

**O. R. TAMBO DM
BUDGET AND TREASURY OFFICE**

SPECIAL BUDGET ADJUSTMENT

PREPARED FOR COUNCIL

MAY 2020

REPORT ON SPECIAL ADJUSTMENT BUDGET FOR 2019/20 AND 2021 -2022 MEDIUM

TERM REVENUE AND EXPENDITURE FRAMEWORK

1. SUBJECT:- SPECIAL BUDGET 2019/20 and two outer years

In accordance with section 28(2)(b) the municipality may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.

MFMA Budget Regulation 23 (2) stipulates that only one budget adjustment may be tabled to the council during a financial year, except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to the municipality in national or provincial budget adjustment.

MFMA Budget Regulation 23 (3) requires that if National or Provincial adjustments budget allocates or transfers additional revenues to the municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant National or Provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.

2. PURPOSE AND BACKGROUND

The president of the republic of South Africa declared the country to be in a disaster because of the COVID 19 Virus as per section 27(2) of the Disaster Management Act as read with section 37(1). Additional funding allocation of R4.2 million has been received from National Treasury for the Municipal Disaster Relief grant. The purpose of this memorandum is to request the approval of the adjustment budget taking into account the allocation. The municipality has received the whole allocation to spend in response to the epidemic.

National Treasury has used section 19 of the 2019 DoRa and section 38 of the MFMA to with-hold R36.7 million an amount from the Regional Bulk Infrastructure Grant due to underspending on the allocation for 2019-2020 financial year. The original allocation was R264.4 million.

3. SUMMARY

This report was prepared in accordance with in accordance with section 28 (2) (b) and MFMA Budget Regulation 23 (2) and (3).

This adjustment will affect Operational revenue and expenditure; it will also impact on Capital revenue as well as Capital expenditure.

Funding of the budget

In terms of section 18 of chapter 4 of MFMA, an annual budget may only be funded from-

- a) realistically anticipated revenues to be collected;
- b) cash-backed accumulated funds from previous years surpluses not committed for other purposes; and
- c) borrowed funds, but only for the capital budget referred to in section 17 (2)

Regulation 10 of the Municipal Budget Reporting Regulations states that:

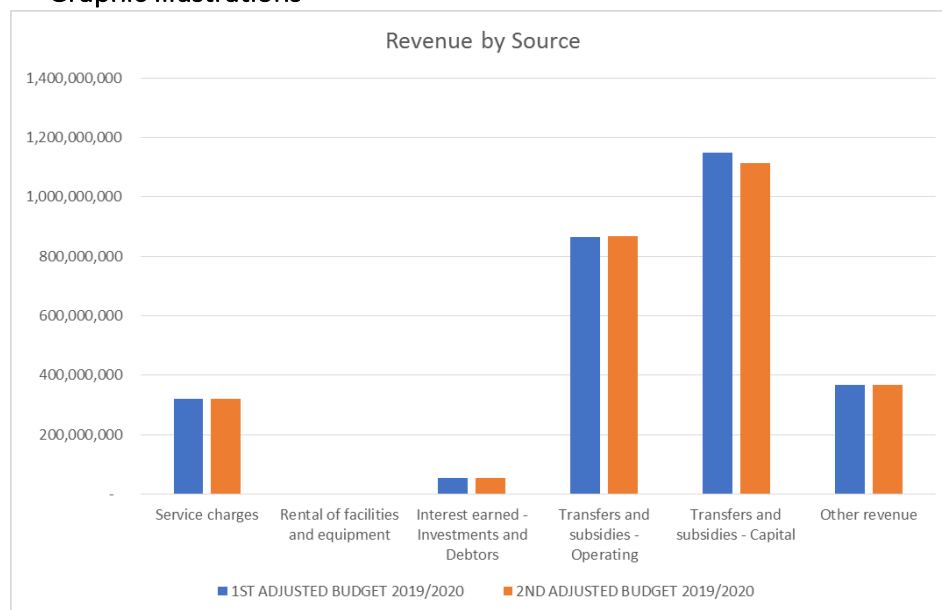
- (1) The funding of the annual budget must :-
 - (a) Be estimated in accordance with the assumptions and methodologies set out in the funding and reserves policy.
 - (b) Be consistent with the trends, current and past of actual funding collected or received.

Revenue composed of the following:-

| ACCOUNT DESCRIPTION | ORIGINAL BUDGET 2019/2020 | 1ST ADJUSTED BUDGET 2019/2020 | ADJUSTMENT | 2ND ADJUSTED BUDGET 2019/2020 | BUDGETED 2020/2021 | BUDGETED 2021/2022 |
|---|------------------------------|----------------------------------|---------------------|----------------------------------|-----------------------|-----------------------|
| Service charges | 307,474,028 | 320,474,028 | - | 320,474,028 | 335,146,691 | 365,309,893 |
| Rental of facilities and equipment | 60,984 | 60,984 | - | 60,984 | 64,278 | 67,749 |
| Interest earned - Investments and Debtors | 66,882,200 | 53,882,200 | - | 53,882,200 | 69,315,576 | 72,607,639 |
| Transfers and subsidies - Operating | 863,952,000 | 863,952,000 | 4,201,000 | 868,153,000 | 920,934,999 | 991,441,999 |
| Transfers and subsidies - Capital | 982,905,001 | 1,149,755,731 | - 36,700,000 | 1,113,055,731 | 795,113,000 | 940,657,000 |
| Other revenue | 337,654,220.53 | 367,829,381.39 | - | 367,829,381 | 327,702,860.73 | 247,454,701.58 |
| TOTAL REVENUE | 2,558,928,435 | 2,755,954,325 | - 32,499,000 | 2,723,455,325 | 2,448,277,404 | 2,617,538,982 |

Revenue from operating grants has been adjusted upwards by R4.2 million being an additional funding allocated to Grants – Municipal Disaster Relief under Community Services for Covid-19. Revenue from capital grants has been adjusted downwards by R36.7 million for RBIG under Water department, an amount that has been with-held because of non-performance.

Graphic Illustrations



Operating expenditure comprises of the following:-

| ACCOUNT DESCRIPTION | ORIGINAL BUDGET 2019/2020 | 1ST ADJUSTED BUDGET 2019/2020 | ADJUSTMENT | 2ND ADJUSTED BUDGET 2019/2020 | BUDGETED 2020/2021 | BUDGETED 2021/2022 |
|---------------------------------|---------------------------|-------------------------------|---------------------|-------------------------------|-------------------------|-------------------------|
| Employee related costs | 579,709,961.80 | 580,117,961.80 | - | 580,117,961.80 | 620,006,253.51 | 661,109,392.49 |
| Remuneration of councillors | 22,659,099.25 | 22,659,099.25 | - | 22,659,099.25 | 24,165,929.35 | 25,772,963.65 |
| Debt impairment | 92,405,456.35 | 92,405,456.35 | - | 92,405,456.35 | 97,395,350.99 | 82,654,699.94 |
| Depreciation & asset impairment | 165,748,000.00 | 165,748,000.00 | - | 165,748,000.00 | 174,698,392.00 | 184,132,105.17 |
| Bulk purchases | 41,145,000.00 | 35,745,000.00 | - | 35,745,000.00 | 43,366,830.00 | 45,708,638.82 |
| Contracted services | 213,751,991.01 | 193,413,463.27 | - | 193,413,463.27 | 247,244,822.44 | 228,983,628.88 |
| Transfers and subsidies | 71,524,656.55 | 86,958,630.18 | 4,201,000.00 | 91,159,630.18 | 75,386,988.01 | 79,457,885.36 |
| Other materials | 24,758,781.45 | 24,258,781.45 | - | 24,258,781.45 | 26,095,755.65 | 27,504,926.46 |
| Other expenditure | 221,540,795.94 | 258,136,907.14 | - | 258,136,907.14 | 226,802,515.01 | 238,762,935.63 |
| TOTAL EXPENDITURE | 1,433,243,742.35 | 1,459,443,299.45 | 4,201,000.00 | 1,463,644,299.45 | 1,535,162,836.96 | 1,574,087,176.40 |

The analysis as per line items is explained as follows:

Personnel Expenditure:

No adjustment made.

Bulk Purchases

No adjustment made.

Repairs and Maintenance

No adjustment made.

Contracted Services

No adjustment made.

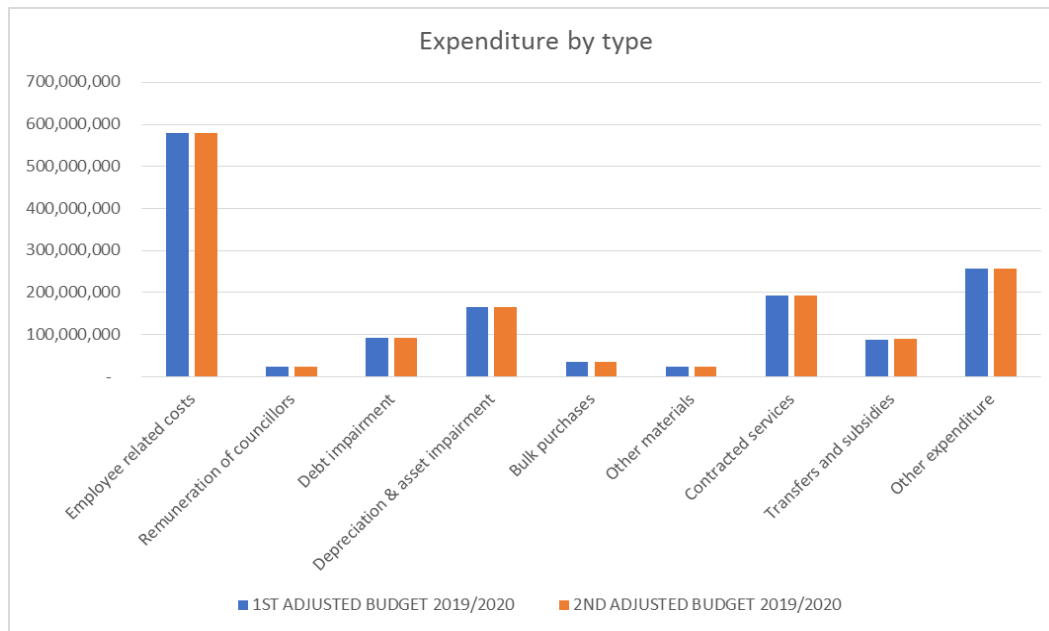
Grants and Subsidies paid

Adjustment upwards of R4.2 million for Municipal disaster relief grant for Covid-19.

Other Expenditure :-

No adjustment made.

Graphic Illustrations



Extract from B Schedule – table B2

| Standard Description | Ref | Budget Year 2019/20 | | | | | | | | | | Budget Year | Budget Year |
|--|------|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|-----------------|-----------------|-------------|
| | | 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 | |
| R thousands | 1, 4 | A | 5 A1 | 6 B | 7 C | 8 D | 9 E | 10 F | 11 G | 12 H | | | |
| Revenue - Functional | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 544,077 | 544,077 | - | - | - | - | 28,092 | 28,092 | 572,169 | 533,511 | 561,236 | |
| Executive and council | | 199,652 | 199,652 | - | - | - | - | 27,254 | 27,254 | 226,905 | 211,796 | 222,638 | |
| Finance and administration | | 335,866 | 335,866 | - | - | - | - | 838 | 838 | 336,704 | 312,612 | 328,915 | |
| Internal audit | | 8,559 | 8,559 | - | - | - | - | - | - | 8,559 | 9,103 | 9,682 | |
| <i>Community and public safety</i> | | 135,904 | 135,904 | - | - | - | 4,201 | 47,251 | 51,452 | 187,356 | 141,697 | 150,274 | |
| Community and social services | | 47,317 | 47,317 | - | - | - | 4,201 | (716) | 3,485 | 50,802 | 49,204 | 52,275 | |
| Sport and recreation | | 11,213 | 11,213 | - | - | - | - | - | - | 11,213 | 11,874 | 12,575 | |
| Public safety | | 35,760 | 35,760 | - | - | - | - | 316 | 316 | 36,076 | 40,353 | 42,580 | |
| Housing | | 19,663 | 19,663 | - | - | - | - | 47,251 | 47,251 | 66,913 | 17,010 | 18,071 | |
| Health | | 21,952 | 21,952 | - | - | - | - | 400 | 400 | 22,352 | 23,256 | 24,773 | |
| <i>Economic and environmental services</i> | | 172,047 | 172,047 | - | - | - | - | 95,140 | 95,140 | 267,187 | 136,901 | 134,969 | |
| Planning and development | | 87,392 | 87,392 | - | - | - | - | 103,150 | 103,150 | 190,542 | 85,996 | 90,856 | |
| Road transport | | 69,828 | 69,828 | - | - | - | - | (8,700) | (8,700) | 61,128 | 36,227 | 28,589 | |
| Environmental protection | | 14,828 | 14,828 | - | - | - | - | 690 | 690 | 15,518 | 14,678 | 15,524 | |
| <i>Trading services</i> | | 1,623,969 | 1,623,969 | - | - | - | (36,700) | 82,043 | 45,343 | 1,669,312 | 1,548,554 | 1,745,912 | |
| Energy sources | | - | - | - | - | - | - | - | - | - | - | - | |
| Water management | | 1,623,969 | 1,623,969 | - | - | - | (36,700) | 82,043 | 45,343 | 1,669,312 | 1,548,554 | 1,745,912 | |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | - | |
| Waste management | | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Other</i> | | 6,819 | 6,819 | - | - | - | - | 60 | 60 | 6,879 | 7,441 | 7,888 | |
| Total Revenue - Functional | 2 | 2,482,816 | 2,482,816 | - | - | - | (32,499) | 252,586 | 220,087 | 2,702,903 | 2,368,104 | 2,600,279 | |
| Expenditure - Functional | | | | | | | | | | | | | |
| <i>Governance and administration</i> | | 526,534 | 527,189 | - | - | - | - | 23,887 | 23,887 | 551,077 | 521,357 | 552,624 | |
| Executive and council | | 203,946 | 204,600 | - | - | - | - | 26,949 | 26,949 | 231,549 | 209,796 | 222,638 | |
| Finance and administration | | 314,029 | 314,029 | - | - | - | - | (3,062) | (3,062) | 310,968 | 302,457 | 320,303 | |
| Internal audit | | 8,559 | 8,559 | - | - | - | - | - | - | 8,559 | 9,103 | 9,682 | |
| <i>Community and public safety</i> | | 124,239 | 124,239 | - | - | - | 4,201 | 0 | 4,201 | 128,440 | 136,152 | 144,729 | |
| Community and social services | | 44,317 | 44,317 | - | - | - | 4,201 | (316) | 3,885 | 48,202 | 49,204 | 52,275 | |
| Sport and recreation | | 11,213 | 11,213 | - | - | - | - | 0 | 0 | 11,213 | 11,874 | 12,575 | |
| Public safety | | 30,760 | 30,760 | - | - | - | - | 316 | 316 | 31,076 | 34,853 | 37,080 | |
| Housing | | 16,118 | 16,118 | - | - | - | - | 0 | 0 | 16,118 | 16,965 | 18,026 | |
| Health | | 21,832 | 21,832 | - | - | - | - | - | - | 21,832 | 23,256 | 24,773 | |
| <i>Economic and environmental services</i> | | 117,641 | 117,641 | - | - | - | - | 202,854 | 202,854 | 320,495 | 123,610 | 131,497 | |
| Planning and development | | 81,098 | 81,098 | - | - | - | - | 201,604 | 201,604 | 282,702 | 85,996 | 90,856 | |
| Road transport | | 21,716 | 21,716 | - | - | - | - | 800 | 800 | 22,516 | 22,936 | 25,117 | |
| Environmental protection | | 14,828 | 14,828 | - | - | - | - | 450 | 450 | 15,278 | 14,678 | 15,524 | |
| <i>Trading services</i> | | 658,009 | 658,009 | - | - | - | (36,700) | (11,013) | (47,713) | 610,296 | 746,603 | 737,350 | |
| Energy sources | | - | - | - | - | - | - | - | - | - | - | - | |
| Water management | | 658,009 | 658,009 | - | - | - | (36,700) | (11,013) | (47,713) | 610,296 | 746,603 | 737,350 | |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | - | |
| Waste management | | - | - | - | - | - | - | - | - | - | - | - | |
| <i>Other</i> | | 6,819 | 6,819 | - | - | - | - | 60 | 60 | 6,879 | 7,441 | 7,888 | |
| Total Expenditure - Functional | 3 | 1,433,244 | 1,433,898 | - | - | - | (32,499) | 215,788 | 183,289 | 1,617,187 | 1,535,163 | 1,574,087 | |
| Surplus/ (Deficit) for the year | | 1,049,573 | 1,048,918 | - | - | - | - | 36,798 | 36,798 | 1,085,716 | 832,941 | 1,026,191 | |

Extract from B schedule – Table B3

| 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 | A1 | B | C | D | E | F | G | H | | |
| Revenue by Vote | 1 | | | | | | | | | | | |
| Vote 01 - Council & Committees | | 217,599 | 217,599 | - | - | - | - | 28,303 | 28,303 | 245,902 | 230,834 | 242,833 |
| Vote 02 - Finance & Administration | | 328,390 | 328,390 | - | - | - | - | (211) | (211) | 328,179 | 304,712 | 320,568 |
| Vote 03 - Planning & Development | | 52,687 | 52,687 | - | - | - | - | 16,525 | 16,525 | 69,212 | 83,961 | 88,692 |
| Vote 04 - Health | | 21,952 | 21,952 | - | - | - | - | 400 | 400 | 22,352 | 23,256 | 24,773 |
| Vote 05 - Community & Social Services | | 15,361 | 15,361 | - | - | - | - | - | - | 15,361 | 16,311 | 17,321 |
| Vote 06 - Housing | | 19,663 | 19,663 | - | - | - | - | 47,251 | 47,251 | 66,913 | 17,010 | 18,071 |
| Vote 07 - Public Safety | | 67,716 | 67,716 | - | - | - | 4,201 | (400) | 3,801 | 71,517 | 73,246 | 77,534 |
| Vote 08 - Sports & Recreation | | 11,213 | 11,213 | - | - | - | - | - | - | 11,213 | 11,874 | 12,575 |
| Vote 09 - Environmental | | 14,828 | 14,828 | - | - | - | - | 690 | 690 | 15,518 | 14,678 | 15,524 |
| Vote 10 - Roads | | 69,828 | 69,828 | - | - | - | - | (8,700) | (8,700) | 61,128 | 36,227 | 28,589 |
| Vote 11 - Water | | 1,623,969 | 1,623,969 | - | - | - | (36,700) | 82,043 | 45,343 | 1,669,312 | 1,548,554 | 1,745,912 |
| Vote 12 - Tourism | | 6,819 | 6,819 | - | - | - | - | 119,477 | 119,477 | 126,296 | 7,441 | 7,888 |
| Vote 13 - | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - Other | | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue by Vote | 2 | 2,450,025 | 2,450,025 | - | - | - | (32,499) | 285,377 | 252,878 | 2,702,903 | 2,368,104 | 2,600,279 |
| Expenditure by Vote | 1 | | | | | | | | | | | |
| Vote 01 - Council & Committees | | 221,893 | 222,548 | - | - | - | - | 27,998 | 27,998 | 250,546 | 228,834 | 242,833 |
| Vote 02 - Finance & Administration | | 306,554 | 306,554 | - | - | - | - | (4,111) | (4,111) | 302,443 | 294,558 | 311,956 |
| Vote 03 - Planning & Development | | 79,185 | 79,185 | - | - | - | - | 16,765 | 16,765 | 95,950 | 83,961 | 88,692 |
| Vote 04 - Health | | 21,832 | 21,832 | - | - | - | - | - | - | 21,832 | 23,256 | 24,773 |
| Vote 05 - Community & Social Services | | 15,361 | 15,361 | - | - | - | - | - | - | 15,361 | 16,311 | 17,321 |
| Vote 06 - Housing | | 16,118 | 16,118 | - | - | - | - | 0 | 0 | 16,118 | 16,965 | 18,026 |
| Vote 07 - Public Safety | | 59,716 | 59,716 | - | - | - | 4,201 | - | 4,201 | 63,917 | 67,746 | 72,034 |
| Vote 08 - Sports & Recreation | | 11,213 | 11,213 | - | - | - | - | 0 | 0 | 11,213 | 11,874 | 12,575 |
| Vote 09 - Environmental | | 14,828 | 14,828 | - | - | - | - | 450 | 450 | 15,278 | 14,678 | 15,524 |
| Vote 10 - Roads | | 21,716 | 21,716 | - | - | - | - | 800 | 800 | 22,516 | 22,936 | 25,117 |
| Vote 11 - Water | | 658,009 | 658,009 | - | - | - | (36,700) | (11,013) | (47,713) | 610,296 | 746,603 | 737,350 |
| Vote 12 - Tourism | | 6,819 | 6,819 | - | - | - | - | 184,899 | 184,899 | 191,718 | 7,441 | 7,888 |
| Vote 13 - | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - Other | | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure by Vote | 2 | 1,433,244 | 1,433,898 | - | - | - | (32,499) | 215,788 | 183,289 | 1,617,187 | 1,535,163 | 1,574,087 |
| Surplus/ (Deficit) for the year | 2 | 1,016,781 | 1,016,126 | - | - | - | - | 69,590 | 69,590 | 1,085,716 | 832,941 | 1,026,191 |

Extract from B Schedule – Table B4

| Description | 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 |
| R thousands | 1 | A | A1 | B | C | D | E | F | G | H | | |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - electricity revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Service charges - water revenue | 2 | (363,246) | 214,245 | - | - | - | - | 20,500 | 20,500 | 234,745 | (386,676) | (413,251) |
| Service charges - sanitation revenue | 2 | (99,268) | 93,229 | - | - | - | - | 13,000 | 13,000 | 106,229 | (105,115) | (111,833) |
| Service charges - refuse revenue | 2 | - | - | - | - | - | - | - | - | - | - | - |
| Rental of facilities and equipment | | 61 | 61 | - | - | - | - | 110 | 110 | 171 | 64 | 68 |
| Interest earned - external investments | | 36,882 | 36,882 | - | - | - | - | (13,000) | (13,000) | 23,882 | 37,516 | 38,900 |
| Interest earned - outstanding debtors | | 30,000 | 30,000 | - | - | - | - | 2,550 | 2,550 | 32,550 | 31,800 | 33,708 |
| Dividends received | | - | - | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | | - | - | - | - | - | - | - | - | - | - | - |
| Licences and permits | | - | - | - | - | - | - | - | - | - | - | - |
| Agency services | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies | | 863,952 | 863,952 | - | - | - | 4,201 | 32,792 | 36,993 | 900,945 | 920,935 | 991,442 |
| Other revenue | 2 | 197,332 | 197,332 | - | - | - | - | 94,564 | 94,564 | 291,896 | 213,459 | 148,615 |
| Gains on disposal of PPE | | - | - | - | - | - | - | (150) | (150) | (150) | - | - |
| Total Revenue (excluding capital transfers and contributions) | | 665,712 | 1,435,701 | - | - | - | 4,201 | 150,366 | 154,567 | 1,590,268 | 711,983 | 687,648 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | | 579,710 | 579,710 | - | - | - | - | 45,157 | 45,157 | 624,867 | 620,006 | 661,109 |
| Remuneration of councillors | | 22,659 | 22,659 | - | - | - | - | - | - | 22,659 | 24,166 | 25,773 |
| Debt impairment | | 92,405 | 92,405 | - | - | - | - | - | - | 92,405 | 97,395 | 82,655 |
| Depreciation & asset impairment | | 165,748 | 165,748 | - | - | - | - | 75,374 | 75,374 | 241,122 | 174,698 | 184,132 |
| Finance charges | | - | - | - | - | - | - | - | - | - | - | - |
| Bulk purchases | | 41,145 | 41,145 | - | - | - | - | (5,400) | (5,400) | 35,745 | 43,367 | 45,709 |
| Other materials | | 24,759 | 24,759 | - | - | - | - | 29,958 | 29,958 | 54,717 | 26,096 | 27,505 |
| Contracted services | | 213,752 | 213,752 | - | - | - | - | (162) | (162) | 213,590 | 247,245 | 228,984 |
| Transfers and subsidies | | 71,525 | 71,525 | - | - | - | 4,201 | 15,999 | 20,200 | 91,724 | 75,387 | 79,458 |
| Other expenditure | | 221,541 | 221,541 | - | - | - | - | 54,862 | 54,862 | 276,402 | 226,803 | 238,763 |
| Loss on disposal of PPE | | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditure | | 1,433,244 | 1,433,244 | - | - | - | 4,201 | 215,788 | 219,989 | 1,653,233 | 1,535,163 | 1,574,087 |
| Surplus/(Deficit) | | (767,532) | 2,457 | - | - | - | - | (65,422) | (65,422) | (62,965) | (823,180) | (886,439) |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | 982,905 | 982,905 | - | - | - | (36,700) | 166,851 | 130,151 | 1,113,056 | 795,113 | 940,657 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies - capital (in-kind - all) | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) before taxation | | 215,373 | 985,362 | - | - | - | (36,700) | 101,429 | 64,729 | 1,050,091 | (28,067) | 54,218 |
| Taxation | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after taxation | | 215,373 | 985,362 | - | - | - | (36,700) | 101,429 | 64,729 | 1,050,091 | (28,067) | 54,218 |
| Attributable to minorities | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) attributable to municipality | | 215,373 | 985,362 | - | - | - | (36,700) | 101,429 | 64,729 | 1,050,091 | (28,067) | 54,218 |
| Share of surplus/ (deficit) of associate | | - | - | - | - | - | - | - | - | - | - | - |
| Surplus/ (Deficit) for the year | | 215,373 | 985,362 | - | - | - | (36,700) | 101,429 | 64,729 | 1,050,091 | (28,067) | 54,218 |

Capital Expenditure

| DESCRIPTION | ORIGINAL BUDGET 2019/2020 | 1ST ADJUSTED BUDGET 2019/2020 | ADJUSTMENT | 2ND ADJUSTED BUDGET 2019/2020 | BUDGETED 2020/2021 | BUDGETED 2021/2022 |
|---------------------|---------------------------|-------------------------------|--------------|-------------------------------|--------------------|--------------------|
| CAPITAL EXPENDITURE | 1,123,227,533 | 1,288,999,369 | - 36,700,000 | 1,252,299,369 | 909,356,779 | 1,039,496,410 |

Capital Expenditure

Adjusted downwards by R36.7 million an amount for RBIG that has been with-held.

Extract from Schedule B – Table B5

| Description | Ref | Budget Year 2019/20 | | | | | | | | | Budget Year | Budget Year |
|--|-----|---------------------|------------------|----------|------------|----------|-----------------|----------------|-----------------|------------------|----------------|------------------|
| | | Original | Prior | Accum. | Multi-year | Unfore. | Nat. or Prov. | Other | Total | Adjusted | +1 2020/21 | +2 2021/22 |
| | | Budget | Adjusted | Funds | capital | Unavoid. | Govt | Adjusts. | Adjuncts. | Budget | Adjusted | Adjusted |
| R thousands | A | A1 | B | C | D | E | F | G | H | | | |
| Capital expenditure - Vote | | | | | | | | | | | | |
| Multi-year expenditure to be adjusted | 2 | | | | | | | | | | | |
| Vote 01 - Council & Committees | | 2,000 | 2,000 | - | - | - | - | - | 2,000 | 2,000 | - | - |
| Vote 02 - Finance & Administration | | 21,836 | 21,836 | - | - | - | - | 3,900 | 25,736 | 10,154 | 8,612 | - |
| Vote 03 - Planning & Development | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 04 - Health | | 120 | 120 | - | - | - | - | 400 | 520 | - | - | - |
| Vote 05 - Community & Social Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 06 - Housing | | 3,545 | 3,545 | - | - | - | - | - | 3,545 | 45 | 45 | - |
| Vote 07 - Public Safety | | 8,000 | 8,000 | - | - | - | - | (400) | 7,600 | 5,500 | 5,500 | - |
| Vote 08 - Sports & Recreation | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 09 - Environmental | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - Roads | | 48,112 | 48,112 | - | - | - | - | (10,000) | 38,112 | 13,291 | 3,472 | - |
| Vote 11 - Water | | 1,039,614 | 1,039,614 | - | - | - | (36,700) | 22,101 | 1,025,015 | 880,367 | 1,021,867 | - |
| Vote 12 - Tourism | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 13 - | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - Other | | - | - | - | - | - | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 3 | 1,123,228 | 1,123,228 | - | - | - | (36,700) | 16,001 | (20,699) | 1,102,528 | 911,357 | 1,039,496 |
| Single-year expenditure to be adjusted | 2 | | | | | | | | | | | |
| Vote 01 - Council & Committees | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 02 - Finance & Administration | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 03 - Planning & Development | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 04 - Health | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 05 - Community & Social Services | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 06 - Housing | | - | - | - | - | - | - | 47,251 | 47,251 | - | - | - |
| Vote 07 - Public Safety | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 08 - Sports & Recreation | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 09 - Environmental | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 10 - Roads | | - | - | - | - | - | - | 500 | 500 | 500 | - | - |
| Vote 11 - Water | | - | - | - | - | - | - | 163,164 | 163,164 | 163,164 | - | - |
| Vote 12 - Tourism | | - | - | - | - | - | - | 7,245 | 7,245 | 7,245 | - | - |
| Vote 13 - | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 14 - | | - | - | - | - | - | - | - | - | - | - | - |
| Vote 15 - Other | | - | - | - | - | - | - | - | - | - | - | - |
| Capital single-year expenditure sub-total | | - | - | - | - | - | - | 218,160 | 218,160 | 218,160 | - | - |
| Total Capital Expenditure - Vote | | 1,123,228 | 1,123,228 | - | - | - | (36,700) | 234,161 | 197,461 | 1,320,688 | 911,357 | 1,039,496 |
| Capital Expenditure - Functional | | | | | | | | | | | | |
| Governance and administration | | 23,836 | 23,836 | - | - | - | - | 3,900 | 3,900 | 27,736 | 12,154 | 8,612 |
| Executive and council | | 2,000 | 2,000 | - | - | - | - | - | 2,000 | 2,000 | - | - |
| Finance and administration | | 21,836 | 21,836 | - | - | - | - | 3,900 | 25,736 | 10,154 | 8,612 | - |
| Internal audit | | - | - | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 11,665 | 11,665 | - | - | - | - | 47,251 | 47,251 | 58,916 | 5,545 | 5,545 |
| Community and social services | | 3,000 | 3,000 | - | - | - | - | (400) | (400) | 2,600 | - | - |
| Sport and recreation | | - | - | - | - | - | - | - | - | - | - | - |
| Public safety | | 5,000 | 5,000 | - | - | - | - | - | 5,000 | 5,500 | 5,500 | 5,500 |
| Housing | | 3,545 | 3,545 | - | - | - | - | 47,251 | 47,251 | 50,796 | 45 | 45 |
| Health | | 120 | 120 | - | - | - | - | 400 | 400 | 520 | - | - |
| Economic and environmental services | | 48,112 | 48,112 | - | - | - | - | (2,255) | (2,255) | 45,857 | 13,291 | 3,472 |
| Planning and development | | - | - | - | - | - | - | 7,245 | 7,245 | 7,245 | - | - |
| Road transport | | 48,112 | 48,112 | - | - | - | - | (9,500) | (9,500) | 38,612 | 13,291 | 3,472 |
| Environmental protection | | - | - | - | - | - | - | - | - | - | - | - |
| Trading services | | 1,039,614 | 1,039,614 | - | - | - | (36,700) | 185,265 | 148,565 | 1,188,180 | 880,367 | 1,021,867 |
| Energy sources | | - | - | - | - | - | - | - | - | - | - | - |
| Water management | | 1,039,614 | 1,039,614 | - | - | - | (36,700) | 185,265 | 148,565 | 1,188,180 | 880,367 | 1,021,867 |
| Waste water management | | - | - | - | - | - | - | - | - | - | - | - |
| Waste management | | - | - | - | - | - | - | - | - | - | - | - |
| Other | | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital Expenditure - Functional | 3 | 1,123,228 | 1,123,228 | - | - | - | (36,700) | 234,161 | 197,461 | 1,320,688 | 911,357 | 1,039,496 |
| Funded by: | | | | | | | | | | | | |
| National Government | | 982,905 | 982,905 | - | - | - | (36,700) | 227,995 | 191,295 | 1,174,200 | 795,113 | 940,657 |
| Provincial Government | | - | - | - | - | - | - | - | - | - | - | - |
| District Municipality | | - | - | - | - | - | - | 7,245 | 7,245 | 7,245 | - | - |
| Other transfers and grants | | - | - | - | - | - | - | - | - | - | - | - |
| Transfers recognised - capital | 4 | 982,905 | 982,905 | - | - | - | (36,700) | 235,240 | 198,540 | 1,181,445 | 795,113 | 940,657 |
| Borrowing | | - | - | - | - | - | - | - | - | - | - | - |
| Internally generated funds | | 140,323 | 140,323 | - | - | - | - | (1,079) | (1,079) | 139,244 | 116,244 | 98,839 |
| Total Capital Funding | | 1,123,228 | 1,123,228 | - | - | - | (36,700) | 234,161 | 197,461 | 1,320,688 | 911,357 | 1,039,496 |

MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA) COMPLIANCE

mSCOA is a multi-dimensional recording and reporting system across seven segments. Function or sub-function (GFS votes structure) Item (asset, liability, revenue, expenditure, etcetera) Funding source (rates, services charges, grants, loans, etcetera), Region (wards, whole municipality, head office), costing. National Treasury introduced the mSCOA in order to standardize and integrate the municipal activities in order to enhance the comparability, transparency of information for better planning, implementation and reporting.

National Treasury requires that the municipalities be able to transact live to mSCOA by 01 July 2017 with the accounting system recognized and accredited by NT.

The municipality is transacting on MSCOA and generating data strings. The costing segment will be implemented in 2019/20 budget with costing methodology on how the various departments will charge and recover costs internally.

5. OTHER POTFOLIO FUNCTIONAL AREAS CONSULTED

Basic Services and Infrastructure, Local Economic Development and Good Governance & Public Participation.

6. ORGANISATION AND PERSONNEL IMPLICATIONS

There are no organisational and personnel implications anticipated as a result of this budget adjustment.

7. REPRESENTATIVITY

This issue does not apply in this regard.

8. CONSTITUTIONAL AND LEGAL IMPLICATIONS

Non compliance with mSCOA deadlines may result in

1. National Treasury invoking chapter 13, s216 (1 and 2) which are as follows :
National legislation must establish a National Treasury and prescribe measures to ensure both transparency and expenditure control in each sphere of government by introducing
 - (a) Generally Recognised Accounting Practice,
 - (b) Uniform expenditure classification, and
 - (c) Uniform treasury norms and standards.

2. The National Treasury must enforce compliance with the measures established in terms of subsection (1), and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures.

9. FINANCIAL IMPLICATION

National Treasury invoking s216 of constitution as stated above due to non-compliance with mSCOA will result in withholding of equitable share.

10. RECOMMENDATION

The Executive Mayor recommends to Council that Council:

10.1 Approve the 2nd Adjustment Budget for 2019/2020 and the two outer financial years 2020/2021 and 2021/2022. The summary is as follows:

| DESCRIPTION | ORIGINAL BUDGET 2019/2020 | 1ST ADJUSTED BUDGET 2019/2020 | ADJUSTMENT | 2ND ADJUSTED BUDGET 2019/2020 | BUDGETED 2020/2021 | BUDGETED 2021/2022 |
|---------------------------|------------------------------|----------------------------------|--------------|----------------------------------|-----------------------|-----------------------|
| OPERATING REVENUE | 1,435,700,902 | 1,466,954,956 | 4,201,000 | 1,471,155,956 | 1,538,920,625 | 1,578,042,572 |
| OPERATING EXPENDITURE | 1,433,243,740 | 1,464,497,794 | 4,201,000 | 1,468,698,794 | 1,535,162,835 | 1,574,087,174 |
| SURPLUS/(DEFICIT) | 2,457,161 | 2,457,162 | - | 2,457,162 | 3,757,790 | 3,955,397 |
| TOTAL CAPITAL EXPENDITURE | 1,123,227,533 | 1,288,999,369 | - 36,700,000 | 1,252,299,369 | 909,356,779 | 1,039,496,410 |
| OVERALL TOTAL BUDGET | 2,558,928,435 | 2,755,954,325 | - 32,499,000 | 2,723,455,325 | 2,448,277,404 | 2,617,538,982 |

Furthermore the Executive Mayor recommends the council to approve 2019/2020 2nd adjustment budget and two outer years in terms of National Treasury tables B1 to B10 in accordance with section 24(1) to (2) of MFMA for further public participation of stakeholders as follows:

- Adjustment Budgeted Financial Performance (revenue and expenditure by standard classification)
- Adjustment Budgeted Financial Performance (revenue and expenditure by municipal vote)
- Adjustment Budgeted Financial Performance (revenue by source and expenditure by type)
- Adjustment Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
- Adjustment Budgeted Financial Position
- Adjustment Budgeted Cash Flows
- Cash backed reserves and accumulated surplus reconciliation
- Asset management
- Basic service delivery measurement

11. RESPONSIBILITY

The Executive Mayor is responsible for presenting the budget to Council.