



Fezile Dabi

District Municipality

ADJUSTMENT BUDGET EQUITABLE SHARE ALLOCATION

2020/21 TO 2022/23

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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PART 1

RESOLUTIONS

- (a) The Council of Fezile Dabi District Municipality scheduled a meeting to approve the adjustment budget for the financial year 2020/21 – 2022/23 to be on the 30th of October 2020.
- (b) That the adjustment budget documentation for 2020/21 – 2022/23 as outlined in the budget regulations be submitted to National and Provincial government or organ of state after approval by the Council.

EXECUTIVE SUMMARY

The minister of Finance Mr. Tito Mboweni made additional **Equitable Share allocation to municipalities. In relation to Fezile Dabi District Municipality the additional allocation is R1.8 million.** This money was Gazzeted on the 27th of August 2020.

An extract from Division of Revenue Amendment Act, 2020

To amend the Division of Revenue Act, 2020, in accordance with the Money Bills and Related Matters Act, 2009; and to provide for matters connected therewith.

PREAMBLE

WHEREAS section 214(1) of the Constitution of the Republic of South Africa, 1996, requires an Act of Parliament to provide for—

- (a) the equitable division of revenue raised nationally among the national, provincial and local spheres of government;
- (b) the determination of each province’s equitable share of the provincial share of that revenue; and
- (c) any other allocations to provinces, local government or municipalities from the national government’s share of that revenue, and any conditions on which those allocations may be made;

WHEREAS the Division of Revenue Act, 2020 (Act No. 4 of 2020), gives effect to section 214(1) of the Constitution in respect of the 2020/21 financial year;

AND WHEREAS section 12(4) of the Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009), requires the Minister of Finance to table a Division of Revenue Amendment Bill with a revised fiscal framework if the adjustments budget effects changes to the Division of Revenue Act for the relevant year,

BE IT THEREFORE ENACTED by the Parliament of the Republic of South Africa, as follows:—
Amendment of section 5 of Act 4 of 2020

1. Section 5 of the Division of Revenue Act, 2020 (hereinafter referred to as the principal Act), is hereby amended by the substitution for subsection (3) of the following subsection:

“(3) (a) The national department responsible for local government must transfer a municipality’s equitable share referred to in subsection (1) to the primary bank account of the municipality [in three transfers] on **7 July 2020, 8 December 2020 and 16 March 2021** in the amounts determined in terms of section 23(2).

TOTAL INCOME

Table B4 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK

OPERATING GRANT	APPROVED BUDGET	ADJUSTED BUDGET	BUDGET YEAR	BUDGET YEAR
	2020/21	2020/21	2021/22	2022/23
Operating Grant and Subsidies	163 223 000	165 343 000	167 399 000	172 882 000
Capital Grants and Subsidies	2 506 000	2 206 000	2 827 000	2 462 000
Interest earned – External Investment	8 000 000	8 000 000	8 384 000	8 786 432
Operational Revenue	310 000	310 000	324 880	340 474
Sale and Rendering of Services	1 140 000	1 140 000	41 920	43 932
Transfer from Accumulated Sur	13 322 150	13 322 150	18 658 244	25 413 391
Total Revenue	<u>188 501 150</u>	<u>190 321 150</u>	<u>197 635 044</u>	<u>209 928 229</u>

Revenue Notes

- Operating Grants and Subsidies are as per Division of Revenue Act (Gazetted 2020) and (Gazetted 07 August 2020).
- R1 820 000 additional allocation equitable share
- Capital grants reduced by R300 000 that was incorrectly allocated , it was moved to operating Grants hence operating grants increased from R 163 million to R165 million.

TOTAL EXPENDITURE

Table B4

	APPROVED BUDGET	ADJUSTED BUDGET	BUDGET YEAR	BUDGET YEAR
	2020/21 (R)	2020/21 (R)	2021/22 (R)	2022/23 (R)
Employee Related Cost	119 190 800	119 190 800	126 428 554	134 330 338
Remuneration of Councillors	8 758 000	8 758 000	8 862 422	9 319 028
Depreciation & Asset Impairment	3 000 000	3 000 000	3 144 000	3 294 912
Materials and bulk purchases	1 980 900	2 035 900	2 075 983	2 175 630
Transfers and grants	3 490 000	4 090 000	3 657 520	3 833 081
Contracted Services	27 352 000	27 652 000	27 536 008	29 785 040
Other Expenditure	24 569 450	25 469 450	25 762 878	27 014 471
Loss on Disposal of PPE				
Capital Expenditure	160 000	160 000	167 680	175 729
Total Expenditure	<u>188 501 150</u>	<u>190 321 150</u>	<u>197 635 044</u>	<u>209 928 229</u>

Expenditure Notes

- EPWP Projects and PPE for Covid 19 budget increased by R 1 820 000.

BREAKDOWN OF TOTAL INCOME

OPERATING GRANTS AND SUBSIDIES

	APPROVED BUDGET (R) 2020/21	ADJUSTMENT BUDGET 2020/21
Equitable share	11 150 000	12 970 000
Local government financial management grant	1 000 000	1 000 000
Fuel levy (RSC Levy Replacement grant)	148 073 000	148 073 000
Rural road assets management grant	2 206 000	2 206 000
Energy Efficient & demand side management grant	3 000 000	3 000 000
Municipal Sytems Improvement Grant	300 000	300 000
Municipal Disaster Relief grant (Covid 19)	0	0
TOTAL OPERATING GRANTS	<u>165 729 000</u>	<u>167 549 000</u>

NATIONAL GOVERNMENT GAZZETTE (07 AUGUST 2020)

Additional allocation of R 1 820 000 Division of Revenue Amendment Act, 2020 for equitable share.

INTEREST EARNED-EXTERNAL INVESTMENTS

	APPROVED BUDGET 2020/21	ADJUSTED BUDGET 2020/21
Current and general - interest	1 500 000	1 500 000
Investment interest	6 500 000	6 500 000
TOTAL INTEREST RECEIVED	<u>8 000 000</u>	<u>8 000 000</u>

- No adjustments made

OPERATIONAL REVENUE

Description	APPROVED BUDGET (R)	ADJUSTMENT BUDGET (R)
Bad debt recovered	-	-
Staff recoveries	200 000	200 000
Insurance refund	10 000	10 000
Skills development levy	100 000	100 000
LGSETA Learnership grant for youth	0	0
Total Operational Revenue	<u>310 000</u>	<u>310 000</u>

No adjustments made

SALE OF GOODS AND RENDERING OF SERVICE

Description	APPROVED BUDGET (R)	ADJUSTMENT BUDGET (R)
Entrance Fees	1 000 000	1 000 000
Fire Services Call Out to Private Companies	100 000	100 000
Sale of : Publication – Tender Documents	40 000	40 000
Total Operational Revenue	<u>1 140 000</u>	<u>1 140 000</u>

No adjustments made

ADJUSTMENT BUDGET MAIN TABLES (B SCHEDULE) VERSION 6.4

TABLE B1

Explanatory notes to Table B1 - Budget Summary

- Table B1 is a budget summary and provides a concise overview of the municipality’s budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts to be approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance.
- Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus/deficit (after Total Expenditure) is negative over the MTREF and is being funded from accumulated cash-backed surpluses from previous years.
 - Capital expenditure is balanced by capital funding sources, internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years.
 - Total revenue is **R172.6 million** in 2020/21 and increased to **R174.7 million** by adjustment budget this is as a results of additional grants that were initially gazetted for energy efficiency and demand side management grant. This represents a shift from the approved to the adjustment budget of year-on-year increase of **1.23 %** to the total budget of fezile dabi district municipality.

DC20 Fezile Dabi - Table B1 Adjustments Budget Summary - 30/09/2020

Description	Budget Year 2020/21									
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	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	-	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-	-
Investment revenue	8 000	-	-	-	-	-	-	-	-	8 000
Transfers recognised - operational	15 150	-	-	-	-	2 120	-	2 120	-	17 270
Other own revenue	149 523	-	-	-	-	-	-	-	-	149 523
Total Revenue (excluding capital transfers and contributions)	172 673	-	-	-	-	2 120	-	2 120	-	174 793

- **Transfers recognized:** It needs to be noted that in real terms the grants receipts from national government remained the same R 2.2 million no adjustment made.

3110122000000000000	CAPITAL : MONETARY		
31101258940FMZZZZWD	TS_C_M_NG_MIG GRANT	-300 000	300 000
31101259010F4ZZZZHO	TS_C_M_NG_RURAL ROAD ASSET MNG SYS GRANT	-2 206 000	-2 206 000
3110125990000000000	SUB TOTAL : CAPITAL : MONETARY	-2 506 000	300 000

- The **capital budget** remained **R 160 000**. Total capital budget will be spent on furniture; other equipment; and computer software no adjustments made.

		Capital Expenditure	
			Annual Budget
Typ	Votenummer	Description	2020/21 (R)
R T	30052999990000000000	Council General	-
R S	30102999980000000000	Executive Mayor	
R S	30152999980000000000	Office of the Speaker	
R S	30202999980000000000	Mayoral Committie	
R S	30252999980000000000	Municipal Manager	
R S	30352999980000000000	Finance Department	
R S	30452999980000000000	Information Technology	-
R S	30502999980000000000	Public Works Department	140 000
R S	30602999980000000000	Corporate Support Services	
R S	30702999980000000000	Fire Services	
R S	30752999980000000000	Disaster Management	
R S	30802999980000000000	Local Economic Development	
R S	30902999980000000000	Environmental Health Services	20 000
R S	31052999980000000000	Municipal Health Management	
		Total Capital Expenditure	160 000

TABLE B2

- Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into several functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile government's reports.

Total Revenue - Functional	2	175 179	-	-	-	-	1 820	-	1 820	176 999	178 977	184 515
Expenditure - Functional												
Governance and administration		160 952	-	-	-	-	1 820	-	1 820	162 772	169 745	179 568
Executive and council		42 924	-	-	-	-	-	-	-	42 924	44 788	47 229
Finance and administration		118 028	-	-	-	-	1 820	-	1 820	119 848	124 957	132 338
Internal audit		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		16 186	-	-	-	-	-	-	-	16 186	17 096	18 100
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		12 585	-	-	-	-	-	-	-	12 585	13 341	14 143
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		3 601	-	-	-	-	-	-	-	3 601	3 754	3 956
Economic and environmental services		9 717	-	-	-	-	-	-	-	9 717	10 216	10 741
Planning and development		5 206	-	-	-	-	-	-	-	5 206	5 456	5 718
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		4 511	-	-	-	-	-	-	-	4 511	4 760	5 023
Trading services		-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		1 487	-	-	-	-	-	-	-	1 487	1 539	1 634
Total Expenditure - Functional	3	188 341	-	-	-	-	1 820	-	1 820	190 161	198 595	210 042
Surplus/ (Deficit) for the year		(13 162)	-	-	-	-	-	-	-	(13 162)	(19 619)	(25 528)

TABLE B3

This represents a view of budgeted financial performance in relation to the revenue and expenditure per municipal vote.

Total Revenue by Vote	2	175 179	-	-	-	-	1 820	-	1 820	176 999	178 977	184 515
Expenditure by Vote	1											
Vote 01 - Council General		12 861	-	-	-	-	-	-	-	12 861	13 306	13 945
01.1 - Council General		12 861	-	-	-	-	-	-	-	12 861	13 306	13 945
Vote 02 - Executive Mayor		14 145	-	-	-	-	-	-	-	14 145	14 889	15 714
02.1 - Executive Mayor		14 145	-	-	-	-	-	-	-	14 145	14 889	15 714
Vote 03 - Office Of The Speaker		8 068	-	-	-	-	-	-	-	8 068	8 499	8 985
03.1 - Speaker		8 068	-	-	-	-	-	-	-	8 068	8 499	8 985
Vote 04 - Mayoral Committee		4 016	-	-	-	-	-	-	-	4 016	4 121	4 374
04.1 - Mayoral Committee		4 016	-	-	-	-	-	-	-	4 016	4 121	4 374
Vote 05 - Municipal Manager		26 956	-	-	-	-	-	-	-	26 956	28 530	30 251
05.1 - Municipal Manager		24 616	-	-	-	-	-	-	-	24 616	26 104	27 682
05.2 - Municipal Manager - Director		2 340	-	-	-	-	-	-	-	2 340	2 426	2 569
Vote 06 - Fincial Services		24 151	-	-	-	-	-	-	-	24 151	25 526	27 022
06.1 - Finance		19 534	-	-	-	-	-	-	-	19 534	20 689	21 914
06.2 - Finance - Director		1 494	-	-	-	-	-	-	-	1 494	1 546	1 642
06.3 - Information Technology		3 123	-	-	-	-	-	-	-	3 123	3 290	3 466
06.4 - Income		-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Information Technology		-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Project And Public Works		29 477	-	-	-	-	-	-	-	29 477	31 180	32 983
08.1 - Project Management And Public Roads		6 692	-	-	-	-	-	-	-	6 692	7 087	7 506
08.2 - Project Management Projects Local Mun		5 206	-	-	-	-	-	-	-	5 206	5 456	5 718
08.3 - Fire & Emergency Services		12 585	-	-	-	-	-	-	-	12 585	13 341	14 143
08.4 - Disaster Management		4 994	-	-	-	-	-	-	-	4 994	5 296	5 616
Vote 09 - Corporate Support Services		24 469	-	-	-	-	-	-	-	24 469	25 841	27 333
09.1 - Corporate Support Services		22 927	-	-	-	-	-	-	-	22 927	24 244	25 639
09.2 - Corporate - Director		1 542	-	-	-	-	-	-	-	1 542	1 597	1 695
Vote 10 - Fire Services		20 634	-	-	-	-	-	-	-	20 634	21 887	23 216
10.1 - Environmental Health		20 634	-	-	-	-	-	-	-	20 634	21 887	23 216
Vote 11 - Disaster Management		4 511	-	-	-	-	-	-	-	4 511	4 760	5 023
11.1 - Air Management		4 511	-	-	-	-	-	-	-	4 511	4 760	5 023
Vote 12 - Environmental Health Services		3 601	-	-	-	-	-	-	-	3 601	3 754	3 956
12.1 - Public Safety & Health Director		3 601	-	-	-	-	-	-	-	3 601	3 754	3 956
Vote 13 - Evironmental Management Unit		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		15 454	-	-	-	-	1 820	-	1 820	17 274	16 302	17 239
15.1 - Local Economic Dev. And Public Liaison		13 967	-	-	-	-	1 820	-	1 820	15 787	14 763	15 605
15.2 - Social Dev. & Tourism Director		1 487	-	-	-	-	-	-	-	1 487	1 539	1 634
Total Expenditure by Vote	2	188 341	-	-	-	-	1 820	-	1 820	190 161	198 595	210 042
Surplus/ (Deficit) for the year	2	(13 162)	-	-	-	-	-	-	-	(13 162)	(19 619)	(25 528)

TABLE B4

This table gives a view of movement in total revenue. Statement of financial performance is a budgeted annual financial statements.

For this table kindly refer back to the initial main tables under the heading executive summary.

TABLE B5

Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget.

Single-year expenditure to be adjusted	2												
Vote 01 - Council General		-	-	-	-	-	-	-	-	-	-	-	-
Vote 02 - Executive Mayor		-	-	-	-	-	-	-	-	-	-	-	-
Vote 03 - Office Of The Speaker		-	-	-	-	-	-	-	-	-	-	-	-
Vote 04 - Mayoral Committee		-	-	-	-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-
Vote 06 - Financial Services		-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Information Technology		-	-	-	-	-	-	-	-	-	-	-	-
Vote 08 - Project And Public Works		140	-	-	-	-	-	-	-	140	147	154	
Vote 09 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Fire Services		20	-	-	-	-	-	-	-	20	21	22	
Vote 11 - Disaster Management		-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Environmental Health Services		-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Environmental Management Unit		-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		160	-	-	-	-	-	-	-	160	168	176	
Total Capital Expenditure - Vote		160	-	-	-	-	-	-	-	160	168	176	
Capital Expenditure - Functional													
Governance and administration		160	-	-	-	-	-	-	-	160	168	176	
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		160	-	-	-	-	-	-	-	160	168	176	
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													
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-
Other													
Total Capital Expenditure - Functional	3	160	-	-	-	-	-	-	-	160	168	176	
Funded by:													
National Government		-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		160	-	-	-	-	-	-	-	160	168	176	
Total Capital Funding		160	-	-	-	-	-	-	-	160	168	176	

TABLE B5B

This table look exactly like table 5 capital assets. For a single year.

TABLE B6

Budgeted statement of financial position any adjustments that were made on annual financial statements are budgeted here.

TABLE B7

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

TABLE B8 AND B10

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation.

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “Funded”.

Explanatory notes to Table B10 - Basic Service Delivery Measurement

Table B10 has not been completed as the district municipality does not render any basic services

