

**REPORT ON SPECIALADJUSTMENT BUDGET FOR 2018/19 AND 2020 -2021 MEDIUM
TERM REVENUE AND EXPENDITURE FRAMEWORK**

1. SUBJECT:- SPECIAL BUDGET 2018/19 and two outer years

Section 21 of Chapter 4 of the Municipal Finance Management Act, Act No. 56 of 2003 and MFMA Circulars.

2. PURPOSE AND BACKGROUND

The municipality received additional funding that was not available during the approval of original budget. The purpose this memorandum is to request the approval of the adjustment budget including the drought relief grant received in January 2019.

3. SUMMARY

This report was prepared in accordance with section 21 Chapter 4 of the Municipal Finance Management Act, Act No.56 of 2003 and the MFMA Circulars, including circular 86 issued to table the draft budget for 2018/19 financial year. Completed Service delivery standard template has been completed and attached as per the requirement of Circular 75.

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:

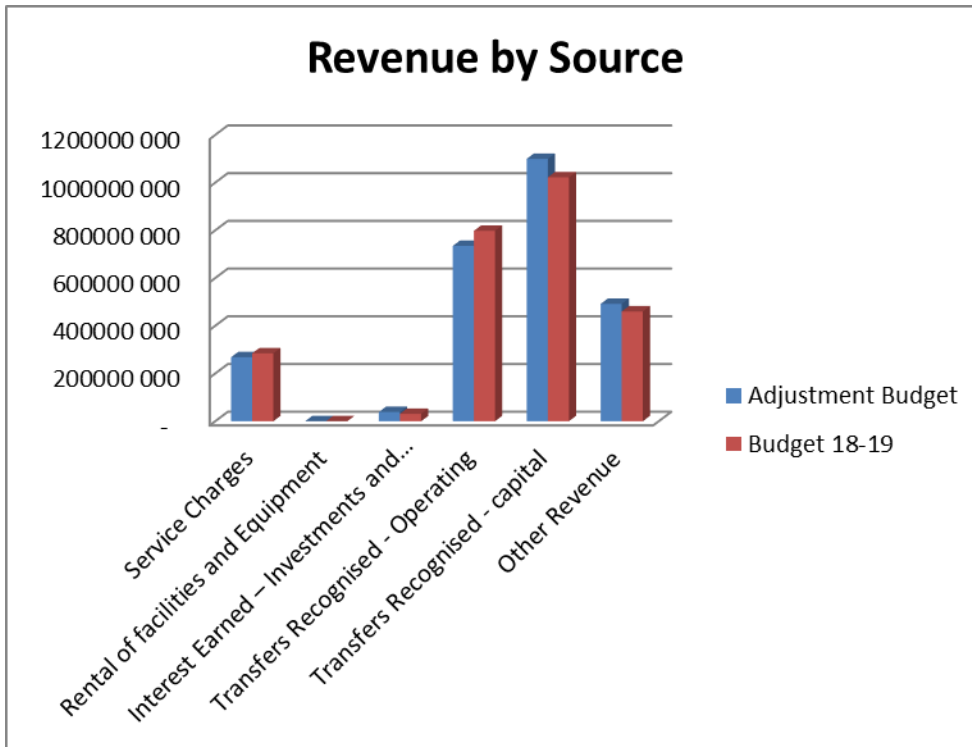
- (1) The funding of the annual budget must :-
 - (a) Be estimated in accordance with the assumptions and methodologies set out in the funding and reserves policy.
 - (b) Be consistent with the trends, current and past of actual funding collected or received.

Revenue composed of the following:-

Description	Original Budget 2017/2018	Adjustment budget 2017/2018	Budget 2018/2019	Budget 2019/2020	Budget 2020/2021
Revenue by Source					
Service Charges	268 583 183	268 583 183	284 698 174	301 780 065	319 886 869
Rental of facilities and Equipment	55 000	55 000	57 860	61 042	64 400
Interest Earned – Investments and debtors	30 000 000	39 000 000	31 300 000	32 618 000	35 955 080
Transfers Recognised Operating	735 126 000	735 126 000	798 523 000	855 753 000	927 444 000
Transfers Recognised Capital	1 099 649 000	1 099 649 000	1 022 330 000	1 023 235 000	1 088 552 000
Other Revenue	479 056 204	492 143 858	460 331 857	381 434 145	367 080 853
Total Revenue	2 612 469 387	2 634 557 041	2 597 240 892	2 594 881 252	2 738 983 201

Revenue anticipated to decrease by 1 per cent or R37 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. For the two outer years, operational revenue will increase by 0 and 6per cent per cent respectively.

Graphic Illustration of revenue



Extract on Schedule A1 summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	188 615	195 346	206 822	268 583	268 583	268 583	268 583	284 698	301 780	319 887
Investment revenue	17 413	32 993	36 425	25 000	34 000	34 000	34 000	26 000	27 000	30 000
Transfers recognised - operational	1 194 079	1 303 781	1 523 251	735 126	735 126	735 126	735 126	798 523	855 753	927 444
Other own revenue	118 441	139 987	180 532	332 863	346 422	346 422	346 422	305 329	315 517	317 961
Total Revenue (excluding capital transfers and contributions)	1 518 547	1 672 107	1 947 031	1 361 572	1 384 131	1 384 131	1 384 131	1 414 550	1 500 050	1 595 292
Employee costs	345 106	367 323	411 062	418 203	417 614	417 614	417 614	500 599	536 142	574 208
Remuneration of councillors	16 458	16 882	16 747	17 589	27 080	27 080	27 080	27 512	29 466	31 558
Depreciation & asset impairment	152 109	152 597	161 764	167 308	161 308	161 308	161 308	162 000	170 910	180 310
Finance charges	1 865	389	5 906	-	-	-	-	-	-	-
Materials and bulk purchases	39 262	43 845	42 407	161 147	154 528	154 528	154 528	133 312	140 636	148 363
Transfers and grants	52 419	107 936	149 375	33 404	37 504	37 504	37 504	91 460	96 397	101 601
Other expenditure	697 288	580 686	704 270	560 218	582 590	582 590	582 590	496 167	522 299	554 753
Total Expenditure	1 304 506	1 269 658	1 491 532	1 357 869	1 380 625	1 380 625	1 380 625	1 411 050	1 495 650	1 590 792
Surplus/(Deficit)	214 041	402 448	455 499	3 703	3 506	3 506	3 506	3 500	4 200	4 500
Transfers and subsidies - capital (monetary alloc	-	-	-	1 099 649	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	214 041	402 448	455 499	1 103 352	1 103 155	1 103 155	1 103 155	1 025 830	1 027 435	1 093 052
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	214 041	402 448	455 499	1 103 352	1 103 155	1 103 155	1 103 155	1 025 830	1 027 435	1 093 052
Capital expenditure & funds sources										
Capital expenditure	-	-	-	1 250 898	1 237 629	1 237 629	1 237 629	1 182 690	1 094 831	1 143 691
Transfers recognised - capital	-	-	-	1 099 649	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	151 249	137 980	137 980	137 980	160 360	71 596	55 139
Total sources of capital funds	-	-	-	1 250 898	1 237 629	1 237 629	1 237 629	1 182 690	1 094 831	1 143 691
Financial position										
Total current assets	493 186	543 383	424 878	925 199	932 271	932 271	932 271	894 766	1 012 992	1 137 960
Total non current assets	4 401 136	4 754 981	5 385 533	9 317 447	9 304 178	9 304 178	9 304 178	10 324 787	11 249 731	12 214 190
Total current liabilities	402 531	385 598	394 147	385 569	379 766	379 766	379 766	337 040	352 774	349 150
Total non current liabilities	46 555	54 837	102 837	100	100	100	100	100	100	100
Community wealth/Equity	4 445 236	4 857 928	5 313 427	9 856 977	9 856 584	9 856 584	9 856 584	10 882 414	11 909 849	13 002 901
Cash flows										
Net cash from (used) operating	536 843	614 489	683 008	1 270 660	1 264 145	1 264 145	1 264 145	1 169 376	1 086 324	1 147 848
Net cash from (used) investing	(433 746)	(586 087)	(805 590)	(1 250 898)	(1 237 629)	(1 237 629)	(1 237 629)	(1 182 690)	(1 094 831)	(1 143 691)
Net cash from (used) financing	(664)	(84)	38 775	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	309 312	337 630	253 823	533 218	539 972	539 972	539 972	526 657	518 150	522 307
Cash backing/surplus reconciliation										
Cash and investments available	309 312	337 630	253 823	681 763	688 835	688 835	688 835	705 472	880 582	1 065 392
Application of cash and investments	233 865	264 115	293 895	191 784	184 689	184 689	184 689	197 220	276 534	313 906
Balance - surplus (shortfall)	75 447	73 515	(40 073)	489 980	504 147	504 147	504 147	508 251	604 048	751 486

Operating expenditure comprises of the following:-

Description	Original Budget 2017/2018	Adjustment budget 2017/2018	Budget 2018/2019	Budget 2019/2020	Budget 2020/2021
Expenditure by type					
Employee Costs	418 202 541	417 614 086	500 599 303	536 141 853	574 207 925
Remuneration to Councillors	17 589 496	27 080 310	27 512 168	29 465 532	31 557 584
Bulk Purchases	73 550 000	86 550 000	70 500 000	74 377 500	78 468 263
Other Materials (R&M)	87 596 804	67 977 664	62 811 718	66 258 483	69 894 411
Contracted Services	20 750 000	20 750 000	41 763 616	44 060 615	46 483 949
Transfers and Grants	33 404 203	37 504 203	91 460 320	96 397 303	101 600 967
Other Expences	706 775 770	723 148 518	616 403 315	649 148 756	688 578 927
Total Operating Expences	1 357 868 815	1 380 624 782	1 411 050 439	1 495 850 042	1 590 792 024

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

No adjustment made

Other Expenditure :-

No adjustment made

Graphic Illustrations

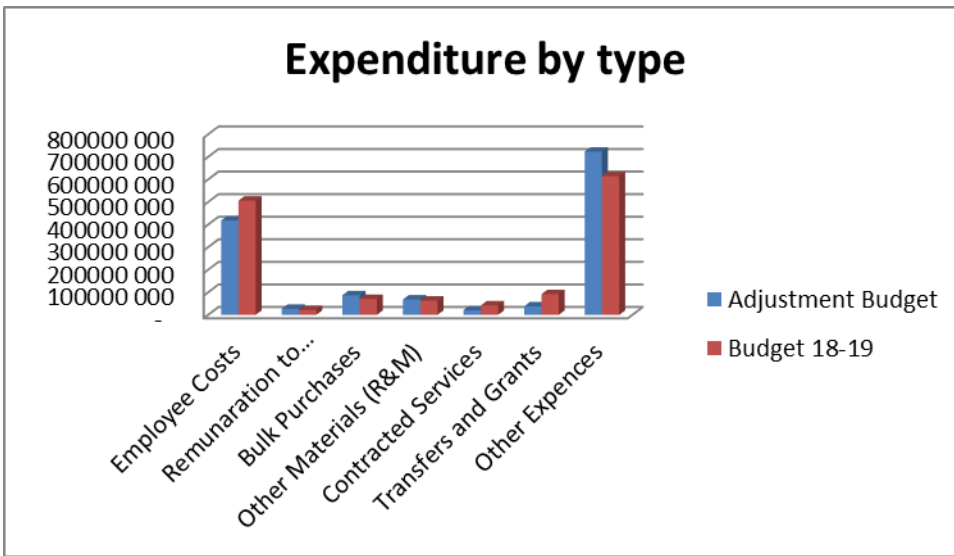


Table A2 Operating Budget by Function

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional										
Governance and administration		880 027	998 079	1 094 298	446 319	462 537	462 537	465 526	493 209	524 259
Executive and council		7 072	5 610	–	192 905	207 613	207 613	208 270	219 867	233 807
Finance and administration		872 955	992 469	1 094 298	253 414	254 924	254 924	257 256	273 342	290 451
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		2 758	3 240	–	73 459	75 065	75 065	87 347	93 010	99 047
Community and social services		2 758	–	–	30 094	26 418	26 418	38 994	41 523	44 220
Sport and recreation		–	–	–	7 336	7 091	7 091	7 462	7 908	8 382
Public safety		–	–	–	15 181	19 009	19 009	23 733	25 313	27 001
Housing		–	–	–	13 707	14 926	14 926	13 647	14 537	15 487
Health		–	3 240	–	7 141	7 621	7 621	3 512	3 728	3 957
Economic and environmental services		17 914	8 951	3 175	151 971	145 893	145 893	143 458	146 824	155 571
Planning and development		13 005	6 613	3 175	102 412	99 319	99 319	100 777	101 340	107 099
Road transport		2 363	2 338	–	22 155	16 264	16 264	11 147	11 848	12 593
Environmental protection		2 546	–	–	27 404	30 310	30 310	31 534	33 636	35 879
Trading services		617 848	661 837	849 558	686 162	693 375	693 375	713 832	760 756	809 778
Energy sources		–	–	–	–	–	–	–	–	–
Water management		617 848	661 837	849 558	686 162	693 375	693 375	713 832	760 756	809 778
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other	4	–	–	–	3 661	7 261	7 261	5 888	6 251	6 637
Total Revenue - Functional	2	1 518 547	1 672 107	1 947 031	1 361 572	1 384 131	1 384 131	1 416 050	1 500 050	1 595 292
Expenditure - Functional										
Governance and administration		379 090	350 700	594 546	446 319	462 537	462 537	465 526	493 209	524 259
Executive and council		117 610	143 401	179 746	192 905	207 613	207 613	208 270	219 867	233 807
Finance and administration		261 481	207 298	414 800	253 414	254 924	254 924	257 256	273 342	290 451
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		52 659	52 048	62 683	73 459	75 065	75 065	87 347	93 010	99 047
Community and social services		15 434	11 434	12 636	30 094	26 418	26 418	38 994	41 523	44 220
Sport and recreation		2 513	4 109	5 579	7 336	7 091	7 091	7 462	7 908	8 382
Public safety		24 098	23 716	31 303	15 181	19 009	19 009	23 733	25 313	27 001
Housing		7 200	8 085	8 543	13 707	14 926	14 926	13 647	14 537	15 487
Health		3 414	4 704	4 621	7 141	7 621	7 621	3 512	3 728	3 957
Economic and environmental services		86 871	109 360	128 428	151 971	145 893	145 893	143 458	146 824	155 571
Planning and development		64 346	56 365	81 162	102 412	99 319	99 319	100 777	101 340	107 099
Road transport		5 504	30 926	19 425	22 155	16 264	16 264	11 147	11 848	12 593
Environmental protection		17 021	22 068	27 841	27 404	30 310	30 310	31 534	33 636	35 879
Trading services		784 131	755 363	703 273	682 459	689 869	689 869	710 332	756 556	805 278
Energy sources		–	–	–	–	–	–	–	–	–
Water management		784 131	755 363	703 273	682 459	689 869	689 869	710 332	756 556	805 278
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other	4	1 754	2 187	2 602	3 661	7 261	7 261	5 888	6 251	6 637
Total Expenditure - Functional	3	1 304 506	1 269 658	1 491 532	1 357 869	1 380 625	1 380 625	1 412 550	1 495 850	1 590 792
Surplus/(Deficit) for the year		214 041	402 448	455 499	3 703	3 506	3 506	3 500	4 200	4 500

Table A3 Operating Budget by Vote

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Exec. & Council		7 072	5 610		192 905	207 613	207 613	208 270	219 867	233 807
Vote 2 - Fin. & Admin		872 955	992 469	1 094 298	253 414	254 924	254 924	257 256	273 342	290 451
Vote 3 - Planning & Dev		13 005	6 613	3 175	102 412	99 319	99 319	100 777	101 340	107 099
Vote 4 - Health			3 240		7 141	7 621	7 621	3 512	3 728	3 957
Vote 5 - Community Services		2 758			14 270	11 244	11 244	13 756	14 637	15 576
Vote 6 - Housing					13 707	14 926	14 926	13 647	14 537	15 487
Vote 7 - Public Safety					31 005	34 183	34 183	48 971	52 199	55 644
Vote 8 - Sports & Recreation					7 336	7 091	7 091	7 462	7 908	8 382
Vote 9 - Environmental		2 546			27 404	30 310	30 310	31 534	33 636	35 879
Vote 10 - Roads		2 363	2 338		22 155	16 264	16 264	11 147	11 848	12 593
Vote 11 - Water		617 848	661 837	848 672	686 162	693 375	693 375	713 832	760 756	809 778
Vote 12 - Tourism					3 661	7 261	7 261	5 888	6 251	6 637
Vote 13 - [NAME OF VOTE 13]										
Vote 14 - [NAME OF VOTE 14]										
Vote 15 - [NAME OF VOTE 15]										
Total Revenue by Vote	2	1 518 547	1 672 107	1 946 145	1 361 572	1 384 131	1 384 131	1 416 050	1 500 050	1 595 292
Expenditure by Vote to be appropriated	1									
Vote 1 - Exec. & Council		117 610	143 401	179 746	192 905	207 613	207 613	208 270	219 867	233 807
Vote 2 - Fin. & Admin		261 481	207 298	414 800	253 414	254 924	254 924	257 256	273 342	290 451
Vote 3 - Planning & Dev		64 346	56 365	81 162	102 412	99 319	99 319	100 777	101 340	107 099
Vote 4 - Health		3 414	4 704	4 621	7 141	7 621	7 621	3 512	3 728	3 957
Vote 5 - Community Services		15 434	11 434	12 636	14 270	11 244	11 244	13 756	14 637	15 576
Vote 6 - Housing		7 200	8 085	8 543	13 707	14 926	14 926	13 647	14 537	15 487
Vote 7 - Public Safety		24 098	23 716	31 303	31 005	34 183	34 183	48 971	52 199	55 644
Vote 8 - Sports & Recreation		2 513	4 109	5 579	7 336	7 091	7 091	7 462	7 908	8 382
Vote 9 - Environmental		17 021	22 068	27 841	27 404	30 310	30 310	31 534	33 636	35 879
Vote 10 - Roads		5 504	30 926	19 425	22 155	16 264	16 264	11 147	11 848	12 593
Vote 11 - Water		784 131	755 363	702 387	682 459	689 869	689 869	710 332	756 556	805 278
Vote 12 - Tourism		1 754	2 187	2 602	3 661	7 261	7 261	5 888	6 251	6 637
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1 304 506	1 269 658	1 490 646	1 357 869	1 380 625	1 380 625	1 412 550	1 495 850	1 590 792
Surplus/(Deficit) for the year	2	214 041	402 448	455 499	3 703	3 506	3 506	3 500	4 200	4 500

Table A4 Operating Budget by Source and by Type

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	147 922	156 597	164 031	191 188	191 188	191 188	191 188	199 289	211 246	223 921
Service charges - sanitation revenue	2	39 258	38 749	42 791	77 395	77 395	77 395	77 395	85 409	90 534	95 966
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - other		1 435	-	-							
Rental of facilities and equipment		30	24	35	55	55	55	55	58	61	64
Interest earned - external investments		17 413	32 993	36 425	25 000	34 000	34 000	34 000	26 000	27 000	30 000
Interest earned - outstanding debtors		33 622	42 029	46 914	5 000	5 000	5 000	5 000	5 300	5 618	5 955
Dividends received			-	-							
Fines, penalties and forfeits			-	-							
Licences and permits			-	-							
Agency services		87	88	66							
Transfers and subsidies		1 194 079	1 303 781	1 523 251	735 126	735 126	735 126	735 126	798 523	855 753	927 444
Other revenue	2	84 702	97 846	133 517	327 808	341 367	341 367	341 367	299 971	309 838	311 942
Gains on disposal of PPE			-	-							
Total Revenue (excluding capital transfers and contributions)		1 518 547	1 672 107	1 947 031	1 361 572	1 384 131	1 384 131	1 384 131	1 414 550	1 500 050	1 595 292
Expenditure By Type											
Employee related costs	2	345 106	367 323	411 062	418 203	417 614	417 614	417 614	500 599	536 142	574 208
Remuneration of councillors		16 458	16 882	16 747	17 589	27 080	27 080	27 080	27 512	29 466	31 558
Debt impairment	3	154 081	107 693	146 934	83 338	83 338	83 338	83 338	87 671	92 493	97 580
Depreciation & asset impairment	2	152 109	152 597	161 764	167 308	161 308	161 308	161 308	162 000	170 910	180 310
Finance charges		1 865	389	5 906							
Bulk purchases	2	39 262	43 845	42 407	73 550	86 550	86 550	86 550	70 500	74 378	78 468
Other materials	8				87 597	67 978	67 978	67 978	62 812	66 258	69 894
Contracted services		21 709	28 424	44 832	20 750	20 750	20 750	20 750	41 764	44 061	46 484
Transfers and subsidies		52 419	107 936	149 375	33 404	37 504	37 504	37 504	91 460	96 397	101 601
Other expenditure	4, 5	521 498	444 569	496 753	456 130	478 503	478 503	478 503	366 732	385 746	410 689
Loss on disposal of PPE			-	15 752							
Total Expenditure		1 304 506	1 269 658	1 491 532	1 357 869	1 380 625	1 380 625	1 380 625	1 411 050	1 495 850	1 590 792
Surplus/(Deficit)		214 041	402 448	455 499	3 703	3 506	3 506	3 506	3 500	4 200	4 500
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6				1 099 649	1 099 649	1 099 649	1 099 649	1 022 330	1 023 235	1 088 552
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		214 041	402 448	455 499	1 103 352	1 103 155	1 103 155	1 103 155	1 025 830	1 027 435	1 093 052
Taxation											
Surplus/(Deficit) after taxation		214 041	402 448	455 499	1 103 352	1 103 155	1 103 155	1 103 155	1 025 830	1 027 435	1 093 052
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		214 041	402 448	455 499	1 103 352	1 103 155	1 103 155	1 103 155	1 025 830	1 027 435	1 093 052
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		214 041	402 448	455 499	1 103 352	1 103 155	1 103 155	1 103 155	1 025 830	1 027 435	1 093 052

Capital Expenditure

Description	Original Budget 2017/2018	Adjustment budget 2017/2018	Budget 2018/2019	Budget 2019/2020	Budget 2020/2021
Capital Expenditure	1 250 897 525	1 237 628 895	1 182 690 453	1 094 831 210	1 143 691 177

Capital expenditure decreased by R55 million as compared with adjustment budget resulting in 4per cent decrease. The main reasons for the decrease is the decrease in grants allocation of the Municipal Infrastructure Grant and Water Services Infrastructure Grant and Regional Bulk Infrastructure Grant.

Capital expenditure is mainly comprised of :-

New Assets -

- Municipal Infrastructure Grant - R619 million
- Regional Bulk Infrastructure Grant - R309 million
- Water Services Infrastructure Grant - R90 million
- Buildings - R17 million
- Motor Vehicles - R8 million
- Fire Fighting Equipment - R1.6 million
- Disaster facilities - R30 million

Asset Renewal (replacement) –

- Refurbishment of Water Schemes - R9 million
- Water Meters - R38 million
- Sewerage Reticulation - R3 million
- Water Pump Stations - R7 million
- Maintenance of Pipe Leaks - R6 million
- Element of Treatment Works - R1 million

Table A5 Capital Expenditure

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Exec. & Council		-	-	-	2 000	3 800	3 800	3 800	2 500	-	-
Vote 2 - Fin. & Admin		11 092	18 727	-	72 260	67 672	67 672	67 672	66 812	23 705	4 935
Vote 3 - Planning & Dev		824	336	-	3 600	2 673	2 673	2 673	600	-	-
Vote 4 - Health		-	-	-	1 100	1 100	1 100	1 100	1 100	120	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Housing		-	-	-	4 070	3 820	3 820	3 820	4 250	545	45
Vote 7 - Public Safety		-	-	-	3 800	6 500	6 500	6 500	3 600	-	-
Vote 8 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 9 - Environmental		-	-	-	-	-	-	-	3 500	-	-
Vote 10 - Roads		-	-	-	12 664	-	-	-	34 439	3 113	3 293
Vote 11 - Water		422 376	566 824	-	1 151 404	1 152 064	1 152 064	1 152 064	1 065 890	1 067 348	1 135 418
Vote 12 - Tourism		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		434 293	585 887	-	1 250 898	1 237 629	1 237 629	1 237 629	1 182 690	1 094 831	1 143 691
Total Capital Expenditure - Vote		434 293	585 887	-	1 250 898	1 237 629	1 237 629	1 237 629	1 182 690	1 094 831	1 143 691

Grant Allocation over 2018/2019 MTREF

GRANT TYPE	2019	2020	2021
FMG	2 115 000.00	2 115 000.00	2 115 000.00
EPWP	4 882 000.00	-	-
MIG	619 684 000.00	633 395 000.00	671 322 000.00
RBIG	309 707 000.00	286 727 000.00	308 437 000.00
WSIG	90 000 000.00	100 000 000.00	105 500 000.00
RRAMS	2 939 000.00	3 113 000.00	3 293 000.00
	1 029 327 000.00	1 025 350 000.00	1 090 667 000.00

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 2018/19 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

mSCOA requires change management for the legislature, executive and administration since mSCOA is a major reform for the municipality. The processes will radically change due to the introduction of the mSCOA.

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 Notes the tabling of Draft Budget for 2018/2019 and the two outer financial years 2019/2020 and 2020/2021 for the subsequent stakeholder public participation on the budget and stakeholder input thereafter. Summary as follows

DESCRIPTION	Budget 2018/2019	Budget 2019/2020	Budget 2020/2021
	(R'000)	(R'000)	(R'000)
TOTAL OPERATING REVENUE	1 414 550	1 500 050	1 595 292
TOTAL OPERATING EXPENDITURE	1 411 050	1 495 850	1 590 792
SURPLUS/(DEFI CIT)	3 500	4 200	4 500
TOTAL CAPITAL EXPENDITURE	1 182 690	1 094 831	1 143 691
OVERALL TOTAL BUDGET	2 597 241	2 594 881	2 738 983

Furthermore the Executive Mayor recommends the council to note tabling of 2018/2019 adjustment budget and two outer years in terms of National Treasury tables A1 to A10 in accordance with section 24(1) to (2) of MFMA for further public participation of stakeholders as follows:

- Budgeted Financial Performance (revenue and expenditure by standard classification)
- Budgeted Financial Performance (revenue and expenditure by municipal vote)
- Budgeted Financial Performance (revenue by source and expenditure by type)
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
- Budgeted Financial Position
- 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.

