

Annexure “A”

BUDGET DOCUMENT



CAPE WINELANDS DISTRICT
MUNICIPALITY • MUNISIPALITEIT • UMASIPALA

SCHEDULE B

ADJUSTMENTS BUDGET

February 2022

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PART 1**A: Mayors Report****Monthly reports in terms of Section 71 of the MFMA**

The year to date operating expenditure until the 31 December 2021 was R201 115 822, consisting of actual expenditure amounting to R178 046 184 and committed expenditure of R23 069 638. The municipality has to date spent 41.7% of the budgeted expenditure of R427 477 294.

Additional revenue appropriations**Additional Income**

The Cape Winelands District Municipality received additional funding from the Western Cape Government via the Western Cape Provincial Treasury in terms of Provincial Gazette Extraordinary 8531 of Wednesday, 15 December 2021. Council approved an Adjustments Budget at a Council Meeting held on 27 January 2022 for the 2021/2022 financial year as prescribed in terms of Section 28(2)(b) of the MFMA and Regulation 23(3) of the Municipal Budget and Reporting Regulations, 2008 to provide for the following additional Grant funding:

- (i) Local Government Internship Grant
- (ii) Joint District and Metro Approach Grant
- (iii) Local Government Public Employment Support Grant
- (iv) Surrendering of the Western Cape Financial Management Capacity Building Grant

Roll Over Approvals

The Western Cape Provincial Minister of Finance has granted approval in terms of section 10(2) of the Western Cape Appropriation Act (WCAA) 2020 (Act No. 2 of 2020), to roll-over the following unspent funds:

2020/2021 Unspent Grants

- | | | |
|------|---|-----------|
| (i) | Safety Initiative Implementation – Whole of Society Approach (WOSA) | R 294 601 |
| (ii) | Integrated Transport Planning Grant | R 822 456 |

| | | | |
|-------|---|---|--------|
| (iii) | Community Development Workers Operational Support Grant | R | 75 000 |
|-------|---|---|--------|

2019/2020 Unspent Grants

| | | | |
|-------|---------------------------------------|---|-----------|
| (i) | Local Government Internship Grant | R | 31 545 |
| (ii) | Fire Services Capacity Building Grant | R | 1 046 000 |
| (iii) | Community Development Workers Grant | R | 94 127 |

In the absence of this approval, no Roll-Over Adjustments budget was submitted in August 2021.

Decrease of Roads Allocation

The Western Cape Provincial Government, via its Department of Transport and Public Works, decreased their allocation for the maintenance and construction of proclaimed Provincial Roads in terms of “Addendum 1 to the Memorandum of Agreement” for the 2021/2022 financial year. The original allocation of R117 080 000 was decreased with R14 060 000 to R103 020 000. The effect on Councils budget is a decrease of R8 311 703, as explained in Annexure “J”.

Financial viability

The financial viability of the Cape Winelands District Municipality is in a good position as at 31 December 2021. The Municipality is able to pay off current debt obligations as it falls due, thus it is likely to meet its financial obligations in a timely manner, ensuring continued uninterrupted services to the community. All provisions and reserves are cash backed and the Municipality has no external loans.

Capital Expenditure

At the end of December 2021, the capital commitments were R458 568 and actual expenditure was R 184 730.

The total savings on the Capital budget indicated by Management amounts to R 53 331 034.

The following major savings were identified on the 2021/2022 Capital Budget:

(i) Building Maintenance:Worcester Lift: R775 000

The project was carried over to the 2022/2023 financial year to ensure sufficient time to complete the project in one financial year.

Generators for Fire Stations: R750 000

This project was put on hold due to an investigation towards greener options of energy generation.

(ii) Disaster Management:Upgrade of Radio/Communication Room: R1 850 000

Tender specifications were not complete and compliant with relevant legislation resulting in the project being carried forward.

Upgrade of Disaster Management Centre (Satellite): R4 000 000

The report from the Engineer was delayed due to additional structural changes that was necessary for Air Monitoring & radio infrastructure, hence the project is carried over to the 2022/2023 financial year.

(iii) Fire Services:Major 4 x 4 Fire Fighting Vehicle (Replacement): R7 200 000

Tender specifications were not complete and compliant with relevant legislation resulting in the project being carried forward

(iv) Projects:Development of a Regional Landfill Site: R26 800 000

Tender specifications were not complete and compliant with relevant legislation resulting in the project being carried forward..

(v) Vehicle Pool:Motor Vehicles Canopy and Roof Rack: R3 275 000

The purchasing of new fleet vehicles was deferred to the 2022/2023 financial year.

Notwithstanding the above, prudent steps should be taken during the 2021/2022 Adjustment Budget process to improve the implementation of procurement plans and SDBIP, thus improving on actual spending as anticipated.

Service delivery performance, service delivery targets and performance indicators

This report addresses the performance of the municipality taking into account actual expenditure, service delivery targets and performance indicators for the organisation and projects for the period 1 July 2021 – 31 December 2021.

Taking into account that the above-mentioned adjustments will not result in a decrease of the current surplus position of Council's budget, I therefore recommend together with the Mayoral Committee that Council approve the adjustments as well as the concomitant amendments to the relevant service delivery targets and performance indicators in the service delivery and budget implementation plan.

B: RESOLUTIONS

The resolution with regard to the approval of the budget will be submitted after the approval of this Adjustments Budget to the relevant treasuries.

C: EXECUTIVE SUMMARY

The table below is a high-level summary of the changes proposed by this adjustments budget.

2021/2022 Financial year

| SUB-SECTION | CURRENT BUDGET | 2021/2022 ADJ. BUDGET | SAVING/ (INCREASE) |
|---|----------------------|--------------------------|-----------------------|
| Ex Rev: Operational Revenue | (11,447,494) | (10,621,482) | (826,012) |
| Ex Rev: Rental Fixed Assets | (240,000) | (240,000) | - |
| Ex Rev: Agency Services | (120,461,200) | (111,355,442) | (9,105,758) |
| Ex Rev: Sales Goods and Services | (274,800) | (224,800) | (50,000) |
| Ex Rev: Service Charges | (150,000) | (150,000) | - |
| Ex Rev: Int. Divident Rent on Land | (39,000,000) | (41,000,000) | 2,000,000 |
| Non-Ex Rev: | (600,000) | (600,000) | - |
| Non-Ex Rev: Transfers & Subsidies | (257,323,800) | (259,687,529) | 2,363,729 |
| Discontinued Operations | - | (46,087) | 46,087 |
| Total Income | (429,497,294) | (423,925,340) | (5,571,954) |
| Employee Related Costs | 230,962,734 | 233,482,967 | (2,520,233) |
| Remuneration of Councillors | 13,239,003 | 13,232,003 | 7,000 |
| Operational Costs | 74,353,023 | 68,650,509 | 5,702,514 |
| Contracted Services | 55,314,358 | 57,106,660 | (1,792,302) |
| Operating Leases | 300,000 | 300,000 | - |
| Bad Debt Written Off | 500,000 | 150,000 | 350,000 |
| Depreciation and Amortisation | 7,792,995 | 9,976,320 | (2,183,325) |
| Inventory | 24,852,541 | 22,202,381 | 2,650,160 |
| Transfers and Subsidies | 22,170,640 | 18,812,500 | 3,358,140 |
| Gains and Losses | 12,000 | 12,000 | - |
| Subtotal | 429,497,294 | 423,925,340 | 5,571,954 |
| Capt. funding included in Trfrs. and Subs. | (956,200) | (1,208,145) | 251,945 |
| Capital Funding Fire Services | - | 1,046,000 | (1,046,000) |
| Capital Expenditure: Agency Services | 956,200 | 162,145 | 794,055 |
| Tototal Expenditure | 429,497,294 | 423,925,340 | 5,571,954 |
| Surplus(-)/Deficit | - | - | - |

D: ADJUSTMENT BUDGET TABLES

In accordance with the Budget and Reporting Regulations the following compulsory schedules will be submitted to Council as Annexure “H”, reflecting the composition and detail of the above-mentioned amounts.

| | |
|--|----------|
| Adjustments Budget Summary | Table B1 |
| Adjustments Budgeted Financial Performance (Revenue and Expenditure by standard classification) | Table B2 |
| Adjustments Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) | Table B3 |
| Adjustments Budgeted Financial Performance (Revenue and Expenditure) | Table B4 |
| Adjustments Budgeted Capital Expenditure by vote and funding, | Table B5 |
| Adjustments Budgeted Financial Position | Table B6 |
| Adjustments Budgeted Cash flows | Table B7 |
| Cash backed reserves/accumulated surplus reconciliation | Table B8 |
| Asset Management | Table B9 |

Basic Service Delivery Measurement

Table B10

(Completion of this table is not applicable in view thereof that the District Municipality does not provide basic services; hence no information is available)

PART 2

A: ADJUSTMENTS TO BUDGET ASSUMPTIONS

No adjustments were made to the budget assumptions presented in the annual budget.

B: ADJUSTMENTS TO BUDGET FUNDING

The proposed adjustments will be funded as follows:

Operating Expenditure:

Non-exchange Revenue: Transfers and Subsidies

R 2 363 729

C: ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Expenditure of allocations and grants received will be adjusted as follows:

- (i) Integrated Transport Planning:
Increase from R 900 000 to R 1 722 456

- (ii) Local Government Internship Grant:
Increase from R70 000 to R101 545

- (iii) Fire Services Capacity Building Grant:
Increase from R0 to R1 046 000
- (iv) Safety Plan (WOSA):
Increase from R2 323000 to R2 617 601
- (v) Community Development Workers Grant:
Increase from R76 000 to R245 127

D: ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY

Adjustments are addressed in Annexure “K”

E: ADJUSTMENTS TO COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

(i) Councillor Allowances:

| | |
|-----------------------------|--------------------|
| Current Budget | R13 239 003 |
| Proposed Adjustments Budget | <u>R13 232 003</u> |
| Decrease | <u>R 7 000</u> |

(ii) Employee Related Benefits:

| | |
|-----------------------------|----------------------|
| Current Budget | R230 962 734 |
| Proposed Adjustments Budget | <u>R233 482 967</u> |
| Increase | <u>R - 2 520 233</u> |

F: ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

Adjustments are addressed in Annexure “I”

G: ADJUSTMENTS TO CAPITAL EXPENDITURE

Adjustments are addressed in Annexure “C”

H: OTHER SUPPORTING DOCUMENTS

Additional information/schedules in accordance with the budget and reporting regulations:

- SB1 - Supporting detail to Budgeted Financial Performance
- SB2 - Supporting detail to Budgeted Financial Position
- SB3 - Adjustments to the SDBIP – performance objectives (will be submitted to council)
- SB4 - Adjustments to budgeted performance indicators and benchmarks
- SB5 - Adjustments Budget –Social, economic and demographic statistics and assumptions
- SB6 - Adjustments Budget - Funding measurement
- SB7 - Adjustments Budget - Transfers and grant receipts
- SB8 - Adjustments Budget – expenditure on transfers and grant programme
- SB9 - Adjustments Budget – reconciliation of transfers grant receipts, and unspent funds
- SB10 - Adjustments Budget – transfers and grants made by the municipality
- SB11 - Adjustments Budget – Councillor and staff benefits
- SB12 - Adjustments Budgeted - monthly revenue and expenditure (municipal vote)
- SB13 - Adjustments Budgeted - monthly revenue and expenditure (standard classification)
- SB14 - Adjustments Budgeted - monthly revenue and expenditure

SB15 - Adjustments Budget – monthly cash flow

SB16 - Adjustments Budget monthly capital expenditure (municipal vote)

SB17 - Adjustments Budget – monthly Capital expenditure (standard classification)

SB18a - Adjustments Budget – capital expenditure on new assets by asset class

SB18b - Adjustments Budget – capital expenditure on renewal of existing assets by asset class

SB18c - Adjustments Budget – expenditure on repairs and maintenance by asset

SB18d - Adjustments Budget – depreciation by asset class

SB19 - List of capital programmes and projects affected by adjustments Budget

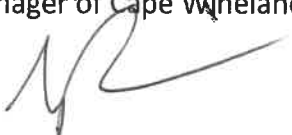
SB20 - Not required

I: QUALITY CERTIFICATE

I, Henry F Prins Municipal Manager of Cape Winelands District Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: Henry F Prins

Municipal Manager of Cape Winelands District Municipality

Signature 

Date 28/02/2022