

CONSIDERATION AND APPROVAL OF THE ADJUSTMENT BUDGET 2018/2019 AND INDICATIVE FOR THE PROJECTED TWO OUTER YEARS 2019/2020 AND 2020/2021

English is the original version

PURPOSE OF REPORT

This report serves to submit the 2018/2019 and indicative two outer years annual adjustment budget for approval.

BACKGROUND

Section 28 of the Municipal Finance Management Act. No 56 of 2003 states:

- (1) A municipality may revise an approved annual budget through and adjustments budget.*
- (2) An adjustments budget -*
 - (b) 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;*
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;*
 - (f) may correct any errors in the annual budget;*

In accordance with section 23 (1) of the Municipal Budget and Reporting Regulation:

- (1) An adjustments budget referred to in section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.*

LEGAL RESPONSIBILITIES

Section 28 of the Municipal Finance Management Act, 56 of 2003 and section 23 of the Municipal Budget and Reporting Regulations.

FINANCIAL IMPLICATIONS

As contained in the detail report.

RECOMMENDATION

- 1. That the Council adopts the Adjustment Budget report.**

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1 Part 1 – Adjustment Budget

1.1 Mayor' report

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

- (i) 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.
- (ii) To authorise the utilisation of projected savings in one vote towards spending under another vote.
- (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 correct any errors in the annual budget.

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

- The need to authorise the spending of unspent funds at the end of the 2017/2018 financial year.

The Municipal Budget and Reporting Regulations, which were promulgated by National Treasury, prescribe the budget reporting formats for municipalities. Accordingly this Municipality's 2018/19 Adjustments budget has to be presented in accordance with these reporting formats.

The Adjustments Budget reaffirms the Municipality's commitment to achieve the service delivery targets and performance indicators as reflected in the approved service delivery and budget implementation plan.

The capital expenditure budget has been realigned. Due to various reasons some projects could not be completed in the 2017/2018 financial year and funds allocated must be rolled over.

The Service Delivery and Budget Implementation Plan (SDBIP) has to be adjusted due to the realignment that has taken place on both the operational and capital expenditure budgets. This will affect service delivery targets and performance targets. The reviewed SDBIP will be submitted for the approval of the Executive Mayor.

1.2 Budget related resolutions

The Municipal Finance Management Act (MFMA) No 56 of 2003 requires the municipality to table and adopt the budget and budget resolutions. The format of the budget and supporting documentation is prescribed by Municipal Budget and Reporting Regulations

The following resolutions are put before council for consideration and approval:

THAT

- 1. The adjustments budget for the financial year 2018 – 2019 be approved as contained in Tables B1 – B10 detailed below:**
 - ❖ **Table B1 – Adjustments Budget Summary**
 - ❖ **Table B2 – Adjustments Budgeted Financial Performance (Revenue and Expenditure by standard classification)**
 - ❖ **Table B3 - Adjustments Budgeted Financial Performance (Revenue and Expenditure by municipal vote)**
 - ❖ **Table B4 - Adjustments Budgeted Financial Performance (Revenue and Expenditure)**
 - ❖ **Table B5 – Adjustments Capital Expenditure by Vote, Standard classification and Funding**
 - ❖ **Table B6 – Adjustments Budgeted Financial Position**
 - ❖ **Table B7 – Adjustments Budgeted Cash Flow**
 - ❖ **Table B8 – Cash backed reserves/Accumulated surplus reconciliation**
 - ❖ **Table B9 – Asset Management**
 - ❖ **Table B10 – Basic service delivery measurement**
- 2. The SDBIP will be adjusted to reflect the adjustments made in the budget allocation and submitted for subsequent approval by the Executive Mayor.**
- 3. The adjustment capital budget increase from R78, 755,666 to R94, 544,700 due to the following changes:**

PROJECT	TOWN	FUNCTION	SOURCE OF FINANCE	BUDGET ROLL OVER
Capital - Grabouw pick up and drop off zone	Grabouw	Roads	SANRAL	4 450 998
Capital - Cemetery	Grabouw	Cemetery	Loans (2013/14)	264 094
Capital - Smart Water meters	TWK	Water	Loans	775 709
Capital - Drought Relieve	Caledon	Water	Loans	43 450
Capital - Drought Relieve	Riviersonderend	Water	Loans	513 043
Capital - Water source development Tesselaarsdal	Caledon	Water	Loans	317 225
Capital - Grabouw highmast lighting	Grabouw	Electricity	Public Works Grant	145 581
Capital - Bulk outfall sewer	Caledon	Sewerage	Loans	2 297 621
Capital Waste Water Treatment Works Upgrade	Caledon	Sewerage	Loans	1 706 169
Capital Waste Water Treatment Works Upgrade	Caledon	Sewerage	Loans	1 564 424
Capital Transfer Station	Caledon	Solid Waste	Loans	1 368 688
Capital - Vehicle Tracking System	TWK	Fleet	Loans	380 000
Grabouw Rooidakke 1169 Civils (Water)	Grabouw	Housing	Housing Grant	258 649
Grabouw Rooidakke 1169 Civils (Sewer)	Grabouw	Housing	Housing Grant	258 649
Grabouw Rooidakke 1169 Civils (Stormwater)	Grabouw	Housing	Housing Grant	258 649
Grabouw Rooidakke 1169 Civils (Roads)	Grabouw	Housing	Housing Grant	258 649
GRABOUW HILLSIDE CIVILS (Water)	Grabouw	Housing	Housing Grant	370 066
GRABOUW HILLSIDE CIVILS (Sewer)	Grabouw	Housing	Housing Grant	370 066
Pine View 266 Civils (Water)	Grabouw	Housing	Housing Grant	93 652
Pine View 266 Civils (Sewer)	Grabouw	Housing	Housing Grant	93 652
Total Roll Over				15 789 034

4. The adjustment operating budget expenditure increase from R551, 182,400 to R562, 627,125 due to the following changes:

PROJECT	TOWN	FUNCTION	SOURCE OF FINANCE	BUDGET ROLL OVER
GRABOUW ROOIDAKKE EXTENTION IRAQ	Grabouw	Housing	Housing Grant	533 693
GRABOUW ROOIDAKKE EXTENTION 7000 SITES	Grabouw	Housing	Housing Grant	1 301 665
VILLIERSDORP COETZEE BROERS	Villiersdorp	Housing	Housing Grant	350 974
BOTRIVIER KROMCO INDIVIDUAL SUBSIDIES	Botrivier	Housing	Housing Grant	1 252 469
CALEDON RIEMVASMAAK UISP	Cale	Housing	Housing Grant	837 860
GRABOUW SIYAYANZELA	Grabouw	Housing	Housing Grant	285 217
BOTRIVIER NEW FRANCE	Botrivier	Housing	Housing Grant	46 769
Pine View 266 Tops	Grabouw	Housing	Housing Grant	420 328
Title Deeds	TWK	Housing	Housing Grant	6 415 749
Total Roll Over				11 444 724

1.3 Executive summary

Introduction

This MTREF 2018 – 2019 adjustments budget is prepared on a multi-year basis, in line with the MFMA Municipal Budget and Reporting Regulations.

Capital expenditure

Capital expenditure has increased from R78, 755,666 to R94, 544,700.

Operating expenditure

Operating expenditure has increased from R551, 182,400 to R562, 627,125

1.4 Adjustment budget tables

- ❖ Table B1 – Adjustments Budget Summary
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- ❖ Table B6 – Adjustments Budgeted Financial Position
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- ❖ Table B10 – Basic service delivery measurement

2 Supporting Information

2.1 Adjustment to budget assumptions

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

2.2 Adjustment to budget funding

The sources of funding of the municipality's budget have not changed in the current financial year. As reported the adjustments budget is mainly funded by revenue from services rendered, external loans and grant funding as set out in Division of Revenue Act (DORA) and the Provincial Gazette.

2.3 Adjustment to Service Delivery and Budget implementation Plan (SDBIP)

The Accounting officer will submit for approval by the Executive Mayor revised SDBIP's based on the adjustments being approved.

2.4 Adjustment to capital expenditure

Capital expenditure has increased from R78, 755,666 to R95, 846,365.

2.5 Municipal Manager's quality certification

The quality certification in the format required in the regulations will be signed by the accounting officer on the final Adjustment Budget approved by Council 23 August 2018.

Quality Certificate

I, G MATTHYSE, Municipal Manager of Theewaterskloof Municipality (WC031), 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: G Matthyse

Municipal Manager of: Theewaterskloof Municipality (WC031)

Signature: 

Date: 22 August 2018

Print Name: D LOUW

Chief Financial Officer of: Theewaterskloof Municipality (WC031)

Signature: 

Date: 22 August 2018