

### **3. EXECUTIVE SUMMARY**

#### **Operating Revenue**

The Operating Revenue Budget of Council will increase compared to the original budget at R 3.472 billion.

The main adjustments to revenue are as follows:

- Rentals of Facilities & Equipment will increase with R 650 000
- Transfers and Subsidies will increase with R 71.37 million
- Other Revenue will increase with R1.2 million

Transfer and subsidies will increase with the additional equitable share allocation of R 71 million for COVID 19.

Other revenue will increase with R1.2 million for skill development training grant

#### **Operating Expenditure**

The operating expenditure budget is also recommended for adjustment.

This will increase with R 35.73 million to make provision for disaster management as a result of the COVID 19 epidemic.

The expenditure budget will decreased with R 52. 51 million to R3. 329 billion from the original 2020/21 budget.

The main adjustments to expenditure from the original budget are as follows:

- Bulk Purchases will decrease with R 15 million
- Debt Impairment will decrease with R 72.64 million
- Other materials will increase R35.73 million
- Other Expenditure will decrease with R 301 000.

Bulk Purchases is expected to decrease due to current work that is done on supply and demand to reduce the costs..

Other expenditure will reduce to correct operational grant funding expenditure. .

The total expenditure will reduced from R 3.382 billion to R 3.367 billion.

#### **Capital Expenditure**

The capital budget will increase with R 40 million at R 162.80 million.

#### **Financial position**

Cash and call investment deposit are adjusted because of the budgeted cash outflow. The municipality is anticipating to outstanding creditors in line with creditors payment plan and to comply with section 65 of MFMA. It is expected that the payables will decrease.

For consumer debtors, the municipality has approved 60/40 and 70/30 incentive program / scheme for customers who are in arrears. The municipality has made provision for an amount that will be written off when consumer takes advantage on the scheme. At the moment, the municipality is in a process of profiling consumers in order to trace which amount is not collectable in order to write it off.

The budgeted property, plant and equipment of the municipality is anticipated to increase due to budget of capital assets. This will an indication of service delivery to the community. As and when projects are completed and ready to be used, PPE will increase.

Accumulated depreciation was done based on the life span of the assets and the depreciation is budgeted for.

## **Cash Flow**

The receipts for cash flow operating activities was based on the collection rate of 60% for property rates and user charges. The municipality is anticipating to increasing collection rate by more than 63% in the coming months.

The cash flow indicate that all the current employees and suppliers will be paid on 2020/2021 Financial year and there is also a provision made of R 384.62 million to pay for Eskom and Midvaal for arrears and other creditors.

The municipality has made provision to honour their outstanding creditors and comply with section 65(1)(e) of MFMA.

## **Measureable Performance Objectives**

Due to the impact of the adjustments to the budget, the measurable performance objectives will be amended.

## **Adjustments Budget Tables**

The Official National Budget Schedules are reflected as annexure to this report. These tables form the basis of the Council resolutions with regards the approval of the adjustments budget.

The following tables are provided:

Table B1 – Adjustments Budget Summary

Table B2 – Adjustments Budget Financial Performance Standard Classification

Table B3 - Adjustments Budget Financial Performance Revenue and Expenditure by Municipal Vote

Table B4 - Adjustments Budget Financial Performance Revenue and Expenditure

Table B5 – Adjustments Capital Budget by Vote And Funding

Table B6 – Adjustments Budget Financial Position

Table B7 – Adjustments Budget Cash Flow

Table B8 – Cash Backed Reserves and Accumulated Surplus Reconciliation

Table B9 – Asset Management

Table B10 – Basic Service Delivery Measurement