2018/19 ADJUSTMENTS BUDGET OF

KOUGA LOCAL MUNICIPALITY

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PART 1 – 2018/19 ADJUSTMENTS BUDGET

1.1. Executive Mayor's Report

1.1.1. Summary of reasons for the 2018/19 Adjustments Budget

In accordance with Section 28 of the Municipal Finance Management Act, Act No 56 of 2003 (MFMA), a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

i. To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
ii. To 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;
iii. To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council;
iv. To authorise the utilisation of projected savings in one vote towards spending under another vote;
v. To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the Municipal Council during a financial year. The Adjustments Budget must normally be approved by Council by the end of February.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2018/19 approved Budget has been adjusted. The adjustment has mainly been necessitated as a result of the following:

- The need to adjust revenue and expenditure estimates, in line with revenue collection levels.
- The need to appropriate additional revenues that became available over and above those anticipated in the approved 2018/19 Budget.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.
- The need to authorise the spending of unspent funds at the end of the 2017/18 financial year.

1.1.2. The Executive Mayor recommends that the Council approves the 2018/19 Adjustments Budget.

1.2. 2018/19 Adjustments Budget Resolutions

1.2.1. Approval of the Adjustments Budget

i. The Executive Mayor recommends that the Council, by resolution taken by the majority of its full number, and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act No 56 of 2003, approves the 2018/19 Adjustments Budget as set-out in the following tables:

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1.3. Executive Summary

The 2018/19 Adjustments Budget amounts to R 1,029 billion, comprising of R 819,759 million for the Operating Budget and R 209,515 million for the Capital Budget.
The Operating Adjustments Budget reflects an increase of R 22,975 million (2.88%), compared to the originally approved 2018/19 Operating Budget of R 796,785 million, whilst the Capital Adjustments Budget reflects an increase of R 141,770 million (209.27%), compared to the originally approved budget of R 67,745 million.

The increase in the Operating Budget of R 22,975 million is made up as follows:

Decrease in Employee Related Costs	R 0,130 million
Decrease in Remuneration of councillors	R 0,541 million
Decrease in Debt impairment	R 5,280 million
Decrease in Bulk water purchases	R 4,000 million
Decrease in Other materials	R 0,942 million
Total Expenditure Decreases	**R 10,893 million**
Increase in Contracted Services	R 22,984 million
Increase in Other expenditure	R 10,883 million
Total Expenditure Increases	**R 33,867 million**
Net Expenditure Increase	**R 22,975 million**

In terms of funding the Capital Budget, the funding sources supporting the Municipality's capital expenditure, are summarised below:

Capital Expenditure by Funding Source

	Original Budget 2018/19	Adjustments Budget 2018/19	Variance
	R	R	R
Total Capital Budget	**67,744,823**	**209,514,980**	
Funded as follows:			
Grant funding	34,681,913	168,858,728	134,176,815
Internal funding	33,062,910	40,656,252	7,593,342
Total	**67,744,823**	**209,514,980**	**141,770,157**

The increase in internal funding is mainly attributable to unspent funds in respect of certain projects, being rolled over from the 2017/18 financial year.

The increase in grant funding is mainly attributable to the allocation of the Water Services Infrastructure Grant to assist the municipality with regards to water challenges as a result of the current drought conditions. It will be utilised for the implementation of drought relief interventions.

It is to be noted that the 2018/19 Original Budget reflected a funding surplus of R 30,974 million, whilst the 2018/19 Adjustments Budget reflects a funding surplus of R 23,354 million.

A provision of R 36,150 million has been set aside to cover potential bad debts arising from property rates and service charges not collected. This is based upon a level of payment of debtors' accounts averaging 94%.

The free basic services programme currently, provides the following benefits to poor households:

- Free 50 kwh of electricity, plus basic charges
- Free 12kl of water, plus basic charges
- Free monthly refuse charges
- Free monthly environmental fees
- Free monthly sewerage charges (based on 12kl of water)
- Less extra R 85 000 on the value of the property for rates charges

1.4. Adjustments Budget Tables

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2018/19 Adjustments Budget to be considered for approval by Council. Each table is accompanied by explanatory notes

Table B1: Adjustments Budget Summary

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Financial Performance				
Property rates	176 766	7 945	7 945	184 711
Service charges	400 096	10 230	10 230	410 327
Investment revenue	7 561	1 120	1 120	8 681
Transfers recognised - operational	123 618	(1 865)	(1 865)	121 753
Other own revenue	45 675	(10 914)	(10 914)	34 761
Total Revenue (excluding capital transfers and contributions)	**753 717**	**6 516**	**6 516**	**760 233**
Employee costs	272 802	(130)	(130)	272 673
Remuneration of councillors	12 784	(541)	(541)	12 243
Depreciation & asset impairment	75 357	0	0	75 357
Finance charges	3 021	–	–	3 021
Materials and bulk purchases	269 933	(4 942)	(4 942)	264 992
Transfers and grants	–	–	–	–
Other expenditure	162 887	28 588	28 588	191 475
Total Expenditure	**796 785**	**22 975**	**22 975**	**819 759**
Surplus/(Deficit)	(43 068)	(16 459)	(16 459)	(59 527)
Transfers recognised - capital	39 827	153 193	153 193	193 020
Contributions recognised - capital & contributed assets	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	**(3 241)**	**136 734**	**136 734**	**133 493**
Share of surplus/ (deficit) of associate	–	–	–	–
Surplus/ (Deficit) for the year	**(3 241)**	**136 734**	**136 734**	**133 493**
Capital expenditure & funds sources				
Capital expenditure	67 745	141 770	141 770	209 515
Transfers recognised - capital	34 682	134 177	134 177	168 859
Public contributions & donations	–	–	–	–
Borrowing	–	–	–	–
Internally generated funds	33 063	7 593	7 593	40 656
Total sources of capital funds	**67 745**	**141 770**	**141 770**	**209 515**
Financial position				
Total current assets	131 820	32 800	32 800	164 621
Total non-current assets	2 442 954	31 919	31 919	2 474 873
Total current liabilities	133 877	41 324	41 324	175 201
Total non-current liabilities	183 244	2 337	2 337	185 581
Community wealth/Equity	**2 257 653**	**21 059**	**21 059**	**2 278 712**

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Cash flows				
Net cash from (used) operating	74 823	134 028	134 028	208 851
Net cash from (used) investing	(67 745)	(141 770)	(141 770)	(209 515)
Net cash from (used) financing	(13 247)	4 303	4 303	(8 944)
Cash/cash equivalents at the year end	**53 561**	**31 146**	**31 146**	**84 707**
Cash backing/surplus reconciliation				
Cash and investments available	53 561	31 146	31 146	84 707
Application of cash and investments	22 587	38 766	38 766	61 353
Balance - surplus (shortfall)	**30 974**	**(7 619)**	**(7 619)**	**23 354**
Asset Management				
Asset register summary (WDV)	2 442 890	(7 818)	(7 818)	2 435 072
Depreciation & asset impairment	75 357	–	–	75 357
Renewal of Existing Assets	3 700	6 960	6 960	10 660
Repairs and Maintenance	37 066	5 786	5 786	42 852
Free services				
Cost of Free Basic Services provided	54 606	–	–	54 606
Revenue cost of free services provided	2 919	–	–	2 919
Households below minimum service level				
Water:	–	–	–	–
Sanitation/sewerage:	–	–	–	–
Energy:	–	–	–	–
Refuse:	–	–	–	–

Explanatory notes to Table B1 – Adjustments Budget Summary

The aim of the Adjustments Budget Summary is to provide a concise overview of the proposed Adjustments Budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

Table B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

Standard Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Revenue - Functional				
Governance and administration	314 268	(2 085)	(2 085)	312 182
Executive and council	26	(0)	(0)	26
Finance and administration	314 242	(2 085)	(2 085)	312 157
Internal audit	–	–	–	–
Community and public safety	15 404	(2 048)	(2 048)	13 357
Community and social services	2 458	(0)	(0)	2 458
Sport and recreation	9 151	(2 148)	(2 148)	7 003
Public safety	1 869	100	100	1 969
Housing	–	–	–	–
Health	1 927	(0)	(0)	1 927
Economic and environmental services	17 367	(1 226)	(1 226)	16 141
Planning and development	6 312	(1 226)	(1 226)	5 087
Road transport	10 005	0	0	10 005
Environmental protection	1 050	(0)	(0)	1 050
Trading services	446 060	165 067	165 067	611 127
Energy sources	258 381	1 904	1 904	260 285
Water management	70 200	153 582	153 582	223 782
Waste water management	72 456	1 561	1 561	74 017
Waste management	45 023	8 020	8 020	53 043
Other	445	–	–	445
Total Revenue - Functional	793 544	159 709	159 709	953 252
Expenditure - Functional				
Governance and administration	189 348	928	928	190 276
Executive and council	52 250	(14 090)	(14 090)	38 161
Finance and administration	137 097	15 018	15 018	152 115
Internal audit	–	–	–	–
Community and public safety	86 538	(9 687)	(9 687)	76 851
Community and social services	9 483	572	572	10 055
Sport and recreation	46 668	(7 019)	(7 019)	39 650
Public safety	21 090	(563)	(563)	20 527
Housing	3 531	(1 656)	(1 656)	1 875
Health	5 767	(1 021)	(1 021)	4 746
Economic and environmental services	101 757	12 631	12 631	114 388

Standard Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Planning and development	33 954	(434)	(434)	33 520
Road transport	67 770	9 644	9 644	77 414
Environmental protection	33	3 421	3 421	3 454
Trading services	**415 110**	**19 709**	**19 709**	**434 819**
Energy sources	248 404	5 738	5 738	254 141
Water management	80 154	(2 037)	(2 037)	78 117
Waste water management	41 745	7 250	7 250	48 995
Waste management	44 808	8 758	8 758	53 566
Other	**4 032**	**(607)**	**(607)**	**3 426**
Total Expenditure - Functional	**796 785**	**22 975**	**22 975**	**819 759**
Surplus/ (Deficit) for the year	**(3 241)**	**136 734**	**136 734**	**133 493**

Explanatory notes to Table B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

The "standard classification" refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Revenue by Vote				
Vote 1 - EXECUTIVE COUNCIL	–	–	–	–
Vote 2 - FINANCIAL SERVICES	310 697	(3 215)	(3 215)	307 483
Vote 3 - CORPORATE SERVICES	26	(0)	(0)	26
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	3 316	(0)	(0)	3 316
Vote 5 - INFRASTRUCTURE AND ENGINEERING	405 491	156 951	156 951	562 442
Vote 6 - COMMUNITY SERVICES	17 634	100	100	17 734
Vote 7 - COMMUNITY SERVICES (CONTINUED)	56 380	5 872	5 872	62 252
Total Revenue by Vote	**793 544**	**159 709**	**159 709**	**953 252**
Expenditure by Vote				
Vote 1 - EXECUTIVE COUNCIL	33 404	(1 416)	(1 416)	31 989
Vote 2 - FINANCIAL SERVICES	79 397	176	176	79 573
Vote 3 - CORPORATE SERVICES	49 336	(421)	(421)	48 915
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	22 307	(2 324)	(2 324)	19 984
Vote 5 - INFRASTRUCTURE AND ENGINEERING	455 521	20 677	20 677	476 197
Vote 6 - COMMUNITY SERVICES	156 819	6 283	6 283	163 102
Total Expenditure by Vote	**796 785**	**22 975**	**22 975**	**819 760**
Surplus/ (Deficit) for the year	**(3 241)**	**136 734**	**136 734**	**133 493**

Explanatory notes to Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the Adjustments Budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned. Operating revenue and expenditure is thus presented by "vote". A "vote" is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Revenue By Source				
Property rates	176 766	7 945	7 945	184 711
Service charges - electricity revenue	247 165	(2 124)	(2 124)	245 041
Service charges - water revenue	67 702	3 093	3 093	70 795
Service charges - sanitation revenue	41 658	1 656	1 656	43 314
Service charges - refuse revenue	43 571	7 605	7 605	51 176
Rental of facilities and equipment	1 881	1 163	1 163	3 043
Interest earned - external investments	7 561	1 120	1 120	8 681
Interest earned - outstanding debtors	14 986	(7 541)	(7 541)	7 444
Fines, penalties and forfeits	4 230	0	0	4 230
Licences and permits	16 661	(2 148)	(2 148)	14 514
Transfers and subsidies	123 618	(1 865)	(1 865)	121 753
Other revenue	7 917	(2 387)	(2 387)	5 530
Total Revenue (excluding capital transfers and contributions)	**753 717**	**6 516**	**6 516**	**760 233**
Expenditure By Type				
Employee related costs	272 802	(130)	(130)	272 673
Remuneration of councillors	12 784	(541)	(541)	12 243
Debt impairment	41 429	(5 280)	(5 280)	36 150
Depreciation & asset impairment	75 357	0	0	75 357
Finance charges	3 021	–	–	3 021
Bulk purchases	241 476	(4 000)	(4 000)	237 476
Other materials	28 458	(942)	(942)	27 516
Contracted services	45 111	22 984	22 984	68 096

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Other expenditure	76 346	10 883	10 883	87 229
Total Expenditure	**796 785**	**22 975**	**22 975**	**819 759**
Surplus/(Deficit)	**(43 068)**	**(16 459)**	**(16 459)**	**(59 527)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	39 827	153 193	153 193	193 020
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	**(3 241)**	**136 734**	**136 734**	**133 493**
Taxation	–	–	–	–
Surplus/(Deficit) after taxation	**(3 241)**	**136 734**	**136 734**	**133 493**
Attributable to minorities	–	–	–	–
Surplus/(Deficit) attributable to municipality	**(3 241)**	**136 734**	**136 734**	**133 493**
Share of surplus/ (deficit) of associate	–	–	–	–
Surplus/ (Deficit) for the year	**(3 241)**	**136 734**	**136 734**	**133 493**

Explanatory notes to Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Revenue

1. The Financial Performance Adjustments Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements.
   A key aim is to facilitate comparison between the annual results and the Adjustments Budget, so as to assess performance.

2. Total operating revenue amounts to R 760,233 million in the 2018/19 Adjustments Budget, compared to the amount of R 753,717 million in the original 2018/19 Budget. This represents an increase of R 6,516 million or 0.86%.

3. Included in refuse revenue is an amount of R 14,671 million, relating to Environmental Management Fees.

4. The significant variations in revenue, compared to the 2018/19 Original budget are as follows

4.1 Property Rates

Property rates increased by R 7,945 million, compared to the 2018/19 Original budget. The increase is mainly influenced by an adjustment of the Indigent subsidies budget, from R 14,549 million to R 2,709 million.

4.2 Service charges - electricity revenue

Electricity revenue decreased by R 2,124 million, compared to the 2018/19 Original budget. The decrease is largely influenced by lower consumption levels than anticipated.

4.3 Service charges - water revenue

Water revenue increased by R 3,093 million, compared to the 2018/19 Original budget. The increase is mainly influenced by an increase in water availability charges.

4.4 Service charges - sanitation revenue

Sanitation revenue increased by R 1,656 million, compared to the 2018/19 Original budget. The increase is largely influenced by water consumption levels.

4.5 Service charges - refuse revenue

Refuse revenue increased by R 7,605 million, compared to the 2018/19 Original budget. The increase is largely influenced by higher than anticipated revenue from refuse removal.

4.6 Rental of facilities and equipment

Rental of facilities and equipment increased by R 1,163 million, compared to the 2018/19 Original budget. The increase is influenced by the caravan parks revenue being moved from other revenue to rental of facilities and equipment.

4.7 interest earned – External Investments

Interest earned – external investments increased by R 1,120 million, compared to the 2018/19 Original budget Interest earnings are influenced by the extent of the municipality's investments portfolio.

4.8 Interest earned - outstanding debtors

Interest earned – outstanding debtors decreased by R 7,541 million, compared to the 2018/19 Original budget. The decrease is in line with current trends

4.9 Licences and permits

Licences and permits decreased by R 2,148 million, compared to the 2018/19 Original budget. This is mainly due to an anticipated reduction in the revenue attributable to boat licences and permits.

4.10 Transfers and subsidies

Transfers and subsidies decreased by R 1,865 million, compared to the 2018/19 Original budget. The decrease is due to the Fire Subsidy being moved to Transfers and Subsidies – Capital.

4.11 Other revenue

Other revenue decreased by R 2,387 million, compared to the 2018/19 Original budget. The decrease is due to caravan parks revenue amounting to R 2,387 million, being moved to rental of facilities and equipment.

Expenditure

5. Total operating expenditure amounts to R 819,759 million in the 2018/19 Adjustments Budget, compared to the amount of R 796,785 million in the 2018/19 Original Budget. This represents an increase of R 22,975 million or 2.88%.

6. The significant variations in expenditure, compared to the 2018/19 Original budget, are as follows:

6.1 Employee Related Costs

Employee related costs decreased by R 0,130 million, compared to the 2018/19 Original budget. The decrease is mainly attributable to unfilled funded vacancies.

6.2 Remuneration of Councillors

Remuneration of councillors decreased by R 0,541 million, compared to the 2018/19 Original budget. The decrease is in line with the latest determination in relation to the upper limits for salaries, allowances and benefits of Municipal Councillors.

6.3 Debt impairment

Debt impairment decreased by R 5,280 million, compared to the 2018/19 Original budget. This is in line with a collection rate of 94%, based on prevailing collection trends.

6.4 Bulk Purchases - Water

Water bulk purchases decreased by R 4,000 million, compared to the 2018/19 Original budget. The decrease is attributable to a reduction in bulk purchases.

6.5 Other materials

Other materials mostly relate to the repairs and maintenance budget. Other materials decreased by R 0,942 million, compared to the 2018/19 Original budget.

The decrease is mainly attributable to other material budget allocations, being transferred to contracted services.

6.6 Contracted Services

Contracted services increased by R 22,984 million, compared to the 2018/19 Original budget. The increase in contracted services, is mainly attributable to the following:

Contracted Items	Original Budget 2018/19	Adjustments Budget 2018/19	Variances
Bush clearing and grass cutting	75 000	615 000	540 000
Maintenance of Electrical Networks	1 670 000	3 712 087	2 042 087
Legal Advice and Litigation	2 340 000	5 840 000	3 500 000
Maintenance of Municipal Buildings	1 973 393	3 391 562	1 418 169
Clean-Up Operations	275 000	2 175 000	1 900 000
Maintenance of Municipal Vehicles	7 628 000	8 748 213	1 120 213
Maintenance of Roads	4 385 000	9 014 645	4 629 645
Maintenance of Sewerage Networks	1 325 000	2 325 000	1 000 000
Special Rating Areas	-	6 975 000	6 975 000
Total	**19 671 393**	**42 796 507**	**23 125 114**

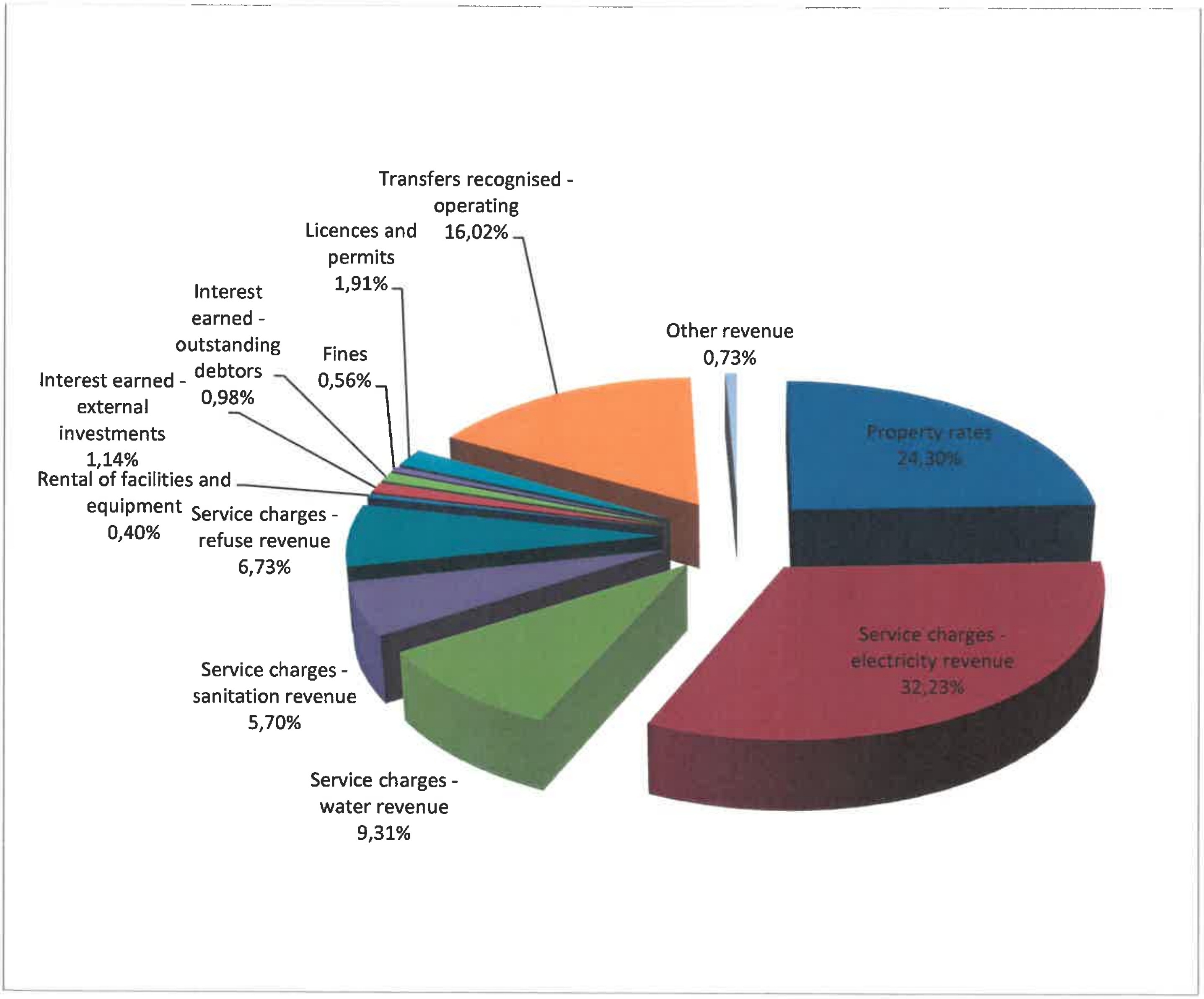
The expenditure budget allocation in respect of Special Rating Areas, was previously reflected under other expenditure. This expenditure is financed from the associated SRA levies.

6.7 Other expenditure

Other expenditure increased by R 10,883 million, compared to the 2018/19 Original budget. The increase is mainly attributable to municipal service charges amounting to R 10,432 million, initially budgeted under revenue, being transferred to other expenditure.

The following graphs explain the revenue and expenditure components in more detail:

2018/19 Statement of Financial Performance – Adjusted Revenue



2018/19 Statement of Financial Performance – Adjusted Expenditure

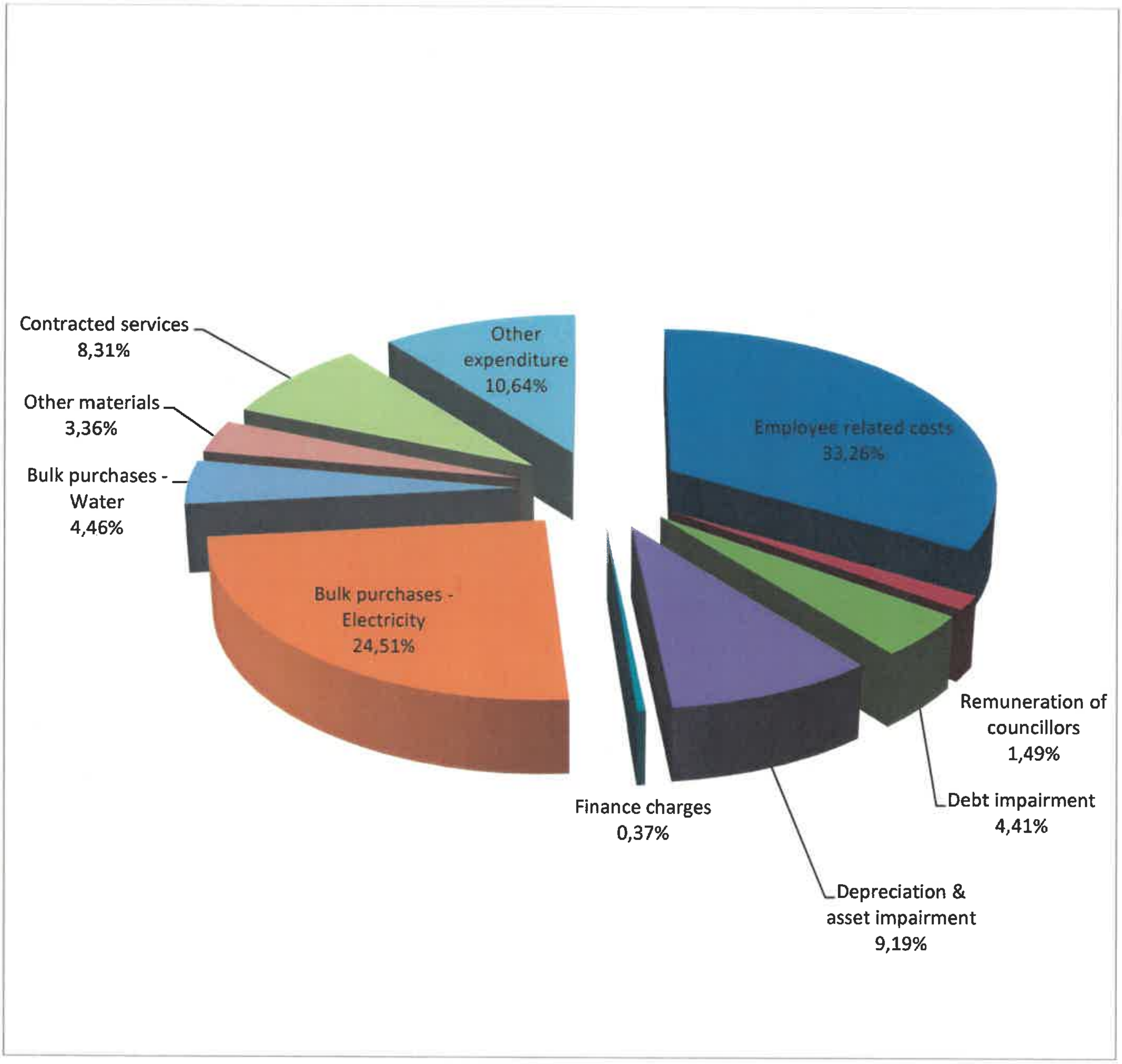


Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Capital expenditure - Vote				
Multi-year expenditure *to be adjusted*				
Vote 1 - EXECUTIVE COUNCIL	860	991	991	1 851
Vote 2 - FINANCIAL SERVICES	1 507	1 087	1 087	2 593
Vote 3 - CORPORATE SERVICES	2 309	1 056	1 056	3 365
Vote 4 - PLANNING, DEVELOPMENT & TOURISM	4 211	(375)	(375)	3 836
Vote 5 - INFRASTRUCTURE AND ENGINEERING	46 545	135 013	135 013	181 557
Vote 6 - COMMUNITY SERVICES	12 313	3 999	3 999	16 312
Total Capital Expenditure - Vote	**67 745**	**141 770**	**141 770**	**209 515**
Capital Expenditure - Functional				
Governance and administration	**5 346**	**4 838**	**4 838**	**10 184**
Executive and council	985	1 605	1 605	2 590
Finance and administration	4 361	3 233	3 233	7 594
Internal audit	–	–	–	–
Community and public safety	**7 368**	**2 835**	**2 835**	**10 203**
Community and social services	679	(480)	(480)	199
Sport and recreation	5 489	(700)	(700)	4 789
Public safety	200	4 015	4 015	4 215
Housing	1 000	–	–	1 000
Health	–	–	–	–
Economic and environmental services	**6 159**	**(420)**	**(420)**	**5 739**
Planning and development	3 509	(396)	(396)	3 113
Road transport	2 650	(24)	(24)	2 626
Environmental protection	–	–	–	–
Trading services	**48 872**	**134 452**	**134 452**	**183 324**
Energy sources	12 905	980	980	13 885
Water management	1 715	133 913	133 913	135 628

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Waste water management	28 977	100	100	29 077
Waste management	5 275	(541)	(541)	4 734
Other	–	65	65	65
Total Capital Expenditure - Functional	**67 745**	**141 770**	**141 770**	**209 515**
Funded by:				
National Government	34 682	132 147	132 147	166 829
Provincial Government	–	65	65	65
District Municipality	–	1 965	1 965	1 965
Other transfers and grants	–	–	–	–
Transfers recognised - capital	**34 682**	**134 177**	**134 177**	**168 859**
Public contributions & donations	–	–	–	–
Borrowing	–	–	–	–
Internally generated funds	33 063	7 593	7 593	40 656
Total Capital Funding	**67 745**	**141 770**	**141 770**	**209 515**

Explanatory notes to Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table B6 – Adjustments Budget Financial Position

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
ASSETS				
Current assets				
Cash	5 356	3 115	3 115	8 471
Call investment deposits	48 205	28 032	28 032	76 236
Consumer debtors	42 559	(177)	(177)	42 382
Other debtors	31 184	(321)	(321)	30 863
Current portion of long-term receivables	3	–	–	3
Inventory	4 513	2 153	2 153	6 666
Total current assets	**131 820**	**32 800**	**32 800**	**164 621**
Non-current assets				
Long-term receivables	65	(49)	(49)	16
Investments		–	–	–
Investment property	285 199	(587)	(587)	284 612
Investment in Associate		–	–	–
Property, plant and equipment	2 157 628	32 315	32 315	2 189 943
Agricultural		–	–	–
Biological		–	–	–
Intangible	62	240	240	302
Other non-current assets		–	–	–
Total non-current assets	**2 442 954**	**31 919**	**31 919**	**2 474 873**
TOTAL ASSETS	**2 574 775**	**64 719**	**64 719**	**2 639 494**
LIABILITIES				
Current liabilities				
Bank overdraft	–	–	–	–
Borrowing	13 247	(4 303)	(4 303)	8 944
Consumer deposits	10 479	4 762	4 762	15 241
Trade and other payables	87 054	39 457	39 457	126 511
Provisions	23 097	1 407	1 407	24 505
Total current liabilities	**133 877**	**41 324**	**41 324**	**175 201**

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Non-current liabilities				
Borrowing	23 112	488	488	23 600
Provisions	160 132	1 849	1 849	161 981
Total non-current liabilities	183 244	2 337	2 337	185 581
TOTAL LIABILITIES	317 122	43 661	43 661	360 782
NET ASSETS	2 257 653	21 059	21 059	2 278 712
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)	2 257 653	21 059	21 059	2 278 712
Reserves	–	–	–	–
Minorities' interests	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2 257 653	21 059	21 059	2 278 712

Explanatory notes to Table B6 – Adjustments Budget Financial Position

1 The table represents Assets Less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; e.g. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

2 Any movement on the Adjustments Budgeted Financial Performance or the Capital Adjustments Budget will invariably impact on the Adjustments Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is directly informed by forecasting the statement of financial position.

3 The cash flow position requires close and ongoing monitoring.

Table B7 – Adjustments Budgeted Cash Flow Statement

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	164 393	9 236	9 236	173 628
Service charges	372 090	13 618	13 618	385 707
Other revenue	30 689	(3 372)	(3 372)	27 317
Government - operating	123 618	(1 865)	(1 865)	121 753
Government - capital	39 827	153 193	153 193	193 020
Interest	21 498	(5 820)	(5 820)	15 678
Dividends	–	–	–	–
Payments				
Suppliers and employees	(674 270)	(30 962)	(30 962)	(705 232)
Finance charges	(3 021)	–	–	(3 021)
Transfers and Grants	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**74 823**	**134 028**	**134 028**	**208 851**
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	(67 745)	(141 770)	(141 770)	(209 515)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(67 745)**	**(141 770)**	**(141 770)**	**(209 515)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–
Payments				
Repayment of borrowing	(13 247)	4 303	4 303	(8 944)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(13 247)**	**4 303**	**4 303**	**(8 944)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(6 169)**	**(3 439)**	**(3 439)**	**(9 608)**
Cash/cash equivalents at the year begin:	59 729	34 586	34 586	94 315
Cash/cash equivalents at the year-end:	**53 561**	**31 146**	**31 146**	**84 707**

Explanatory notes to Table B7 – Adjustments Budgeted Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

2. It reflects the expected cash in-flows versus the cash out-flows that is likely to result from the implementation of the Budget.

3. The municipality will have to maintain its efforts of enforcing strict cash flow management and monitoring on an ongoing basis.

Table B8 – Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Cash and investments available				
Cash/cash equivalents at the year end	53 561	31 146	31 146	84 707
Other current investments > 90 days	–	–	–	–
Non-current assets - Investments	–	–	–	–
Cash and investments available:	53 561	31 146	31 146	84 707
Applications of cash and investments				
Unspent conditional transfers	–	–	–	–
Unspent borrowing	–	–	–	–
Statutory requirements	–	–	–	–
Other working capital requirements	19 811	38 459	38 459	58 270
Other provisions	2 776	307	307	3 083
Long term investments committed	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–
Total Application of cash and investments:	22 587	38 766	38 766	61 353
Surplus(shortfall)	30 974	(7 619)	(7 619)	23 354

Explanatory notes to Table B8 – Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 Budget, the end objective was to ensure that the budget is funded as required in accordance with section 18 of the MFMA.

4. It is to be noted that the 2018/19 Original Budget reflected a funding surplus of R 30,974 million, whilst the 2018/19 Adjustments Budget reflects a funding surplus of R 23,354 million.

5. The Adjustments Budget funding position indicates that the Municipality must continue to exercise strict fiscal discipline to maintain and improve its funding position.

Table B9 – Asset Management

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
CAPITAL EXPENDITURE				
Total New Assets *to be adjusted*	**28 898**	**99 477**	**99 477**	**128 375**
Electrical Infrastructure	4 000	200	200	4 200
Water Supply Infrastructure	1 500	80 481	80 481	81 981
Sanitation Infrastructure	1 800	16 703	16 703	18 503
Infrastructure	7 300	97 384	97 384	104 684
Community Facilities	1 300	1 483	1 483	2 783
Sport and Recreation Facilities	250	(200)	(200)	50
Community Assets	1 550	1 283	1 283	2 833
Revenue Generating	–	465	465	465
Non-revenue Generating	1 000	–	–	1 000
Investment properties	1 000	465	465	1 465
Operational Buildings	314	(133)	(133)	181
Other Assets	314	(133)	(133)	181
Biological or Cultivated Assets	1 221	0	0	1 221
Licences and Rights	1 300	(241)	(241)	1 059
Intangible Assets	1 300	(241)	(241)	1 059
Computer Equipment	2 063	12	12	2 075
Furniture and Office Equipment	5 375	(3 650)	(3 650)	1 725
Machinery and Equipment	2 275	1 456	1 456	3 731
Transport Assets	6 500	2 900	2 900	9 400
Total Renewal of Existing Assets *to be adjusted*	**3 700**	**6 960**	**6 960**	**10 660**
Roads Infrastructure	2 500	–	–	2 500
Infrastructure	2 500	–	–	2 500
Community Facilities	200	–	–	200
Sport and Recreation Facilities	1 000	(500)	(500)	500
Community Assets	1 200	(500)	(500)	700
Revenue Generating	–	3 550	3 550	3 550
Non-revenue Generating	–	3 910	3 910	3 910
Investment properties	–	7 460	7 460	7 460
Total Upgrading of Existing Assets *to be adjusted*	**35 147**	**35 333**	**35 333**	**70 480**
Electrical Infrastructure	8 870	(0)	(0)	8 870
Water Supply Infrastructure	–	49 522	49 522	49 522
Sanitation Infrastructure	24 677	(18 403)	(18 403)	6 274
Infrastructure	33 547	31 119	31 119	64 665
Community Facilities	1 600	(500)	(500)	1 100
Sport and Recreation Facilities	–	3 864	3 864	3 864
Community Assets	1 600	3 364	3 364	4 964

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Operational Buildings	–	850	850	850
Other Assets	–	850	850	850
Total Capital Expenditure *to be adjusted*				
Roads Infrastructure	2 500	–	–	2 500
Electrical Infrastructure	12 870	200	200	13 070
Water Supply Infrastructure	1 500	130 003	130 003	131 503
Sanitation Infrastructure	26 477	(1 700)	(1 700)	24 777
Infrastructure	43 347	128 503	128 503	171 849
Community Facilities	3 100	983	983	4 083
Sport and Recreation Facilities	1 250	3 164	3 164	4 414
Community Assets	4 350	4 147	4 147	8 497
Revenue Generating	–	4 015	4 015	4 015
Non-revenue Generating	1 000	3 910	3 910	4 910
Investment properties	1 000	7 925	7 925	8 925
Operational Buildings	314	717	717	1 032
Other Assets	314	717	717	1 032
Biological or Cultivated Assets	1 221	0	0	1 221
Licences and Rights	1 300	(241)	(241)	1 059
Intangible Assets	1 300	(241)	(241)	1 059
Computer Equipment	2 063	12	12	2 075
Furniture and Office Equipment	5 375	(3 650)	(3 650)	1 725
Machinery and Equipment	2 275	1 456	1 456	3 731
Transport Assets	6 500	2 900	2 900	9 400
TOTAL CAPITAL EXPENDITURE *to be adjusted*	**67 745**	**141 770**	**141 770**	**209 515**
ASSET REGISTER SUMMARY - PPE (WDV)				
Roads Infrastructure	859 170	(161 842)	(161 842)	697 328
Storm water Infrastructure	–	61 726	61 726	61 726
Electrical Infrastructure	173 081	3 936	3 936	177 017
Water Supply Infrastructure	300 042	106 239	106 239	406 281
Sanitation Infrastructure	456 689	(18 243)	(18 243)	438 446
Solid Waste Infrastructure	1 000	17 908	17 908	18 908
Information and Communication Infrastructure	1 000	(1 000)	(1 000)	–
Infrastructure	1 790 981	8 726	8 726	1 799 707

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Community Facilities	68 383	(66 962)	(66 962)	1 421
Sport and Recreation Facilities	1 250	6 497	6 497	7 747
Community Assets	69 633	(60 465)	(60 465)	9 168
Revenue Generating	84 431	200 181	200 181	284 612
Investment properties	84 431	200 181	200 181	284 612
Operational Buildings	453 638	(453 638)	(453 638)	–
Housing	–	289 316	289 316	289 316
Other Assets	453 638	(164 322)	(164 322)	289 316
Biological or Cultivated Assets	2 804	(2 804)	(2 804)	–
Licences and Rights	1 024	458	458	1 481
Intangible Assets	1 024	458	458	1 481
Computer Equipment	3 300	(690)	(690)	2 610
Furniture and Office Equipment	10 807	(352)	(352)	10 456
Machinery and Equipment	12 300	(5 470)	(5 470)	6 830
Transport Assets	13 971	16 920	16 920	30 891
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	**2 442 890**	**(7 818)**	**(7 818)**	**2 435 072**
EXPENDITURE OTHER ITEMS				
Depreciation & asset impairment	75 357	–	–	75 357
Repairs and Maintenance by asset class	**37 066**	**5 786**	**5 786**	**42 852**
Roads Infrastructure	9 815	3 808	3 808	13 624
Storm water Infrastructure	830	(13)	(13)	817
Electrical Infrastructure	5 795	807	807	6 602
Water Supply Infrastructure	3 714	239	239	3 953
Sanitation Infrastructure	3 956	312	312	4 268
Solid Waste Infrastructure	2 400	(2 150)	(2 150)	250
Infrastructure	26 510	3 003	3 003	29 513
Community Facilities	985	742	742	1 726
Sport and Recreation Facilities	200	780	780	980
Community Assets	1 185	1 522	1 522	2 706
Operational Buildings	1 834	161	161	1 996
Other Assets	1 834	161	161	1 996
Machinery and Equipment	403	75	75	478
Transport Assets	7 134	1 025	1 025	8 159
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	**112 423**	**5 786**	**5 786**	**118 209**
Renewal and upgrading of Existing Assets as % of total capex	*57.3%*			*38.7%*
Renewal and upgrading of Existing Assets as % of deprecn"	*51.6%*			*107.7%*
R&M as a % of PPE	*1.5%*			*1.8%*
Renewal and upgrading and R&M as a % of PPE	*3.1%*			*5.1%*

Explanatory notes to Table B9 – Asset Management

1. The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation are also reflected.

   It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion

2. Repairs and maintenance increased by R 5,786 million, compared to the 2018/19 Original budget. The increase is mainly attributable to the maintenance of infrastructure assets, municipal facilities and municipal vehicles.

Table B10 – Basic service delivery measurement

Description	Budget Year 2018/19		
	Original Budget	Total Adjusts.	Adjusted Budget
Household service targets			
Water:			
Piped water inside dwelling		–	–
Piped water inside yard (but not in dwelling)		–	–
Using public tap (at least min.service level)		–	–
Other water supply (at least min.service level)		–	–
Minimum Service Level and Above sub-total	–	–	–
Using public tap (< min.service level)		–	–
Other water supply (< min.service level)		–	–
No water supply		–	–
Below Minimum Service Level sub-total	–	–	–
Total number of households	–	–	–
Sanitation/sewerage:			
Flush toilet (connected to sewerage)		–	–
Flush toilet (with septic tank)		–	–
Chemical toilet		–	–
Pit toilet (ventilated)		–	–
Other toilet provisions (> min.service level)		–	–
Minimum Service Level and Above sub-total	–	–	–
Bucket toilet		–	–
Other toilet provisions (< min.service level)		–	–
No toilet provisions		–	–
Below Minimum Service Level sub-total	–	–	–
Total number of households	–	–	–
Energy:			
Electricity (at least min. service level)	9202	–	9 202
Electricity - prepaid (> min.service level)	14070	–	14 070
Minimum Service Level and Above sub-total	23 272	–	23 272
Electricity (< min.service level)		–	–
Electricity - prepaid (< min. service level)		–	–
Other energy sources		–	–
Below Minimum Service Level sub-total	–	–	–
Total number of households	23 272	–	23 272

Description	Budget Year 2018/19		
	Original Budget	Total Adjusts.	Adjusted Budget
Refuse:			
Removed at least once a week (min.service)	28652	–	28 652
Minimum Service Level and Above sub-total	28 652	–	28 652
Removed less frequently than once a week		–	–
Using communal refuse dump		–	–
Using own refuse dump		–	–
Other rubbish disposal		–	–
No rubbish disposal		–	–
Below Minimum Service Level sub-total	–	–	–
Total number of households	**28 652**	–	**28 652**
Households receiving Free Basic Service			
Water (6 kilolitres per household per month)	8000	–	8 000
Sanitation (free minimum level service)	8000	–	8 000
Electricity/other energy (50kwh per household per month)	7000	–	7 000
Refuse (removed at least once a week)	8000	–	8 000
Cost of Free Basic Services provided (R'000)			
Water (6 kilolitres per indigent household per month)	5 668	–	5 668
Sanitation (free sanitation service to indigent households)	30 054	–	30 054
Electricity/other energy (50kwh per indigent household per month)	3 541	–	3 541
Refuse (removed once a week for indigent households)	15 344	–	15 344
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	54 606	–	54 606
Total cost of FBS provided	–	–	–
Highest level of free service provided			
Property rates (R'000 value threshold)	780	–	780
Water (kilolitres per household per month)	12	–	12
Sanitation (kilolitres per household per month)	12	–	12
Sanitation (Rand per household per month)	313.06	–	313
Electricity (kw per household per month)	50	–	50
Refuse (average litres per week)	370.6	–	371
Revenue cost of free services provided (R'000)			
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		–	–
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)	85	–	85
Water (in excess of 6 kilolitres per indigent household per month)	2 834	–	2 834
Sanitation (in excess of free sanitation service to indigent households)	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	–
Refuse (in excess of one removal a week for indigent households)	–	–	–
Municipal Housing - rental rebates	–	–	–
Housing - top structure subsidies	–	–	–
Other	–	–	–
Total revenue cost of subsidised services provided	**2 919**	–	**2 919**

Explanatory notes to Table B10 – Basic Service Delivery Measurement

Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

The budget assumptions, which informed the approved 2018/19 Budget, have been maintained.

2.2 Adjustments to Budget Funding

2.2.1 Funding the Adjustments Budget

2.2.1.1 Funding of Operating Expenditure

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

Revenue By Source	Original Budget 2018/19	Adjustments Budget 2018/19	Variances
Property rates	176 766 233	184 710 769	7 944 536
Service Charges	**400 096 428**	**410 326 852**	**10 230 424**
electricity revenue	247 164 869	245 040 859	- 2 124 010
water revenue	67 702 207	70 795 387	3 093 180
sanitation revenue	41 658 092	43 314 148	1 656 056
refuse revenue	43 571 260	51 176 458	7 605 198
Rental of facilities and equipment	1 880 590	3 043 479	1 162 889
Interest earned - external investments	7 561 031	8 680 582	1 119 551
Interest earned - outstanding debtors	14 985 878	7 444 473	- 7 541 405
Fines, penalties and forfeits	4 229 954	4 229 954	-
Licences and permits	16 661 425	14 513 640	- 2 147 785
Transfers and subsidies	123 618 286	121 753 286	- 1 865 000
Other revenue	7 917 041	5 529 605	- 2 387 436
Total Revenue (excluding capital transfers and contributions)	**753 716 866**	**760 232 639**	**6 515 773**

2.2.1.2 Reconciliation showing that operating and capital expenditure is funded in accordance with section 18 of the MFMA

Description	Budget Year 2018/19			
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands				
Cash and investments available				
Cash/cash equivalents at the year end	53 561	31 146	31 146	84 707
Other current investments > 90 days	–	–	–	–
Non-current assets - Investments	–	–	–	–
Cash and investments available:	**53 561**	**31 146**	**31 146**	**84 707**
Applications of cash and investments				
Unspent conditional transfers	–	–	–	–
Unspent borrowing	–	–	–	–
Statutory requirements	–	–	–	–
Other working capital requirements	19 811	38 459	38 459	58 270
Other provisions	2 776	307	307	3 083
Long term investments committed	–	–	–	–
Reserves to be backed by cash/investments	–	–	–	–
Total Application of cash and investments:	**22 587**	**38 766**	**38 766**	**61 353**
Surplus(shortfall)	**30 974**	**(7 619)**	**(7 619)**	**23 354**

2.2.2 Adjustments to estimated collection levels

The 2018/19 Original Operating Budget was based on a debtors' collection rate of 94%.

2.2.3 Adjustments related to allocations and grants to the Municipality

2.2.3.1 Adjustments related to capital allocations and grants to the Municipality

Adjustments relating to grant funding, supporting the Municipality's Capital Budget is included in the enclosed annexure "A".

2.2.3.2. Adjustments related to allocations and grants to the Municipality

Below the adjustments pertaining to operating allocations and grants:

Supporting Table SB7 Adjustments Budget – transfers and grant receipts

Description	Budget Year 2018/19				
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
RECEIPTS:					
Operating Transfers and Grants					
National Government:	117 493	–	–	–	117 493
Local Government Equitable Share	113 151	–	–	–	113 151
Finance Management	1 770	–	–	–	1 770
MIG - Administration Fees	1 559	–	–	–	1 559
EPWP Incentive	1 013	–	–	–	1 013
Provincial Government:	2 050	–	–	–	2 050
Sport and Recreation	2 050	–	–	–	2 050
District Municipality:	4 075	–	(1 865)	(1 865)	2 210
Local Economic Development	445	–	–	–	445
Environmental Health Subsidy	1 765	–	–	–	1 765
Fire Subsidy	1 865	–	(1 865)	(1 865)	–
Total Operating Transfers and Grants	123 618	–	(1 865)	(1 865)	121 753
Capital Transfers and Grants					
National Government:	39 827	151 228	1 965	153 193	193 020
Municipal Infrastructure Grant (MIG)	29 627	–	–	–	29 627
Integrated National Electrification Programme	10 200	–	–	–	10 200
Fire Subsidy	–	–	1 965	1 965	1 965
Water Services Infrastructure Grant	–	151 228	–	151 228	151 228
Total Capital Transfers and Grants	39 827	151 228	1 965	153 193	193 020
TOTAL RECEIPTS OF TRANSFERS & GRANTS	163 445	151 228	100	151 328	314 773

Supporting Table SB8 Adjustments Budget – expenditure on transfers and programmes

Description	Budget Year 2018/19				
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget
R thousands					
EXPENDITURE:					
Operating expenditure of Transfers and Grants					
National Government:	117 493	–	–	–	117 493
Local Government Equitable Share	113 151	–	–	–	113 151
Finance Management	1 770	–	–	–	1 770
MIG - Administration Fees	1 559	–	–	–	1 559
EPWP Incentive	1 013	–	–	–	1 013
Provincial Government:	2 050	–	–	–	2 050
Sport and Recreation	2 050	–	–	–	2 050
District Municipality:	4 075	–	(1 865)	(1 865)	2 210
Local Economic Development	445	–	–	–	445
Environmental Health Subsidy	1 765	–	–	–	1 765
Fire Subsidy	1 865	–	(1 865)	(1 865)	–
Total operating expenditure of Transfers and Grants:	123 618	–	(1 865)	(1 865)	121 753
Capital expenditure of Transfers and Grants					
National Government:	39 827	151 228	1 965	153 193	193 020
Municipal Infrastructure Grant (MIG)	29 627	–	–	–	29 627
Integrated National Electrification Programme	10 200	–	–	–	10 200
Fire Subsidy	–	–	1 965	1 965	1 965
Water Services Infrastructure Grant	–	151 228	–	151 228	151 228
Total capital expenditure of Transfers and Grants	39 827	151 228	1 965	153 193	193 020
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	163 445	151 228	100	151 328	314 773

2.3 Adjustments to expenditure on allocations and grant programmes

2.3.1 The adjustments made to planned capital expenditure of allocations and grants received

The adjustments made to planned capital expenditure, including the capital projects in question, are reflected in Annexure "A".

2.4 Adjustments to Councillors and Employee benefits

Below is a summary of the adjustments made to Councillors' Remuneration and Employee Related Costs:

Description	Original Budget 2018/19	Adjustments Budget 2018/19	Variance
	R	R	R
Employee Related Costs	272,802,506	272,672,592	-129,914
Councillors' Remuneration	12,783,834	12,242,710	-541,124

2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)

In accordance with the MFMA, it should be noted that adjustments to the service delivery targets and performance indicators in the 2018/19 SDBIP will be considered, following the approval by Council of the 2018/19 Adjustments Budget.

2.6 Adjustments to Capital Expenditure

Annexure "B" contains a listing of all the adjusted capital programmes and projects of the Municipality, which are aligned to the Integrated Development Plan of the Municipality.

2.7 Municipal Manager's Quality Certification

I CHARL DU PLESSIS, Municipal Manager of the Kouga Local Municipality, hereby certify that the Adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name CHARL DU PLESSIS

Municipal Manager of Kouga Local Municipality

Signature

Date 21 FEBRUARY 2019

ANNEXURE "A"

PROJECTS	Original Budget 2018/19	Adjustments	Adjustments Budget 2018/19
Finance Management Grant			
Disaster Recovery Server	-	644 106	644 106
	-	**644 106**	**644 106**
Integrated National Electrification Programme			
MV Networks Capital	8 869 565		8 869 565
	8 869 565	**-**	**8 869 565**
Water Services Infrastructure Grant			
WATER CONSERVATION AND DEMAND MANAGEMENT	-	13 521 739	13 521 739
RETICULATION REPLACE PIPELINES (PATENSIE)	-	9 130 435	9 130 435
RETICULATION REPLACE PIPELINES (OYSTER BAY)	-	391 304	391 304
RETICULATION REPLACE PIPELINES (HANKEY)	-	9 565 217	9 565 217
CAPE ST FRANCIS WATER SUPPLY	-	5 139 130	5 139 130
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP)	-	17 391 304	17 391 304
HANKEY WATER SUPPLY	-	28 851 304	28 851 304
HUMANSDORP WATER SUPPLY	-	4 719 130	4 719 130
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFREYS BAY)	-	30 434 783	30 434 783
PATENSIE WATER SUPPLY	-	7 305 217	7 305 217
JEFFREYS BAY WATER SUPPLY	-	3 913 043	3 913 043
OYSTER BAY WATER SUPPLY	-	1 140 000	1 140 000
	-	**131 502 609**	**131 502 609**
Municipal Infrastructure Grant			
Upgrading of the Sea Vista Wastewater Treatment Works	18 503 132		18 503 132
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	2 173 913		2 173 913
Computer Equipment	50 000		50 000
Upgrading of Sports Facilities	3 864 352		3 864 352
Informal Traders - Building	1 220 951	-	1 220 951
	25 812 348	**-**	**25 812 348**
Dept of Economic Development, Enviromental Affairs & Tourism			
Lowrie Flower Project	-	65 000	65 000
	-	**65 000**	**65 000**
District Municipality Funding			
Machinery and Equipment	-	265 100	265 100
Vehicle	-	1 700 000	1 700 000
	-	**1 965 100**	**1 965 100**
Total Capital Grant Funding	**34 681 913**	**134 176 814**	**168 858 727**

ANNEXURE "B"

PROJECTS	Funding Source	Original Budget 2018/19	Adjustments	Adjustments Budget 2018/19
CORPORATE SERVICES				
Computer Equipment	Internal	157 000	90 402	247 402
Furniture and Equipment	Internal	2 000	647 783	649 783
Library upgrade (phase 2)	Internal	500 000	821 134	1 321 134
EDMS	Internal	-	759 494	759 494
Biometric system	Internal	-	120 000	120 000
Fencing of main building	Internal	-	120 000	120 000
Main Office Building Upgrade	Internal	300 000	- 252 746	47 254
Computer Software and Applications	Internal	600 000	- 500 000	100 000
PABX UPGRADE	Internal	750 000	- 750 000	-
		2 309 000	**1 056 067**	**3 365 067**
EXECUTIVE & COUNCIL				
Computer Equipment	Internal	110 000	30 231	140 231
Furniture and Equipment	Internal	75 000	198 105	273 105
Wards Capital Programmes	Internal	750 000	687 229	1 437 229
		935 000	**915 565**	**1 850 565**
FINANCE				
Furniture and Equipment	Internal	115 700	116 400	232 100
Computer Equipment	Internal	1 391 200	- 800 222	590 978
IT Server	Internal	-	626 268	626 268
Office upgrade ICT	Internal	-	200 000	200 000
Disaster Recovery Server	FMG	-	644 106	644 106
Vehicle	Internal	-	300 000	300 000
		1 506 900	**1 086 552**	**2 593 452**
INFRASTRUCTURE & ENGINEERING				
Furniture and Equipment	Internal	198 000		155 000
Computer Equipment	Internal	35 000		102 000
Machinery and Equipment	Internal	415 000		391 000
Fencing of Jeffreys Bay and Kruisfontein Reservoir	Internal	900 000		-
upgrading of infrastructure for new township establishment	Internal	500 000		500 000
Vehicles	Internal	2 500 000		8 610 264
MV Networks Capital	INEP	8 869 565		8 869 565
New overheadlines 66kv overheadlines(Jbay to Melkhout)	Internal	3 000 000		2 000 000
Jeffreys Bay- North Bulk main outfall sewer-area north of R102	Internal	1 200 000		1 300 000
WATER CONSERVATION AND DEMAND MANAGEMENT	WSIG_NT	-		13 521 739
RETICULATION REPLACE PIPELINES (PATENSIE)	WSIG_NT	-		9 130 435
RETICULATION REPLACE PIPELINES (OYSTER BAY)	WSIG_NT	-		391 304
Upgrading of the Sea Vista Wastewater Treatment Works	MIG	18 503 132		18 503 132
Humansdorp - Upgrade Kruisfontein Waste Water Treatment Works	MIG	2 173 913		2 173 913
Computer Equipment	MIG	50 000		50 000
RETICULATION REPLACE PIPELINES (HANKEY)	WSIG_NT	-		9 565 217

PROJECTS	Funding Source	Original Budget 2018/19	Adjustments	Adjustments Budget 2018/19
Illegal electricity connections (LV Network)	Internal	1 000 000		400 000
Fencing: New x Loerie Sewer pump station	Internal	900 000		-
CAPE ST FRANCIS WATER SUPPLY	WSIG_DWS	-	5 139 130	5 139 130
DEVELOP NATURAL SPRINGS AND CONVEYANCE (HUMANSDORP)	WSIG_NT	-	17 391 304	17 391 304
HANKEY WATER SUPPLY	WSIG_DWS	-	28 851 304	28 851 304
HUMANSDORP WATER SUPPLY	WSIG_DWS	-	4 719 130	4 719 130
Water Infrastructure Boreholes	Internal	1 500 000	- 1 500 000	-
Roads Upgrade	Internal	2 500 000	-	2 500 000
REFURBISH AND UPGRADE WATER TREATMENT WORKS (JEFFREYS BAY)	WSIG_NT	-	30 434 783	30 434 783
PATENSIE WATER SUPPLY	WSIG_DWS	-	7 305 217	7 305 217
JEFFREYS BAY WATER SUPPLY	WSIG_DWS	-	3 913 043	3 913 043
OYSTER BAY WATER SUPPLY	WSIG_DWS	-	1 140 000	1 140 000
Bucket Eradication Programme	Internal	2 300 000	-	2 300 000
conversion from conventional meter to pre paid meter and moving of meter to boundary wall	Internal	-	200 000	200 000
purchase of mini sub station 11000/400,22000/400	Internal	-	600 000	600 000
High Mast Lights	Internal	-	1 000 000	1 000 000
refurbishment of truck and rebuild into cherry picker truck	Internal	-	400 000	400 000
		46 544 610	**135 012 873**	**181 557 483**
PLANNING, DEVELOPMENT & TOURISM				
Computer Software and Applications	Internal	700 000	- 500 000	200 000
Computer Equipment	Internal	60 000	60 000	120 000
Upgrading of Kouga Cultural Centre	Internal	1 000 000	-	1 000 000
Furniture and equipment	Internal	200 000	-	200 000
Informal Traders - Building	MIG	1 220 951	-	1 220 951
Land acquisition housing projects	Internal	1 000 000	-	1 000 000
Machinery and Equipment	Internal	30 000	-	30 000
Lowrie Flower Project	DEDEAT	-	65 000	65 000
		4 210 951	**- 375 000**	**3 835 951**
COMMUNITY SERVICES				
Fencing of caravan parks & camping sites	Internal	500 000		500 000
Fencing of Sport and Recreational Facilities	Internal	500 000		-
Machinery and Equipment	Internal	844 010		984 010
Computer Equipment	Internal	160 000		84 000
Security Cameras	Internal	150 000		-
Vehicle	Internal	4 000 000		5 850 000
Furniture and Equipment	Internal	70 000		55 000
Wheelie Bins	Internal	1 000 000		2 475 261
Life Gaurds Beach Tower	Internal	250 000		50 000
Upgrading of Sports Facilities	MIG	3 864 352		3 864 352

PROJECTS	Funding Source	Original Budget 2018/19	Adjustments	Adjustments Budget 2018/19
Fencing of Hankey Fire Station	Internal	200 000		200 000
Fencing of existing cemeteries	Internal	500 000		24 739
Weston Library Upgrade	Internal	100 000		100 000
Table and Chairs-Community Facilities	Internal	100 000	60 000	160 000
Machinery and Equipment	DISTRICT	-	265 100	265 100
Vehicle	DISTRICT	-	1 700 000	1 700 000
		12 238 362	**4 074 100**	**16 312 462**
		67 744 823	**141 770 157**	**209 514 980**
Internally generated funds		33 062 910	7 593 342	40 656 252
Transfers recognised - capital		34 681 913	134 176 814	168 858 727
Total		**67 744 823**	**141 770 157**	**209 514 980**