



**TOKOLOGO LOCAL MUNICIPALITY SPECIAL ADJUSTMENT
BUDGET NARRATIONS
2019/2020**

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1.1 MAYOR'S REPORT

BUDGET SPEECH

BY:

HONOURABLE MAYOR MR BE SEAKGE

Date: 30 May 2019

1.2 RESOLUTIONS

TLM SC 30/05/2019 (1)

Tabling of the Special Adjustment budget: Adjustment budget 2019/2020

Resolved that the Special Adjustment budget for the year 2019/2020 financial year be noted

Background

Section 16 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

16. Annual budgets

(1) the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

Section 24 of the Municipal Finance Management Act, Act 56 of 2003 determined as follows:

24. Approval of annual budgets

(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget—

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary—

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality's integrated development plan; and

(v) approving any changes to the municipality's budget-related policies.

(3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury

OPERATIONAL BUDGET

The Accounting officer and the chief financial Officer submitted operational budget to council amounting to:

Income:	R 130 230 000
Expenditure:	<u>R 130 166 000</u>
Surplus	R 64 000
Non-cash Items	<u>R 12 912 000</u>
Surplus	<u>R 12 976 000</u>

Resolved that council note the operational budget for 2019/2020 financial year as submitted

CAPITAL BUDGET

A capital budget to the amount of **R 217 225 350** is submitted.

Budget is financed as follows:

Regional Bulk:	R 136 500 000
MIG	R 15 725 350
WSIG	<u>R 65 000 000</u>
	<u>R 217 225 350</u>

Resolved that council approve the Capital budget for 2019/2020 financial year as submitted

1.3 EXECUTIVE SUMMARY

Overview

Tokologo local Municipality budgeted process started in August 2018 when the council approved budget timelines as required by legislation.

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary –

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality’s integrated development plan; and

(v) approving any changes to the municipality’s budget-related policies.”

BUDGET TABLES

1.4.1 Table B1 Budget Summary

FS182 Tokologo - Table B1 Adjustments Budget Summary -

Description	Budget Year 2019/20									Budget Year	Budget Year
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	+1 2020/21	+2 2021/22
										Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	5,375	-	-	-	-	-	-	-	5,375	5,697	6,039
Service charges	39,490	-	-	-	-	-	4,784	4,784	44,274	54,562	57,836
Investment revenue	739	-	-	-	-	-	-	-	739	783	830
Transfers recognised - operational	58,961	-	-	-	-	-	2,000	2,000	60,961	61,914	66,231
Other own revenue	17,758	-	-	-	-	-	1,124	1,124	18,882	20,015	21,216
Total Revenue (excluding capital transfers and contributions)	122,322	-	-	-	-	-	7,908	7,908	130,230	142,971	152,152
Employee costs	49,797	-	-	-	-	-	(5,124)	(5,124)	44,673	47,800	51,146
Remuneration of councillors	3,061	-	-	-	-	-	(214)	(214)	2,847	3,047	3,260
Depreciation & asset impairment	2,339	-	-	-	-	-	-	-	2,339	2,479	2,628
Finance charges	420	-	-	-	-	-	-	-	420	445	472
Materials and bulk purchases	31,153	-	-	-	-	-	14,399	14,399	45,553	49,114	52,955
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	34,835	-	-	-	-	-	(501)	(501)	34,334	36,103	38,269
Total Expenditure	121,605	-	-	-	-	-	8,561	8,561	130,166	138,988	148,730
Surplus/(Deficit)	717	-	-	-	-	-	(652)	(652)	64	3,983	3,422
Transfers recognised - capital	25,725	-	-	-	-	-	-	-	25,725	23,584	24,933
Contributions recognised - capital & contributed assets	191,500	-	-	-	-	-	-	-	191,500	112,000	65,000
Surplus/(Deficit) after capital transfers & contributions	217,942	-	-	-	-	-	(652)	(652)	217,290	139,567	93,355
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	217,942	-	-	-	-	-	(652)	(652)	217,290	139,567	93,355
Capital expenditure & funds sources											
Capital expenditure	217,225	-	-	-	-	-	-	-	217,225	135,584	89,933
Transfers recognised - capital	217,225	-	-	-	-	-	-	-	217,225	135,584	89,933
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	217,225	-	-	-	-	-	-	-	217,225	135,584	89,933
Financial position											
Total current assets	172,990	-	-	-	-	-	(105,912)	(105,912)	67,078	(100,105)	(277,319)
Total non current assets	974,307	-	-	-	-	-	(369,279)	(369,279)	605,028	641,329	679,809
Total current liabilities	59,957	-	-	-	-	-	89,256	89,256	149,213	158,166	167,656
Total non current liabilities	40,821	-	-	-	-	-	(23,611)	(23,611)	17,210	18,242	19,337
Community wealth/Equity	1,046,519	-	-	-	-	-	(540,837)	(540,837)	505,682	364,816	215,497
Cash flows											
Net cash from (used) operating	180,416	-	-	-	-	-	-	-	180,416	96,169	48,942
Net cash from (used) investing	(217,925)	-	-	-	-	-	-	-	(217,925)	(135,584)	(89,933)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(37,045)	-	-	-	-	-	-	-	(37,045)	(38,923)	(40,469)
Cash backing/surplus reconciliation											
Cash and investments available	5,110	-	-	-	-	-	(4,694)	(4,694)	416	441	468
Application of cash and investments	(16,133)	-	-	-	-	-	157,348	157,348	141,215	221,450	305,258
Balance - surplus (shortfall)	21,243	-	-	-	-	-	(162,042)	(162,042)	(140,799)	(221,009)	(304,790)
Asset Management											
Asset register summary (WDV)	969,810	-	-	-	-	-	-	-	969,810	-	-
Depreciation & asset impairment	2,239	2,339	2,456	-	-	-	-	2,456	4,795	-	-
Renewal and Upgrading of Existing Assets	744	-	-	-	-	-	-	-	744	-	-
Repairs and Maintenance	4,153	-	-	-	-	-	-	-	4,153	3,838	4,030
Free services											
Cost of Free Basic Services provided	9,763	-	-	-	-	-	(2,564)	(2,564)	7,200	-	-
Revenue cost of free services provided	1,326	-	-	-	-	-	-	-	1,326	1,405	1,490
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	3	-	-	-	-	-	(1)	(1)	1	1	1
Energy:	1	-	-	-	-	-	-	-	1	1	1
Refuse:	5	-	-	-	-	-	1	1	6	6	6

1.4.2 Table B2 Financial Performance (Revenue and Expenditure)

FS182 Tokologo - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2020/21	+2 2021/22
Revenue - Functional												
Governance and administration		42,773	-	-	-	-	-	2,000	2,000	44,773	47,459	50,307
Executive and council		14,365	-	-	-	-	-	-	-	14,365	15,226	16,140
Finance and administration		26,871	-	-	-	-	-	2,000	2,000	28,871	30,603	32,439
Internal audit		1,537	-	-	-	-	-	-	-	1,537	1,630	1,727
Community and public safety		3,430	-	-	-	-	-	-	-	3,430	3,636	3,854
Community and social services		1,482	-	-	-	-	-	-	-	1,482	1,571	1,665
Sport and recreation		1,005	-	-	-	-	-	-	-	1,005	1,066	1,129
Public safety		943	-	-	-	-	-	-	-	943	999	1,059
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		25,370	-	-	-	-	-	-	-	25,370	26,892	28,506
Planning and development		9,677	-	-	-	-	-	-	-	9,677	10,257	10,873
Road transport		15,694	-	-	-	-	-	-	-	15,694	16,635	17,633
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		267,974	-	-	-	-	-	5,908	5,908	273,883	290,316	307,735
Energy sources		27,193	-	-	-	-	-	451	451	27,644	29,302	31,061
Water management		206,747	-	-	-	-	-	(67)	(67)	206,681	219,081	232,226
Waste water management		20,112	-	-	-	-	-	4,175	4,175	24,287	25,744	27,289
Waste management		13,922	-	-	-	-	-	1,349	1,349	15,271	16,187	17,158
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	339,547	-	-	-	-	-	7,908	7,908	347,456	368,303	390,401
Expenditure - Functional												
Governance and administration		54,060	-	-	-	-	-	(14,055)	(14,055)	40,005	42,405	44,949
Executive and council		14,365	-	-	-	-	-	542	542	14,907	15,801	16,750
Finance and administration		38,158	-	-	-	-	-	(14,597)	(14,597)	23,561	24,974	26,473
Internal audit		1,537	-	-	-	-	-	-	-	1,537	1,630	1,727
Community and public safety		2,640	-	-	-	-	-	-	-	2,640	2,798	2,966
Community and social services		1,482	-	-	-	-	-	-	-	1,482	1,571	1,666
Sport and recreation		215	-	-	-	-	-	-	-	215	228	241
Public safety		943	-	-	-	-	-	-	-	943	999	1,059
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		11,337	-	-	-	-	-	-	-	11,337	12,017	12,738
Planning and development		8,849	-	-	-	-	-	-	-	8,849	9,380	9,943
Road transport		2,488	-	-	-	-	-	-	-	2,488	2,637	2,795
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		53,568	-	-	-	-	-	22,616	22,616	76,184	80,755	85,601
Energy sources		28,872	-	-	-	-	-	14,965	14,965	43,838	46,468	49,256
Water management		10,404	-	-	-	-	-	150	150	10,555	11,188	11,859
Waste water management		9,170	-	-	-	-	-	4,300	4,300	13,470	14,279	15,135
Waste management		5,122	-	-	-	-	-	3,200	3,200	8,322	8,821	9,350
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	121,605	-	-	-	-	-	8,561	8,561	130,166	137,976	146,255
Surplus/ (Deficit) for the year		217,942	-	-	-	-	-	(652)	(652)	217,290	230,327	244,147

1.4.3 Table B3 Financial Performance (Revenue and Expenditure by municipal vote)

FS182 Tokologo - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

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 - [COUNCIL GENERAL]		8,592	-	-	-	-	-	-	-	8,592	9,107	9,654
Vote 2 - [MUNICIPAL MANAGER]		8,863	-	-	-	-	-	-	-	8,863	9,395	9,959
Vote 3 - [FNANCIAL SERVICES]		8,253	-	-	-	-	-	2,000	2,000	10,253	10,868	11,520
Vote 4 - [ASSESSMENT RATES]		7,517	-	-	-	-	-	-	-	7,517	7,968	8,446
Vote 5 - [CORPORATE SERVICES]		13,298	-	-	-	-	-	-	-	13,298	14,096	14,942
Vote 6 - [TECHNICAL SERVICES]		25,050	-	-	-	-	-	-	-	25,050	26,553	28,146
Vote 7 - [ELECTRICITY]		27,193	-	-	-	-	-	451	451	27,644	29,302	31,061
Vote 8 - [WATER]		206,747	-	-	-	-	-	(67)	(67)	206,681	219,081	232,226
Vote 9 - [WASTE WATER MANAGEMENT]		20,112	-	-	-	-	-	4,175	4,175	24,287	25,744	27,289
Vote 10 - [SOLID WASTE MANAGEMENT]		13,922	-	-	-	-	-	1,349	1,349	15,271	16,187	17,158
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	339,547	-	-	-	-	-	7,908	7,908	347,456	368,303	390,401
Expenditure by Vote	1											
Vote 1 - [COUNCIL GENERAL]		8,637	-	-	-	-	-	(214)	(214)	8,423	8,929	9,464
Vote 2 - [MUNICIPAL MANAGER]		8,818	-	-	-	-	-	756	756	9,574	10,149	10,758
Vote 3 - [FNANCIAL SERVICES]		26,666	-	-	-	-	-	(10,176)	(10,176)	16,491	17,480	18,529
Vote 4 - [ASSESSMENT RATES]		391	-	-	-	-	-	759	759	1,150	1,219	1,292
Vote 5 - [CORPORATE SERVICES]		12,508	-	-	-	-	-	(5,181)	(5,181)	7,327	7,766	8,232
Vote 6 - [TECHNICAL SERVICES]		11,017	-	-	-	-	-	-	-	11,017	11,678	12,378
Vote 7 - [ELECTRICITY]		28,872	-	-	-	-	-	14,965	14,965	43,838	46,468	49,256
Vote 8 - [WATER]		10,404	-	-	-	-	-	150	150	10,555	11,188	11,859
Vote 9 - [WASTE WATER MANAGEMENT]		9,170	-	-	-	-	-	4,300	4,300	13,470	14,279	15,135
Vote 10 - [SOLID WASTE MANAGEMENT]		5,122	-	-	-	-	-	3,200	3,200	8,322	8,821	9,350
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	121,605	-	-	-	-	-	8,561	8,561	130,166	137,976	146,255
Surplus/ (Deficit) for the year	2	217,942	-	-	-	-	-	(652)	(652)	217,290	230,327	244,147

1.4.4 Table B4 Financial Performance (revenue and Expenditure)

FS182 Tokologo - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year	
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted	
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget	
R thousands	1	A	A1	B	C	D	E	F	G	H			
Revenue By Source													
Property rates	2	5,375	-	-	-	-	-	-	-	5,375	5,697	6,039	
Service charges - electricity revenue	2	14,639	-	-	-	-	-	451	451	15,090	17,190	18,222	
Service charges - water revenue	2	3,336	-	-	-	-	-	(67)	(67)	3,270	4,107	4,354	
Service charges - sanitation revenue	2	12,588	-	-	-	-	-	3,051	3,051	15,639	20,091	21,296	
Service charges - refuse revenue	2	8,927	-	-	-	-	-	1,349	1,349	10,276	13,174	13,964	
Rental of facilities and equipment		373						-	-	373	395	419	
Interest earned - external investments		739						-	-	739	783	830	
Interest earned - outstanding debtors		16,933						1,124	1,124	18,058	19,141	20,290	
Dividends received		6						-	-	6	6	6	
Fines, penalties and forfeits		11						-	-	11	12	13	
Licences and permits								-	-	-	-	-	
Agency services								-	-	-	-	-	
Transfers and subsidies		58,961						2,000	2,000	60,961	61,914	66,231	
Other revenue	2	434	-	-	-	-	-	-	-	434	460	488	
Gains on disposal of PPE		-						-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		122,322	-	-	-	-	-	7,908	7,908	130,230	142,971	152,152	
Expenditure By Type													
Employee related costs		49,797	-	-	-	-	-	(5,124)	(5,124)	44,673	47,800	51,146	
Remuneration of councillors		3,061						(214)	(214)	2,847	3,047	3,260	
Debt impairment		1,089						8,976	8,976	10,065	10,669	11,309	
Depreciation & asset impairment		2,339	-	-	-	-	-	-	-	2,339	2,479	2,628	
Finance charges		420						-	-	420	445	472	
Bulk purchases		27,001	-	-	-	-	-	14,399	14,399	41,400	44,712	48,289	
Other materials		4,153						-	-	4,153	4,402	4,666	
Contracted services		22,884	-	-	-	-	-	(10,233)	(10,233)	12,651	13,410	14,215	
Transfers and subsidies								-	-	-	-	-	
Other expenditure		10,862	-	-	-	-	-	756	756	11,618	12,024	12,746	
Loss on disposal of PPE								-	-	-	-	-	
Total Expenditure		121,605	-	-	-	-	-	8,561	8,561	130,166	138,988	148,730	
Surplus/(Deficit)		717	-	-	-	-	-	(652)	(652)	64	3,983	3,422	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		25,725						-	-	25,725	23,584	24,933	
Transfers and subsidies - capital (in-kind - all)		191,500						-	-	191,500	112,000	65,000	
Surplus/(Deficit) before taxation		217,942	-	-	-	-	-	(652)	(652)	217,290	139,567	93,355	
Taxation								-	-	-	-	-	
Surplus/(Deficit) after taxation		217,942	-	-	-	-	-	(652)	(652)	217,290	139,567	93,355	
Attributable to minorities								-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		217,942	-	-	-	-	-	(652)	(652)	217,290	139,567	93,355	
Share of surplus/ (deficit) of associate								-	-	-	-	-	
Surplus/ (Deficit) for the year		217,942	-	-	-	-	-	(652)	(652)	217,290	139,567	93,355	

1.4.5 Table B5 Capital Expenditure Budget by Vote and funding

FS182 Tokologo - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		5	6	7	8	9	10	11	12			
		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	-	-	-	-	10,295
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - [FNANCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - [CORPORATE SERVICES]		744	-	-	-	-	-	-	-	744	775	821
Vote 6 - [TECHNICAL SERVICES]		11,144	-	-	-	-	-	-	-	11,144	15,358	6,225
Vote 7 - [ELECTRICITY]		-	-	-	-	-	-	-	-	-	7,196	7,592
Vote 8 - [WATER]		205,337	-	-	-	-	-	-	-	205,337	112,256	65,000
Vote 9 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	-	-	-	-	-
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	217,225	-	-	-	-	-	-	-	217,225	135,584	89,933
Single-year expenditure to be adjusted	2											
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - [FNANCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - [TECHNICAL SERVICES]		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [ELECTRICITY]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [WATER]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	-	-	-	-	-
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		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		217,225	-	-	-	-	-	-	-	217,225	135,584	89,933

FS182 Tokologo - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Capital Expenditure - Functional												
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	10,295
Executive and council												10,295
Finance and administration												
Internal audit		-										
<i>Community and public safety</i>		744	-	-	-	-	-	-	-	744	775	821
Community and social services												
Sport and recreation		744								744	775	821
Public safety												
Housing												
Health												
<i>Economic and environmental services</i>		11,144	-	-	-	-	-	-	-	11,144	15,358	6,225
Planning and development		-										
Road transport		11,144								11,144	15,358	6,225
Environmental protection		-										
<i>Trading services</i>		205,337	-	-	-	-	-	-	-	205,337	119,452	72,592
Energy sources											7,196	7,592
Water management		205,337								205,337	112,256	65,000
Waste water management												
Waste management												
<i>Other</i>												
Total Capital Expenditure - Functional	3	217,225	-	-	-	-	-	-	-	217,225	135,584	89,933
Funded by:												
National Government		217,225								217,225	135,584	89,933
Provincial Government		-										
District Municipality		-										
Other transfers and grants		-										
Transfers recognised - capital	4	217,225	-	-	-	-	-	-	-	217,225	135,584	89,933
Borrowing												
Internally generated funds												
Total Capital Funding		217,225	-	-	-	-	-	-	-	217,225	135,584	89,933

1.4.6 Table B6 Financial Position

FS182 Tokologo - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
ASSETS												
Current assets												
Cash		4,829					(4,694)	(4,694)	135	143	152	
Call investment deposits	1	340	-	-	-	-	-	-	340	360	381	
Consumer debtors	1	140,174	-	-	-	-	(133,768)	(133,768)	6,405	(164,418)	(345,491)	
Other debtors		5,785						-	5,785	6,133	6,501	
Current portion of long-term receivables		21,612					32,550	32,550	54,162	57,412	60,857	
Inventory		251						-	251	266	282	
Total current assets		172,990	-	-	-	-	(105,912)	(105,912)	67,078	(100,105)	(277,319)	
Non current assets												
Long-term receivables								-	-			
Investments								-	-			
Investment property		2,822					(55)	(55)	2,767	2,933	3,109	
Investment in Associate		133						-	133	142	150	
Property, plant and equipment	1	969,810	-	-	-	-	(371,702)	(371,702)	598,108	633,995	672,035	
Biological		1,539					2,478	2,478	4,016	4,257	4,513	
Intangible	2							-	2	2	2	
Other non-current assets								-	-			
Total non current assets		974,307	-	-	-	-	(369,279)	(369,279)	605,028	641,329	679,809	
TOTAL ASSETS		1,147,297	-	-	-	-	(475,191)	(475,191)	672,105	541,224	402,490	
LIABILITIES												
Current liabilities												
Bank overdraft		58						-	58	62	65	
Borrowing		-	-	-	-	-	-	-	-	-	-	
Consumer deposits		537						-	537	570	604	
Trade and other payables		57,585	-	-	-	-	89,256	89,256	146,841	155,652	164,991	
Provisions		1,777						-	1,777	1,883	1,996	
Total current liabilities		59,957	-	-	-	-	89,256	89,256	149,213	158,166	167,656	
Non current liabilities												
Borrowing	1	20,483	-	-	-	-	(20,451)	(20,451)	32	34	36	
Provisions	1	20,338	-	-	-	-	(3,160)	(3,160)	17,178	18,209	19,301	
Total non current liabilities		40,821	-	-	-	-	(23,611)	(23,611)	17,210	18,242	19,337	
TOTAL LIABILITIES		100,778	-	-	-	-	65,645	65,645	166,423	176,409	186,993	
NET ASSETS	2	1,046,519	-	-	-	-	(540,837)	(540,837)	505,682	364,816	215,497	
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1,046,519	-	-	-	-	(540,837)	(540,837)	505,682	364,816	215,497	
Reserves		-	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY		1,046,519	-	-	-	-	(540,837)	(540,837)	505,682	364,816	215,497	

1.4.7 Table B7 Cash Flows

FS182 Tokologo - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2019/20								Budget Year	Budget Year	
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	
R thousands		3	4	5	6	7	8	9	10			
		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates		2,687							-	2,687	2,822	2,963
Service charges		28,131							-	28,131	29,694	31,346
Other revenue		807							-	807	851	898
Government - operating	1	58,961							-	58,961	61,914	66,231
Government - capital	1	217,225							-	217,225	135,584	89,933
Interest		739							-	739	783	830
Dividends		11							-	11	12	13
Payments												
Suppliers and employees		(119,028)							-	(119,028)	(125,918)	(133,219)
Finance charges		(420)							-	(420)	(441)	(463)
Transfers and Grants	1	(8,698)							-	(8,698)	(9,132)	(9,589)
NET CASH FROM/(USED) OPERATING ACTIVITIES		180,416	-	-	-	-	-	-	-	180,416	96,169	48,942
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE									-	-		
Decrease (Increase) in non-current debtors									-	-		
Decrease (increase) other non-current receivables									-	-		
Decrease (increase) in non-current investments									-	-		
Payments												
Capital assets		(217,925)							-	(217,925)	(135,584)	(89,933)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(217,925)	-	-	-	-	-	-	-	(217,925)	(135,584)	(89,933)
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		(37,510)	-	-	-	-	-	-	-	(37,510)	(39,416)	(40,991)
Cash/cash equivalents at the year begin:	2	465							-	465	493	522
Cash/cash equivalents at the year end:	2	(37,045)							-	(37,045)	(38,923)	(40,469)

1.4.8 Table B8 Cash Flows

FS182 Tokologo - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2019/20									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		3	4	5	6	7	8	9	10			
		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	(37,045)	-	-	-	-	-	-	-	(37,045)	(38,923)	(40,469)
Other current investments > 90 days		42,155	-	-	-	-	-	(4,694)	(4,694)	37,461	39,365	40,937
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		5,110	-	-	-	-	-	(4,694)	(4,694)	416	441	468
Applications of cash and investments												
Unspent conditional transfers		11,219	-	-	-	-	-	(11,219)	(11,219)	-	-	-
Unspent borrowing												
Statutory requirements												
Other working capital requirements	2	(27,352)	-	-	-	-	-	168,567	168,567	141,215	221,450	305,258
Other provisions												
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(16,133)	-	-	-	-	-	157,348	157,348	141,215	221,450	305,258
Surplus(shortfall)		21,243	-	-	-	-	-	(162,042)	(162,042)	(140,799)	(221,009)	(304,790)

PART 2

1.1 Overview of the annual Budget

Municipal financial Management Act (MFMA) mention six steps that the municipality must follow in order to prepare the annual budget that is credible, the planning and strategizing process started with the preparation of the budget timelines as required by the Act. The council of the municipality approved the budget timelines during council meeting as stipulated in the MFMA.

All department heads were asked to give their inputs in order to allow the budget office to prepare the budget. The budget office of the municipality under the leadership of the Chief Financial Officer prepared the budget, which was tabled on the 30 May 2019.

The annual budget of the municipality is aligned to the municipality integrated development plan. Section 22 of the MFMA stipulates that the budget must be sent both to the National and Provincial Treasury both in hard and Electronic copy.

MFMA section 23(1) stipulates that after the annual budget of the municipality has been tabled in council the municipality must consider the views of the local community and relevant provincial treasury.

1.2 Overview of the alignment of annual budget with Integrated development Plan

The budget of the municipality was informed by the IDP as both documents were prepared in tandem, the biggest project in the municipal budget and IDP is the laying of the pipe line from Riverton to Boshof, the entire funding of this project is Regional Bulk.

Another important project included in the IDP Roads for Tswaraganag and Malebogo which is funded from MIG

Overview of budget related policies

The budget process is guided by and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide and govern process and inform projection of the medium term. Tokologo Local Municipality has the following budget related policies

- Credit Control Policy
This policy provides direction in areas of credit control, collection of amounts billed to customers, procedures for recovery of arrear accounts, etc. Tokologo Local Municipality annually revises policy and approved the revised policy together with the annual budget approval.
- Investment and Cash Management Policy

Every municipal council is required in terms of Section 13(2) of the Municipal Finance Management Act (MFMA) no 56 of to approve a Cash and Investments Policy for the Council. The primary objective of the investment policy is to gain the highest possible return, without unnecessary risk, during periods when excess funds are not being used

- Budget Policy

The annual budget is the central financial planning document that entails all revenue and expenditure decisions. It establishes the level of services to be provided by each department. The accounting officer confirms the municipality's priorities in the formulation of the draft and the final budget document. A budget, as per S71 of the MFMA, is subject to monthly control and reporting to Council with recommendations of action to be taken to achieve the budget's goals

- Tariff Policy

The purpose of this policy is to ensure that a uniform tariff is applied to the municipal area of jurisdiction. The policy is updated and sent for public comment annually.

- Indigent Policy

The criterion for benefits under this scheme is part of the credit control policy. An indigent register is maintained in order administer indigent support. The survey forms to qualify for the indigent support must be completed annually. The Municipality may annually, as part of its budgetary process, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with the national policy, but subject to principles of sustainability and affordability.

- Property Rates Policy

This has been implemented with the Municipal Property Rates Act with effect from 1 July 2007. Policy has to be reviewed annually when the budget is submitted.

- Supply Chain management Policy

The policy reflects and represents the context of the Municipal Finance Management Act, Act no 56 of 2003

1.3 Overview of Budget Assumptions

The budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI. The following tariffs were increased:

Sewerage 6%,

Refuse 6%,

Water 6%,

Other Revenue 6% and

Electricity 13% - as per NERSA approval

Overview of Budget Funding

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected and Grants

Tokologo Local Municipality operating budget totals to R130 230 000 and is funded from:

- Grants (Equitable Share and FMG, EPWP, Provincial Treasury)
- Service Charges (Electricity, Water, Sewer and Refuse)
- Other Revenue (Camp Rentals, Clearance certificate, Building Plans, etc.)

The capital budget of the municipality totals R217 225 350 and is funded from:

- Regional Bulk
- MIG
- WSIG

The municipality collection rate is standing at 40% and the municipality anticipate to collect 50% in the year 2019/20

The municipality equitable share is R54 560 000 has increased with R5 170 000 as compared to last year, Provincial treasury R2 000 000 ,the other grants that the municipality is receiving are Financial management grant (FMG) R2 435 000, Extended public works programme (EPWP) R 1 138 000 has increased as compared to last year, Regional Bulk R136 500 000 and Municipal Infrastructure Grant (MIG) 16 553 000, Water Services Infrastructure Grant R65 000 000.

1.4 Expenditure on allocations and grants Programmes

Total Grants allocated to the municipality is R276 186 000, with operational grants R 60 133 000 and capital R218 053 000,

The equitable share will be spend on the following:

- Salaries 34%
- Eskom 31%
- Contracted Services 9%

Financial Management Grant will be spend on following:

- 5 Finance Interns Salaries
- Improvement on the Audit Opinion
- mSCOA
- Appointment of Supply Chain Manager

The following projects have been budgeted under the capital Grant

- Hertzogville/Melebogo: Construction of 1.34km storm water runoff (MIS:228298)
- Hertzogville/Malebogo: Construction of 1.5km paved roads and storm water drainage phase 1 (MIS:249167)
- Dealesville/Tshwaraganang: Construction of 1.5km paved road and stormwater drainage phase 2 (MIS:268745)
- Dealesville/Tshwaraganang Ext 4&5: Installation of Water Network New Sites
- Hertzogville/Malebogo Multipurpose Court - Ward 3 (3 in 1)
- Dealesville/Tshwaraganang Multi-purpose Court (3 in 1)
- Hertzogville/Malebogo: Upgrading of 1.5km road paved road and storm water drainage Phase 2
- Boshof/Seretse: Upgrading of 2.5km Storm Water
- Boshof/Kareehof Multipurpose Court - Ward 2 (3 in 1)
- Hertzogville/Malebogo: Construction of Tokologo Thusong Service Centre
- Boshof Seretese water supply
- Dealsville/Tswharaganang water networks

1.5 Allocations and grants made by the municipality

The municipality has budgeted R7 199 555 for Indigents and R40 000 for Paupers Funerals

1.6 Monthly targets for revenue, expenditure and cash flow

Disclosure of the monthly cash flow is on supporting table SB12, SB13, SB14, SB15, SB16 and SB17

1.7 Contracts Having Future Budgetary implications

The municipality do not have any contracts over 3 years.

1.8 Capital Expenditure

Disclosed in table A5

The following projects have been budged under capex:

Hertzogville/Melebogo: Construction of 1.34km storm water runoff (MIS:228298)	4,298,407.40	271,749.06	0.00
Hertzogville/Malebogo: Construction of 1.5km paved roads and storm water drainage phase 1 (MIS:249167)	782,434.68	0.00	0.00
Dealesville/Tshwaraganang: Construction of 1.5km paved road and stormwater drainage phase 2 (MIS:268745)	6,063,423.00	2,849,390.37	749,771.91
Dealesville/Tshwaraganang Ext 4&5: Installation of Water Network New Sites	3,837,099.92	255,658.95	0.00
Hertzogville/Malebogo Multipurpose Court - Ward 3 (3 in 1)	497,668.78	37,244.25	0.00
Dealesville/Tshwaraganang Multi-purpose Court (3 in 1)	246,316.22	737,480.25	
Hertzogville/Malebogo: Upgrading of 1.5km road paved road and storm water drainage Phase 2	-	7,326,630.84	385,612.15
Boshof/Seretse: Upgrading of 2.5km Storm Water	0.00	4,910,296.28	5,089,703.72
Boshof/Kareehof Multipurpose Court - Ward 2 (3 in 1)	0.00		821,430.00
Hertzogville/Malebogo: Construction of Tokologo Thusong Service Centre	0.00		10,294,782.22
Bulk water Seretse Boshof	135 500 000	100 000 000	50 000 000
Water networks	65 000 000	12 000 000	15 000 000
Total	217 925 350	135 584 450	89 933 300

1.9 Municipal manager's quality certification

I **Kelehile Joseph Motlhale**, municipal manager of **Tokologo Local Municipality**, hereby certify that the 2019/2020 Special adjustment budget and supporting documentation have been

prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name: _____

Name of Municipality: _____

Signature: _____

Date: _____