

SCHEDULE A

AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF A MUNICIPALITY

ANNUAL BUDGET OF

PORT ST JOHNS MUNICIPALITY

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Draft Annual Budget

1.1 Mayor's Report

Port St Johns Municipality has a constitutional mandate to deliver services to communities. The IDP (Integrated Development Plan) illustrates integrated strategic planning of the municipality for the 5 years. The IDP review relates to assessing the Municipality's performance against organizational objectives as well as implementation, delivery and taking into consideration new information and changed circumstances. Furthermore the IDP review is looked at in the light of changing internal and external circumstances that impact on the priority issues, objectives, strategies, projects and programmes of the IDP.

The annual revision of the IDP must inform the Municipality's financial and institutional planning and most importantly, the compilation of the annual budget. Section 21 requires the Mayor of a municipality to coordinate the process for preparing the annual budget, review the municipal integrated development plan and budget related policies. The Mayor ensures that the tabled budget and any revisions of the integrated development plan are mutually consistent and credible. The IDP process in the Municipality should encourage participation of key stakeholders in the different stages of the planning process. In order to allow stakeholders to provide value added inputs to own and commit to the process some underlying factors behind the notion of participation are envisaged.

Formulating this Medium Term Revenue and Expenditure Framework required a team effort, and it is for this purpose that the 2018/19- 2020/21 IDP and Budget have been prepared and are hereby tabled before Council. The plan serves to strengthen the working partnerships between the Council, and administrative leadership of the municipality, so that together we can tackle the formulation of an IDP and MTREF Budget that embodies a three-year outlook, is reflective of Council's commitment to its social and economic goals, and is the outcome of rigorous debate and analysis. The 2018/19 IDP and Budget ensure enhanced accountability in the use of public resources and improving service delivery to our communities. The Municipality recognises the legal prescriptions in as far as community consultation is concerned. In essence, the three processes necessitating synergised community consultation are the IDP process, the Budgeting process and the Performance Management implementation process. Community participation sessions were held with all Municipal wards. A cluster approach was utilized to ensure maximum participation of Councillors, Management and Port St Johns communities.

One of the main features of the IDP process is the involvement of community and stakeholder organisations in the process. Participation of affected and interested parties is very important to ensure that the IDP addresses the real issues that are experienced by the communities of Port St Johns Municipality. The local Newspaper and local Notice Boards and the recently opened Sajonisi Youth Radio station are used to inform stakeholders about the IDP review process and invited interested parties to participate in the representative forums within the Port St Johns Municipal area. Community participation through these forums formed an integral part of the IDP review process, and the finalization of the 2018/19- 2020/21 Medium Term Revenue and Expenditure Framework.

1.2 Council Resolutions

On 28 March 2018 the Port st Johns Local Municipality met in the Council Chambers of Port st Johns town Hall to consider the Draft annual budget of the municipality for the financial year 2018/19. The Council approved and adopted the following resolutions:

1. The Council of Port st Johns Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2018/19 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Port st Johns Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for solid waste services – as set out in Annexure B
3. The Council of Port st Johns Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018 the tariffs for other services.
4. To give proper effect to the municipality's Draft annual budget, the Council of Port st Johns Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Port st Johns financial plan is essential and critical to ensure that the Port st Johns remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Port st Johns business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Port st Johns has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers such as enforcing our debt and credit control policy and currently we are in the process of developing Revenue enhancement strategy. Furthermore, the Port st Johns has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No.89 were used to guide the compilation of the 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Salary and Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2018/19 MTREF process; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

DRAFT ANNUAL BUDGET 2018/19 - 2020/21 MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK				
	2017/18	2018/19	2019/20	2020/21
Total Revenue	204,594,000.00	261,457,240.00	270,142,528.48	273,102,627.96
Total Operating Expenditure	202,036,479.70	167,712,788.00	177,531,042.97	198,950,883.62
SURPLUS/(DEFICIT)	2,557,520.30	0,00	8,294,362.00	596,230.42
TOTAL CAPITAL EXPENDITURE	65,888,899.00	93,744,452.00	84,317,123.50	73,555,513.93

Total operating revenue has grown by 22 per cent or R56 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. For the two outer years, operational revenue has increased by 3 and 1 per cent respectively, equating to a total revenue growth of R8 million and R2 million over the MTREF when compared to the 2018/19 and 2019/20 financial year.

Total operating expenditure for the 2018/19 financial year has been projected at R167 million and translates into a budgeted surplus of R0. When compared to the 2017/18 Adjustments Budget, operational expenditure has decrease by 20 per cent in the 2018/19 budget and by 6 and 11 per cent for each of the respective outer years of the MTREF. The surplus for the two outer years steadily increases to R8 million and then decrease to R596 thousand. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R93 million for 2018/19 is 30 per cent more when compared to the 2017/18 Adjustment Budget. The increase is due to projects being financed by provincial government (office of the premier). The capital programme decrease to R84 million in the 2019/20 financial year and then evens out in 2020/21 to R73 million. A small portion of the capital budget will be funded from internal revenue over MTREF.

1.4 Operating Revenue Framework

For Port st Johns Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy will be built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure)

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	3,962	6,741	7,986	11,700	10,000	10,000	10,000	8,416	8,854	8,278
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	726	756	804	100	600	600	600	1,000	1,052	1,107
Service charges - other											
Rental of facilities and equipment		58	34	56	125	20	20	20	550	579	609
Interest earned - external investments		808	1,287	3,154	3,000	1,000	1,000	1,000	2,000	2,104	2,213
Interest earned - outstanding debtors		2,551	3,306	2,737	1,700	1,000	1,000	1,000	1,052	1,107	1,164
Dividends received											
Fines, penalties and forfeits		286	290	371	150	1,000	1,000	1,000	210	221	233
Licences and permits		24	45	60	150	70	70	70	100	105	111
Agency services											
Transfers and subsidies		106,537	124,994	124,080	130,627	130,173	130,173	130,173	142,974	152,331	164,311
Other revenue	2	1,017	562	5,956	26,503	390	390	390	21,735	22,865	25,090
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		115,971	138,016	145,204	174,055	144,253	144,253	144,253	178,037	189,218	203,116

Table 3 Percentage growth in revenue by main revenue source

Description	2018/19 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
R thousand								
Revenue By Source								
Property rates	10000000	7%	8416000	5%	8853632	5%	8278145.9	4%
Service charges - electricity revenue	0		0		0		0	
Service charges - water revenue	0		0		0		0	
Service charges - sanitation revenue	0		0		0		0	
Service charges - refuse revenue	600000	0%	1000000	1%	1052000	1%	1106704	1%
Service charges - other								
Rental of facilities and equipment	20000	0%	550000	0%	578600	0%	608687.2	0%
Interest earned - external investments	1000000	1%	2000000	1%	2104000	1%	2213408	1%
Interest earned - outstanding debtors	1000000	1%	1052000	1%	1106704	1%	1164252.6	1%
Dividends received								
Fines, penalties and forfeits	1000000	1%	210400	0%	221340.8	0%	232850.52	0%
Licences and permits	70000	0%	100000	0%	105200	0%	110670.4	0%
Agency services								
Transfers and subsidies	130173000	90%	142974000	80%	152331000	81%	164311000	81%
Other revenue	390000	0%	21734840	12%	22865051.68	12%	25089909	12%
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)	144253000	100%	178037240	100%	189217528.5	100%	203115628	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise one third of the total revenue mix. In the 2017/18 financial year, revenue from rates and services charges totaled to R10 million. This has decrease to R8.4 million, R8.2 million and R8.2 in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 86).

Property rates is the largest revenue source totaling to R8.4 million rand. The second largest sources is 'other revenue' which consists of various items such as income received from vat refunds, building plan fees, commission fees, grave site fees and tender fees. Municipality has reviewed the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R130 million in the 2017/18 financial year and steadily increases to R142 million by 2018/19. Note that the year-on-year growth for the 2017/18 financial year is 10 per cent and then flattens out to 7 and 8 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

EC154 Port St Johns - Supporting Table SA18 Transfers and grant receipts

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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		88,051	123,866	120,614	129,173	129,173	129,173	142,474	151,996	163,958
Local Government Equitable Share		84,610	120,534	117,662	125,772	125,772	125,772	135,729	149,561	161,091
Finance Management		1,333	1,380	1,825	1,900	1,900	1,900	1,970	2,435	2,867
EPWP Incentive		1,119	1,149	1,000	1,501	1,501	1,501	4,775		
Municipal Systems Improvement		989	803	127						
Provincial Government:		210	100	300	300	300	300	500	335	353
Sport and Recreation		210	100	300	300	300	300	500	335	353
District Municipality:		-	-	2,000	-	700	700	-	-	-
Municipal Support programme				2,000		700	700			
Other grant providers:		-	-	1,010	8,596	7,442	7,442	23,775	33,780	21,071
Financial Management support(Local Government)				1,010	1,154	-	-			
Small Town Revitalisation(Local Government)					7,442	7,442	7,442	23,775	33,780	21,071
Total Operating Transfers and Grants	5	88,261	123,966	123,924	138,069	137,615	137,615	166,749	186,111	185,382
Capital Transfers and Grants										
National Government:		44,539	24,278	49,781	52,897	52,897	52,897	59,645	47,145	48,916
Municipal Infrastructure Grant (MIG)		44,539	24,278	36,781	34,897	34,897	34,897	33,705	34,345	36,116
Integrated National Electrification Programme				13,000	18,000	18,000	18,000	25,940	12,800	12,800
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Municipal Support programme										
Other grant providers:		-	-	-	-	-	-	-	-	-
Financial Management s										
Total Capital Transfers and Grants	5	44,539	24,278	49,781	52,897	52,897	52,897	59,645	47,145	48,916
TOTAL RECEIPTS OF TRANSFERS & GRANTS		132,800	148,244	173,705	190,966	190,512	190,512	226,394	233,256	234,298

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

Tariffs has increased by 6 % in the 2018/19 financial year and two outer years.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/19 financial year based on a 6 per cent increase from 1 July 2018 is contained below:

Table 5 Comparison of proposed rates to levied for the 2018/19 financial year

	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
DIFFERENT CATEGORY OF PROPERTIES	Tariff	Tariff	Tariff
Per Rand on Valuation of all Residential Properties	0.007	0.007	0.007
Per Rand on Valuation of all Business Properties	0.012	0.013	0.013
Per Rand on Valuation of all Industrial Properties	0.013	0.014	0.014
Per Rand on Valuation of all Government Properties	0.040	0.013	0.013
Per Rand on Valuation of all vacant land (erven) according their zc	0.013	0.014	0.014
Per Rand on Valuation of all Farms used for Agricultural purposes	0.013	0.014	0.014
Per Rand on Valuation of all Farms used for eco-tourism/converst	0.013	0.014	0.014
Per Rand on Valuation of all Farms used for trading in/ hunting of	0.013	0.014	0.014
Per Rand on Valuation of all Public Service Infrastructure	0.013	0.014	0.014
Per Rand on Valuation of all Public Benefif Organisations	-	-	-
Per Rand on Valuation of all Multiple use Properties - Dominant use shall be deemed for determination of rate/tariff			

1.4.2 Waste Removal and Impact of Tariff Increases

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2018. Higher increases will not be viable in 2018/19 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2018:

Table 6 Comparison between current waste removal fees and increases

	<u>2016/2017</u>	<u>2017/2018</u>	<u>2018/2019</u>
	Tariff	Tariff	Tariff
REFUSE REMOVAL (per month for one removal per week)			
Domestic Consumers x1	89.89	95.28	100.99
SME'S Commercial Consumers x7	626.97	664.59	704.46
Large Commercial Consumers x7	1,253.24	1,328.44	1,408.15
Government/Hospitals//Hostels/Schools/Flats x5	447.63	474.49	502.95
Bed & Breakfast	179.02	189.76	201.15
Holiday resorts	358.07	379.55	402.32
Rubble per load	334.71	354.79	376.07
Garden Refuse Removal per load	200.81	212.86	225.63
The tariff is based on 85L Bin/bag 1per week			

1.4.3 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 7 MBRR Table SA14 – Household bills

EC154 Port St Johns - Supporting Table SA14 Household bills

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 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		3,962,250.00	6,741,055.00	7,986,122.00	11,700,000.00	10,000,000.00	10,000,000.00	5.2%	10,520,000.00	11,067,040.00	11,642,526.08
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal		726,277.00	755,693.00	804,339.00	100,000.00	600,000.00	600,000.00	5.2%	1,000,000.00	1,052,000.00	1,106,704.00
Other											
sub-total		4,688,527.00	7,496,748.00	8,790,461.00	11,800,000.00	10,600,000.00	10,600,000.00	(2.4%)	11,520,000.00	12,119,040.00	12,749,230.08
VAT on Services											
Total large household bill:		4,688,527.00	7,496,748.00	8,790,461.00	11,800,000.00	10,600,000.00	10,600,000.00	(2.4%)	11,520,000.00	12,119,040.00	12,749,230.08
% increase/decrease			59.9%	17.3%	34.2%	(10.2%)	-		8.7%	5.2%	5.2%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

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
Expenditure By Type											
Employee related costs	2	45,244	50,266	59,208	71,409	70,601	70,601	70,601	71,166	75,800	88,709
Remuneration of councillors		9,912	11,354	11,533	15,071	15,071	15,071	15,071	17,297	18,484	19,754
Debt impairment	3	3,848	1,920	3,067	8,620	8,620	8,620	8,620	8,416	8,854	13,458
Depreciation & asset impairment	2	30,208	27,637	26,357	39,290	39,290	39,290	39,290	41,712	43,881	65,508
Finance charges		3,683	1,647	1,503	350	350	350	350	368	387	407
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8		2,160	3,373							
Contracted services		4,426	14,039	10,031	13,200	17,070	17,070	17,070	13,423	14,121	15,347
Transfers and subsidies		618	-	-	8,050	8,050	8,050	8,050	8,469	8,909	9,372
Other expenditure	4, 5	42,072	32,794	37,937	116,916	108,641	108,641	108,641	151,018	144,445	139,231
Loss on disposal of PPE		264	17	1,118							
Total Expenditure		140,274	141,835	154,128	272,906	267,693	267,693	267,693	311,869	314,881	351,786

The budgeted allocation for employee related costs for the 2018/19 financial year totals R71 million, which equals 32.63 per cent of the total operating expenditure. Based on the previous three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7.36 per cent for the 2018/19 financial year. Currently we have not receive the next three year collective SALGBC agreement. An annual increase of 7.36 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. The budgeted allocation for Remuneration of councillors for the 2018/19 financial year totals R17 million

The provision of debt impairment was determined based on an annual collection rate of 35 per cent and the Debt Write-off Policy of the municipality. For the 2018/19 financial year this amount equates to R8,4 million and escalates to R13 million by 2020/21. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R41 million for the 2018/19 financial and equates to 19 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on bank charges and interest paid on overdue accounts (due to delay of submission of invoices by creditors). Finance charges make up 17 per cent (R368200) of operating expenditure.

As part of the compilation of the 2018/19 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2018/19 financial year, this group of expenditure totals R13.4 Million and has decreased, clearly demonstrating the application of cost efficiencies. For the two outer years growth has been limited to 5.2 and 5.2 per cent. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 5.2 per cent for 2018/19 and two outer years, indicating that significant cost savings have been already realised. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 86).

The following table gives a breakdown of the main expenditure categories for the 2018/12 financial year.

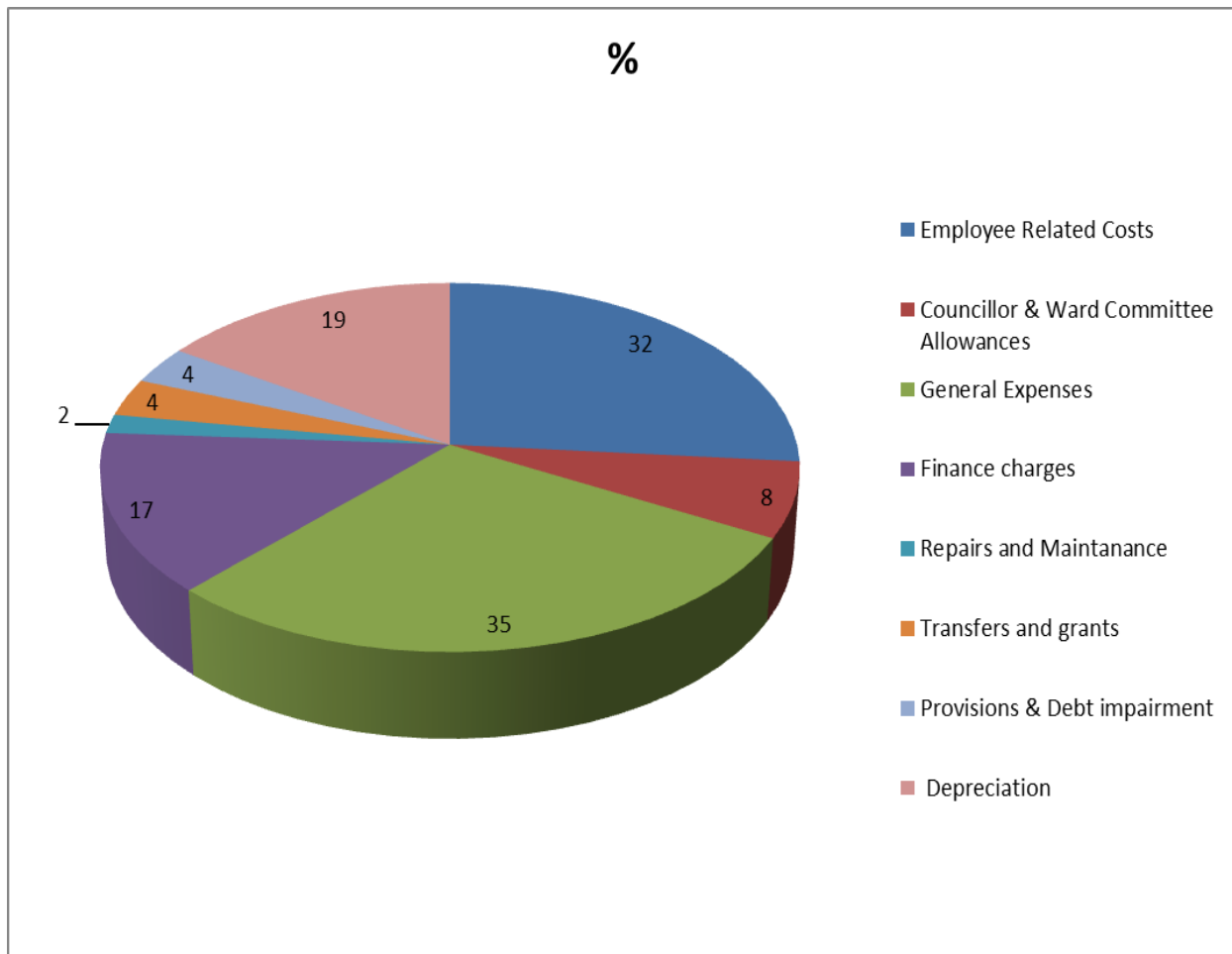


Figure 1 Main operational expenditure categories for the 2018/19 financial year

1.6 Priority given to repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

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
R thousand											
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		2,320	2,160	3,373	5,841	5,841	5,841	5,841	3,874	4,075	5,453
Total Repairs and Maintenance Expenditure	9	2,320	2,160	3,373	5,841	5,841	5,841	5,841	3,874	4,075	5,453

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance. In terms of the Municipal Budget and Reporting Regulations, repairs and maintenance has a norm and must be 8% of property plant and equipment, however in our municipality we have a percentage of 2% and also in the 2018/19 was substantially decreased by 34 per cent in the 2018/19 financial year, from R5.8 million to R3.8 million.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

EC154 Port St Johns - Table A9 Asset Management

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
Repairs and Maintenance by Asset Class	3	2,320	2,160	3,373	5,841	5,841	5,841	3,874	4,075	5,453
Roads Infrastructure		-	-	684	4,250	4,250	4,250	684	719	1,093
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	19	-	-	-	200	210	320
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	704	4,250	4,250	4,250	884	930	1,413
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		670	2,160	1,382	-	-	-	896	942	991
Housing		-	-	-	-	-	-	-	-	-
Other Assets		670	2,160	1,382	-	-	-	896	942	991
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	80	84	97
Furniture and Office Equipment		35	-	105	60	60	60	42	44	51
Machinery and Equipment		1,615	-	1,183	1,531	1,531	1,531	1,972	2,075	2,901
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

For the 2018/19 financial year, R1,780 million of total repairs and maintenance will be spent on infrastructure assets. Buildings has received a significant proportion of this allocation totaling (R895 thousand), followed by road infrastructure (R684 thousand), Electricity infrastructure (R200 Thousand).

1.7 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Port st Johns Municipality's Indigent Policy. The target is to register 30 000 or more indigent households during the 2018/19 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 33.

The cost of the social package of the registered indigent households is financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.8 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2018/19 Medium-term capital budget per vote

Vote Description	Current year		2018/19 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
R thousand								
Capital Expenditure								
Governance and administration	2168400	3%	1427600	2%	528735	1%	556230	1%
Executive and council	2008400	3%	1277600	1%	370935	0%	390224	1%
Finance and administration	160000	0%	150000	0%	157800	0%	166006	0%
Internal audit								
Community and public safety	455500	1%	2621852	3%	2758188	3%	2901614	4%
Community and social services	455500	1%	2621852	3%	2758188	3%	2901614	4%
Sport and recreation								
Public safety								
Housing								
Health								
Economic and environmental services	63264999	96%	89695000	96%	81030200	96%	70097670	95%
Planning and development	0	0%	450000	0.00	52600	0%	55335	0%
Road transport	63264999	96%	89245000	95%	80977600	96%	70042335	95%
Environmental protection								
Trading services								
Energy sources								
Water management								
Waste water management								
Waste management								
Other								
Total Capital Expenditure	65888899	100%	93744452	100%	84317123	100%	73555514	100%

For 2018/19 an amount of R89.2 million has been appropriated for the development of infrastructure which represents 95 per cent of the total capital budget. In the outer years this amount totals R80 million, 96 per cent and R70 million, 95 per cent respectively for each of the financial years.

Total new assets represent 6 per cent or R 4.4 million of the total capital budget. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 31. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery Management System – R300 thousand;
- Parks, recreational facilities – R200 thousand;
- Pound development – R300 thousand;
- Outdoor Gymnasium – R16 million;
- Security & Traffic equipment – R315 thousand;
- Park homes – R1,9 million;
- Computers and accessories – R270 thousand

1.9 Future operational cost of new infrastructure

The future operational costs associated with the capital programme have been included in Table 61 MBRR SA35 on page 78. This table shows that future operational costs associated with the capital programme totals R93 million in 2018/19 and escalates to R84 million by 2019/20. This concomitant operational expenditure is expected to escalate to R73 million by 2020/21.

1.10 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

EC154 Port St Johns - Table A1 Budget 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	3,962	6,741	7,986	11,700	10,000	10,000	10,000	8,416	8,854	8,278
Service charges	726	756	804	100	600	600	600	1,000	1,052	1,107
Investment revenue	808	1,287	3,154	3,000	1,000	1,000	1,000	2,000	2,104	2,213
Transfers recognised - operational	106,537	124,994	124,080	130,627	130,173	130,173	130,173	142,974	152,331	164,311
Other own revenue	3,936	4,238	9,180	28,628	2,480	2,480	2,480	23,647	24,877	27,206
Total Revenue (excluding capital transfers and contributions)	115,971	138,016	145,204	174,055	144,253	144,253	144,253	178,037	189,218	203,116
Employee costs	45,244	50,266	59,208	71,409	70,601	70,601	70,601	71,166	75,800	88,709
Remuneration of councillors	9,912	11,354	11,533	15,071	15,071	15,071	15,071	17,297	18,484	19,754
Depreciation & asset impairment	30,208	27,637	26,357	39,290	39,290	39,290	39,290	41,712	43,881	65,508
Finance charges	3,683	1,647	1,503	350	350	350	350	368	387	407
Materials and bulk purchases	-	2,160	3,373	-	-	-	-	-	-	-
Transfers and grants	618	-	-	8,050	8,050	8,050	8,050	8,469	8,909	9,372
Other expenditure	50,609	48,770	52,154	138,736	134,331	134,331	134,331	172,857	167,420	168,036
Total Expenditure	140,274	141,835	154,128	272,906	267,693	267,693	267,693	311,869	314,881	351,786
Surplus/(Deficit)	(24,304)	(3,819)	(8,924)	(98,851)	(123,440)	(123,440)	(123,440)	(133,832)	(125,664)	(148,670)
Transfers and subsidies - capital (monetary alloc	36,998	24,278	49,781	60,339	60,339	60,339	60,339	83,420	80,925	69,987
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)
Capital expenditure & funds sources										
Capital expenditure	43,029	30,812	51,931	70,044	65,889	65,889	65,889	93,744	84,317	73,556
Transfers recognised - capital	40,302	28,248	45,081	60,339	60,339	60,339	60,339	86,420	80,925	69,987
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2,728	2,564	6,850	9,705	5,550	5,550	5,550	7,324	3,392	3,569
Total sources of capital funds	43,029	30,812	51,931	70,044	65,889	65,889	65,889	93,744	84,317	73,556
Financial position										
Total current assets	27,223	49,118	60,943	133,124	133,124	133,124	23,885	140,046	147,328	154,989
Total non current assets	368,560	382,336	406,755	389,648	389,648	389,648	1,194	409,910	431,226	453,649
Total current liabilities	44,138	42,498	37,445	40,650	40,650	40,650	3,154	42,764	44,988	47,327
Total non current liabilities	8,258	8,919	9,359	9,000	9,000	9,000	-	9,468	9,960	10,478
Community wealth/Equity	343,908	380,037	420,894	473,122	473,122	473,122	21,925	497,724	523,606	550,833
Cash flows										
Net cash from (used) operating	40,250	56,662	70,232	70,043	(15,423)	(15,423)	49,201	26,991	42,111	21,706
Net cash from (used) investing	(25,744)	(19,865)	(51,469)	(70,043)	(70,044)	(70,044)	(58,755)	(66,969)	(50,537)	(52,485)
Net cash from (used) financing	(19,570)	(9,150)	(6,454)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	9,647	37,294	49,602	5,000	(80,467)	(80,467)	(4,175)	10,022	1,595	(29,184)
Cash backing/surplus reconciliation										
Cash and investments available	9,647	37,294	49,602	116,060	116,060	116,060	22,168	122,095	128,444	135,123
Application of cash and investments	21,380	1,833	19,988	10,134	10,668	10,668	1,311	10,494	11,040	11,613
Balance - surplus (shortfall)	(11,733)	35,460	29,614	105,926	105,392	105,392	20,857	111,601	117,404	123,510
Asset management										
Asset register summary (WDV)	368,561	382,336	406,755	464,254	464,454	464,454	-	495,609	506,892	532,585
Depreciation	-	(28,821)	(26,383)	39,290	39,290	39,290	-	39,290	41,712	43,881
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	2,320	2,160	3,373	5,841	5,841	5,841	-	3,874	4,075	5,453
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	2,104	2,104	2,213	3,364
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	2,000	3,500	3,500	5,000	5,230	5,230	5,501	5,501	5,787	6,088
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Port st Johns municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF if you exclude non cash items.
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2020/21, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC154 Port St Johns - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

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	1									
<i>Governance and administration</i>		110,265	136,011	144,301	92,621	62,319	62,319	85,670	92,978	99,498
Executive and council		-	-	-	29,501	29,501	29,501	31,837	35,081	37,785
Finance and administration		110,265	136,011	144,301	63,120	32,818	32,818	53,833	57,897	61,712
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		210	100	-	11,003	11,003	11,003	12,313	13,339	14,353
Community and social services		210	100	-	11,003	11,003	11,003	12,313	13,339	14,353
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		41,767	25,427	49,880	130,670	130,670	130,670	162,474	162,774	158,146
Planning and development		3,650	-	99	8,200	8,200	8,200	8,849	9,751	10,503
Road transport		38,117	25,427	49,781	122,470	122,470	122,470	153,625	153,023	147,643
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		726	756	804	100	600	600	1,000	1,052	1,107
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		726	756	804	100	600	600	1,000	1,052	1,107
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	152,969	162,294	194,985	234,394	204,592	204,592	261,457	270,143	273,103
Expenditure - Functional										
<i>Governance and administration</i>		99,025	101,353	108,704	115,379	89,300	89,300	118,624	124,241	146,526
Executive and council		26,563	30,077	38,288	56,439	34,425	34,425	61,759	64,182	71,557
Finance and administration		72,462	71,276	70,415	58,940	54,876	54,876	56,865	60,059	74,969
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17,048	11,162	23,008	28,511	23,940	23,940	28,469	30,192	32,227
Community and social services		17,048	11,162	23,008	28,511	23,940	23,940	28,469	30,192	32,227
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		24,201	29,319	22,416	129,017	154,453	154,453	164,776	160,449	173,033
Planning and development		11,980	15,615	10,109	18,565	17,148	17,148	19,430	20,154	21,347
Road transport		12,221	13,704	12,307	110,452	137,304	137,304	145,346	140,294	151,686
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	140,274	141,835	154,128	272,906	267,693	267,693	311,869	314,881	351,786
Surplus/(Deficit) for the year		12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital)
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Finance and administration.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC154 Port St Johns - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal 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 - Executive and council		-	-	-	29,501	29,501	29,501	31,837	35,081	37,785
Vote 2 - Budget and treasury Office		108,933	134,983	144,301	63,120	27,222	27,222	47,794	51,242	54,545
Vote 3 - Community services		936	856	804	11,103	11,603	11,603	13,313	14,391	15,459
Vote 4 - Corporate services		1,333	1,028	-	-	5,596	5,596	6,039	6,654	7,167
Vote 5 - Planning and development		3,650	-	99	8,200	8,200	8,200	8,849	9,751	10,503
Vote 6 - Engineering services		38,117	25,427	49,781	122,470	122,470	122,470	153,625	153,023	147,643
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	152,969	162,294	194,985	234,394	204,592	204,592	261,457	270,143	273,103
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and council		26,563	30,077	38,288	56,439	34,425	34,425	61,759	64,182	71,557
Vote 2 - Budget and treasury Office		53,410	55,282	57,721	58,940	40,328	40,328	40,977	43,162	56,998
Vote 3 - Community services		17,048	11,162	23,008	28,511	23,940	23,940	28,469	30,192	32,227
Vote 4 - Corporate services		19,052	15,995	12,694	-	14,548	14,548	15,888	16,897	17,971
Vote 5 - Planning and development		11,980	15,615	10,109	18,565	17,148	17,148	19,430	20,154	21,347
Vote 6 - Engineering services		12,221	13,704	12,307	110,452	137,304	137,304	145,346	140,294	151,686
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	140,274	141,835	154,128	272,906	267,693	267,693	311,869	314,881	351,786
Surplus/(Deficit) for the year	2	12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC154 Port St Johns - Table A4 Budgeted Financial Performance (revenue and expenditure)

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	3,962	6,741	7,986	11,700	10,000	10,000	10,000	8,416	8,854	8,278
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	726	756	804	100	600	600	600	1,000	1,052	1,107
Service charges - other											
Rental of facilities and equipment		58	34	56	125	20	20	20	550	579	609
Interest earned - external investments		808	1,287	3,154	3,000	1,000	1,000	1,000	2,000	2,104	2,213
Interest earned - outstanding debtors		2,551	3,306	2,737	1,700	1,000	1,000	1,000	1,052	1,107	1,164
Dividends received											
Fines, penalties and forfeits		286	290	371	150	1,000	1,000	1,000	210	221	233
Licences and permits		24	45	60	150	70	70	70	100	105	111
Agency services											
Transfers and subsidies		106,537	124,994	124,080	130,627	130,173	130,173	130,173	142,974	152,331	164,311
Other revenue	2	1,017	562	5,956	26,503	390	390	390	21,735	22,865	25,090
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		115,971	138,016	145,204	174,055	144,253	144,253	144,253	178,037	189,218	203,116
Expenditure By Type											
Employee related costs	2	45,244	50,266	59,208	71,409	70,601	70,601	70,601	71,166	75,800	88,709
Remuneration of councillors		9,912	11,354	11,533	15,071	15,071	15,071	15,071	17,297	18,484	19,754
Debt impairment	3	3,848	1,920	3,067	8,620	8,620	8,620	8,620	8,416	8,854	13,458
Depreciation & asset impairment	2	30,208	27,637	26,357	39,290	39,290	39,290	39,290	41,712	43,881	65,508
Finance charges		3,683	1,647	1,503	350	350	350	350	368	387	407
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8		2,160	3,373							
Contracted services		4,426	14,039	10,031	13,200	17,070	17,070	17,070	13,423	14,121	15,347
Transfers and subsidies		618	-	-	8,050	8,050	8,050	8,050	8,469	8,909	9,372
Other expenditure	4, 5	42,072	32,794	37,937	116,916	108,641	108,641	108,641	151,018	144,445	139,231
Loss on disposal of PPE		264	17	1,118							
Total Expenditure		140,274	141,835	154,128	272,906	267,693	267,693	267,693	311,869	314,881	351,786
Surplus/(Deficit)		(24,304)	(3,819)	(8,924)	(98,851)	(123,440)	(123,440)	(123,440)	(133,832)	(125,664)	(148,670)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		36,998	24,278	49,781	60,339	60,339	60,339	60,339	83,420	80,925	69,987
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)
Taxation											
Surplus/(Deficit) after taxation		12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)
8. All materials not part of 'bulk' e.g. road making materials, pipe, cable etc.

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R178 million in 2018/19 and escalates to R203 million by 2020/21. This represents a year-on-year increase of 5.3 per cent for the 2019/20 financial year and 5.4 per cent for the 2020/21 financial year. Including grants received from National and Provincial government.
2. Revenue to be generated from property rates is R8 million in the 2018/19 financial year and increases to R8 billion by 2019/20 which represents 5 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent, for each of the respective financial years of the MTREF.
3. Services charges relating to refuse removal constitutes the other component of the revenue basket of the municipality totaling R1 million for the 2018/19 financial year and increasing to R1.5 million by 2020/21. For the 2018/19 financial year services charges amount to 1 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government has increased slowly over the MTREF by 1 per cent and 1 per cent for the two outer years.

Figure 2 Expenditure by major type

5. Employee related costs, Contracted services, Debt impairment and Depreciation and asset management, Transfers and subsidies to the entity, other expenditure which includes (Consultants and professional fees, Legal fees , Repairs and maintenance) are the main cost drivers within the municipality

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC154 Port St Johns - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

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 expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - Executive and council		166	1,252	1,010	2,070	2,008	2,008	2,008	1,278	371	390
Vote 2 - Budget and treasury Office		554	604	460	1,300	160	160	160	100	105	111
Vote 3 - Community services		1,802	218	1,546	1,952	456	456	456	2,622	2,758	2,902
Vote 4 - Corporate services		377	343	262	-	-	-	-	50	53	55
Vote 5 - Planning and development		19	96	59	900	-	-	-	450	53	55
Vote 6 - Engineering services		40,489	28,642	48,856	63,822	63,265	63,265	63,265	89,245	80,978	70,042
Capital multi-year expenditure sub-total	7	43,406	31,155	52,192	70,044	65,889	65,889	65,889	93,744	84,317	73,556
Total Capital Expenditure - Vote		43,406	31,155	52,192	70,044	65,889	65,889	65,889	93,744	84,317	73,556
Capital Expenditure - Functional											
Governance and administration		720	1,856	1,469	3,370	2,168	2,168	2,168	1,428	529	556
Executive and council		166	1,252	1,010	2,070	2,008	2,008	2,008	1,278	371	390
Finance and administration		554	604	460	1,300	160	160	160	150	158	166
Internal audit											
Community and public safety		1,802	218	1,546	1,952	456	456	456	2,622	2,758	2,902
Community and social services		1,802	218	1,546	1,952	456	456	456	2,622	2,758	2,902
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services		40,508	28,738	48,915	64,722	63,265	63,265	63,265	89,695	81,030	70,098
Planning and development		19	96	59	900	-	-	-	450	53	55
Road transport		40,489	28,642	48,856	63,822	63,265	63,265	63,265	89,245	80,978	70,042
Environmental protection											
Trading services		-	-	-	-	-	-	-	-	-	-
Energy sources											
Water management											
Waste water management											
Waste management											
Other											
Total Capital Expenditure - Functional	3	43,029	30,812	51,931	70,044	65,889	65,889	65,889	93,744	84,317	73,556
Funded by:											
National Government		40,302	28,248	45,081	60,339	52,897	52,897	52,897	59,645	47,145	48,916
Provincial Government						7,442	7,442	7,442	26,775	33,780	21,071
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	40,302	28,248	45,081	60,339	60,339	60,339	60,339	86,420	80,925	69,987
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		2,728	2,564	6,850	9,705	5,550	5,550	5,550	7,324	3,392	3,569
Total Capital Funding	7	43,029	30,812	51,931	70,044	65,889	65,889	65,889	93,744	84,317	73,556

Explanatory notes to Table A5 - Budgeted Capital Expenditure 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 (multi-year and single-year appropriations); 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.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R93 million for the 2018/19 financial year and remains relatively constant over the MTREF at levels of R84 million and R73 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and

will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses. For 2018/19, capital transfers totals R86 million (92 per cent) and escalates to R69 million by 2020/21 (95 per cent). Internally generated funding totaling R7,3 million, R3,3 million and R3,5 million for each of the respective financial years of the MTREF.

Table 17 MBRR Table A6 - Budgeted Financial Position

EC154 Port St Johns - Table A6 Budgeted Financial Position

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
ASSETS											
Current assets											
Cash		684	2,954	5,361	81,060	81,060	81,060	22,168	85,275	89,709	94,374
Call investment deposits	1	9,008	34,340	44,241	35,000	35,000	35,000	-	36,820	38,735	40,749
Consumer debtors	1	663	729	1,061	1,254	1,254	1,254	18	1,319	1,388	1,460
Other debtors		16,867	9,637	9,130	14,265	14,265	14,265	1,699	15,006	15,787	16,608
Current portion of long-term receivables											
Inventory	2	521	1,458	1,149	1,545	1,545	1,545		1,625	1,710	1,799
Total current assets		27,744	49,118	60,943	133,124	133,124	133,124	23,885	140,046	147,328	154,989
Non current assets											
Long-term receivables											
Investments											
Investment property		11,461	11,461	11,461	12,149	12,149	12,149		12,780	13,445	14,144
Investment in Associate											
Property, plant and equipment	3	357,099	370,875	395,294	377,500	377,500	377,500	1,194	397,130	417,781	439,505
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		368,560	382,336	406,755	389,648	389,648	389,648	1,194	409,910	431,226	453,649
TOTAL ASSETS		396,304	431,454	467,698	522,772	522,772	522,772	25,079	549,956	578,554	608,639
LIABILITIES											
Current liabilities											
Bank overdraft	1	45									
Borrowing	4	11,527	10,564	95	11,000	11,000	11,000	-	11,572	12,174	12,807
Consumer deposits		130	61	61	150	150	150		158	166	175
Trade and other payables	4	28,568	27,222	31,627	25,000	25,000	25,000	3,121	26,300	27,668	29,106
Provisions		3,869	4,651	5,662	4,500	4,500	4,500	33	4,734	4,980	5,239
Total current liabilities		44,138	42,498	37,445	40,650	40,650	40,650	3,154	42,764	44,988	47,327
Non current liabilities											
Borrowing		1,984	1,926	1,952	2,000	2,000	2,000	-	2,104	2,213	2,329
Provisions		6,274	6,993	7,408	7,000	7,000	7,000	-	7,364	7,747	8,150
Total non current liabilities		8,258	8,919	9,359	9,000	9,000	9,000	-	9,468	9,960	10,478
TOTAL LIABILITIES		52,396	51,417	46,804	49,650	49,650	49,650	3,154	52,232	54,948	57,805
NET ASSETS	5	343,908	380,037	420,894	473,122	473,122	473,122	21,925	497,724	523,606	550,833
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		343,908	380,037	420,894	473,122	473,122	473,122	21,925	497,724	523,606	550,833
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	343,908	380,037	420,894	473,122	473,122	473,122	21,925	497,724	523,606	550,833

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 80) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. 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 informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

EC154 Port St Johns - Table A7 Budgeted Cash Flows

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
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		2,135	5,113	5,876	11,700	10,000	10,000		8,416	8,854	8,278
Service charges		317	260	430	100	600	600	29	1,000	1,052	1,107
Other revenue		1,085	23,367	14,216	26,928	1,480	1,480	13,757	22,595	23,770	26,042
Government - operating	1	130,318	149,933	173,869	130,627	130,173	130,173	57,331	142,974	152,331	164,311
Government - capital	1				60,339	60,339	60,339	16,049	83,420	80,925	69,987
Interest		1,059	1,784	3,837	4,700	2,000	2,000	0	3,052	3,211	3,378
Dividends									-	-	-
Payments											
Suppliers and employees		(86,895)	(123,795)	(127,991)	(155,951)	(211,615)	(211,615)	(37,805)	(225,629)	(218,736)	(241,617)
Finance charges		(7,151)	(1)	(5)	(350)	(350)	(350)		(368)	(387)	(407)
Transfers and Grants	1	(618)			(8,050)	(8,050)	(8,050)	(160)	(8,469)	(8,909)	(9,372)
NET CASH FROM/(USED) OPERATING ACTIVITIES		40,250	56,662	70,232	70,043	(15,423)	(15,423)	49,201	26,991	42,111	21,706
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			466						-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables							1,594		-	-	-
Decrease (Increase) in non-current investments							(60,349)		-	-	-
Payments											
Capital assets		(25,744)	(20,331)	(51,469)	(70,043)	(70,044)	(70,044)		(66,969)	(50,537)	(52,485)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(25,744)	(19,865)	(51,469)	(70,043)	(70,044)	(70,044)	(58,755)	(66,969)	(50,537)	(52,485)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(19,570)	(9,150)	(6,454)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(19,570)	(9,150)	(6,454)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(5,064)	27,646	12,309	-	(85,467)	(85,467)	(9,553)	(39,978)	(8,427)	(30,779)
Cash/cash equivalents at the year begin:	2	14,711	9,647	37,294	5,000	5,000	5,000	5,378	50,000	10,022	1,595
Cash/cash equivalents at the year end:	2	9,647	37,294	49,602	5,000	(80,467)	(80,467)	(4,175)	10,022	1,595	(29,184)

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less
3. The MTREF is populated directly from SA30.

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC154 Port St Johns - Table A8 Cash backed reserves/accumulated surplus reconciliation

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
Cash and investments available											
Cash/cash equivalents at the year end	1	9,647	37,294	49,602	5,000	(80,467)	(80,467)	(4,175)	10,022	1,595	(29,184)
Other current investments > 90 days		(0)	-	-	111,060	196,527	196,527	26,343	112,074	126,849	164,307
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		9,647	37,294	49,602	116,060	116,060	116,060	22,168	122,095	128,444	135,123
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	21,380	1,833	19,988	10,134	10,668	10,668	1,311	10,494	11,040	11,613
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		21,380	1,833	19,988	10,134	10,668	10,668	1,311	10,494	11,040	11,613
Surplus(shortfall)		(11,733)	35,460	29,614	105,926	105,392	105,392	20,857	111,601	117,404	123,510

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality has increased over the 2014/15 to 2016/17 period.
4. The approved 2017/18 MTREF provide for a further net decrease in cash of R44 million for the 2017/18 financial year resulting in an overall projected negative cash position of R80 million at year end.
5. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R10 million as at the end of the 2018/19 financial year and escalates to R1.5 million by 2019/20.

Explanatory notes to Table A8 - 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. In essence the table evaluates 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. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2017/18 to 2014/15 the deficit deteriorated from R11 million to a surplus of R29 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF was funded because it shows a surplus of R105 million .
7. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to progressively move from a surplus of R105 million in 2017/18 to a surplus of R111 million by 2018/19.

Table 20 MBRR Table A9 - Asset Management

EC154 Port St Johns - Table A9 Asset Management

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
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	43,029	30,812	51,931	70,044	65,889	65,889	93,744	84,317	73,556
<i>Roads Infrastructure</i>		40,302	28,248	45,081	36,380	36,380	36,380	38,480	34,345	36,116
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	23,775	33,780	21,071
<i>Electrical Infrastructure</i>		-	-	-	18,000	18,000	18,000	25,940	12,800	12,800
Infrastructure		40,302	28,248	45,081	54,380	54,380	54,380	88,195	80,925	69,987
Community Facilities		-	-	133	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	133	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		341	322	-	-	-	-	1,900	421	443
Housing		-	-	-	-	-	-	-	-	-
Other Assets		341	322	-	-	-	-	1,900	421	443
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	20	375	375	273	287	302
Furniture and Office Equipment		662	805	1,010	2,602	308	308	305	295	310
Machinery and Equipment		1,724	1,437	5,708	13,042	10,825	10,825	3,072	2,390	2,514
Total Capital Expenditure	4	40,302	28,248	45,081	54,380	54,380	54,380	88,195	80,925	69,987
<i>Roads Infrastructure</i>		40,302	28,248	45,081	36,380	36,380	36,380	38,480	34,345	36,116
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	23,775	33,780	21,071
<i>Electrical Infrastructure</i>		-	-	-	18,000	18,000	18,000	25,940	12,800	12,800
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		40,302	28,248	45,081	54,380	54,380	54,380	88,195	80,925	69,987
Community Facilities		-	-	133	-	-	-	-	-	-
Community Assets		-	-	133	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		341	322	-	-	-	-	1,900	421	443
Housing		-	-	-	-	-	-	-	-	-
Other Assets		341	322	-	-	-	-	1,900	421	443
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	20	375	375	273	287	302
Furniture and Office Equipment		662	805	1,010	2,602	308	308	305	295	310
Machinery and Equipment		1,724	1,437	5,708	13,042	10,825	10,825	3,072	2,390	2,514
TOTAL CAPITAL EXPENDITURE - Asset class		43,029	30,812	51,931	70,044	65,889	65,889	93,744	84,317	73,556
ASSET REGISTER SUMMARY - PPE (WDV)										
<i>Roads Infrastructure</i>	5	249,050	264,199	286,852	436,531	429,089	429,089	451,402	474,875	499,568
<i>Storm water Infrastructure</i>		-	-	-	18,000	18,000	18,000	25,940	12,800	12,800
<i>Electrical Infrastructure</i>		-	-	-	1,501	8,943	8,943	9,408	9,897	10,412
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		249,050	264,199	286,852	456,032	456,032	456,032	486,750	497,572	522,780
Community Facilities		10,210	9,803	9,449	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		10,210	9,803	9,449	-	-	-	-	-	-
Non-revenue Generating		11,461	11,461	11,461	-	-	-	-	-	-
Investment properties		11,461	11,461	11,461	-	-	-	-	-	-
Operational Buildings		97,840	96,873	98,993	8,222	8,422	8,422	8,859	9,320	9,805
Housing		-	-	-	-	-	-	-	-	-
Other Assets		97,840	96,873	98,993	8,222	8,422	8,422	8,859	9,320	9,805
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	368,561	382,336	406,755	464,254	464,454	464,454	495,609	506,892	532,585
EXPENDITURE OTHER ITEMS										
Depreciation	7	-	(28,821)	(26,383)	39,290	39,290	39,290	39,290	41,712	43,881
Repairs and Maintenance by Asset Class	3	2,320	2,160	3,373	5,841	5,841	5,841	3,874	4,075	5,453
<i>Roads Infrastructure</i>		-	-	684	4,250	4,250	4,250	684	719	1,093
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	19	-	-	-	200	210	320
Infrastructure		-	-	704	4,250	4,250	4,250	884	930	1,413
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		670	2,160	1,382	-	-	-	896	942	991
Housing		-	-	-	-	-	-	-	-	-
Other Assets		670	2,160	1,382	-	-	-	896	942	991
Furniture and Office Equipment		35	-	105	60	60	60	42	44	51
Machinery and Equipment		1,615	-	1,183	1,531	1,531	1,531	1,972	2,075	2,901
TOTAL EXPENDITURE OTHER ITEMS		2,320	(26,661)	(23,010)	45,131	45,131	45,131	43,164	45,787	49,334

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality does not meet both these recommendations due to availability of funds only 2% of repairs and maintenance we have managed provide.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF.

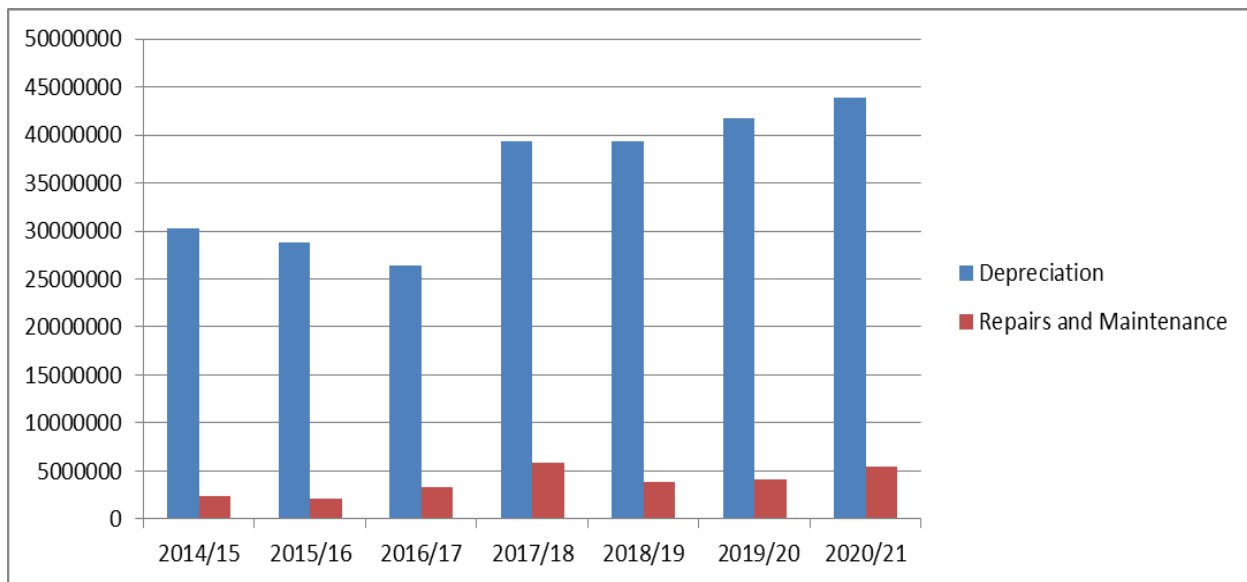


Figure 3 Depreciation in relation to repairs and maintenance over the MTREF

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

EC154 Port St Johns - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732	23,732
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		2,000,000	3,500,000	3,500,000	3,000,000	3,000,000	3,000,000	4,208,000	4,426,816	4,657,010
Electricity - prepaid (< min. service level)		-	-	-	2,000,000	2,230,000	2,230,000	1,293,360	1,360,615	1,431,367
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		2,000,000	3,500,000	3,500,000	5,000,000	5,230,000	5,230,000	5,501,360	5,787,431	6,088,377
Total number of households	5	2,000,000	3,500,000	3,500,000	5,000,000	5,230,000	5,230,000	5,501,360	5,787,431	6,088,377
Refuse:										
Removed at least once a week		425	425	425	425	425	425	425	425	425
<i>Minimum Service Level and Above sub-total</i>		425	425	425	425	425	425	425	425	425
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	425	425	425	425	425	425	425	425	425
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided		-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
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		-	-	-	-	-	-	2,104	2,213	3,364
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
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	6	-	-	-	-	-	-	2,104	2,213	3,364

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs:
 - a. Refuse services – backlog will be reduced by 425 households in 2018/19, and a further 425 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
 - b. It should be noted that our municipality is surrounded by rural area, refuse is only collected in the Port st Johns Municipality town and surrounding areas.
3. The budget provides for 30 000 households to be registered as indigent in 2018/19, and therefore entitled to receiving Free Basic Services. The number is set to increase due to that the municipality is in the process of reviewing their indigent register.
4. It is anticipated that these Free Basic Services will cost the municipality R5,5 million in 2018/19, increasing to R6 million in 2020/21. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

15.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

15.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 30 August 2017. Key dates applicable to the process were:

- **August 2017** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2018/19 MTREF;
- **November 2017** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **1 to 2 February 2018** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **February 2018** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 February 2018** - Council considers the 2017/18 Mid-year Review and Adjustments Budget;
- **February 2018** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2018/19 MTREF is revised accordingly;
- **28 March 2018** - Tabling in Council of the draft 2018/19 IDP and 2018/19 MTREF for public consultation;
- **April 2018** – Public consultation;
- **16 May 2018** - Closing date for written comments;
- **25 May 2018** – finalisation of the 2018/19 IDP and 2018/19 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **30 May 2018** - Tabling of the 2018/19 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council due to labour disputes happened in December to February 2018.

15.3 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP as adopted by Council in May 2017. It started in September 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2018/19 MTREF in August.

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly

inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

15.4 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/19 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, household debt, migration patterns)
- Performance trends
- The approved 2017/18 adjustments budget and performance against the SDBIP
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

15.5 Community Consultation

The draft 2018/19 MTREF as tabled before Council on 28 March 2018 for community consultation was published on the municipality's website, and hard copies were made available at customer care offices, municipal notice boards and various libraries. In addition a further development of this year's consultation process included the launch of E-based consultation. E-

mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 02 to 09 March 2018, and included four public briefing sessions. The applicable dates and venues were published in all the local newspapers and on average attendance of 50 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2018/19 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially waste removal backlogs and the state of road infrastructure;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- Remuneration packages of council officials were criticized as being very high, relative their private sector counterparts within the municipality;
- The affordability of tariff increases, especially property rates, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
- Pensioners cannot afford the tariff increases due to low annual pension increases however there is a rebate that the municipality is offering to the pensioners; and
- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

15.6 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure the municipality's strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its

IDP. The following table highlights the IDP's five strategic objectives for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

2017/18 Financial Year	2018/19 MTREF
1.1 To have an effective and compliant Spatial planning and land use management by June 2018 1.2 To create and sustain an Integrated, quality Human Settlements by June 2018	1.1 To have an effective and compliant Spatial planning and land use management by June 2019 1.2 To create and sustain an Integrated, quality Human Settlements by June 2019
2.1 Ensure universal access to adequate, reliable and basic infrastructure for all by June 2018 2.2 To enhance the state of Municipal Infrastructure by June 2018 To have an Improved and adequate provision of Social and community development Services by June 2018 2.3 Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2018 2.4 Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2018 2.5 To leverage public and private sector resources for economic infrastructure development by June 2018	2.1 Ensure universal access to adequate, reliable and basic infrastructure for all by June 2018 To enhance the state of Municipal Infrastructure by June 2019 2.2 To have an Improved and adequate provision of Social and community development Services by June 2019 2.3 Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2019 2.4 Facilitate provision of water services and reduction of sanitation backlog and provide decent sanitation by June 2019 2.5 To leverage public and private sector resources for economic infrastructure development by June 2019
3.1 To Ensure effective revenue management by June 2022 3.2 To ensure effective expenditure management by June 2018 3.3 To ensure adherence to all Supply Chain and asset Management Prescripts by 2018 3.4 Ensure effective monitoring of compliance in relation to management of payroll, employee benefits and allowances by June 2018 3.5 To generate revenue through municipal facilities and properties by June 2018	3.1 To Ensure effective revenue management by June 2022 3.2 To ensure effective expenditure management by June 2018 3.3 To ensure adherence to all Supply Chain and asset Management Prescripts by 2019 Ensure effective monitoring of compliance in relation to management of payroll, employee benefits and allowances by June 2019 To generate revenue through municipal facilities and properties by June 2019 3.5 To generate revenue through municipal facilities and properties by June 2019
4.1 To promote and enhance development of productive sectors focusing on agriculture, tourism, ocean economy by June 2018 4.2 Increased economic activity by June 2018 4.3 Reduced unemployment by June 2018	4.1 To promote and enhance development of productive sectors focusing on agriculture, tourism, ocean economy by June 2019 Increased economic activity by June 2019 4.2 Increased economic activity by June 2019 4.3 Reduced unemployment by June 2019

5.1 To have a fully compliant municipality by June 2018	5.1 To have a fully compliant municipality by June 2019
5.2 To promote a culture of participation, civic responsibility and good governance and active citizenry by June 2018	5.2 To promote a culture of participation, civic responsibility and good governance and active citizenry by June 2019
5.3 Promote knowledge and awareness both internal and external by June 2018	5.3 Promote knowledge and awareness both internal and external by June 2019
5.4 To ensure effective and efficient functioning of special programmes by June 2018	5.4 To ensure effective and efficient functioning of special programmes by June 2019
6.1 Increased institutional capacity and transformation by June 2018	6.1 Increased institutional capacity and transformation by June 2019
6.2 To promote sound and conducive labour relations in the workplace by June 2018	6.2 To promote sound and conducive labour relations in the workplace by June 2018
6.3 Optimized systems, procedures and processes by June 2018	6.3 Optimized systems, procedures and processes by June 2019
6.4 Increased institutional and individual performance by June 2018	6.4 Increased institutional and individual performance by June 2019

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. **Spatial planning:**
 - o Improved access to basic services.
2. **Basic Service Delivery:**
 - o Improved access to basic services;
3. **Financial Viability & management:**
 - o Improve Municipal Financial and Administrative Capability;
4. **Local economic Development:**
 - o Implementation of Community works Programme and supported Cooperatives.
5. **Good governance and Public Participation:**
 - o Deepen Democracy through a refines Ward Committee System
6. **Municipal transformation and institutional development**
 - o Implement a differential approach to Municipal Financing, planning and support;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC154 Port St Johns - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	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
R thousand												
MUNICIPAL COUNCIL							29,501	20,471	20,471	22,092	24,343	26,220
MAYOR'S OFFICE												
OFFICE OF THE SPEAKER												
MUNICIPAL MANAGER'S OFFICE								9,030	9,030	9,745	10,738	11,566
BUDGET AND TREASURY OFFICE				108,933	134,983	144,301	63,120	27,222	27,222	47,794	51,242	54,545
COMMUNITY SERVICES				936	856	804	11,103	11,603	11,603	13,313	14,391	15,459
CORPORATE SERVICES				1,333	1,028			5,596	5,596	6,039	6,654	7,167
LOCAL ECONOMIC DEVELOPMENT				3,650		99	8,200	8,200	8,200	8,849	9,751	10,503
INFRASTRUCTURAL ENGINEERING				38,117	25,427	49,781	122,470	122,470	122,470	153,625	153,023	147,643
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	152,969	162,294	194,985	234,394	204,592	204,592	261,457	270,143	273,103

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC154 Port St Johns - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	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
MUNICIPAL COUNCIL				26,563	30,077	38,288	56,439	34,425	34,425	36,573	38,202	44,072
MAYOR'S OFFICE												
OFFICE OF THE SPEAKER												
MUNICIPAL MANAGER'S OFFICE										25,186	25,981	27,485
BUDGET AND TREASURY OFFICE				53,410	55,282	57,721	58,940	40,328	40,328	40,977	43,162	56,998
COMMUNITY SERVICES				17,048	11,162	23,008	28,511	23,940	23,940	28,469	30,192	32,227
CORPORATE SERVICES				19,052	15,995	12,694		14,548	14,548	15,888	16,897	17,971
LOCAL ECONOMIC DEVELOPMENT				11,980	15,615	10,109	18,565	17,148	17,148	19,430	20,154	21,347
INFRASTRUCTURAL ENGINEERING				12,221	13,704	12,307	110,452	137,304	137,304	145,346	140,294	151,686
Allocations to other priorities												
Total Expenditure			1	140,274	141,835	154,128	272,906	267,693	267,693	311,869	314,881	351,786

Table 25 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC154 Port St Johns - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	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
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 2 - vote name										
Function 1 - (name)										
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Sub-function 3 - (name)										
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Vote 3 - vote name										
Function 1 - (name)										
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Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

15.7 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

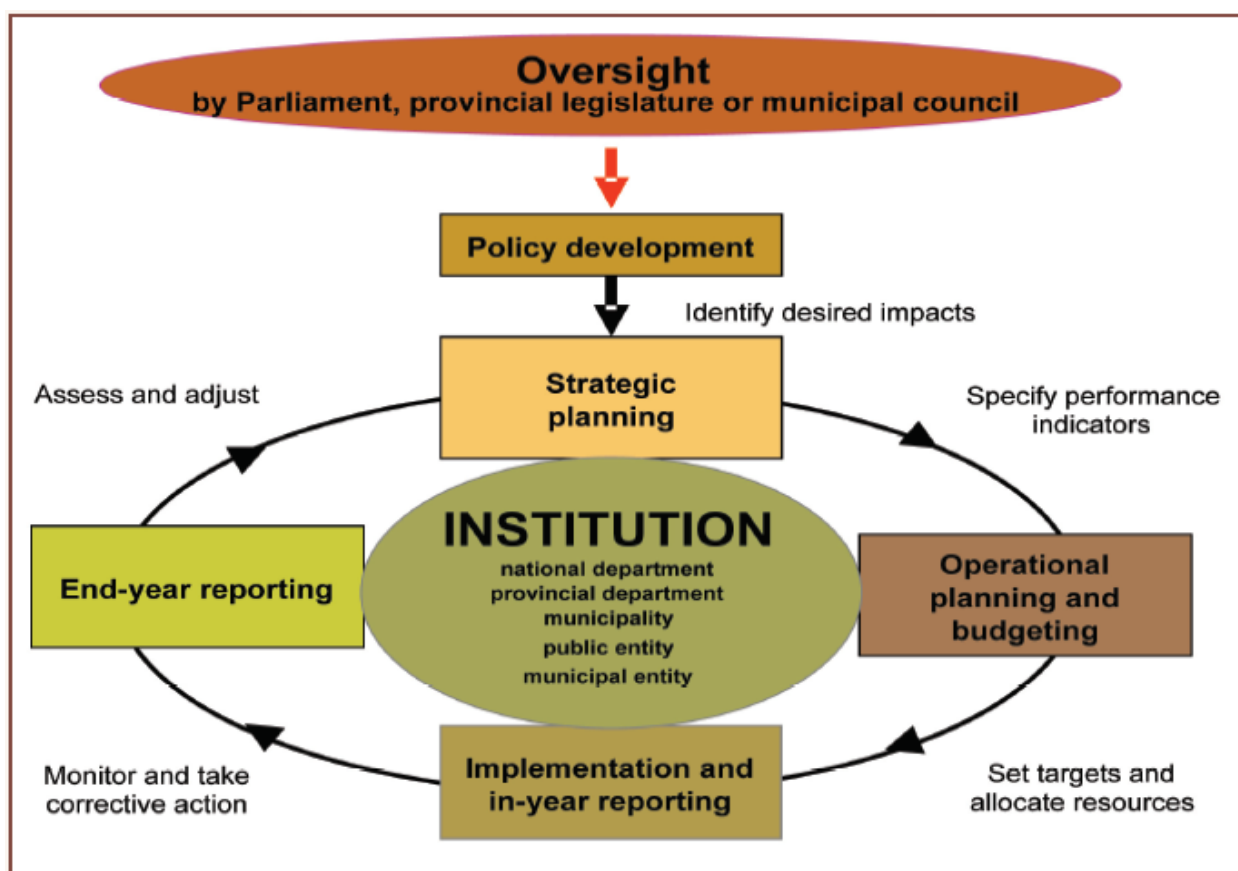


Figure 4 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);

- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

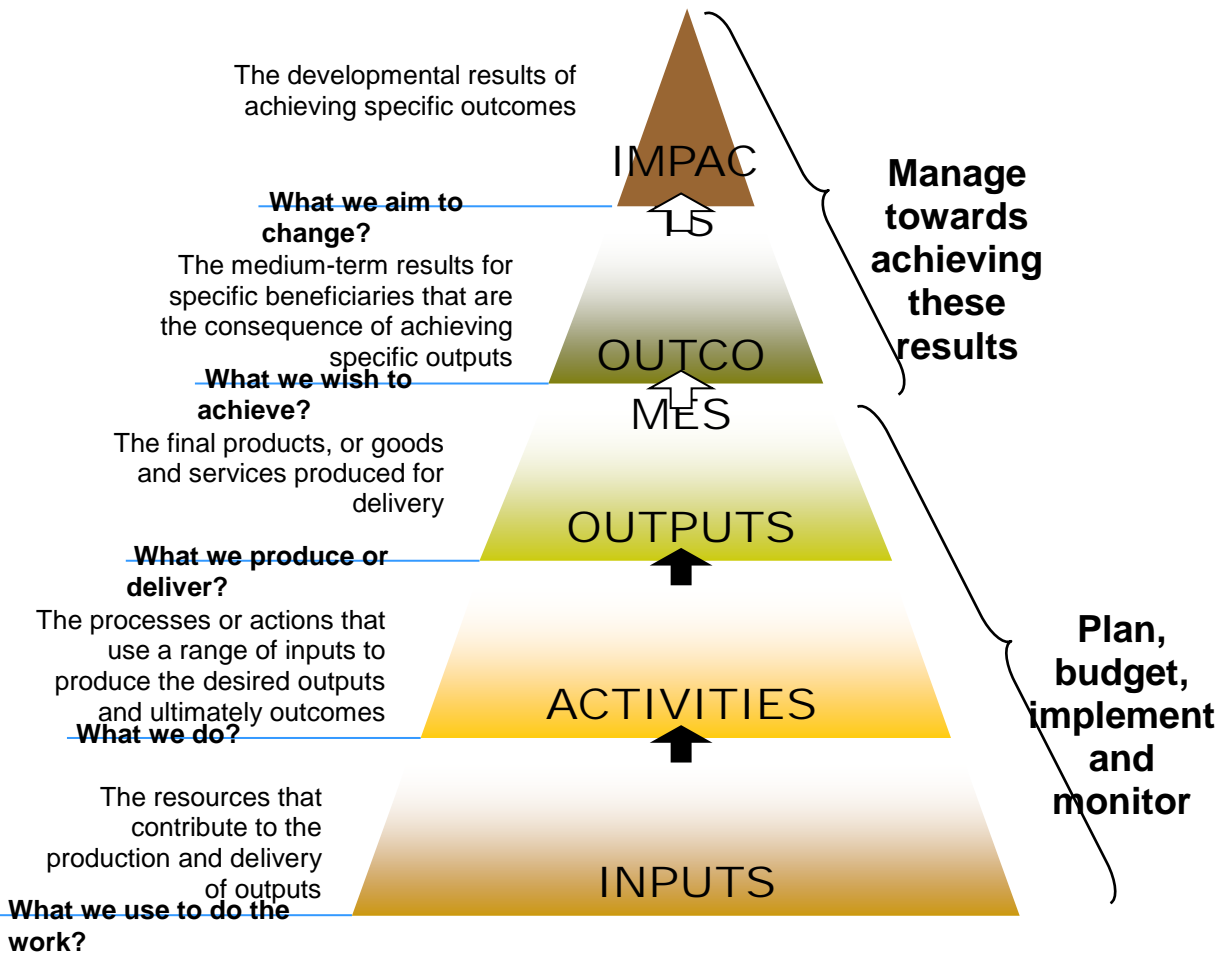


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 26 MBRR Table SA7 - Measurable performance objectives

EC154 Port St Johns - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	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
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
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Function 2 - (name)										
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Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

EC154 Port St Johns - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	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
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	16.6%	7.6%	5.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	246.5%	82.9%	37.7%	0.8%	2.5%	2.5%	2.5%	1.1%	1.1%	1.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	0.6	1.2	1.6	3.3	3.3	3.3	7.6	3.3	3.3	3.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.6	1.2	1.6	3.3	3.3	3.3	7.6	3.3	3.3	3.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.2	0.9	1.3	2.9	2.9	2.9	7.0	2.9	2.9	2.9
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		52.3%	71.7%	71.7%	100.0%	100.0%	100.0%	15.3%	100.0%	100.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			52.3%	71.7%	71.7%	100.0%	100.0%	0.3%	100.0%	100.0%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		15.1%	7.5%	7.0%	8.9%	10.8%	10.8%	1.2%	9.2%	9.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments			296.1%	73.0%	63.8%	500.0%	-31.1%	-31.1%	-74.8%	262.4%	1734.7%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.0%	36.4%	40.8%	41.0%	48.9%	48.9%	48.9%	40.0%	40.1%	43.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	44.8%	37.1%	46.7%	41.0%	49.5%	49.5%		49.7%	49.8%	53.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.0%	1.6%	2.3%	3.4%	4.0%	4.0%		2.2%	2.2%	2.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	29.2%	21.2%	19.2%	22.8%	27.5%	27.5%	27.5%	23.6%	23.4%	32.5%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	0.9	1.3	4.5	21.7	21.7	21.7	4.6	10.9	10.9	11.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	369.3%	137.7%	115.2%	130.1%	146.1%	146.1%	16.2%	163.8%	163.8%	180.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.8	5.3	6.2	0.4	(5.9)	(5.9)	(0.3)	0.7	0.1	(1.7)

15.8 Performance indicators and benchmarks

15.9 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/19 MTREF the current ratio is 3.27 in the 2018/19 financial year and 3.27 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/18 financial year the ratio was 0.46 and as part of the financial planning strategy it has been increased to 0.8 in the 2018/19 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality.

15.10 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

15.11 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

15.12 Free Basic Services: basic social services package for indigent households

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Port st Johns Municipality's Indigent Policy. The target is to register 30 000 or more indigent households during the 2018/19 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 34.

The cost of the social package of the registered indigent households is financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

15.13 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

15.14 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in June 20 17 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 35 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

15.15 Asset Management, Infrastructure and Funding and Reserves Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual

depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

15.15.1 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in June 2017. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

15.16 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy was approved by Council in June 2017.

15.17 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy was amended by Council in June 2017. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

15.18 Long term Financial Planning Policy

The Long term Financial Planning Policy has directly informed the compilation of the 2018/19 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2018/19 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);

- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Indigent Policy;
- Long term financial planning Policy; and

15.19 Overview of budget assumptions

15.20 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

15.21 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 32 per cent of total operating expenditure in the 2018/19 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

The rating definitions are:

15.22 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (35 per cent) of annual billings. Cash flow is assumed to be 35 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

15.23 Growth or decline in tax base of the municipality

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

15.24 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2015 and shall remain in force until 30 June 2017. Municipality has used an assumption of salary increase of 7.36 per cent for the past three years' agreement, at the time of preparing draft budget 2018/19 the collective agreement for 2018/19 has not been issued yet .

15.25 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

15.26 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

15.27 Overview of budget funding

15.28 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

Description	2018/19 Medium Term Revenue & Expenditure Framework					
	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
R thousand						
Revenue By Source						
Property rates	8,416	5%	8,854	5%	8,278	4%
Service charges - refuse revenue	1,000	1%	1,052	1%	1,107	1%
Interest earned	3,052	2%	3,211	2%	4,541	2%
Transfers and subsidies	142,974	80%	152,331	81%	164,311	80%
Other revenue	22,595	13%	23,770	13%	26,043	13%
Total Revenue (excluding capital transfers and contributions)	178,037	100%	189,218	100%	204,280	100%

The following graph is a breakdown of the operational revenue per main category for the 2018/19 financial year.

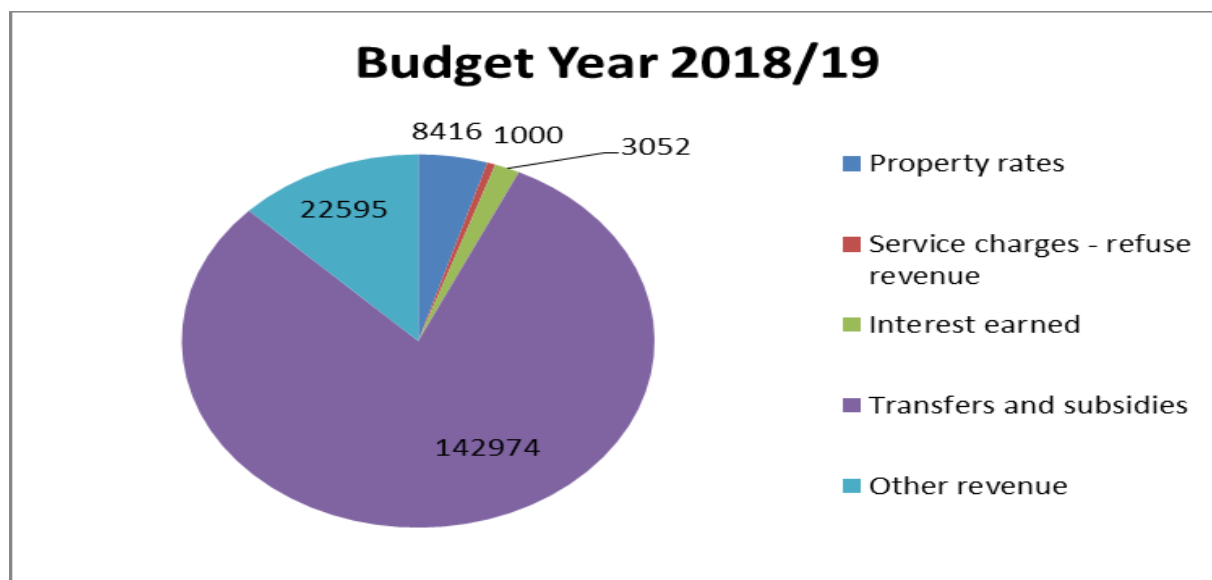


Figure 6 Breakdown of operating revenue over the 2018/19 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and tender documents etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 35 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

15.29 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 29 Sources of capital revenue over the MTREF

R thousand	2018/19 Medium Term Revenue & Expenditure Framework							
	Adjusted Budget	%	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Funded by:								
National Government	52897000	80%	59645000	64%	47145000	56%	48916000	67%
Provincial Government	7442000	11%	26775000	29%	33780000	40%	21071000	29%
District Municipality								
Other transfers and grants								
Transfers recognised - capital	60339000	92%	86420000	92%	80925000	96%	69987000	95%
Public contributions & donations								
Borrowing								
Internally generated funds	5549899	8%	7324452	8%	3392123	4%	3568514	5%
Total Capital Funding	65888899	100%	93744452	100%	84317123	100%	73555514	100%

The above table is graphically represented as follows for the 2018/19 financial year.

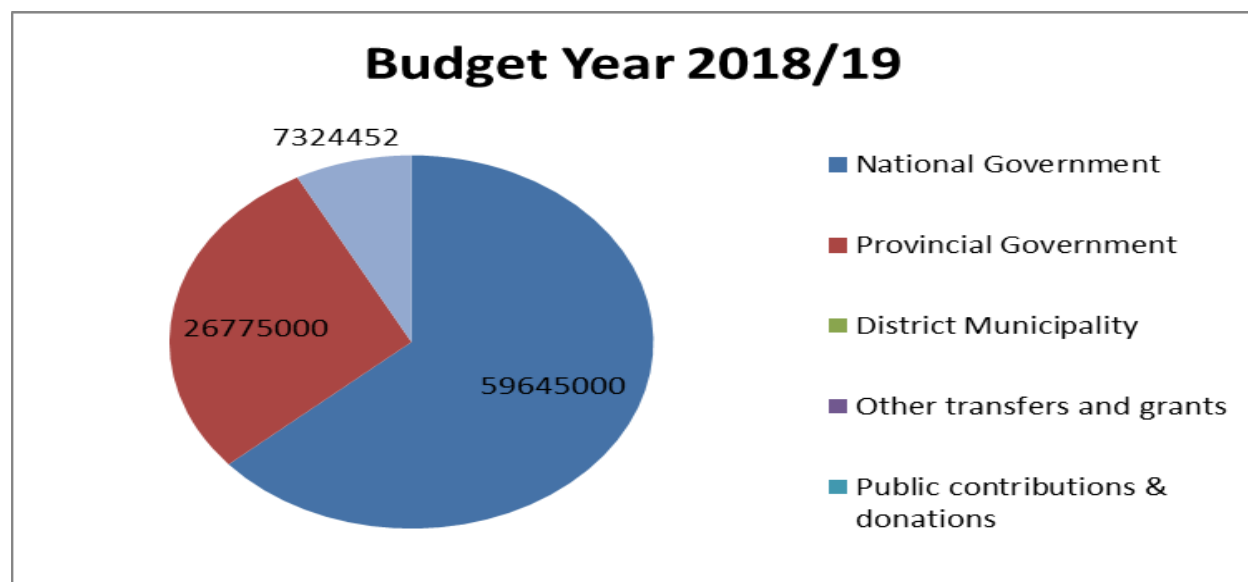


Figure 7 Sources of capital revenue for the 2018/19 financial year

Capital grants and receipts equates to 92 per cent of the total funding source which represents R86 Million for the 2018/19 financial year and steadily increase to R69 Million or 95 per cent by 2020/21 period.

Table 30 MBRR Table SA 18 - Capital transfers and grant receipts

EC154 Port St Johns - Supporting Table SA18 Transfers and grant receipts

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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		88,051	123,866	120,614	129,173	129,173	129,173	142,474	151,996	163,958
Local Government Equitable Share		84,610	120,534	117,662	125,772	125,772	125,772	135,729	149,561	161,091
Finance Management		1,333	1,380	1,825	1,900	1,900	1,900	1,970	2,435	2,867
EPWP Incentive		1,119	1,149	1,000	1,501	1,501	1,501	4,775		
Municipal Systems Improvement		989	803	127						
Provincial Government:		210	100	300	300	300	300	500	335	353
Sport and Recreation		210	100	300	300	300	300	500	335	353
District Municipality:		-	-	2,000	-	700	700	-	-	-
Municipal Support programme				2,000		700	700			
Other grant providers:		-	-	1,010	8,596	7,442	7,442	23,775	33,780	21,071
Financial Management support(Local Government)				1,010	1,154	-	-			
Small Town Revitalisation(Local Government)					7,442	7,442	7,442	23,775	33,780	21,071
Total Operating Transfers and Grants	5	88,261	123,966	123,924	138,069	137,615	137,615	166,749	186,111	185,382
Capital Transfers and Grants										
National Government:		44,539	24,278	49,781	52,897	52,897	52,897	59,645	47,145	48,916
Municipal Infrastructure Grant (MIG)		44,539	24,278	36,781	34,897	34,897	34,897	33,705	34,345	36,116
Integrated National Electrification Programme				13,000	18,000	18,000	18,000	25,940	12,800	12,800
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Municipal Support programme										
Other grant providers:		-	-	-	-	-	-	-	-	-
Financial Management s										
Total Capital Transfers and Grants	5	44,539	24,278	49,781	52,897	52,897	52,897	59,645	47,145	48,916
TOTAL RECEIPTS OF TRANSFERS & GRANTS		132,800	148,244	173,705	190,966	190,512	190,512	226,394	233,256	234,298

15.30 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- (debt).

Table 31 MBRR Table A7 - Budget cash flow statement

EC154 Port St Johns - Table A7 Budgeted Cash Flows

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
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		2,135	5,113	5,876	11,700	10,000	10,000		8,416	8,854	8,278
Service charges		317	260	430	100	600	600	29	1,000	1,052	1,107
Other revenue		1,085	23,367	14,216	26,928	1,480	1,480	13,757	22,595	23,770	26,042
Government - operating	1	130,318	149,933	173,869	130,627	130,173	130,173	57,331	142,974	152,331	164,311
Government - capital	1				60,339	60,339	60,339	16,049	83,420	80,925	69,987
Interest		1,059	1,784	3,837	4,700	2,000	2,000	0	3,052	3,211	3,378
Dividends									-	-	-
Payments											
Suppliers and employees		(86,895)	(123,795)	(127,991)	(155,951)	(211,615)	(211,615)	(37,805)	(225,629)	(218,736)	(241,617)
Finance charges		(7,151)	(1)	(5)	(350)	(350)	(350)		(368)	(387)	(407)
Transfers and Grants	1	(618)			(8,050)	(8,050)	(8,050)	(160)	(8,469)	(8,909)	(9,372)
NET CASH FROM/(USED) OPERATING ACTIVITIES		40,250	56,662	70,232	70,043	(15,423)	(15,423)	49,201	26,991	42,111	21,706
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			466						-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables								1,594	-	-	-
Decrease (Increase) in non-current investments								(60,349)	-	-	-
Payments											
Capital assets		(25,744)	(20,331)	(51,469)	(70,043)	(70,044)	(70,044)		(66,969)	(50,537)	(52,485)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(25,744)	(19,865)	(51,469)	(70,043)	(70,044)	(70,044)	(58,755)	(66,969)	(50,537)	(52,485)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(19,570)	(9,150)	(6,454)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(19,570)	(9,150)	(6,454)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(5,064)	27,646	12,309	-	(85,467)	(85,467)	(9,553)	(39,978)	(8,427)	(30,779)
Cash/cash equivalents at the year begin:	2	14,711	9,647	37,294	5,000	5,000	5,000	5,378	50,000	10,022	1,595
Cash/cash equivalents at the year end:	2	9,647	37,294	49,602	5,000	(80,467)	(80,467)	(4,175)	10,022	1,595	(29,184)

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality has increased over the 2014/15 to 2016/17 period.
4. The approved 2017/18 MTREF provide for a further net decrease in cash of R44 million for the 2017/18 financial year resulting in an overall projected negative cash position of R80 million at year end.
5. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals R10 million as at the end of the 2018/19 financial year and escalates to R1.5 million by 2019/20.

15.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

EC154 Port St Johns - Table A8 Cash backed reserves/accumulated surplus reconciliation

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
Cash and investments available											
Cash/cash equivalents at the year end	1	9,647	37,294	49,602	5,000	(80,467)	(80,467)	(4,175)	10,022	1,595	(29,184)
Other current investments > 90 days		(0)	-	-	111,060	196,527	196,527	26,343	112,074	126,849	164,307
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		9,647	37,294	49,602	116,060	116,060	116,060	22,168	122,095	128,444	135,123
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	21,380	1,833	19,988	10,134	10,668	10,668	1,311	10,494	11,040	11,613
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		21,380	1,833	19,988	10,134	10,668	10,668	1,311	10,494	11,040	11,613
Surplus(shortfall)		(11,733)	35,460	29,614	105,926	105,392	105,392	20,857	111,601	117,404	123,510

- The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
- In essence the table evaluates 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.
- The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
- Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
- From the table it can be seen that for the period 2017/18 to 2014/15 the deficit deteriorated from R11 million to a surplus of R29 million.
- Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2017/18 MTREF was funded because it shows a surplus of R105 million .
- As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
- As can be seen the budget has been modelled to progressively move from a surplus of R105 million in 2017/18 to a surplus of R111 million by 2018/19.

15.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 32 MBRR SA10 – Funding compliance measurement

Description	MFMA section	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
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	9,647	37,294	49,602	5,000	(80,467)	(80,467)	(4,175)	10,022	1,595	(29,184)
Cash + investments at the yr end less applications - R'000	18(1)b	2	(11,733)	35,460	29,614	105,926	105,392	105,392	20,857	111,601	117,404	123,510
Cash year end/monthly employee/supplier payments	18(1)b	3	1.8	5.3	6.2	0.4	(5.9)	(5.9)	(0.3)	0.7	0.1	(1.7)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	53.9%	11.3%	28.2%	(16.2%)	(6.0%)	(6.0%)	(17.2%)	(0.8%)	(11.3%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	41.0%	244.9%	114.2%	95.8%	92.4%	92.4%	105.4%	96.8%	96.8%	96.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	82.1%	25.6%	34.9%	73.1%	81.3%	81.3%	81.3%	89.4%	89.4%	143.4%
Capital payments % of capital expenditure	18(1)c:19	8	59.3%	65.3%	98.6%	100.0%	106.3%	106.3%	0.0%	71.4%	59.9%	71.4%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(40.9%)	(1.7%)	52.3%	0.0%	0.0%	(88.9%)	5.2%	5.2%	5.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(v)	13	0.6%	0.6%	0.9%	1.5%	1.5%	1.5%	324.5%	1.0%	1.0%	1.2%
Asset renewal % of capital budget	20(1)(v)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

15.31 Cash/cash equivalent position

The municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2018/19 MTREF shows R10 million, R1.5 million and -R29 million for each respective financial year.

15.32 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 30. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

15.33 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2007/08 to 2018/19, moving from 0.9 to (0.1) with the adopted 2018/19 MTREF. As part of the 2018/19 MTREF the municipalities improving cash position causes the ratio to move upwards to 1.0 and then reduces slightly to 0.9 for the outer years. As indicated above the municipality's aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

15.34 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2018/19 MTREF the indicative outcome is a surplus of R50 million, R44 million and R78 million.

15.35 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 15.8, 5.2 and 6.5 per cent for the respective financial year of the 2018/19 MTREF.

15.36 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 96.8, 96.8 and 96.8 per cent for each of the respective financial years. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be

positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

15.37 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 89.4, 89.4 and 143.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

15.38 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 71.4 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

15.39 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0, 0 and 0 per cent of own funded capital.

15.40 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

15.41 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the municipality's policy of settling debtors accounts within 30 days.

15.42 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the municipality's strategy

pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 81.

15.43 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 80.

15.44 Expenditure on grants and reconciliations of unspent funds

Table 33 MBRR SA19 - Expenditure on transfers and grant programmes

EC154 Port St Johns - Supporting Table SA19 Expenditure on transfers and grant programme

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
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		88,051	123,866	120,614	129,173	129,173	129,173	142,474	151,996	163,958
Local Government Equitable Share		84,610	120,534	117,662	125,772	125,772	125,772	135,729	149,561	161,091
Finance Management		1,333	1,380	1,825	1,900	1,900	1,900	1,970	2,435	2,867
EPWP Incentive		1,119	1,149	1,000	1,501	1,501	1,501	4,775		
Municipal Systems Improvement		989	803	127						
0										
Provincial Government:		210	100	300	300	300	300	500	335	353
Sport and Recreation		210	100	300	300	300	300	500	335	353
0										
District Municipality:		-	-	2,000	-	700	700	-	-	-
Municipal Support programme				2,000		700	700			
Other grant providers:		-	-	1,010	8,596	7,442	7,442	23,775	33,780	21,071
Financial Management support(Local Government)				1,010	1,154	-	-			
Small Town Revitalisation(Local Government)					7,442	7,442	7,442	23,775	33,780	21,071
Total operating expenditure of Transfers and Grants		88,261	123,966	123,924	138,069	137,615	137,615	166,749	186,111	185,382
Capital expenditure of Transfers and Grants										
National Government:		44,539	24,278	49,781	52,897	52,897	52,897	59,645	47,145	48,916
Municipal Infrastructure Grant (MIG)		44,539	24,278	36,781	34,897	34,897	34,897	33,705	34,345	36,116
0										
Intergrated National Eletrification Programme				13,000	18,000	18,000	18,000	25,940	12,800	12,800
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
Municipal Support programme										
Other grant providers:		-	-	-	-	-	-	-	-	-
Financial Management s										
Total capital expenditure of Transfers and Grants		44,539	24,278	49,781	52,897	52,897	52,897	59,645	47,145	48,916
TOTAL EXPENDITURE OF TRANSFERS AND GRAN		132,800	148,244	173,705	190,966	190,512	190,512	226,394	233,256	234,298

Table 34 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC154 Port St Johns - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

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
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

15.45 Councillor and employee benefits

Table 35 MBRR SA22 - Summary of councillor and staff benefits

EC154 Port St Johns - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	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
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		7,133	1,544	1,652	8,255	8,255	8,255	12,863	13,723	14,642
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		2,321	2,574	2,754	2,538	2,538	2,538	2,725	2,926	3,141
Cellphone Allowance		510	510	546	510	510	510	1,710	1,836	1,971
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		9,965	4,629	4,953	11,303	11,303	11,303	17,297	18,484	19,754
% increase	4		(53.6%)	7.0%	128.2%	-	-	53.0%	6.9%	6.9%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		1,500	4,968	5,316	7,663	7,663	7,663	9,635	10,292	12,173
Pension and UIF Contributions		11	275	294	197	197	197			
Medical Aid Contributions										
Overtime										
Performance Bonus								932	997	1,141
Motor Vehicle Allowance	3	4,501	1,181	1,264	1,518	1,518	1,518	148	159	171
Cellphone Allowance	3							245	908	1,069
Housing Allowances	3		99	106				30	32	34
Other benefits and allowances	3		409	438	932	932	932	245	264	283
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		6,012	6,933	7,418	10,309	10,309	10,309	11,235	12,652	14,871
% increase	4		15.3%	7.0%	39.0%	-	-	9.0%	12.6%	17.5%
Other Municipal Staff										
Basic Salaries and Wages		20,938	23,032	42,752	49,797	49,797	49,797	44,038	46,208	54,157
Pension and UIF Contributions		5,871	6,458	5,651				9,311	9,929	11,485
Medical Aid Contributions		3,817	4,199	4,447				4,893	5,213	6,130
Overtime		3,050	3,356	684				571	602	688
Performance Bonus										
Motor Vehicle Allowance	3	815	897							
Cellphone Allowance	3							850	908	1,069
Housing Allowances	3	215	236					116	125	134
Other benefits and allowances	3	218	239	1,958						
Payments in lieu of leave		106	116							
Long service awards		961	1,057					152	163	175
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		35,991	39,590	55,490	49,797	49,797	49,797	59,931	63,148	73,838
% increase	4		10.0%	40.2%	(10.3%)	-	-	20.4%	5.4%	16.9%
Total Parent Municipality		51,967	51,151	67,861	71,409	71,409	71,409	88,464	94,284	108,463
			(1.6%)	32.7%	5.2%	-	-	23.9%	6.6%	15.0%
TOTAL SALARY, ALLOWANCES & BENEFITS		51,967	51,151	67,861	71,409	71,409	71,409	88,464	94,284	108,463
% increase	4		(1.6%)	32.7%	5.2%	-	-	23.9%	6.6%	15.0%
TOTAL MANAGERS AND STAFF	5,7	42,003	46,523	62,909	60,106	60,106	60,106	71,166	75,800	88,709

Table 36 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

EC154 Port St Johns - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		493,779		152,401			646,179
Chief Whip			463,805		142,876			606,681
Executive Mayor			617,223		190,501			807,724
Deputy Executive Mayor								-
Executive Committee			2,053,597		1,250,055			3,303,652
Total for all other councillors			5,234,123		2,699,074			7,933,198
Total Councillors	8	-	8,862,527	-	4,434,906			13,297,433
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,413,482		633,315	182,000		2,228,798
Chief Finance Officer			1,406,354		244,929	150,000		1,801,283
Senior Manager Local Economic Development			1,406,354		244,929	150,000		1,801,283
Senior Manager Corporate services			1,406,354		244,929	150,000		1,801,283
Senior Manager Community services			1,406,354		244,929	150,000		1,801,283
Senior Mnager Engineering			1,406,354		244,929	150,000		1,801,283
Total Senior Managers of the Municipality	8,10	-	8,445,251	-	1,857,962	932,000		11,235,213

Table 37 MBRR SA24 – Summary of personnel numbers

EC154 Port St Johns - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		39		39	39		39	39		39
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6		6	6		6	6		6
Other Managers	7	15	5		15	5		15	5	
Professionals		29	12	3	29	12	3	28	12	3
<i>Finance</i>		26	9	3	26	9	3	26	10	3
<i>Spatial/town planning</i>		1	1		1	1		1	1	
<i>Information Technology</i>		2	2		2	2		1	1	
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Technicians		30	24	-	30	24	-	28	22	-
<i>Finance</i>		2	2		2	2				
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>		28	22		28	22		28	22	
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Clerks (Clerical and administrative)		102	58		102	58		102	58	12
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		34	29		34	29		34	29	
Elementary Occupations		89	74		89	74		89	74	
TOTAL PERSONNEL NUMBERS	9	344	202	48	344	202	48	341	200	60
% increase					-	-	-	(0.9%)	(1.0%)	25.0%

15.46 Monthly targets for revenue, expenditure and cash flow

Table 38 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source																
Property rates		701	701	701	701	701	701	701	701	701	701	701	701	8,416	8,854	8,278
Service charges - refuse revenue		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,052	1,107
Service charges - other														-	-	-
Rental of facilities and equipment		46	46	46	46	46	46	46	46	46	46	46	46	550	579	609
Interest earned - external investments		167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,104	2,213
Interest earned - outstanding debtors		88	88	88	88	88	88	88	88	88	88	88	88	1,052	1,107	1,164
Dividends received														-	-	-
Fines, penalties and forfeits		18	18	18	18	18	18	18	18	18	18	18	18	210	221	233
Licences and permits		8	8	8	8	8	8	8	8	8	8	8	8	100	105	111
Agency services														-	-	-
Transfers and subsidies		11,623	11,623	11,623	11,623	11,623	11,623	11,623	11,623	11,623	11,623	11,623	15,123	142,974	152,331	164,311
Other revenue		1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	21,735	22,865	25,090
Gains on disposal of PPE														-	-	-
Total Revenue (excluding capital transfers and contributions)		14,545	14,545	14,545	14,545	14,545	14,545	14,545	14,545	14,545	14,545	14,545	18,045	178,037	189,218	203,116
Expenditure By Type																
Employee related costs		5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	71,166	75,800	88,709
Remuneration of councillors		1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	17,297	18,484	19,754
Debt impairment		701	701	701	701	701	701	701	701	701	701	701	701	8,416	8,854	13,458
Depreciation & asset impairment		3,476	3,476	3,476	3,476	3,476	3,476	3,476	3,476	3,476	3,476	3,476	3,476	41,712	43,881	65,508
Finance charges		31	31	31	31	31	31	31	31	31	31	31	31	368	387	407
Bulk purchases														-	-	-
Other materials														-	-	-
Contracted services		1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	13,423	14,121	15,347
Transfers and subsidies		706	706	706	706	706	706	706	706	706	706	706	706	8,469	8,909	9,372
Other expenditure		10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	37,587	151,018	144,445	139,231
Loss on disposal of PPE														-	-	-
Total Expenditure		23,716	23,716	23,716	23,716	23,716	23,716	23,716	23,716	23,716	23,716	23,716	50,991	311,869	314,881	351,786
Surplus/(Deficit)		(9,171)	(9,171)	(9,171)	(9,171)	(9,171)	(9,171)	(9,171)	(9,171)	(9,171)	(9,171)	(9,171)	(32,946)	(133,832)	(125,664)	(148,670)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	28,745	83,420	80,925	69,987
Surplus/(Deficit) after capital transfers & contributions		(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(50,412)	(44,739)	(78,683)
Surplus/(Deficit)	1	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(50,412)	(44,739)	(78,683)

Table 39 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote																
Vote 1 - Executive and council		2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	31,837	35,081	37,785
Vote 2 - Budget and treasury Office		3,983	3,983	3,983	3,983	3,983	3,983	3,983	3,983	3,983	3,983	3,983	3,983	47,794	51,242	54,545
Vote 3 - Community services		1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,068	1,568	13,313	14,391	15,459
Vote 4 - Corporate services		503	503	503	503	503	503	503	503	503	503	503	503	6,039	6,654	7,167
Vote 5 - Planning and development		737	737	737	737	737	737	737	737	737	737	737	737	8,849	9,751	10,503
Vote 6 - Engineering services		12,802	12,802	12,802	12,802	12,802	12,802	12,802	12,802	12,802	12,802	12,802	153,625	153,023	147,643	
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		21,746	21,746	21,746	21,746	21,746	21,746	21,746	21,746	21,746	21,746	21,746	22,246	261,457	270,143	273,103
Expenditure by Vote to be appropriated																
Vote 1 - Executive and council		5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	61,759	64,182	71,557
Vote 2 - Budget and treasury Office		3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	3,415	40,977	43,162	56,998
Vote 3 - Community services		2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,831	28,469	30,192	32,227
Vote 4 - Corporate services		1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	1,324	15,888	16,897	17,971
Vote 5 - Planning and development		1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	19,430	20,154	21,347
Vote 6 - Engineering services		12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	145,346	140,294	151,686
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	26,447	311,869	314,881	351,786
Surplus/(Deficit) before assoc.		(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(50,412)	(44,739)	(78,683)
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(4,201)	(50,412)	(44,739)	(78,683)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
<i>Governance and administration</i>		7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	85,670	92,978	99,498
Executive and council		2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	31,837	35,081	37,785
Finance and administration		4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	53,833	57,897	61,712
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		984	984	984	984	984	984	984	984	984	984	984	1,484	12,313	13,339	14,353
Community and social services		984	984	984	984	984	984	984	984	984	984	984	1,484	12,313	13,339	14,353
<i>Economic and environmental services</i>		11,308	11,308	11,308	11,308	11,308	11,308	11,308	11,308	11,308	11,308	11,308	38,083	162,474	162,774	158,146
Planning and development		737	737	737	737	737	737	737	737	737	737	737	737	8,849	9,751	10,503
Road transport		10,571	10,571	10,571	10,571	10,571	10,571	10,571	10,571	10,571	10,571	10,571	37,346	153,625	153,023	147,643
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,052	1,107
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,052	1,107
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,515	46,790	261,457	270,143	273,103
Expenditure - Functional																
<i>Governance and administration</i>		9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	118,624	124,241	146,526
Executive and council		5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	61,759	64,182	71,557
Finance and administration		4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	56,865	60,059	74,969
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,831	28,469	30,192	32,227
Community and social services		2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,831	28,469	30,192	32,227
<i>Economic and environmental services</i>		13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	164,776	160,449	173,033
Planning and development		1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	19,430	20,154	21,347
Road transport		12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	145,346	140,294	151,686
Total Expenditure - Functional		25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	26,447	311,869	314,881	351,786
Surplus/(Deficit) before assoc.		(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	20,343	(50,412)	(44,739)	(78,683)
Surplus/(Deficit)	1	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	20,343	(50,412)	(44,739)	(78,683)

Table 40 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
<i>Governance and administration</i>		7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	7,139	85,670	92,978	99,498
Executive and council		2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	2,653	31,837	35,081	37,785
Finance and administration		4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	4,486	53,833	57,897	61,712
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		984	984	984	984	984	984	984	984	984	984	984	1,484	12,313	13,339	14,353
Community and social services		984	984	984	984	984	984	984	984	984	984	984	1,484	12,313	13,339	14,353
<i>Economic and environmental services</i>		11,308	11,308	11,308	11,308	11,308	11,308	11,308	11,308	11,308	11,308	11,308	38,083	162,474	162,774	158,146
Planning and development		737	737	737	737	737	737	737	737	737	737	737	737	8,849	9,751	10,503
Road transport		10,571	10,571	10,571	10,571	10,571	10,571	10,571	10,571	10,571	10,571	10,571	37,346	153,625	153,023	147,643
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,052	1,107
Energy sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,052	1,107
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional		19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,515	19,515	46,790	261,457	270,143	273,103
Expenditure - Functional																
<i>Governance and administration</i>		9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	9,885	118,624	124,241	146,526
Executive and council		5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	5,147	61,759	64,182	71,557
Finance and administration		4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	56,865	60,059	74,969
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,831	28,469	30,192	32,227
Community and social services		2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,831	28,469	30,192	32,227
<i>Economic and environmental services</i>		13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	13,731	164,776	160,449	173,033
Planning and development		1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	1,619	19,430	20,154	21,347
Road transport		12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	12,112	145,346	140,294	151,686
Total Expenditure - Functional		25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	25,947	26,447	311,869	314,881	351,786
Surplus/(Deficit) before assoc.		(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	20,343	(50,412)	(44,739)	(78,683)
Surplus/(Deficit)	1	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	(6,432)	20,343	(50,412)	(44,739)	(78,683)

Table 41 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC154 Port St Johns - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and council		106	106	106	106	106	106	106	106	106	106	106	106	1,278	371	390
Vote 2 - Budget and treasury Office		8	8	8	8	8	8	8	8	8	8	8	8	100	105	111
Vote 3 - Community services		218	218	218	218	218	218	218	218	218	218	218	218	2,622	2,758	2,902
Vote 4 - Corporate services		4	4	4	4	4	4	4	4	4	4	4	4	50	53	55
Vote 5 - Planning and development		38	38	38	38	38	38	38	38	38	38	38	38	450	53	55
Vote 6 - Engineering services		7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	89,245	80,978	70,042
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	93,744	84,317	73,556
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	93,744	84,317	73,556

Table 42 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC154 Port St Johns - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		119	119	119	119	119	119	119	119	119	119	119	119	1,428	529	556
Executive and council		106	106	106	106	106	106	106	106	106	106	106	106	1,278	371	390
Finance and administration		13	13	13	13	13	13	13	13	13	13	13	13	150	158	166
Internal audit														-	-	-
<i>Community and public safety</i>		218	218	218	218	218	218	218	218	218	218	218	218	2,622	2,758	2,902
Community and social services		218	218	218	218	218	218	218	218	218	218	218	218	2,622	2,758	2,902
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		7,475	7,475	7,475	7,475	7,475	7,475	7,475	7,475	7,475	7,475	7,475	7,475	89,695	81,030	70,098
Planning and development		38	38	38	38	38	38	38	38	38	38	38	38	450	53	55
Road transport		7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	7,437	89,245	80,978	70,042
Environmental protection														-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy sources														-	-	-
Water management														-	-	-
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Functional	2	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	93,744	84,317	73,556
Funded by:																
National Government		4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	4,970	59,645	47,145	48,916
Provincial Government		2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	2,231	26,775	33,780	21,071
District Municipality														-	-	-
Other transfers and grants														-	-	-
Transfers recognised - capital		7,202	7,202	7,202	7,202	7,202	7,202	7,202	7,202	7,202	7,202	7,202	7,202	86,420	80,925	69,987
Public contributions & donations														-	-	-
Borrowing														-	-	-
Internally generated funds		610	610	610	610	610	610	610	610	610	610	610	610	7,324	3,392	3,569
Total Capital Funding		7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	7,812	93,744	84,317	73,556

Table 43 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Cash Receipts By Source													1		
Property rates	701	701	701	701	701	701	701	701	701	701	701	701	8,416	8,854	8,278
Service charges - refuse revenue	83	83	83	83	83	83	83	83	83	83	83	83	1,000	1,052	1,107
Service charges - other													-		
Rental of facilities and equipment	46	46	46	46	46	46	46	46	46	46	46	46	550	579	609
Interest earned - external investments	167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,104	2,213
Interest earned - outstanding debtors	88	88	88	88	88	88	88	88	88	88	88	88	1,052	1,107	1,164
Dividends received													-		
Fines, penalties and forfeits	18	18	18	18	18	18	18	18	18	18	18	18	210	221	233
Licences and permits	8	8	8	8	8	8	8	8	8	8	8	8	100	105	111
Agency services													-		
Transfer receipts - operational	11,623	11,623	11,623	11,623	11,623	11,623	11,623	11,623	11,623	11,623	11,623	15,123	142,974	152,331	164,311
Other revenue	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	1,811	21,735	22,865	25,090
Cash Receipts by Source	14,545	14,545	14,545	14,545	14,545	14,545	14,545	14,545	14,545	14,545	14,545	18,045	178,037	189,218	203,116
Other Cash Flows by Source															
Transfer receipts - capital	6,952	6,952	6,952	6,952	6,952	6,952	6,952	6,952	6,952	6,952	6,952	6,952	83,420	80,925	69,987
Total Cash Receipts by Source	21,496	21,496	21,496	21,496	21,496	21,496	21,496	21,496	21,496	21,496	21,496	24,996	123,743	110,330	117,807
Cash Payments by Type															
Employee related costs	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	5,931	71,166	75,800	88,709
Remuneration of councillors	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	1,441	17,297	18,484	19,754
Finance charges	31	31	31	31	31	31	31	31	31	31	31	31	368	387	407
Contracted services	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	13,423	14,121	15,347
Transfers and grants - other municipalities													-		
Transfers and grants - other	706	706	706	706	706	706	706	706	706	706	706	706	8,469	8,909	9,372
Other expenditure	10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	10,312	123,743	110,330	117,807
Cash Payments by Type	19,539	19,539	19,539	19,539	19,539	19,539	19,539	19,539	19,539	19,539	19,539	19,539	234,466	228,032	251,397
Other Cash Flows/Payments by Type															
Capital assets	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	5,581	66,969	50,537	52,485
Repayment of borrowing													-		
Other Cash Flows/Payments													-		
Total Cash Payments by Type	25,120	25,120	25,120	25,120	25,120	25,120	25,120	25,120	25,120	25,120	25,120	25,120	301,436	278,569	303,881
NET INCREASE/(DECREASE) IN CASH HELD	(3,623)	(3,623)	(3,623)	(3,623)	(3,623)	(3,623)	(3,623)	(3,623)	(3,623)	(3,623)	(3,623)	(123)	(177,693)	(168,239)	(186,075)
Cash/cash equivalents at the month/year begin:	50,000	46,377	42,754	39,130	35,507	31,884	28,261	24,638	21,014	17,391	13,768	10,145	50,000	(127,693)	(295,932)
Cash/cash equivalents at the month/year end:	46,377	42,754	39,130	35,507	31,884	28,261	24,638	21,014	17,391	13,768	10,145	10,022	(127,693)	(295,932)	(482,007)

15.47 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, there was one contract awarded beyond the medium-term revenue and expenditure framework (three years) which is banking services.

15.48 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 44 MBRR SA 34a - Capital expenditure on new assets by asset class

EC154 Port St Johns - Supporting Table SA34a Capital expenditure on new assets by asset class

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
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		40,302	28,248	45,081	54,380	54,380	54,380	88,195	80,925	69,987
Roads Infrastructure		40,302	28,248	45,081	36,380	36,380	36,380	38,480	34,345	36,116
<i>Roads</i>		40,302	28,248	45,081	36,380	36,380	36,380	38,480	34,345	36,116
Storm water Infrastructure		-	-	-	-	-	-	23,775	33,780	21,071
<i>Drainage Collection</i>										
<i>Storm water Conveyance</i>								23,775	33,780	21,071
<i>Attenuation</i>										
Electrical Infrastructure		-	-	-	18,000	18,000	18,000	25,940	12,800	12,800
<i>LV Networks</i>					18,000	18,000	18,000	25,940	12,800	12,800
Community Assets		-	-	133	-	-	-	-	-	-
Community Facilities		-	-	133	-	-	-	-	-	-
<i>Halls</i>				133						
Other assets		341	322	-	-	-	-	1,900	421	443
Operational Buildings		341	322	-	-	-	-	1,900	421	443
<i>Municipal Offices</i>		341	322					1,900	421	443
Computer Equipment		-	-	-	20	375	375	273	287	302
Computer Equipment					20	375	375	273	287	302
Furniture and Office Equipment		662	805	1,010	2,602	308	308	305	295	310
Furniture and Office Equipment		662	805	1,010	2,602	308	308	305	295	310
Machinery and Equipment		1,724	1,437	5,708	13,042	10,825	10,825	3,072	2,390	2,514
Machinery and Equipment		1,724	1,437	5,708	13,042	10,825	10,825	3,072	2,390	2,514
Total Capital Expenditure on new assets	1	43,029	30,812	51,931	70,044	65,889	65,889	93,744	84,317	73,556

Table 45 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

In terms of the infrastructure Management Policy, there was no contract that were awarded on renewal of assets

Table 46 MBRR SA34c - Repairs and maintenance expenditure by asset class

EC154 Port St Johns - Supporting Table SA34c Repairs and maintenance expenditure by asset class

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
Repairs and maintenance expenditure by Asset Class/Sub-class	1									
Infrastructure		-	-	704	4,250	4,250	4,250	884	930	1,413
Roads Infrastructure		-	-	684	4,250	4,250	4,250	684	719	1,093
Roads				684	4,250	4,250	4,250	684	719	1,093
Electrical Infrastructure		-	-	19	-	-	-	200	210	320
LV Networks				19				200	210	320
Capital Spares										
Other assets		670	2,160	1,382	-	-	-	896	942	991
Operational Buildings		670	2,160	1,382	-	-	-	896	942	991
Municipal Offices		670	2,160	1,382				896	942	991
Computer Equipment		-	-	-	-	-	-	80	84	97
Computer Equipment								80	84	97
Furniture and Office Equipment		35	-	105	60	60	60	42	44	51
Furniture and Office Equipment		35		105	60	60	60	42	44	51
Machinery and Equipment		1,615	-	1,183	1,531	1,531	1,531	1,972	2,075	2,901
Machinery and Equipment		1,615		1,183	1,531	1,531	1,531	1,972	2,075	2,901
Transport Assets		-	-	-	-	-	-	-	-	-
Transport Assets										
Libraries		-	-	-	-	-	-	-	-	-
Libraries										
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	2,320	2,160	3,373	5,841	5,841	5,841	3,874	4,075	5,453

Table 47 MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
Capital expenditure	1							
Vote 1 - Executive and council		1,278	371	390				
Vote 2 - Budget and treasury Office		100	105	111				
Vote 3 - Community services		2,622	2,758	2,902				
Vote 4 - Corporate services		50	53	55				
Vote 5 - Planning and development		450	53	55				
Vote 6 - Engineering services		89,245	80,978	70,042				
Vote 7 - [NAME OF VOTE 7]		-	-	-				
Vote 8 - [NAME OF VOTE 8]		-	-	-				
Vote 9 - [NAME OF VOTE 9]		-	-	-				
Vote 10 - [NAME OF VOTE 10]		-	-	-				
Vote 11 - [NAME OF VOTE 11]		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		93,744	84,317	73,556	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Executive and council								
Vote 2 - Budget and treasury Office								
Vote 3 - Community services								
Vote 4 - Corporate services								
Vote 5 - Planning and development								
Vote 6 - Engineering services								
Vote 7 - [NAME OF VOTE 7]								
Vote 8 - [NAME OF VOTE 8]								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		93,744	84,317	73,556	-	-	-	-

Table 48 MBRR SA36 - Detailed capital budget per municipal vote

EC154 Port St Johns - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality:														
<i>List all capital projects grouped by Municipal Vote</i>														
		Jambeni Access Road			No	Roads Infrastructure	Roads	183	7,477	3,900	7,926			new
		Green to Swazini Access Road			No	Roads Infrastructure	Roads	349	6,070	2,369	6,434			new
		Kwazulu Access Road			No	Roads Infrastructure	Roads	533	3,355	6,885	3,556			new
		Buje Access Road			No	Roads Infrastructure	Roads	336	6,668	4,300	5,710			new
		Lujazo Bridge			No	Roads Infrastructure	Roads	257	2,014	13,578	2,135			new
		Clinic to Njeni Access Road			No	Roads Infrastructure	Roads	200	2,894	1,513	3,068			new
		Tombo to Cwebeni Access Road			No	Roads Infrastructure	Roads	360	2,255		2,390			new
		Construction of 7.5km for Zinyosini access road in ward			No	Roads Infrastructure	Roads	5,823	618		655			Renewal
		Construction of 12km for Gabelana – Nqghekwana in ward			No	Roads Infrastructure	Roads	7,594	360		382			Renewal
		Construction of 12km for Bulho in ward 3 by June 2018			No	Roads Infrastructure	Roads	3,997	409		434			Renewal
		Construction of 7km for Mzintlva Access Road in ward 1			No	Roads Infrastructure	Roads	1,772	443		470			Renewal
		Construction of 6km for Nonyevu Access Road in ward 6			No	Roads Infrastructure	Roads	5,800	260		276			Renewal
		Construction of 6km for Lugasweni to Nkwilini Access Road			No	Roads Infrastructure	Roads	2,732	306		325			Renewal
		Construction of 7km for R61 to Mrhuleni in ward 7 by June			No	Roads Infrastructure	Roads	4,945	575	1,800	2,356			Renewal
Parent Capital expenditure	1									33,705	34,345	36,116		

Table 49 MBRR SA37 - Projects delayed from previous financial year

EC154 Port St Johns - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>												
				<i>Examples</i>	<i>Examples</i>							
Entities: <i>List all capital projects grouped by Municipal Entity</i>												
Entity Name <i>Project name</i>												

15.49 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns two has been appointed permanently from June 2017. The remaining have completed their two year contract on June 2017. Currently we are in the process of appointing other interns.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

15.50 Other supporting documents

Table 50 MBRR Table SA1 - Supporting detail to budgeted financial performance

EC154 Port St Johns - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	3,962	6,741	7,986	11,700	10,000	10,000	10,000	10,520	11,067	11,643
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)</i>									2,104	2,213	3,364
Net Property Rates		3,962	6,741	7,986	11,700	10,000	10,000	10,000	8,416	8,854	8,278
Service charges - refuse revenue											
Total refuse removal revenue	6	726	756	804	100	600	600	600	1,000	1,052	1,107
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>											
Net Service charges - refuse revenue		726	756	804	100	600	600	600	1,000	1,052	1,107
Other Revenue by source											
Fuel Levy											
Other Revenue		1,017	562	5,956	26,503	390	390	390	21,735	22,865	25,090
Total 'Other' Revenue	1	1,017	562	5,956	26,503	390	390	390	21,735	22,865	25,090
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	45,244	50,266	59,208	71,409	70,601	70,601	70,601	71,166	75,800	88,709
<i>sub-total</i>	5	45,244	50,266	59,208	71,409	70,601	70,601	70,601	71,166	75,800	88,709
<i>Less: Employees costs capitalised to PPE</i>											
Total Employee related costs	1	45,244	50,266	59,208	71,409	70,601	70,601	70,601	71,166	75,800	88,709
Total Contributions recognised - capital											
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment	10	30,208	27,637	26,357	39,290	39,290	39,290	39,290	41,712	43,881	65,508
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE											
Total Depreciation & asset impairment	10	30,208	27,637	26,357	39,290	39,290	39,290	39,290	41,712	43,881	65,508
Total bulk purchases	1										
Transfers and grants											
Cash transfers and grants	1	618			8,050	8,050	8,050	8,050	8,469	8,909	9,372
Non-cash transfers and grants											
Total transfers and grants	1	618			8,050	8,050	8,050	8,050	8,469	8,909	9,372
Contracted services											
<i>Consultants and Professional fees</i>	1	4,426	14,039	10,031	13,200	17,070	17,070	17,070	13,423	14,121	15,347
<i>sub-total</i>		4,426	14,039	10,031	13,200	17,070	17,070	17,070	13,423	14,121	15,347
Allocations to organs of state:											
Total contracted services		4,426	14,039	10,031	13,200	17,070	17,070	17,070	13,423	14,121	15,347
Other Expenditure By Type											
General expenses	3	42,072	32,794	37,937	116,916	108,641	108,641	108,641	145,758	138,912	133,409
Total 'Other' Expenditure	1	42,072	32,794	37,937	116,916	108,641	108,641	108,641	151,018	144,445	139,231
Repairs and Maintenance											
Employee related costs	8										
Other materials											
Contracted Services											
Other Expenditure		2,320	2,160	3,373	5,841	5,841	5,841	5,841	3,874	4,075	5,453
Total Repairs and Maintenance Expenditure	9	2,320	2,160	3,373	5,841	5,841	5,841	5,841	3,874	4,075	5,453

Table 51 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC154 Port St Johns - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and council	Vote 2 - Budget and treasury Office	Vote 3 - Community services	Vote 4 - Corporate services	Vote 5 - Planning and development	Vote 6 - Engineering services	Vote 7 - [NAME OF VOTE 7]	Vote 8 - [NAME OF VOTE 8]	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand																	
Revenue By Source																	
Property rates			8,416														8,416
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue				1,000													1,000
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment			550														550
Interest earned - external investments			2,000														2,000
Interest earned - outstanding debtors			1,052														1,052
Dividends received																	-
Fines, penalties and forfeits			210														210
Licences and permits			100														100
Agency services																	-
Other revenue			21,735														21,735
Transfers and subsidies			139,474														139,474
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and contributions)		-	173,537	1,000	-	-	-	-	-	-	-	-	-	-	-	-	174,537
Expenditure By Type																	
Employee related costs			8,382	20,031	8,587	6,247	13,222										56,470
Remuneration of councillors		17,297															17,297
Debt impairment			8,416														8,416
Depreciation & asset impairment		442	6,680	631	1,262	368	32,612										41,996
Finance charges			368														368
Bulk purchases																	-
Other materials																	-
Contracted services							13,423										13,423
Transfers and subsidies						8,469											8,469
Other expenditure		29,323	17,498	7,307	6,039	4,346	73,643										138,155
Loss on disposal of PPE																	-
Total Expenditure		47,062	41,345	27,969	15,888	19,430	132,900	-	-	-	-	-	-	-	-	-	284,594
Surplus/(Deficit)		(47,062)	132,192	(26,969)	(15,888)	(19,430)	(132,900)	-	-	-	-	-	-	-	-	-	(110,057)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							59,645										59,645
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) after capital transfers & contributions		(47,062)	132,192	(26,969)	(15,888)	(19,430)	(73,255)	-	-	-	-	-	-	-	-	-	(50,412)

Table 52 MBRR Table SA3 – Supporting detail to Statement of Financial Position

EC154 Port St Johns - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

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
R thousand											
ASSETS											
Call investment deposits											
Call deposits		9,008	34,340	44,241	35,000	35,000	35,000		36,820	38,735	40,749
Other current investments											
Total Call investment deposits	2	9,008	34,340	44,241	35,000	35,000	35,000	-	36,820	38,735	40,749
Consumer debtors											
Consumer debtors		663	729	1,061	1,254	1,254	1,254	18	1,319	1,388	1,460
Less: Provision for debt impairment											
Total Consumer debtors	2	663	729	1,061	1,254	1,254	1,254	18	1,319	1,388	1,460
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		357,099	370,875	395,294	377,500	377,500	377,500	1,194	397,130	417,781	439,505
Leases recognised as PPE	3										
Less: Accumulated depreciation											
Total Property, plant and equipment (PPE)	2	357,099	370,875	395,294	377,500	377,500	377,500	1,194	397,130	417,781	439,505
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		11,527	10,564	95	11,000	11,000	11,000		11,572	12,174	12,807
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		11,527	10,564	95	11,000	11,000	11,000	-	11,572	12,174	12,807
Trade and other payables											
Trade and other creditors		28,568	27,222	31,627	25,000	25,000	25,000	3,121	26,300	27,668	29,106
Unspent conditional transfers											
VAT											
Total Trade and other payables	2	28,568	27,222	31,627	25,000	25,000	25,000	3,121	26,300	27,668	29,106
Non current liabilities - Borrowing											
Borrowing	4	1,984	1,926	1,952	2,000	2,000	2,000		2,104	2,213	2,329
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		1,984	1,926	1,952	2,000	2,000	2,000	-	2,104	2,213	2,329
Provisions - non-current											
Retirement benefits		6,274	6,993	7,408	7,000	7,000	7,000		7,364	7,747	8,150
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		6,274	6,993	7,408	7,000	7,000	7,000	-	7,364	7,747	8,150
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance											
GRAP adjustments											
Restated balance		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	12,694	20,459	40,857	(38,512)	(63,101)	(63,101)	(63,101)	(50,412)	(44,739)	(78,683)

Table 53 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

EC154 Port St Johns - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year	2018/19 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population		Statistics issued by StatsSA			156 136	156 136	156 136	156 136	156 136	156 136	156 136	156 136
Females aged 5 - 14					21	21	21	21	21	21	21	21
Males aged 5 - 14					22	22	22	22	22	22	22	22
Females aged 15 - 34					28	28	28	28	28	28	28	28
Males aged 15 - 34					25	25	25	25	25	25	25	25
Unemployment												
Monthly household income (no. of households)												
No income	1, 12					1,458	1,608	2,079	2,204	2,336	2,476	2,476
R1 - R1 600						1,906	2,045	4,502	4,772	5,058	5,362	5,362
R1 601 - R3 200						695	709	980	1,039	1,101	1,167	1,167
R3 201 - R6 400						14	10	16	17	18	19	19
R6 401 - R12 800						6	8	12	13	13	14	14
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13						3364.00	3653.00	6581.00	6976.00	7394.00	7838.00
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						156	156	156	156	156	156	156
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics												
Formal	3											
Informal												
Total number of households												
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												

Table 54 MBRR SA32 – List of external mechanisms

EC154 Port St Johns - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand

