situation where many of the older established neighbourhoods do not have waterborne sewerage. These neighbourhoods also are responsible for the majority of the Residential Rates income. KGM must start putting itself in a position to replace some of the dilapidated sewerage trucks in order to maintain service delivery.

REFUSE SERVICE

The situation in the different neighbourhoods is a testimony of the level of the service. KGM has no other choice but to increase the service tariffs with 6%. KGM must start putting itself in a position to replace some of the dilapidated refuse removal trucks in order to maintain service delivery.

ASSESMENT RATES

Property rate tariffs will increase with 6% for the 2020/2021 financial year.

EMPLOYEMENT COST

With regard to the employment cost the budget is based on the Collective agreement of the Bargaining Council issued on 16 August 2018

"Employee related costs The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- *2018/19 Financial Year – 7 per cent*
- *2019/20 Financial Year – average CPI (Jan 2019) + 1,5 per cent*
- *2020/21 Financial Year – average CPI (Jan 2020) + 1,25 per cent*

CAPITAL BUDGET

The capital budget will comprise the following:

Municipal Infrastructure Grant (MIG): R22,290m

Integrated National Electrification Programme (INEP): R3,006m

Water Services Infrastructure Grant (WSIG): R2,000m

Capital expenditure from own revenue: R3,000m

The planned capital projects are registered with the relative departments and will be started as soon as the Grants is received in the new financial year.

Section 3 - TABLES

NC082 IKail Garib - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Financial Performance										
Property rates	15,556	12,545	17,449	22,739	22,739	–	–	19,750	20,935	22,191
Service charges	96,992	87,223	93,708	119,856	106,232	–	–	132,154	139,223	150,404
Investment revenue	201	241	205	217	217	–	–	247	278	307
Transfers recognised - operational	52,996	59,271	68,567	92,399	92,399	–	–	97,068	104,541	113,154
Other own revenue	13,749	20,970	19,566	23,165	23,165	–	–	13,028	14,767	15,043
Total Revenue (excluding capital transfers and contributions)	179,494	180,250	199,495	258,376	244,752	–	–	262,248	279,743	301,099
Employee costs	92,662	97,331	105,732	116,165	110,365	–	–	115,190	119,750	124,479
Remuneration of councillors	5,651	6,040	6,586	5,204	7,616	–	–	8,130	8,545	9,455
Depreciation & asset impairment	35,801	38,667	32,451	–	4,650	–	–	3,390	4,280	5,375
Finance charges	11,940	30,798	32,696	18,625	8,625	–	–	11,647	13,223	15,715
Materials and bulk purchases	52,429	61,759	58,289	66,740	70,853	–	–	75,430	80,220	85,725
Transfers and grants	11,310	16,808	155	–	–	–	–	–	–	–
Other expenditure	52,476	57,553	50,843	51,642	39,077	–	–	36,612	37,046	39,499
Total Expenditure	262,269	308,957	286,752	258,376	241,187	–	–	250,399	263,064	280,248
Surplus/(Deficit)	(82,776)	(128,707)	(87,257)	–	3,565	–	–	11,849	16,679	20,852
Transfers and subsidies - capital (monetary allocatio	21,294	29,025	27,033	31,295	21,295	–	–	27,296	32,911	46,097
Contributions recognised - capital & contributed asse	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(61,481)	(99,682)	(60,224)	31,295	24,861	–	–	39,145	49,590	66,949
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(61,481)	(99,682)	(60,224)	31,295	24,861	–	–	39,145	49,590	66,949
Capital expenditure & funds sources										
Capital expenditure	21,815	60,402	64,051	31,295	24,861	–	–	30,296	35,761	49,072
Transfers recognised - capital	21,294	29,025	27,033	31,295	21,295	–	–	27,296	32,911	46,097
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	521	31,377	37,018	–	3,565	–	–	3,000	2,850	2,975
Total sources of capital funds	21,815	60,402	64,051	31,295	24,861	–	–	30,296	35,761	49,072
Financial position										
Total current assets	66,610	35,851	42,698	45,025	288,883	–	–	226,148	199,426	204,024
Total non current assets	765,288	765,220	770,862	775,695	775,695	–	–	864,168	840,647	809,747
Total current liabilities	175,556	241,623	301,110	323,117	208,627	–	–	157,109	134,998	122,624
Total non current liabilities	70,012	79,771	92,995	97,955	97,955	–	–	100,687	102,960	107,831
Community wealth/Equity	586,330	479,678	419,454	399,648	757,996	–	–	832,520	802,115	783,316
Cash flows										
Net cash from (used) operating	21,705	(62,253)	147	29,601	31,512	–	–	27,221	32,756	45,659
Net cash from (used) investing	(20,250)	(50,589)	(102,921)	(26,434)	(31,270)	–	–	(27,296)	(32,911)	(46,097)
Net cash from (used) financing	(2,415)	6,336	10,157	–	–	–	–	132	158	297
Cash/cash equivalents at the year end	(494)	(105,692)	(92,082)	3,167	242	–	–	596	599	458
Cash backing/surplus reconciliation										
Cash and investments available	1,204	919	255	539	539	–	–	596	599	458
Application of cash and investments	100,959	204,134	254,184	277,090	(50,315)	–	–	(54,208)	(49,904)	(65,628)
Balance - surplus (shortfall)	(99,755)	(203,216)	(253,929)	(276,551)	50,854	–	–	54,804	50,503	66,086
Asset management										
Asset register summary (WDV)	–	–	–	832,634	–	–	–	862,295	838,999	808,163
Depreciation	35,801	38,667	32,451	3,166	–	–	–	–	–	–
Renewal and Upgrading of Existing Assets	8,075	5,491	19,016	20,934	22,829	–	–	–	–	–
Repairs and Maintenance	1,559	4,220	3,981	4,218	4,218	–	–	1,430	720	725

NC082 !Kai! Garib - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
Governance and administration		79,266	89,383	101,217	98,487	98,487	–	99,139	105,476	115,842
Executive and council		0	3,852	3,992	4,328	4,328	–	4,328	4,533	4,750
Finance and administration		79,266	85,531	97,225	94,159	94,159	–	94,811	100,943	111,092
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		3,144	3,313	2,056	1,970	1,970	–	1,815	1,852	1,945
Community and social services		1,501	1,488	1,088	1,040	1,040	–	935	935	1,000
Sport and recreation		1	66	–	–	–	–	–	–	–
Public safety		1,641	1,759	968	930	930	–	880	917	945
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		19,549	24,035	1,966	22,529	22,529	–	22,416	23,467	24,979
Planning and development		19,549	24,025	1,230	22,529	22,529	–	22,416	23,467	24,979
Road transport		–	10	736	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		98,829	92,544	121,155	166,444	142,820	–	166,174	181,860	204,430
Energy sources		71,125	65,565	73,006	89,135	86,619	–	88,941	99,549	103,951
Water management		14,093	11,363	27,668	30,661	28,200	–	30,585	31,224	33,560
Waste water management		7,994	9,061	15,437	30,694	15,700	–	30,694	34,147	48,714
Waste management		5,618	6,555	5,044	15,954	12,301	–	15,954	16,940	18,206
Other	4	–	–	134	242	242	–	–	–	–
Total Revenue - Functional	2	200,788	209,275	226,528	289,671	266,047	–	289,544	312,654	347,196
Expenditure - Functional										
Governance and administration		120,923	150,623	132,115	98,120	78,719	–	89,153	94,575	101,558
Executive and council		15,649	17,444	16,237	17,883	18,133	–	15,143	15,902	16,960
Finance and administration		104,354	132,198	114,912	78,761	59,163	–	72,835	77,427	83,276
Internal audit		920	981	966	1,476	1,423	–	1,175	1,246	1,322
Community and public safety		15,255	14,908	12,161	13,807	13,340	–	13,528	14,504	15,506
Community and social services		10,247	9,676	8,160	8,873	8,668	–	8,749	9,407	10,070
Sport and recreation		1,729	1,683	–	–	–	–	–	–	–
Public safety		1,912	2,313	2,761	3,049	2,924	–	2,932	3,132	3,345
Housing		957	1,097	1,240	1,885	1,748	–	1,848	1,965	2,091
Health		410	139	–	–	–	–	–	–	–
Economic and environmental services		16,945	17,819	19,144	21,293	21,345	–	18,385	19,618	21,124
Planning and development		7,689	7,816	6,632	8,080	8,471	–	7,212	7,691	8,263
Road transport		9,256	10,002	12,512	13,213	12,873	–	11,173	11,928	12,861
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		109,146	125,608	122,524	124,351	127,015	–	128,530	133,519	141,154
Energy sources		62,564	64,685	56,789	71,318	74,514	–	82,151	82,997	86,302
Water management		24,259	35,114	26,425	23,399	23,025	–	19,619	21,493	23,357
Waste water management		8,307	8,561	14,343	15,206	14,384	–	14,146	15,321	16,621
Waste management		14,017	17,247	24,967	14,428	15,093	–	12,614	13,708	14,873
Other	4	–	–	807	805	768	–	803	847	905
Total Expenditure - Functional	3	262,269	308,957	286,752	258,376	241,187	–	250,399	263,064	280,248
Surplus/(Deficit) for the year		(61,481)	(99,682)	(60,224)	31,295	24,861	–	39,145	49,590	66,949

NC082 !Kai! Garib - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote	1									
Vote 1 - OFFICE OF THE MAYOR AND SPEAKER		0	3,852	3,992	4,328	4,328	–	4,328	4,533	4,750
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–
Vote 3 - BUDGET AND TREASURY OFFICE		79,126	85,267	97,082	94,081	94,081	–	94,811	100,943	111,092
Vote 4 - CORPORATE SERVICES		–	97	1,964	1,873	1,873	–	1,815	1,852	1,945
Vote 5 - TECHNICAL AND ENGINEERING SERVICES		98,946	92,683	121,892	166,444	142,820	–	166,174	181,860	204,430
Vote 6 - PROPERTIES, PLANNING AND DEVELOPM		19,549	24,025	1,599	22,946	22,946	–	22,416	23,467	24,979
Vote 7 - COMMUNITY SERVICES (2017)		3,167	3,351	–	–	–	–	–	–	–
Vote 8 -		–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	200,788	209,275	226,528	289,671	266,047	–	289,544	312,654	347,196
Expenditure by Vote *to be appropriated*	1									
Vote 1 - OFFICE OF THE MAYOR AND SPEAKER		10,393	10,043	12,101	12,828	13,738	–	11,514	12,174	13,011
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER		6,176	8,382	7,737	8,948	8,101	–	8,142	8,513	9,019
Vote 3 - BUDGET AND TREASURY OFFICE		84,705	112,247	91,742	52,695	36,476	–	53,561	56,871	61,349
Vote 4 - CORPORATE SERVICES		17,548	17,415	25,639	29,318	25,909	–	21,598	23,044	24,653
Vote 5 - TECHNICAL AND ENGINEERING SERVICES		130,576	146,375	139,031	141,959	144,215	–	143,992	150,064	158,936
Vote 6 - PROPERTIES, PLANNING AND DEVELOPM		8,297	8,564	10,502	12,628	12,749	–	11,593	12,397	13,280
Vote 7 - COMMUNITY SERVICES (2017)		4,574	5,930	–	–	–	–	–	–	–
Vote 8 -		–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	262,269	308,957	286,752	258,376	241,187	–	250,399	263,064	280,248
Surplus/(Deficit) for the year	2	(61,481)	(99,682)	(60,224)	31,295	24,861	–	39,145	49,590	66,949

NC082 !Kai! Garib - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	15,556	12,545	17,449	22,739	22,739	–	–	19,750	20,935	22,191
Service charges - electricity revenue	2	69,424	59,060	66,307	81,073	78,557	–	–	88,914	93,388	101,819
Service charges - water revenue	2	14,017	12,595	15,440	17,627	15,166	–	–	20,818	22,067	23,391
Service charges - sanitation revenue	2	7,994	9,059	6,916	12,240	7,246	–	–	12,971	13,749	14,574
Service charges - refuse revenue	2	5,557	6,509	5,044	8,916	5,264	–	–	9,451	10,018	10,619
Rental of facilities and equipment		214	266	334	385	385	–	–	534	566	600
Interest earned - external investments		201	241	205	217	217	–	–	247	278	307
Interest earned - outstanding debtors		11,065	15,604	11,808	20,738	20,738	–	–	10,823	12,420	12,505
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		117	57	66	62	62	–	–	115	127	132
Licences and permits		–	–	–	670	670	–	–	685	702	754
Agency services		1,263	1,377	207	210	210	–	–	212	241	288
Transfers and subsidies		52,996	59,271	68,567	92,399	92,399	–	–	97,068	104,541	113,154
Other revenue	2	1,089	3,666	7,150	1,100	1,100	–	–	660	711	765
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		179,494	180,250	199,495	258,376	244,752	–	–	262,248	279,743	301,099
Expenditure By Type											
Employee related costs	2	92,662	97,331	105,732	116,165	110,365	–	–	115,190	119,750	124,479
Remuneration of councillors		5,651	6,040	6,586	5,204	7,616	–	–	8,130	8,545	9,455
Debt impairment	3	12,199	21,811	6,989	13,811	13,811	–	–	7,760	7,757	7,779
Depreciation & asset impairment	2	35,801	38,667	32,451	–	4,650	–	–	3,390	4,280	5,375
Finance charges		11,940	30,798	32,696	18,625	8,625	–	–	11,647	13,223	15,715
Bulk purchases	2	50,869	57,539	54,308	62,522	66,635	–	–	73,000	75,500	78,000
Other materials	8	1,559	4,220	3,981	4,218	4,218	–	–	2,430	4,720	7,725
Contracted services		14,565	12,516	16,801	14,876	11,763	–	–	8,380	6,955	7,559
Transfers and subsidies		11,310	16,808	155	–	–	–	–	–	–	–
Other expenditure	4, 5	21,541	23,175	24,666	22,955	13,503	–	–	20,472	22,334	24,161
Loss on disposal of PPE		4,171	51	2,387	–	–	–	–	–	–	–
Total Expenditure		262,269	308,957	286,752	258,376	241,187	–	–	250,399	263,064	280,248
Surplus/(Deficit)		(82,776)	(128,707)	(87,257)	–	3,565	–	–	11,849	16,679	20,852
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		21,294	29,025	27,033	31,295	21,295	–	–	27,296	32,911	46,097
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Transfers and subsidies - capital (in-kind - all)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(61,481)	(99,682)	(60,224)	31,295	24,861	–	–	39,145	49,590	66,949
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		(61,481)	(99,682)	(60,224)	31,295	24,861	–	–	39,145	49,590	66,949
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(61,481)	(99,682)	(60,224)	31,295	24,861	–	–	39,145	49,590	66,949
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		(61,481)	(99,682)	(60,224)	31,295	24,861	–	–	39,145	49,590	66,949

NC082 IKaii Garib - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - OFFICE OF THE MAYOR AND SPEAKER		–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–	–
Vote 3 - BUDGET AND TREASURY OFFICE		–	–	–	–	–	–	–	–	–	–
Vote 4 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL AND ENGINEERING SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - PROPERTIES, PLANNING AND DEVELOPM		–	–	–	–	–	–	–	–	–	–
Vote 7 - COMMUNITY SERVICES (2017)		–	–	–	–	–	–	–	–	–	–
Vote 8 -		–	–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	–	–	–	–	–	–	–	–
Single-year expenditure *to be appropriated*	2										
Vote 1 - OFFICE OF THE MAYOR AND SPEAKER		–	–	–	–	–	–	–	–	–	–
Vote 2 - OFFICE OF THE MUNICIPAL MANAGER		–	–	–	–	66	–	–	3,000	2,850	2,975
Vote 3 - BUDGET AND TREASURY OFFICE		–	–	–	–	–	–	–	–	–	–
Vote 4 - CORPORATE SERVICES		–	–	–	31,295	24,795	–	–	27,296	32,911	46,097
Vote 5 - TECHNICAL AND ENGINEERING SERVICES		–	–	–	–	–	–	–	–	–	–
Vote 6 - PROPERTIES, PLANNING AND DEVELOPM		21,815	60,402	64,051	–	–	–	–	–	–	–
Vote 7 - COMMUNITY SERVICES (2017)		–	–	–	–	–	–	–	–	–	–
Vote 8 -		–	–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		21,815	60,402	64,051	31,295	24,861	–	–	30,296	35,761	49,072
Total Capital Expenditure - Vote		21,815	60,402	64,051	31,295	24,861	–	–	30,296	35,761	49,072
Capital Expenditure - Functional											
Governance and administration		13,740	52,379	55,910	–	66	–	–	3,000	2,850	2,975
Executive and council		–	–	11	–	–	–	–	–	–	–
Finance and administration		13,740	52,379	55,899	–	66	–	–	3,000	2,850	2,975
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	–	–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		51	–	118	–	–	–	–	–	–	–
Planning and development		51	–	43	–	–	–	–	–	–	–
Road transport		–	–	75	–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		8,024	8,024	8,024	31,295	24,795	–	–	27,296	32,911	46,097
Energy sources		–	–	–	–	4,717	–	–	–	–	–
Water management		8,024	8,024	8,024	21,295	16,578	–	–	3,006	2,000	6,000
Waste water management		–	–	–	10,000	–	–	–	24,290	30,911	40,097
Waste management		–	–	–	–	3,500	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	21,815	60,402	64,051	31,295	24,861	–	–	30,296	35,761	49,072
Funded by:											
National Government		21,294	29,025	27,033	31,295	21,295	–	–	27,296	32,911	46,097
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	21,294	29,025	27,033	31,295	21,295	–	–	27,296	32,911	46,097
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		521	31,377	37,018	–	3,565	–	–	3,000	2,850	2,975
Total Capital Funding	7	21,815	60,402	64,051	31,295	24,861	–	–	30,296	35,761	49,072

NC082 IKaii Garib - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
ASSETS											
Current assets											
Cash		590	511	80	147	147	–	–	284	311	194
Call investment deposits	1	614	407	384	392	392	–	–	312	288	264
Consumer debtors	1	59,837	28,824	39,899	41,873	285,731	–	–	222,643	195,558	199,444
Other debtors		283	67	67	67	67	–	–	67	67	67
Current portion of long-term receivables		2,323	1,081	1,503	1,703	1,703	–	–	1,894	2,148	2,649
Inventory	2	2,963	4,959	765	843	843	–	–	948	1,054	1,407
Total current assets		66,610	35,851	42,698	45,025	288,883	–	–	226,148	199,426	204,024
Non current assets											
Long-term receivables		1,604	731	1,082	1,208	1,208	–	–	1,874	1,649	1,584
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		1,417	1,505	1,524	1,550	1,550	–	–	1,680	1,784	1,947
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	761,952	762,608	768,000	772,649	772,649	–	–	860,303	836,871	805,854
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		315	376	257	288	288	–	–	312	344	362
Other non-current assets		–	0	0	–	–	–	–	–	–	–
Total non current assets		765,288	765,220	770,862	775,695	775,695	–	–	864,168	840,647	809,747
TOTAL ASSETS		831,898	801,071	813,560	820,720	1,064,578	–	–	1,090,316	1,040,074	1,013,771
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	209	–	–	–	–	–	–	–
Borrowing	4	6,474	8,090	11,471	11,861	11,861	–	–	10,470	9,748	8,430
Consumer deposits		1,667	1,735	1,773	1,816	1,816	–	–	1,948	2,106	2,403
Trade and other payables	4	161,651	227,391	282,294	303,470	188,980	–	–	140,556	119,297	108,143
Provisions		5,765	4,407	5,364	5,970	5,970	–	–	4,135	3,847	3,649
Total current liabilities		175,556	241,623	301,110	323,117	208,627	–	–	157,109	134,998	122,624
Non current liabilities											
Borrowing		3,666	6,996	10,224	11,008	11,008	–	–	10,740	10,473	9,470
Provisions		66,346	72,775	82,772	86,947	86,947	–	–	89,947	92,487	98,361
Total non current liabilities		70,012	79,771	92,995	97,955	97,955	–	–	100,687	102,960	107,831
TOTAL LIABILITIES		245,568	321,393	394,106	421,072	306,582	–	–	257,796	237,958	230,455
NET ASSETS	5	586,330	479,678	419,454	399,648	757,996	–	–	832,520	802,115	783,316
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		586,330	479,678	419,454	399,648	757,996	–	–	832,520	802,115	783,316
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	586,330	479,678	419,454	399,648	757,996	–	–	832,520	802,115	783,316

NC082 !Kai! Garib - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		15,556	17,144	17,449	22,580	17,992	–	–	18,763	19,888	21,082
Service charges		94,797	99,998	105,283	114,356	111,821	–	–	125,547	132,262	142,884
Other revenue		2,356	5,366	985	2,207	2,249	–	–	2,205	2,570	2,659
Government - operating	1	52,996	59,271	67,498	82,250	83,050	–	–	97,068	97,504	106,369
Government - capital	1	21,294	29,025	35,744	25,934	25,934	–	–	27,296	32,911	46,097
Interest		11,266	15,867	11,985	9,425	17,400	–	–	11,070	23,113	27,289
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(153,343)	(241,431)	(206,774)	(224,662)	(205,862)	–	–	(243,080)	(262,270)	(285,005)
Finance charges		(11,934)	(30,684)	(20,081)	(1,590)	(10,149)	–	–	(11,647)	(13,223)	(15,715)
Transfers and Grants	1	(11,283)	(16,808)	(11,942)	(900)	(10,922)	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		21,705	(62,253)	147	29,601	31,512	–	–	27,221	32,756	45,659
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2,373	7,476	(6,942)	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		(1,074)	670	(3,680)	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		266	7	4	–	–	–	–	–	–	–
Payments											
Capital assets		(21,815)	(58,742)	(92,303)	(26,434)	(31,270)	–	–	(27,296)	(32,911)	(46,097)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(20,250)	(50,589)	(102,921)	(26,434)	(31,270)	–	–	(27,296)	(32,911)	(46,097)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		(1,521)	1,107	1,215	–	–	–	–	–	–	–
Borrowing long term/refinancing		2,630	5,161	8,904	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		38	68	38	–	–	–	–	132	158	297
Payments											
Repayment of borrowing		(3,562)	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,415)	6,336	10,157	–	–	–	–	132	158	297
NET INCREASE/ (DECREASE) IN CASH HELD		(960)	(106,505)	(92,617)	3,167	242	–	–	57	3	(141)
Cash/cash equivalents at the year begin:	2	467	813	535	–	–	–	–	539	596	599
Cash/cash equivalents at the year end:	2	(494)	(105,692)	(92,082)	3,167	242	–	–	596	599	458

NC082 !Kai! Garib - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	(494)	(105,692)	(92,082)	3,167	242	–	–	596	599	458
Other current investments > 90 days		1,698	106,611	92,337	(2,628)	297	–	–	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		1,204	919	255	539	539	–	–	596	599	458
Application of cash and investments											
Unspent conditional transfers		164	–	7,642	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	100,796	204,134	246,542	277,090	(50,315)	–	–	(54,208)	(49,904)	(65,628)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		100,959	204,134	254,184	277,090	(50,315)	–	–	(54,208)	(49,904)	(65,628)
Surplus(shortfall)		(99,755)	(203,216)	(253,929)	(276,551)	50,854	–	–	54,804	50,503	66,086

Quality certificate

I, Adv. R.S. Neethling, as acting municipal manager of KAI !GARIB MUNICIPALITY,

hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the annual budget and

supporting documentation are consistent with the Integrated Development Plan of the municipality.

Adv. R.S. Neetling

Acting Municipal Manager of KAI ! GARIB (NC082)

Signature

Date 12 06 2020