



1718 SCHEDULE B

201718 BUDGET ADJUSTMENTS

Budget & Reporting
Budget & Treasury Office
1718 SCHEDULE B

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Glossary

Adjustments budget – Prescribed in section 28 of the MFMA.

The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by National to Provincial and local government.

Equitable share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the municipality

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations April 2009

MFMA – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget. In Harry Gwala District Municipality means a directorate level.

PART 1 – ADJUSTMENTS BUDGET

1. Mayor’s Report

INTRODUCTION

The adjustment budget seeks to rectify issues identified in the mid-year assessment of the financial results as well as the inclusion of additional allocations. It is drafted in terms of section 28 of the MFMA and seeks to adhere to the stipulations of specifically section 28(2) of the MFMA.

BACKGROUND

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

- i. To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.
- ii. To authorise the utilisation of projected savings in one vote towards spending under another vote.
- iii. To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council.
- iv. To correct any errors in the annual budget.

In line with the MFMA, the 2017/18 approved Budget has now been adjusted. The adjustment has been mainly necessitated as a result of the following:

- To appropriate the reduction of revenues that have been deducted from the annual budget, but only to revise spending programmes already budgeted for
- The need to authorise the spending of unspent funds at the end of the 2017/2018 financial year.
- The Adjustments Budget reaffirms the Municipality’s commitment to achieve the service delivery targets and performance indicators as reflected in the approved service delivery and budget implementation plan.

The process of budget adjustment also allows us to assess the state of our finances, reflect on the current challenges and design therapeutic measures that will turn around the finances of Harry Gwala District Municipality.

Much attention is given to the department of water services operational efficiency with considerable emphasis on operations and maintenance cost control. While most departments have seen a decrease in their budgets, the Water services budget has seen an increase by R 28million due to the nature of the operations and repairs and maintenance undertaken under this department and depreciation, Infrastructure Services also shows an increase because of the capital projects that would not be capitalized were shifted to the operations budget.

In preparing the adjustment budget priority had to be given to Water Services Department by making budget available for the next five months, this is largely due to prioritization of repairs and maintenance of the aging water and sanitation infrastructure that is now degenerating putting more strain on the cash flow of the municipality.

2. Resolutions

It is recommended that the Harry Gwala District Municipal Council;

- 2.1 Approves the adjustments budget and consolidated adjustments budget for the financial year 2017/2018, as set-out in the schedules contained in Section 4, be approved:
- 2.2 Approves any adjustments permitted in terms of Section 28 (2) of the Act,
- 2.3 Approves the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget.
- 2.4 Notes the Provincial Treasury comments and their effect on the Adjustments budget

3. Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains viable and that the municipality services are provided sustainably, economically and equitably to all communities. The Adjustment budget is intended to address material variances that were highlighted in the mid-year budget and performance assessment report.

It is critical to note that this report s28 MFMA report has been prepared as informed by the Midyear Performance assessment report presented to Council in January 2018 in terms of s72 of the MFMA a report that was also submitted to the National and Provincial in terms of s72 (1) (b) MFMA.

The Adjusted revenue has increased to R784, 2m. This upward adjustment is mainly due to following major contributing factors;

- Service charges - sanitation revenue R3, 6m
- Service charges - water revenue R8, 4m
- Interest earned - external investments R2, 4m
- Interest earned - outstanding debtors R3, 6m

The Adjusted operations budget is R454, 7m having increased by R67, 6million from the original budget of R387million. The item below had the major movements

- Increase of R1m employee related costs
- Increase of R15, 8m Depreciation
- Increase Bulk Waste Water R 4, 5m
- Increase of R 6, 2m Debt Impairment
- An increase on other expenditure mainly due to the R40, 3m from capital grants to the operations

To this end much attention is given to the department of water services operational efficiency with considerable emphasis on operations and maintenance cost control. While most departments have seen a decrease in their budgets, the Water services budget has seen an increase above 21% due to the nature of the operations and repairs and maintenance undertaken under this department. This department also hosts the largest percentage of the municipality's labour force.

The capital budget has decreased from R399million to R351, 3million. This is mainly attributable to the downward adjustment because of number of capital projects that would not be capitalized were shifted to the operations budget. A number of capital projects totaling to R44million.

Adjustments Budget Tables

TABLE B 1 ADJUSTMENT BUDGET SUMMARY

Table B1 below provides a summary of the budget adjustment of the municipality and is unpacked in the sections that follow.

DC43 Harry Gwala - Table B1 Adjustments Budget Summary -

Description	Budget Year 2017/18					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	+1 2018/19	+2 2019/20
	Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
	5	6	7	8			
R thousands	A	E	F	G	H		
Financial Performance							
Property rates	-	-	-	-	-	-	-
Service charges	55 390	-	12 004	12 004	67 394	58 714	62 237
Investment revenue	6 230	-	2 486	2 486	8 716	6 600	6 992
Transfers recognised - operational	303 218	-	44 147	44 147	347 365	335 594	360 461
Other own revenue	12 155	-	5 266	5 266	17 421	12 326	13 027
Total Revenue (excluding capital transfers and contributions)	376 993	-	63 903	63 903	440 896	413 234	442 716
Employee costs	160 716	-	1 187	1 187	161 904	173 087	186 423
Remuneration of councillors	8 539	-	(2 198)	(2 198)	6 340	9 222	9 960
Depreciation & asset impairment	34 996	-	15 654	15 654	50 650	37 627	40 462
Finance charges	2 009	-	(404)	(404)	1 605	2 127	2 251
Materials and bulk purchases	13 688	-	2 537	2 537	16 225	12 022	12 719
Transfers and grants	-	-	-	-	-	-	-
Other expenditure	167 164	-	50 842	50 842	218 006	190 878	192 795
Total Expenditure	387 112	-	67 617	67 617	454 729	424 963	444 610
Surplus/(Deficit)	(10 119)	-	(3 714)	(3 714)	(13 833)	(11 729)	(1 894)
Transfers recognised - capital	387 544	-	(44 147)	(44 147)	343 397	420 310	420 891
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	377 425	-	(47 862)	(47 862)	329 564	408 581	418 997
Surplus/ (Deficit) for the year	377 425	-	(47 862)	(47 862)	329 564	408 581	418 997
Capital expenditure & funds sources							
Capital expenditure	399 054	-	(47 704)	(47 704)	351 350	426 925	426 272
Transfers recognised - capital	387 544	-	(44 147)	(44 147)	343 397	420 310	420 891
Internally generated funds	11 510	-	(3 557)	(3 557)	7 953	6 615	5 381
Total sources of capital funds	399 054	-	(47 704)	(47 704)	351 350	426 925	426 272
Financial position							
Total current assets	52 126	(46 152)	46 321	169	52 295	117 150	160 657
Total non current assets	2 236 509	-	(63 368)	(63 368)	2 173 141	2 625 521	3 010 780
Total current liabilities	59 988	-	26 853	26 853	86 841	91 775	89 160
Total non current liabilities	41 270	-	-	-	41 270	43 645	47 007
Community wealth/Equity	2 187 377	-	(47 862)	(47 862)	2 139 515	2 215 040	2 625 550

Table B1 Cont.....

DC43 Harry Gwala - Table B1 Adjustments Budget Summary -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Cash flows							
Net cash from (used) operating	405 784	(46 152)	(21 831)	(67 983)	337 801	436 320	448 978
Net cash from (used) investing	(399 054)	-	47 504	47 504	(351 550)	(426 925)	(426 272)
Net cash from (used) financing	(3 130)	-	-	-	(3 130)	(3 471)	(3 848)
Cash/cash equivalents at the year end	8 601	(46 152)	44 945	(1 207)	7 394	14 524	33 382
Cash backing/surplus reconciliation							
Cash and investments available	8 601	(46 152)	44 945	(1 207)	7 394	14 524	33 382
Application of cash and investments	6 295	-	23 196	23 196	29 491	(10 490)	(25 941)
Balance - surplus (shortfall)	2 305	(46 152)	21 750	(24 402)	(22 097)	25 014	59 323
Asset Management							
Asset register summary (WDV)	2 236 509	-	-	-	2 236 509	2 625 521	3 010 780
Depreciation & asset impairment	34 996	-	-	-	34 996	-	-
Renewal of Existing Assets	5 000	-	-	-	5 000	-	-
Repairs and Maintenance	87 562	-	-	-	87 562	-	-
Free services							
Cost of Free Basic Services provided	5 625	-	-	-	5 625	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-
Households below minimum service level							
Water:	32	-	-	-	32	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-

TABLE B2 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

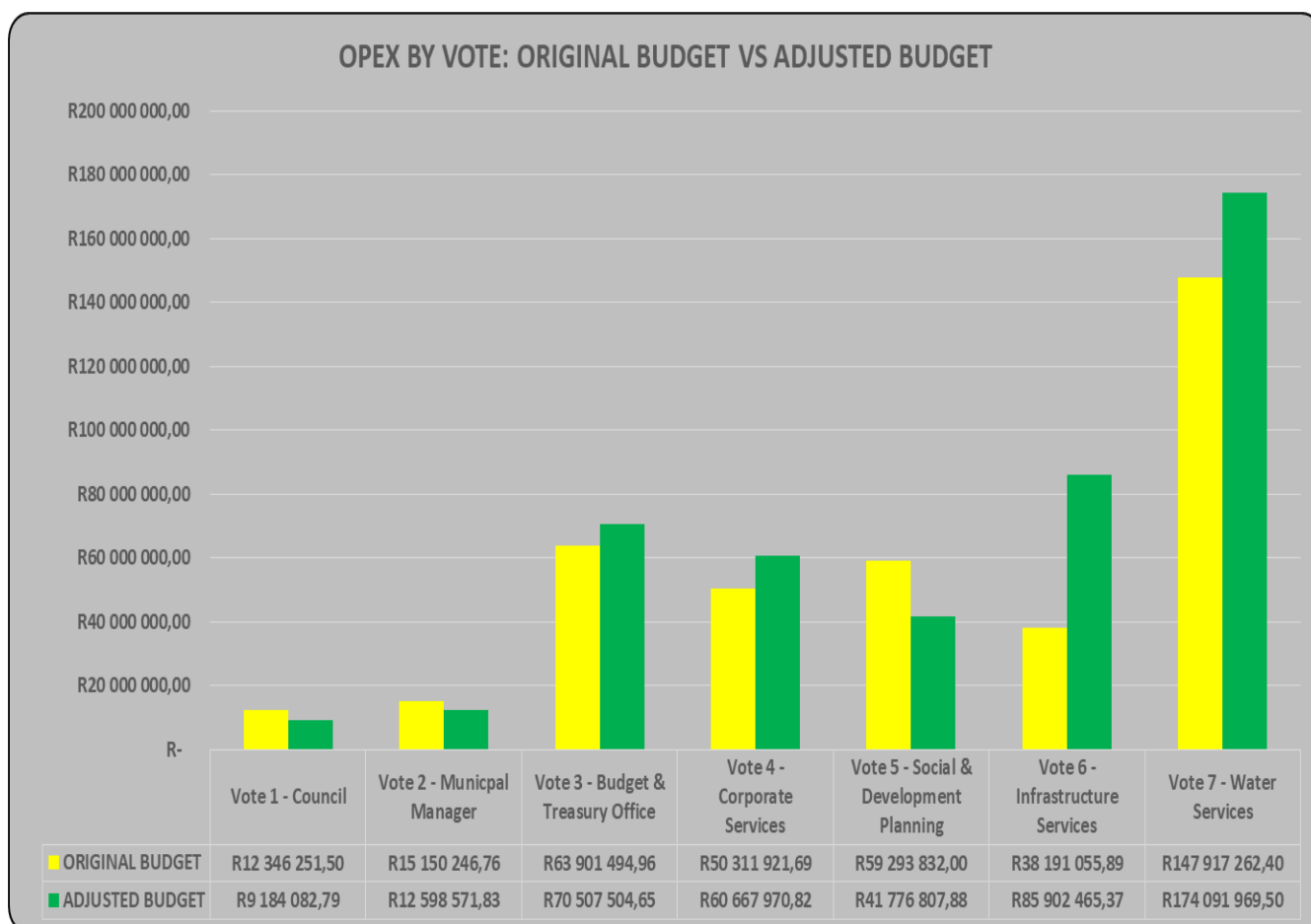
Schedule B2 is the Expenditure by standard classification presents the adjustment expenditures by the departments.

Standard Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Revenue - Functional							
Governance and administration	301 751	-	6 192	6 192	307 943	336 103	363 787
Executive and council	-	-	-	-	-	-	-
Finance and administration	301 751	-	6 192	6 192	307 943	336 103	363 787
Internal audit	-	-	-	-	-	-	-
Economic and environmental services	405	-	(64)	(64)	341	925	947
Planning and development	405	-	(64)	(64)	341	925	947
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	462 381	-	13 628	13 628	476 008	496 515	498 873
Energy sources	-	-	-	-	-	-	-
Water management	57 897	-	13 628	13 628	71 524	60 890	64 542
Waste water management	404 484	-	-	-	404 484	435 625	434 331
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenue - Functional	764 537	-	19 756	19 756	784 293	833 544	863 607
Expenditure - Functional							
Governance and administration	141 710	-	11 248	11 248	152 958	156 016	163 471
Executive and council	27 496	-	(5 714)	(5 714)	21 783	30 189	33 207
Finance and administration	114 213	-	16 962	16 962	131 175	125 827	130 263
Internal audit	-	-	-	-	-	-	-
Economic and environmental services	59 294	-	(17 517)	(17 517)	41 777	68 345	72 239
Planning and development	59 294	-	(17 517)	(17 517)	41 777	68 345	72 239
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	186 108	-	73 886	73 886	259 994	200 603	208 900
Energy sources	-	-	-	-	-	-	-
Water management	147 917	-	26 175	26 175	174 092	162 274	173 872
Waste water management	38 191	-	47 711	47 711	85 902	38 328	35 028
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Expenditure - Functional	387 112	-	67 617	67 617	454 729	424 963	444 610
Surplus/ (Deficit) for the year	377 425	-	(47 862)	(47 862)	329 564	408 581	418 997

The revenue of the municipality has increased by 3% from R764million originally approved budget to R784, 2million. The waste water management has seen the biggest increase in revenue due to the increase in service charges water and sanitation of R13, 6m.

Operational expenditure has increased by 17% to R454, 7million. This increase is largely attributed to the water services department which is responsible from the water and sanitation provision. The infrastructure department has also contributed to this increase by the transfer of the capital projects from the capital budget to the operations budget.

Chart 1: Adjusted Operation Budget by Standard Classification



Some major differences above are caused by the cash flow constraint facing the municipality as a result of the limited revenue, while most departments have seen a decrease in their budgets, the Water services budget has seen an increase above 21% due to the nature of the operations and repairs and maintenance undertaken under this department. This department also hosts the largest percentage of the municipality's labour force.

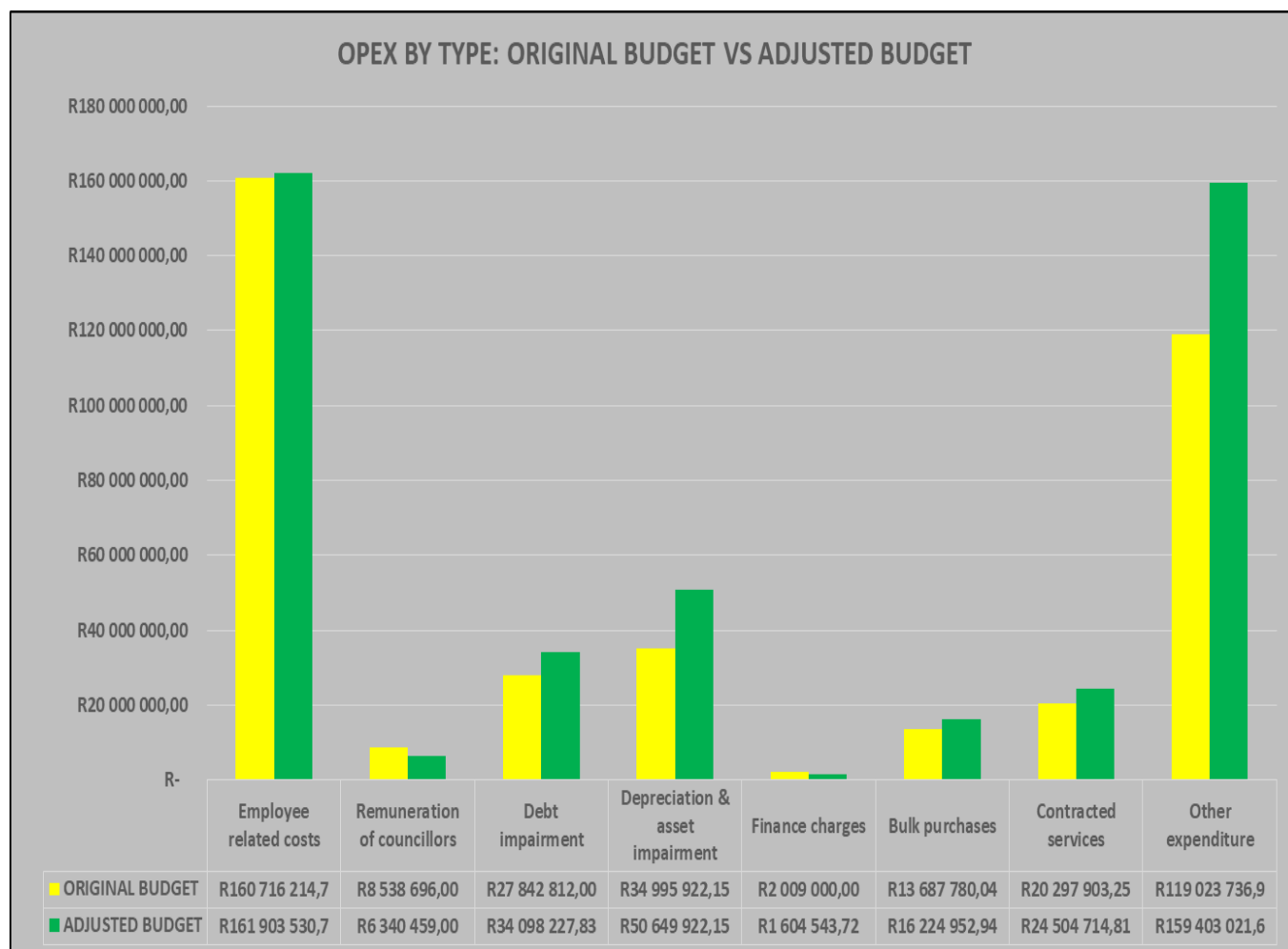
TABLE B3 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

Table B3 presents the same information as the table above, the difference being that it's by Municipal vote.

DC43 Harry Gwala - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description <i>[Insert departmental structure etc]</i>	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	7	8	9	10			
R thousands	A	E	F	G	H		
Revenue by Vote							
Vote 1 - Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	301 751	-	6 192	6 192	307 943	336 103	363 787
Vote 4 - Corporate Services	-	-	-	-	-	-	-
Vote 5 - Social & Development Planning	405	-	(64)	(64)	341	925	947
Vote 6 - Infrastructure Services	404 484	-	-	-	404 484	435 625	434 331
Vote 7 - Water Services	57 897	-	13 628	13 628	71 524	60 890	64 542
Total Revenue by Vote	764 537	-	19 756	19 756	784 293	833 544	863 607
Expenditure by Vote							
Vote 1 - Council	12 346	-	(3 162)	(3 162)	9 184	13 857	15 669
Vote 2 - Municipal Manager	15 150	-	(2 552)	(2 552)	12 599	16 332	17 538
Vote 3 - Budget & Treasury Office	63 901	-	6 606	6 606	70 508	72 246	73 221
Vote 4 - Corporate Services	50 312	-	10 356	10 356	60 668	53 581	57 042
Vote 5 - Social & Development Planning	59 294	-	(17 517)	(17 517)	41 777	68 345	72 239
Vote 6 - Infrastructure Services	38 191	-	47 711	47 711	85 902	38 328	35 028
Vote 7 - Water Services	147 917	-	26 175	26 175	174 092	162 274	173 872
Total Expenditure by Vote	387 112	-	67 617	67 617	454 729	424 963	444 610
Surplus/ (Deficit) for the year	377 425	-	(47 862)	(47 862)	329 564	408 581	418 997

Chart 2: Adjustment budget financial performance



The graph above presents the adjustment budget expenditure by type.

Employee related costs have on the other hand increased by R1 million to R161, 9million in order to cater for the critical posts that are key in strengthening the workforce that drives service delivery.

There is an upward adjustment in debt impairment by R6, 2million even though there is an initiative that has been developed to improve debt collection strategies but to avoid unauthorised expenditure at the end of financial year we had to increase debt impairment. Depreciation has been increased by R15m because there are capital projects that will be capitalised in this current financial year 2017/2018.

The expenditure on Bulk Water has been increased because the original budget is not enough for the next 5 months and we had to adjust the budget upward.

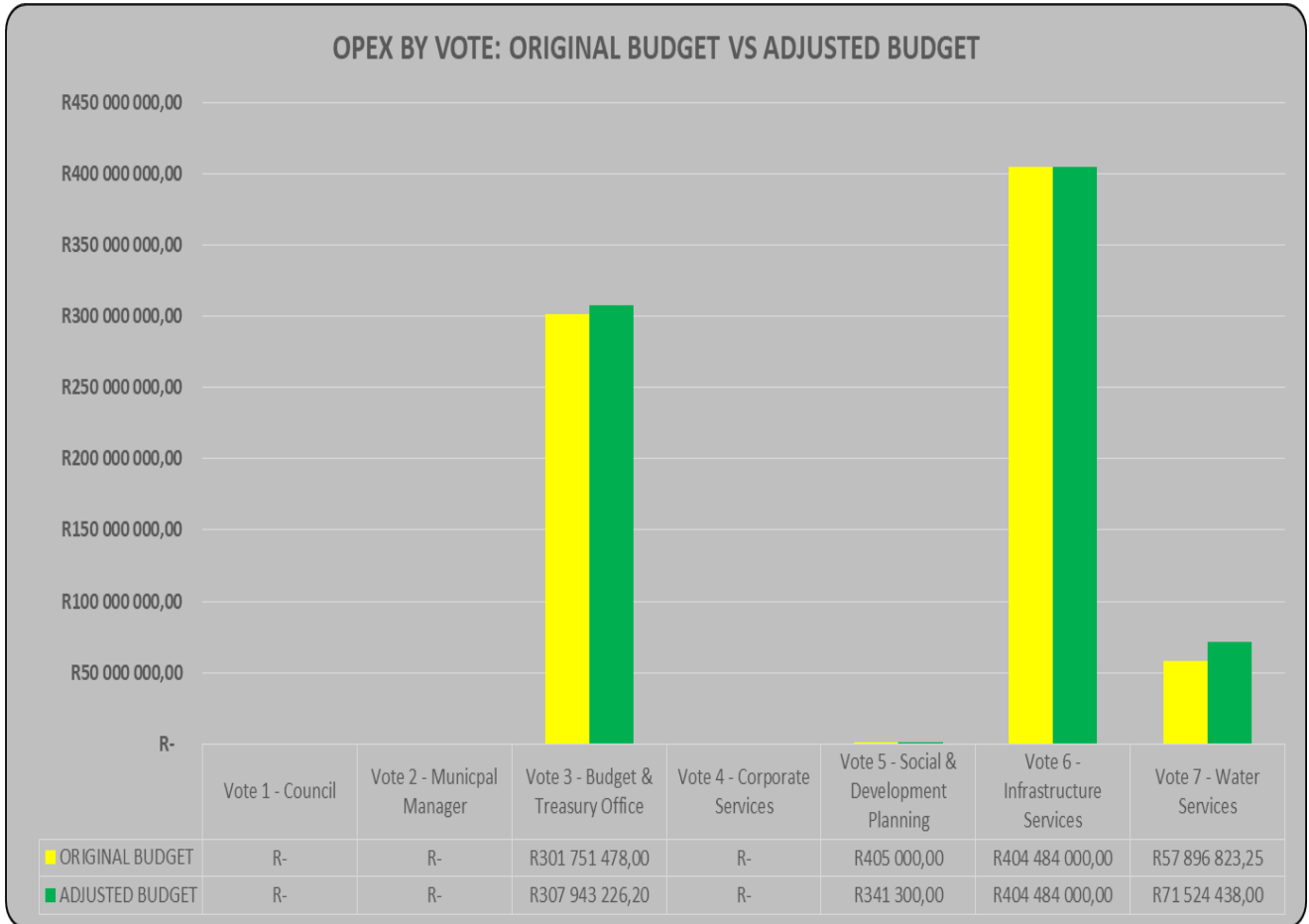
TABLE B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

This schedule provides information on the adjustment revenue by source and adjustment operational expenditures by type.

DC43 Harry Gwala - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

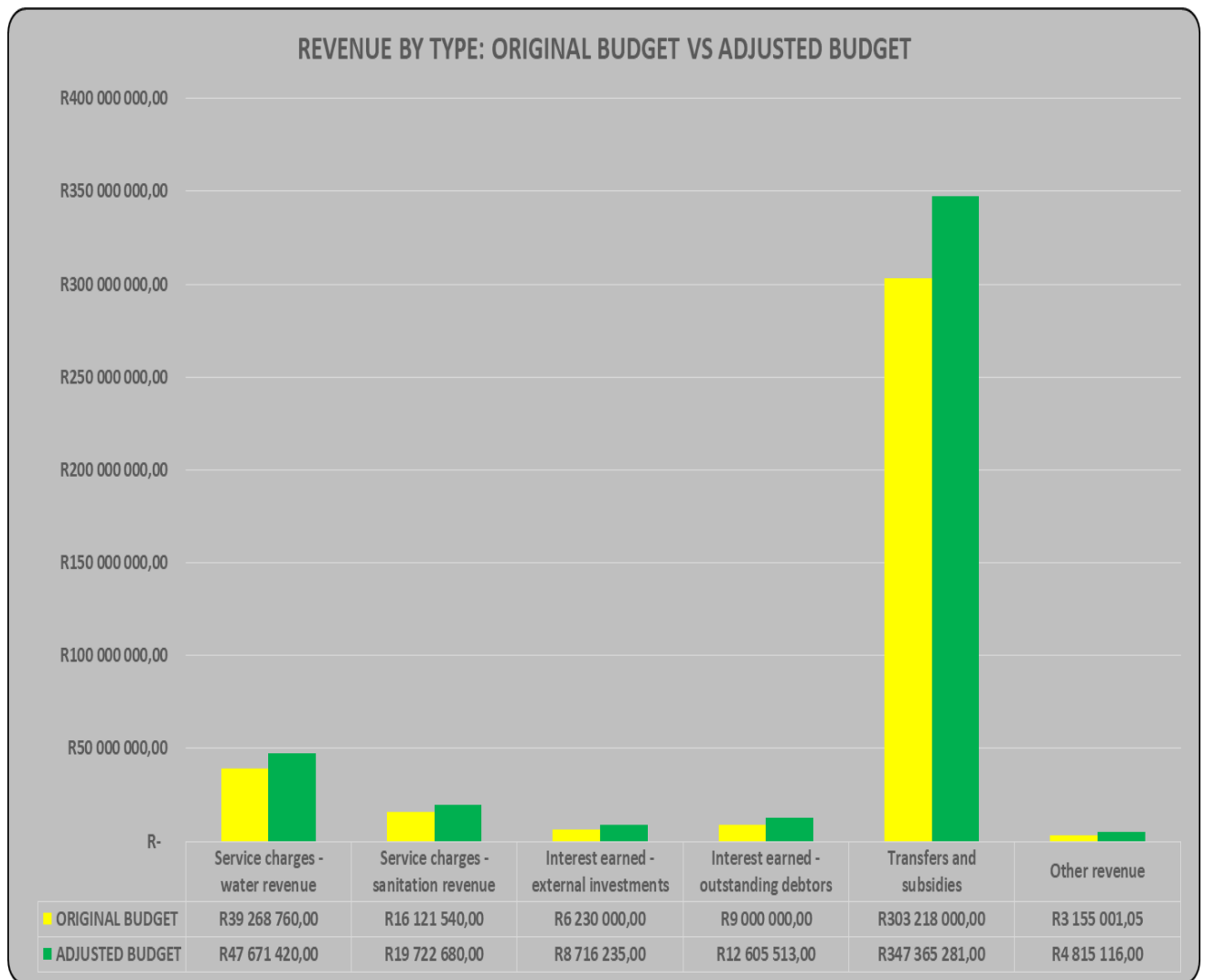
Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	7 E	8 F	9 G	10 H		
Revenue By Source							
Service charges - water revenue	39 269	–	8 403	8 403	47 671	41 625	44 122
Service charges - sanitation revenue	16 122	–	3 601	3 601	19 723	17 089	18 114
Interest earned - external investments	6 230		2 486	2 486	8 716	6 600	6 992
Interest earned - outstanding debtors	9 000		3 606	3 606	12 606	9 540	10 112
Transfers and subsidies	303 218		44 147	44 147	347 365	335 594	360 461
Other revenue	3 155	–	1 660	1 660	4 815	2 786	2 914
Gains on disposal of PPE				–	–		
Total Revenue (excluding capital transfers and contributions)	376 993	–	63 903	63 903	440 896	413 234	442 716
Expenditure By Type							
Employee related costs	160 716	–	1 187	1 187	161 904	173 087	186 423
Remuneration of councillors	8 539		(2 198)	(2 198)	6 340	9 222	9 960
Debt impairment	27 843		6 255	6 255	34 098	29 513	31 284
Depreciation & asset impairment	34 996	–	15 654	15 654	50 650	37 627	40 462
Finance charges	2 009		(404)	(404)	1 605	2 127	2 251
Bulk purchases	13 688	–	2 537	2 537	16 225	12 022	12 719
Other materials				–	–		
Contracted services	20 298	–	4 207	4 207	24 505	22 864	20 799
Transfers and subsidies				–	–		
Other expenditure	119 024	–	40 379	40 379	159 403	138 500	140 712
Loss on disposal of PPE				–	–		
Total Expenditure	387 112	–	67 617	67 617	454 729	424 963	444 610
Surplus/(Deficit)	(10 119)	–	(3 714)	(3 714)	(13 833)	(11 729)	(1 894)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	387 544		(44 147)	(44 147)	343 397	420 310	420 891
Transfers and subsidies - capital (in-kind - all)				–	–		
Surplus/(Deficit) before taxation	377 425	–	(47 862)	(47 862)	329 564	408 581	418 997
Taxation				–	–		
Surplus/(Deficit) after taxation	377 425	–	(47 862)	(47 862)	329 564	408 581	418 997
Attributable to minorities				–	–		
Surplus/(Deficit) attributable to municipality	377 425	–	(47 862)	(47 862)	329 564	408 581	418 997
Share of surplus/ (deficit) of associate				–	–		
Surplus/ (Deficit) for the year	377 425	–	(47 862)	(47 862)	329 564	408 581	418 997

Chart 3: Revenue by Vote



The above graph presents the adjustment budget by vote

Chart 4: Revenue by Source



There is an upward adjustment for water and sanitation charges revenue due to increase in billing for the past 7 months. The original interest earned on external investments was R6, 2m it was adjusted upward to R8, 7m because the interest earned on external investments was under budgeted as the municipality is already earned 78 per cent in the past 7 months.

Other Revenue: The total for other revenue is adjusted upwards by R4, 8m as compared to the original budget of R3, 1m.

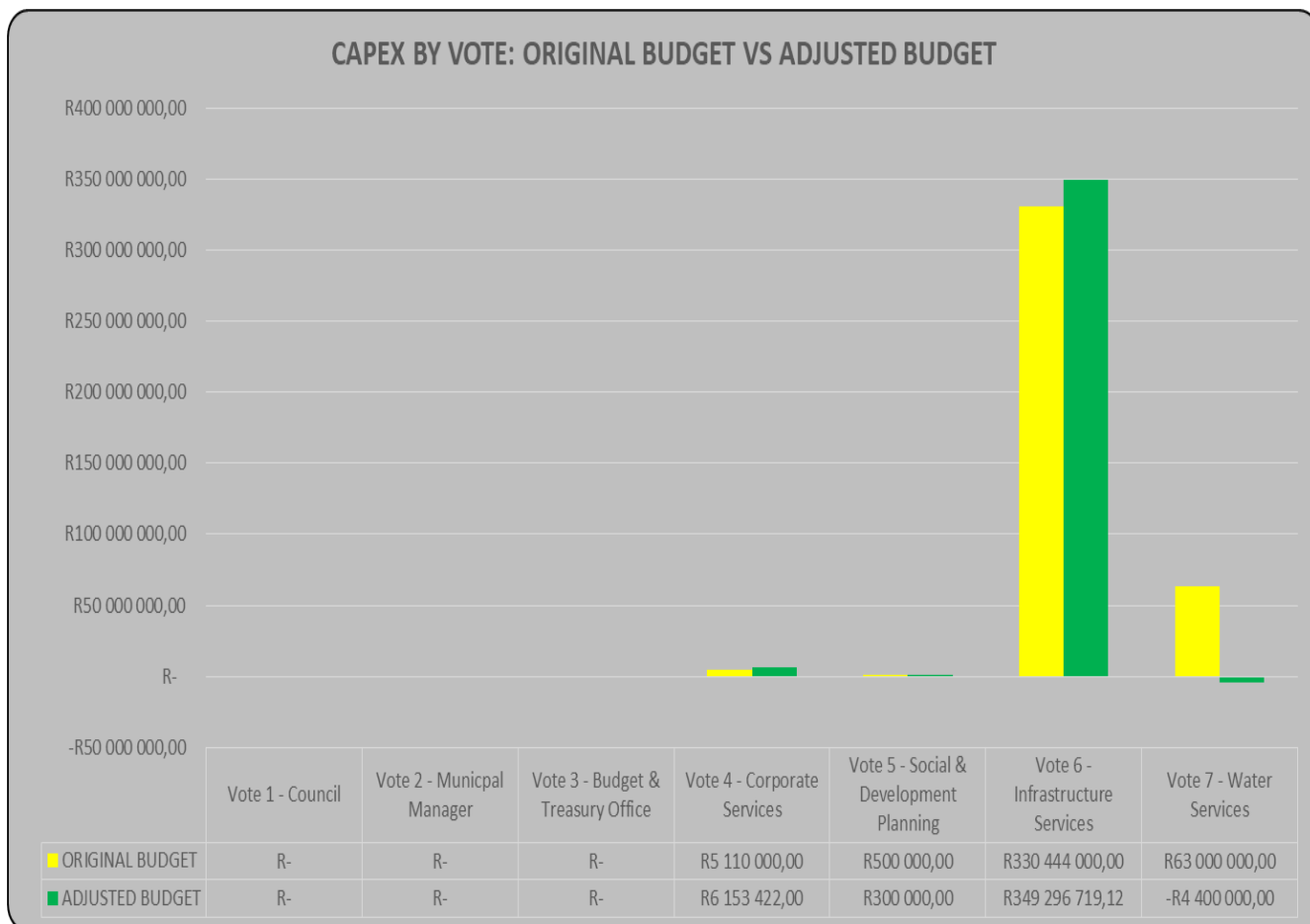
TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING

Schedule B5 below reports on the adjusted capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

DC43 Harry Gwala - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	9 E	10 F	11 G	12 H		
R thousands							
Capital expenditure - Vote							
Multi-year expenditure to be adjusted							
Vote 1 - Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	-	-	-	-	-	-	-
Vote 4 - Corporate Services	5 110	-	1 043	1 043	6 153	1 900	650
Vote 5 - Social & Development Planning	500	-	(200)	(200)	300	315	331
Vote 6 - Infrastructure Services	330 444	-	18 853	18 853	349 297	333 603	337 291
Vote 7 - Water Services	63 000	-	(67 400)	(67 400)	(4 400)	91 107	88 000
Capital multi-year expenditure sub-total	399 054	-	(47 704)	(47 704)	351 350	426 925	426 272
Total Capital Expenditure - Vote	399 054	-	(47 704)	(47 704)	351 350	426 925	426 272
Capital Expenditure - Functional							
Governance and administration	5 110	-	1 043	1 043	6 153	1 900	650
Executive and council				-	-		
Finance and administration	5 110		1 043	1 043	6 153	1 900	650
Internal audit				-	-		
Economic and environmental services	500	-	(200)	(200)	300	315	331
Planning and development	500		(200)	(200)	300	315	331
Road transport				-	-		
Environmental protection				-	-		
Trading services	387 544	-	(44 147)	(44 147)	343 397	420 310	420 891
Energy sources				-	-		
Water management	324 544		18 853	18 853	343 397	329 203	332 891
Waste water management	63 000		(63 000)	(63 000)	-	91 107	88 000
Waste management				-	-		
Other	5 900	-	(4 400)	(4 400)	1 500	4 400	4 400
Total Capital Expenditure - Functional	399 054	-	(47 704)	(47 704)	351 350	426 925	426 272
Funded by:							
National Government	387 544		(44 147)	(44 147)	343 397	420 310	420 891
Transfers recognised - capital	387 544		(44 147)	(44 147)	343 397	420 310	420 891
Internally generated funds	11 510		(3 557)	(3 557)	7 953	6 615	5 381
Total Capital Funding	399 054	-	(47 704)	(47 704)	351 350	426 925	426 272

Chart 6: Capital Expenditure by Type



The originally approved capital budget was R 399 million and adjusted budget is R 351,3million. This is mainly attributable to limited cash flow and a number of capital projects that would not be capitalized were shifted to the operations budget

TABLE B6 ADJUSTMENTS BUDGET FINANCIAL POSITION

Table C6 displays the adjustment budget financial position of the municipality

DC43 Harry Gwala - Table B6 Adjustments Budget Financial Position -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	7 E	8 F	9 G	10 H		
ASSETS							
Current assets							
Cash	8 601	(46 152)	49 945	3 793	12 394	14 524	33 382
Call investment deposits	-	-	-	-	-	-	-
Consumer debtors	36 156	-	1 376	1 376	37 532	94 940	119 956
Other debtors	7 107			-	7 107	7 423	7 057
Current portion of long-term receivables	-			-	-	-	-
Inventory	263			-	263	263	263
Total current assets	52 126	(46 152)	51 321	5 169	57 295	117 150	160 657
Non current assets							
Investment in Associate				-	-		
Property, plant and equipment	2 236 142	-	(63 368)	(63 368)	2 172 774	2 625 338	3 010 780
Intangible	366			-	366	183	-
Other non-current assets				-	-		
Total non current assets	2 236 509	-	(63 368)	(63 368)	2 173 141	2 625 521	3 010 780
TOTAL ASSETS	2 288 635	(46 152)	(12 047)	(58 199)	2 230 436	2 742 671	3 171 437
LIABILITIES							
Current liabilities							
Bank overdraft				-	-		
Borrowing	3 758	-	-	-	3 758	4 164	4 618
Consumer deposits	1 794			-	1 794	2 019	2 273
Trade and other payables	53 417	-	108 405	108 405	161 822	83 859	79 324
Provisions	1 019			-	1 019	1 732	2 945
Total current liabilities	59 988	-	108 405	108 405	168 393	91 775	89 160
Non current liabilities							
Borrowing	12 379	-	-	-	12 379	8 684	4 583
Provisions	28 891	-	-	-	28 891	34 961	42 424
Total non current liabilities	41 270	-	-	-	41 270	43 645	47 007
TOTAL LIABILITIES	101 258	-	108 405	108 405	209 663	135 419	136 166
NET ASSETS	2 187 377	(46 152)	(120 452)	(166 604)	2 020 773	2 607 252	3 035 271
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)	2 187 377	(46 152)	(120 452)	(166 604)	2 020 773	2 607 252	3 035 271
TOTAL COMMUNITY WEALTH/EQUITY	2 187 377	(46 152)	(120 452)	(166 604)	2 020 773	2 607 252	3 035 271

TABLE B7 ADJUSTMENTS BUDGET CASH FLOWS

DC43 Harry Gwala - Table B7 Adjustments Budget Cash Flows -

Description	Budget Year 2017/18					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total Adjusts.	Adjusted	+1 2018/19	+2 2019/20
	Budget	Govt	Adjusts.		Budget	Adjusted	Adjusted
R thousands	A	7 E	8 F	9 G	10 H		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Service charges	29 911		12 500	12 500	42 411	28 852	30 583
Other revenue	3 155		1 624	1 624	4 779	2 786	2 914
Government - operating	303 218	(46 152)	44 147	(2 005)	301 213	335 594	360 461
Government - capital	387 544		(44 147)	(44 147)	343 397	420 310	420 891
Interest	6 230		2 586	2 586	8 816	6 600	6 992
Payments							
Suppliers and employees	(322 264)		(38 946)	(38 946)	(361 210)	(355 695)	(370 612)
Finance charges	(2 009)		404	404	(1 605)	(2 127)	(2 251)
Transfers and Grants	-			-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES	405 784	(46 152)	(21 831)	(67 983)	337 801	436 320	448 978
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Decrease (increase) in non-current investments				-	-		
Payments							
Capital assets	(399 054)		47 504	47 504	(351 550)	(426 925)	(426 272)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(399 054)	-	47 504	47 504	(351 550)	(426 925)	(426 272)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits	200			-	200	226	254
Payments							
Repayment of borrowing	(3 330)			-	(3 330)	(3 697)	(4 102)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 130)	-	-	-	(3 130)	(3 471)	(3 848)
NET INCREASE/ (DECREASE) IN CASH HELD	3 601	(46 152)	25 673	(20 479)	(16 879)	5 923	18 858
Cash/cash equivalents at the year begin:	5 000		19 273	19 273	24 273	8 601	14 524
Cash/cash equivalents at the year end:	8 601	(46 152)	44 945	(1 207)	7 394	14 524	33 382

TABLE B8 CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

DC43 Harry Gwala - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Cash and investments available							
Cash/cash equivalents at the year end	8 601	(46 152)	49 945	3 793	12 394	14 524	33 382
Other current investments > 90 days	-	-	-	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-
Cash and investments available:	8 601	(46 152)	49 945	3 793	12 394	14 524	33 382
Applications of cash and investments							
Unspent conditional transfers	14 577	-	3 877	3 877	18 454	14 577	14 577
Unspent borrowing				-	-		
Statutory requirements	(42 834)			-	(42 834)	(48 761)	(48 735)
Other working capital requirements	17 661		100 870	100 870	118 532	9 254	(355 981)
Other provisions	16 891			-	16 891		
Long term investments committed	-		-	-	-	-	-
Reserves to be backed by cash/investments	-		-	-	-	-	-
Total Application of cash and investments:	6 295	-	104 747	104 747	111 043	(24 930)	(390 138)
Surplus(shortfall)	2 305	(46 152)	(54 802)	(100 954)	(98 649)	39 454	423 520

TABLE B9 ASSET MANAGEMENT

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2017/18					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total Adjus.	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjus.		Budget	Budget	Budget
	11	12	13	14			
	E	F	G	H			
R thousands	A						
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	394 054	-	(47 704)	(47 704)	346 350	426 925	293 343
<i>Water Supply Infrastructure</i>	324 701	-	(44 147)	(44 147)	280 553	362 793	223 463
<i>Sanitation Infrastructure</i>	62 543	-	(4 400)	(4 400)	58 143	57 517	64 500
Infrastructure	387 244	-	(48 547)	(48 547)	338 697	420 310	287 963
Operational Buildings	200	-	(200)	(200)	-	210	221
Housing	-	-	-	-	-	-	-
Other Assets	200	-	(200)	(200)	-	210	221
Licences and Rights	2 100	-	-	-	2 100	105	110
Intangible Assets	2 100	-	-	-	2 100	105	110
Computer Equipment	-	-	-	-	-	-	-
Furniture and Office Equipment	1 210	-	-	-	1 210	1 300	1 050
Machinery and Equipment	2 000	-	1 043	1 043	3 043	4 000	4 000
Transport Assets	1 300	-	-	-	1 300	1 000	-
<u>Total Renewal of Existing Assets to be adjusted</u>	5 000	-	-	-	5 000	-	20 000
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	5 000	-	-	-	5 000	-	20 000
Infrastructure	5 000	-	-	-	5 000	-	20 000
Community Facilities	-	-	-	-	-	-	-
<u>Total Capital Expenditure to be adjusted</u>							
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	329 701	-	(44 147)	(44 147)	285 553	362 793	243 463
<i>Sanitation Infrastructure</i>	62 543	-	(4 400)	(4 400)	58 143	57 517	64 500
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	392 244	-	(48 547)	(48 547)	343 697	420 310	307 963
Community Facilities	-	-	-	-	-	-	-
Operational Buildings	200	-	(200)	(200)	-	210	221
Housing	-	-	-	-	-	-	-
Other Assets	200	-	(200)	(200)	-	210	221
Licences and Rights	2 100	-	-	-	2 100	105	110
Intangible Assets	2 100	-	-	-	2 100	105	110
Computer Equipment	-	-	-	-	-	-	-
Furniture and Office Equipment	1 210	-	-	-	1 210	1 300	1 050
Machinery and Equipment	2 000	-	1 043	1 043	3 043	4 000	4 000
Transport Assets	1 300	-	-	-	1 300	1 000	-
TOTAL CAPITAL EXPENDITURE to be adjusted	399 054	-	(47 704)	(47 704)	351 350	426 925	313 343

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2017/18					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total Adjus.	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjus.		Budget	Budget	Budget
	11	12	13	14			
R thousands	A	E	F	G	H		
ASSET REGISTER SUMMARY - PPE (WDV)							
<i>Water Supply Infrastructure</i>	1 507 541			-	1 507 541	1 769 759	2 029 446
<i>Sanitation Infrastructure</i>	646 089			-	646 089	758 468	869 763
<i>Information and Communication Infrastructure</i>				-	-		
Infrastructure	2 153 630	-	-	-	2 153 630	2 528 227	2 899 209
Community Facilities	4 930			-	4 930	5 787	6 637
Sport and Recreation Facilities				-	-		
Community Assets	4 930	-	-	-	4 930	5 787	6 637
Non-revenue Generating	22 844			-	22 844	26 817	30 752
Investment properties	22 844	-	-	-	22 844	26 817	30 752
Operational Buildings	35 956			-	35 956	42 210	48 404
Housing				-	-		
Other Assets	35 956	-	-	-	35 956	42 210	48 404
Biological or Cultivated Assets				-	-		
Intangible Assets	-	-	-	-	-	-	-
Computer Equipment	1 848			-	1 848	2 169	2 488
Furniture and Office Equipment	9 594			-	9 594	11 263	12 916
Machinery and Equipment	7 707			-	7 707	9 048	10 375
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 236 509	-	-	-	2 236 509	2 625 521	3 010 780
EXPENDITURE OTHER ITEMS							
<u>Depreciation & asset impairment</u>	34 996	-	-	-	34 996	37 627	40 462
<u>Repairs and Maintenance by asset class</u>	87 562	-	-	-	87 562	93 809	100 483
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	57 171	-	-	-	57 171	63 839	68 375
<i>Sanitation Infrastructure</i>	26 202	-	-	-	26 202	25 839	27 682
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	83 373	-	-	-	83 373	89 678	96 057
Investment properties	-	-	-	-	-	-	-
Operational Buildings	3 009	-	-	-	3 009	2 967	3 179
Housing	-	-	-	-	-	-	-
Other Assets	3 009	-	-	-	3 009	2 967	3 179
Biological or Cultivated Assets	-	-	-	-	-	-	-
Computer Equipment	180	-	-	-	180	178	190
Transport Assets	1 000	-	-	-	1 000	986	1 057
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	122 558	-	-	-	122 558	131 437	140 946
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	1,3%				1,4%	0,0%	6,4%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	14,3%				14,3%	0,0%	49,4%
<i>R&M as a % of PPE</i>	3,9%				3,9%	3,6%	3,3%
<i>Renewal and upgrading and R&M as a % of PPE</i>	4,1%				4,1%	3,6%	4,0%

TABLE B10 BASIC SERVICE DELIVERY MEASUREMENT

DC43 Harry Gwala - Table B10 Basic service delivery measurement -

Description	Budget Year 2017/18				Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	12 F	13 G	14 H		
Household service targets						
<u>Water:</u>						
Piped water inside dwelling	48	-	-	48	49	48
Piped water inside yard (but not in dwelling)	20	-	-	20	20	20
Using public tap (at least min.service level)	26	-	-	26	30	35
Other water supply (at least min.service level)		-	-	-		
<i>Minimum Service Level and Above sub-total</i>	94	-	-	94	99	103
Using public tap (< min.service level)		-	-	-		
Other water supply (< min.service level)	32	-	-	32	30	29
No water supply		-	-	-		
<i>Below Minimum Service Level sub-total</i>	32	-	-	32	30	29
Total number of households	126	-	-	126	129	131
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)	66	-	-	65 558	71	76
Flush toilet (with septic tank)	12	-	-	12 436	12	12
Chemical toilet		-	-	-		
Pit toilet (ventilated)	48	-	-	48 188	46	43
Other toilet provisions (> min.service level)		-	-	-		
<i>Minimum Service Level and Above sub-total</i>	126 183	-	-	126 183	128 707	131 281
Total number of households	126 183	-	-	126 183	128 707	131 281
<u>Cost of Free Basic Services provided (R'000)</u>						
Water (6 kilolitres per household per month)	5 625	-	-	5 625	5 962	6 320
Refuse (removed once a week)		-	-	-		
Total cost of FBS provided (minimum social package)	5 625	-	-	5 625	5 962	6 320
<u>Highest level of free service provided</u>						
Property rates (R'000 value threshold)		-	-	-		
Water (kilolitres per household per month)	6	-	-	6	6	6
Total revenue cost of free services provided (total social package)	-	-	-	-	-	-

PARENT MUNICIPALITY TABLES

DC43 Harry Gwala - Table B1 Adjustments Budget Summary -

Description	Budget Year 2017/18					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	+1 2018/19	+2 2019/20
	Budget	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
	5	6	7	8			
R thousands	A	E	F	G	H		
Financial Performance							
Property rates	-	-	-	-	-	-	-
Service charges	55 390	-	12 004	12 004	67 394	58 714	62 237
Investment revenue	5 830	-	2 586	2 586	8 416	6 180	6 551
Transfers recognised - operational	303 218	-	44 147	44 147	347 365	335 594	360 461
Other own revenue	12 150	-	5 229	5 229	17 379	12 321	13 021
Total Revenue (excluding capital transfers and contributions)	376 588	-	63 967	63 967	440 555	412 809	442 269
Employee costs	144 502	-	4 000	4 000	148 502	156 062	168 547
Remuneration of councillors	8 539	-	(2 198)	(2 198)	6 340	9 222	9 960
Depreciation & asset impairment	34 286	-	15 864	15 864	50 150	36 882	39 680
Finance charges	2 000	-	(404)	(404)	1 596	2 118	2 241
Materials and bulk purchases	13 688	-	2 537	2 537	16 225	14 495	15 336
Transfers and grants	20 000	-	(12 000)	(12 000)	8 000	21 100	22 218
Other expenditure	163 993	-	60 761	60 761	224 755	185 074	186 681
Total Expenditure	387 008	-	68 560	68 560	455 567	424 954	444 662
Surplus/(Deficit)	(10 419)	-	(4 593)	(4 593)	(15 012)	(12 145)	(2 393)
Transfers recognised - capital	387 544	-	(44 147)	(44 147)	343 397	420 310	420 891
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	377 125	-	(48 740)	(48 740)	328 384	408 165	418 498
Surplus/ (Deficit) for the year	377 125	-	(48 740)	(48 740)	328 384	408 165	418 498
Capital expenditure & funds sources							
Capital expenditure	398 754	-	(47 704)	(47 704)	351 050	426 610	425 941
Transfers recognised - capital	387 544	-	(44 147)	(44 147)	343 397	420 310	420 891
Internally generated funds	11 210	-	(3 557)	(3 557)	7 653	6 300	5 050
Total sources of capital funds	398 754	-	(47 704)	(47 704)	351 050	426 610	425 941
Financial position							
Total current assets	51 416	(46 152)	51 321	5 169	56 585	68 295	91 333
Total non current assets	2 236 509	-	(63 368)	(63 368)	2 173 141	2 625 521	3 010 780
Total current liabilities	43 154	-	35 693	35 693	78 847	73 834	70 089
Total non current liabilities	40 869	-	-	-	40 869	42 759	45 338
Community wealth/Equity	2 203 901	-	(48 740)	(48 740)	2 155 161	2 570 651	2 980 113

DC43 Harry Gwala - Table B1 Adjustments Budget Summary -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	5 E	6 F	7 G	8 H		
Cash flows							
Net cash from (used) operating	404 774	(46 152)	(21 831)	(67 983)	336 791	432 479	445 145
Net cash from (used) investing	(398 754)	-	47 504	47 504	(351 250)	(379 681)	(378 693)
Net cash from (used) financing	(3 130)	-	-	-	(3 130)	(3 471)	(3 848)
Cash/cash equivalents at the year end	7 890	(46 152)	49 945	3 793	11 684	57 217	119 821
Cash backing/surplus reconciliation							
Cash and investments available	7 890	(46 152)	49 945	3 793	11 684	10 288	25 644
Application of cash and investments	(27 366)	-	32 024	32 024	4 658	(8 495)	(17 536)
Balance - surplus (shortfall)	35 256	(46 152)	17 921	(28 231)	7 025	18 783	43 180
Asset Management							
Asset register summary (WDV)	2 236 509	-	-	-	2 236 509	2 625 521	3 010 780
Depreciation & asset impairment	34 286	-	15 864	15 864	50 150	36 882	36 882
Renewal of Existing Assets	11 257	-	(4 093)	(4 093)	7 164	3 000	-
Repairs and Maintenance	87 562	-	-	-	87 562	93 809	100 483
Free services							
Cost of Free Basic Services provided	5 625	-	-	-	5 625	5 962	6 320
Revenue cost of free services provided	-	-	-	-	-	-	-
Households below minimum service level							
Water:	32	-	-	-	32	30	29
Sanitation/sewerage:	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-

DC43 Harry Gwala - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Budget Year 2017/18				Budget Year	Budget Year
	Original	Other	Total Adjusts.	Adjusted	+1 2018/19	+2 2019/20
	Budget	Adjusts.		Budget	Adjusted	Adjusted
		10	11	12		
R thousands	A	F	G	H		
Revenue - Functional						
Governance and administration	301 751	6 192	6 192	307 943	336 103	363 787
Executive and council	-	-	-	-	-	-
Finance and administration	301 751	6 192	6 192	307 943	336 103	363 787
Internal audit	-	-	-	-	-	-
Economic and environmental services	-	-	-	-	500	500
Planning and development	-	-	-	-	500	500
Road transport	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-
Trading services	462 381	13 628	13 628	476 008	496 515	498 873
Energy sources	-	-	-	-	-	-
Water management	404 484	-	-	404 484	435 625	434 331
Waste water management	57 897	13 628	13 628	71 524	60 890	64 542
Waste management	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenue - Functional	764 132	19 819	19 819	783 952	833 119	863 160
Expenditure - Functional						
Governance and administration	141 710	11 248	11 248	152 958	156 016	163 471
Executive and council	27 496	(5 714)	(5 714)	21 783	30 189	33 207
Finance and administration	114 213	16 962	16 962	131 175	125 827	130 263
Internal audit	-	-	-	-	-	-
Economic and environmental services	59 189	(16 575)	(16 575)	42 615	68 335	72 292
Planning and development	59 189	(16 575)	(16 575)	42 615	68 335	72 292
Road transport	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-
Trading services	186 108	73 886	73 886	259 994	200 603	208 900
Energy sources	-	-	-	-	-	-
Water management	147 917	26 175	26 175	174 092	162 274	173 872
Waste water management	38 191	47 711	47 711	85 902	38 328	35 028
Waste management	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Expenditure - Functional	387 008	68 560	68 560	455 567	424 954	444 662
Surplus/ (Deficit) for the year	377 125	(48 740)	(48 740)	328 384	408 165	418 498

DC43 Harry Gwala - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vo

Vote Description <i>[Insert departmental structure etc]</i>	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	7	8	9	10			
R thousands	A	E	F	G	H		
Revenue by Vote							
Vote 1 - Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	301 751	-	6 192	6 192	307 943	336 103	363 787
Vote 4 - Corporate Services	-	-	-	-	-	-	-
Vote 5 - Social & Development Planning	-	-	-	-	-	500	500
Vote 6 - Infrastructure Services	404 484	-	-	-	404 484	435 625	434 331
Vote 7 - Water Services	57 897	-	13 628	13 628	71 524	60 890	64 542
Total Revenue by Vote	764 132	-	19 819	19 819	783 952	833 119	863 160
Expenditure by Vote							
Vote 1 - Council	12 346	-	(3 162)	(3 162)	9 184	13 857	15 669
Vote 2 - Municipal Manager	15 150	-	(2 552)	(2 552)	12 599	16 332	17 538
Vote 3 - Budget & Treasury Office	63 901	-	6 606	6 606	70 508	72 246	73 221
Vote 4 - Corporate Services	50 312	-	10 356	10 356	60 668	53 581	57 042
Vote 5 - Social & Development Planning	59 189	-	(16 575)	(16 575)	42 615	68 335	72 292
Vote 6 - Infrastructure Services	38 191	-	47 711	47 711	85 902	38 328	35 028
Vote 7 - Water Services	147 917	-	26 175	26 175	174 092	162 274	173 872
Total Expenditure by Vote	387 008	-	68 560	68 560	455 567	424 954	444 662
Surplus/ (Deficit) for the year	377 125	-	(48 740)	(48 740)	328 384	408 165	418 498

DC43 Harry Gwala - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Budget Year 2017/18				Budget Year	Budget Year
	Original	Other	Total	Adjusted	+1 2018/19	+2 2019/20
	Budget	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
	8	9	10	Budget	Budget	Budget
R thousands	A	F	G	H		
Revenue By Source						
Service charges - water revenue	39 269	8 403	8 403	47 671	41 625	44 122
Service charges - sanitation revenue	16 122	3 601	3 601	19 723	17 089	18 114
Interest earned - external investments	5 830	2 586	2 586	8 416	6 180	6 551
Interest earned - outstanding debtors	9 000	3 606	3 606	12 606	9 540	10 112
Transfers and subsidies	303 218	44 147	44 147	347 365	335 594	360 461
Other revenue	3 150	1 624	1 624	4 774	2 781	2 909
Gains on disposal of PPE			-	-		
Total Revenue (excluding capital transfers and contributions)	376 588	63 967	63 967	440 555	412 809	442 269
Expenditure By Type						
Employee related costs	144 502	4 000	4 000	148 502	156 062	168 547
Remuneration of councillors	8 539	(2 198)	(2 198)	6 340	9 222	9 960
Debt impairment	27 843	6 255	6 255	34 098	29 513	31 284
Depreciation & asset impairment	34 286	15 864	15 864	50 150	36 882	39 680
Finance charges	2 000	(404)	(404)	1 596	2 118	2 241
Bulk purchases	13 688	2 537	2 537	16 225	14 495	15 336
Other materials			-	-		
Contracted services	20 298	4 207	4 207	24 505	22 625	23 372
Transfers and subsidies	20 000	(12 000)	(12 000)	8 000	21 100	22 218
Other expenditure	115 853	50 299	50 299	166 152	132 936	132 025
Loss on disposal of PPE			-	-		
Total Expenditure	387 008	68 560	68 560	455 567	424 954	444 662
Surplus/(Deficit)	(10 419)	(4 593)	(4 593)	(15 012)	(12 145)	(2 393)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	387 544	(44 147)	(44 147)	343 397	420 310	420 891
Transfers and subsidies - capital (in-kind - all)			-	-		
Surplus/(Deficit) before taxation	377 125	(48 740)	(48 740)	328 384	408 165	418 498
Taxation			-	-		
Surplus/(Deficit) after taxation	377 125	(48 740)	(48 740)	328 384	408 165	418 498
Attributable to minorities			-	-		
Surplus/(Deficit) attributable to municipality	377 125	(48 740)	(48 740)	328 384	408 165	418 498
Share of surplus/ (deficit) of associate			-	-		
Surplus/ (Deficit) for the year	377 125	(48 740)	(48 740)	328 384	408 165	418 498

DC43 Harry Gwala - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Budget Year 2017/18				Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	A	F	G	H		
Capital expenditure - Vote						
Multi-year expenditure to be adjusted						
Vote 1 - Council	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	-	-	-	-	-	-
Vote 4 - Corporate Services	5 110	1 043	1 043	6 153	1 900	650
Vote 5 - Social & Development Planning	200	(200)	(200)	-	-	-
Vote 6 - Infrastructure Services	324 544	18 853	18 853	343 397	420 310	420 891
Vote 7 - Water Services	68 900	(67 400)	(67 400)	1 500	4 400	4 400
Capital multi-year expenditure sub-total	398 754	(47 704)	(47 704)	351 050	426 610	425 941
Total Capital Expenditure - Vote	398 754	(47 704)	(47 704)	351 050	426 610	425 941
Capital Expenditure - Functional						
Governance and administration	5 110	1 043	1 043	6 153	1 900	650
Executive and council			-	-		
Finance and administration	5 110	1 043	1 043	6 153	1 900	650
Internal audit			-	-		
Economic and environmental services	200	(200)	(200)	-	-	-
Planning and development	200	(200)	(200)	-	-	-
Road transport			-	-		
Environmental protection			-	-		
Trading services	387 544	(44 147)	(44 147)	343 397	420 310	420 891
Energy sources			-	-		
Water management	324 544	18 853	18 853	343 397	329 203	332 891
Waste water management	63 000	(63 000)	(63 000)	-	91 107	88 000
Waste management			-	-		
Other	5 900	(4 400)	(4 400)	1 500	4 400	4 400
Total Capital Expenditure - Functional	398 754	(47 704)	(47 704)	351 050	426 610	425 941
Funded by:						
National Government	387 544	(44 147)	(44 147)	343 397	420 310	420 891
Provincial Government			-	-		
Transfers recognised - capital	387 544	(44 147)	(44 147)	343 397	420 310	420 891
Internally generated funds	11 210	(3 557)	(3 557)	7 653	6 300	5 050
Total Capital Funding	398 754	(47 704)	(47 704)	351 050	426 610	425 941

DC43 Harry Gwala - Table B6 Adjustments Budget Financial Position -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
ASSETS							
Current assets							
Cash	7 890	(46 152)	49 945	3 793	11 684	10 288	25 644
Call investment deposits	-	-	-	-	-	-	-
Consumer debtors	36 156	-	1 376	1 376	37 532	50 322	58 370
Other debtors	7 107	-	-	-	7 107	7 423	7 057
Inventory	263	-	-	-	263	263	263
Total current assets	51 416	(46 152)	51 321	5 169	56 585	68 295	91 333
Non current assets							
Investment in Associate	-	-	-	-	-	-	-
Property, plant and equipment	2 236 142	-	(63 368)	(63 368)	2 172 774	2 625 338	3 010 780
Biological	-	-	-	-	-	-	-
Intangible	366	-	-	-	366	183	-
Other non-current assets	-	-	-	-	-	-	-
Total non current assets	2 236 509	-	(63 368)	(63 368)	2 173 141	2 625 521	3 010 780
TOTAL ASSETS	2 287 924	(46 152)	(12 047)	(58 199)	2 229 726	2 693 816	3 102 113
LIABILITIES							
Current liabilities							
Bank overdraft	-	-	-	-	-	-	-
Borrowing	3 697	-	-	-	3 697	4 102	4 555
Consumer deposits	1 794	-	-	-	1 794	2 019	2 273
Trade and other payables	36 645	-	123 206	123 206	159 850	65 980	60 316
Provisions	1 019	-	-	-	1 019	1 732	2 945
Total current liabilities	43 154	-	123 206	123 206	166 360	73 834	70 089
Non current liabilities							
Borrowing	12 353	-	-	-	12 353	8 657	4 555
Provisions	28 516	-	-	-	28 516	34 102	40 783
Total non current liabilities	40 869	-	-	-	40 869	42 759	45 338
TOTAL LIABILITIES	84 023	-	123 206	123 206	207 229	116 592	115 427
NET ASSETS	2 203 901	(46 152)	(135 252)	(181 404)	2 022 497	2 577 224	2 986 686
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)	2 203 901	(46 152)	(135 252)	(181 404)	2 022 497	2 577 224	2 986 686
Reserves	-	-	-	-	-	-	-
Minorities' interests	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2 203 901	(46 152)	(135 252)	(181 404)	2 022 497	2 577 224	2 986 686

DC43 Harry Gwala - Table B7 Adjustments Budget Cash Flows -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates				-	-		
Service charges	29 911		12 500	12 500	42 411	28 852	30 583
Other revenue	3 150		1 624	1 624	4 774	2 781	2 909
Government - operating	303 439	(46 152)	44 147	(2 005)	301 434	336 126	361 280
Government - capital	387 323		(44 147)	(44 147)	343 176	419 778	420 072
Interest	5 830		2 586	2 586	8 416	3 500	4 000
Dividends	-			-	-	-	-
Payments							
Suppliers and employees	(302 879)		(50 946)	(50 946)	(353 824)	(335 340)	(349 240)
Finance charges	(2 000)		404	404	(1 596)	(2 118)	(2 241)
Transfers and Grants	(20 000)		12 000	12 000	(8 000)	(21 100)	(22 218)
NET CASH FROM/(USED) OPERATING ACTIVITIES	404 774	(46 152)	(21 831)	(67 983)	336 791	432 479	445 145
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Decrease (increase) other non-current receivables				-	-		
Payments							
Capital assets	(398 754)		47 504	47 504	(351 250)	(379 681)	(378 693)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(398 754)	-	47 504	47 504	(351 250)	(379 681)	(378 693)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits	200		-	-	200	226	254
Payments							
Repayment of borrowing	(3 330)		-	-	(3 330)	(3 697)	(4 102)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 130)	-	-	-	(3 130)	(3 471)	(3 848)
NET INCREASE/ (DECREASE) IN CASH HELD	2 890	(46 152)	25 673	(20 479)	(17 589)	49 327	62 604
Cash/cash equivalents at the year begin:	5 000		24 273	24 273	29 273	7 890	57 217
Cash/cash equivalents at the year end:	7 890	(46 152)	49 945	3 793	11 684	57 217	119 821

DC43 Harry Gwala - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
<u>Cash and investments available</u>							
Cash/cash equivalents at the year end	7 890	(46 152)	49 945	3 793	11 684	57 217	119 821
Other current investments > 90 days	-	-	-	-	-	(46 929)	(94 177)
Non current assets - Investments	-	-	-	-	-	-	-
Cash and investments available:	7 890	(46 152)	49 945	3 793	11 684	10 288	25 644
<u>Applications of cash and investments</u>							
Unspent conditional transfers	6 645	-	3 877	3 877	10 522	5 980	5 316
Unspent borrowing				-	-		
Statutory requirements	(42 834)			-	(42 834)	(48 761)	(48 735)
Other working capital requirements	8 823		115 660	115 660	124 483	34 285	25 883
Other provisions				-	-		
Long term investments committed	-		-	-	-	-	-
Reserves to be backed by cash/investments	-		-	-	-	-	-
Total Application of cash and investments:	(27 366)	-	119 537	119 537	92 171	(8 495)	(17 536)
Surplus(shortfall)	35 256	(46 152)	(69 592)	(115 744)	(80 487)	18 783	43 180

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt 11	Other Adjusts. 12	Total Adjusts. 13	Adjusted Budget 14	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	387 497	-	(43 611)	(43 611)	343 886	423 610	425 941
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	317 380	-	19 896	19 896	337 276	341 603	362 891
<i>Sanitation Infrastructure</i>	58 907	-	(58 907)	(58 907)	-	75 707	58 000
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	376 287	-	(39 011)	(39 011)	337 276	417 310	420 891
Operational Buildings	1 000	-	-	-	1 000	-	-
Housing	-	-	-	-	-	-	-
Other Assets	1 000	-	-	-	1 000	-	-
Servitudes	-	-	-	-	-	-	-
Licences and Rights	2 000	-	-	-	2 000	-	-
Intangible Assets	2 000	-	-	-	2 000	-	-
Computer Equipment	-	-	-	-	-	-	-
Furniture and Office Equipment	1 210	-	-	-	1 210	1 300	1 050
Machinery and Equipment	2 200	-	-	-	2 200	4 000	4 000
Transport Assets	4 800	-	(4 600)	(4 600)	200	1 000	-
<u>Total Renewal of Existing Assets to be adjusted</u>	11 257	-	(4 093)	(4 093)	7 164	3 000	-
<i>Water Supply Infrastructure</i>	11 257	-	(4 093)	(4 093)	7 164	3 000	-
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	11 257	-	(4 093)	(4 093)	7 164	3 000	-
<u>Total Capital Expenditure to be adjusted</u>							
<i>Water Supply Infrastructure</i>	328 637	-	15 803	15 803	344 440	344 603	362 891
<i>Sanitation Infrastructure</i>	58 907	-	(58 907)	(58 907)	-	75 707	58 000
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-
Infrastructure	387 544	-	(43 104)	(43 104)	344 440	420 310	420 891
Investment properties	-	-	-	-	-	-	-
Operational Buildings	1 000	-	-	-	1 000	-	-
Other Assets	1 000	-	-	-	1 000	-	-
Licences and Rights	2 000	-	-	-	2 000	-	-
Intangible Assets	2 000	-	-	-	2 000	-	-
Furniture and Office Equipment	1 210	-	-	-	1 210	1 300	1 050
Machinery and Equipment	2 200	-	-	-	2 200	4 000	4 000
Transport Assets	4 800	-	(4 600)	(4 600)	200	1 000	-
TOTAL CAPITAL EXPENDITURE to be adjusted	398 754	-	(47 704)	(47 704)	351 050	426 610	425 941

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt 11	Other Adjusts. 12	Total Adjusts. 13	Adjusted Budget 14	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
ASSET REGISTER SUMMARY - PPE (WDV)							
<i>Water Supply Infrastructure</i>	1 507 541			–	1 507 541	1 769 759	2 029 446
<i>Sanitation Infrastructure</i>	646 089			–	646 089	758 468	869 763
<i>Information and Communication Infrastructure</i>				–	–		
Infrastructure	2 153 630	–	–	–	2 153 630	2 528 227	2 899 209
Community Facilities	4 930			–	4 930	5 787	6 637
Sport and Recreation Facilities				–	–		
Community Assets	4 930	–	–	–	4 930	5 787	6 637
Non-revenue Generating	22 844			–	22 844	26 817	30 752
Investment properties	22 844	–	–	–	22 844	26 817	30 752
Operational Buildings	35 956			–	35 956	42 210	48 404
Housing				–	–		
Other Assets	35 956	–	–	–	35 956	42 210	48 404
Biological or Cultivated Assets				–	–		
Computer Equipment				–	–		
Furniture and Office Equipment	1 848			–	1 848	2 169	2 488
Machinery and Equipment	9 594			–	9 594	11 263	12 916
Transport Assets	7 707			–	7 707	9 048	10 375
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 236 509	–	–	–	2 236 509	2 625 521	3 010 780
EXPENDITURE OTHER ITEMS							
Depreciation & asset impairment	34 286	–	15 864	15 864	50 150	36 882	36 882
Repairs and Maintenance by asset class	87 562	–	–	–	87 562	93 809	100 483
<i>Water Supply Infrastructure</i>	58 400	–	–	–	58 400	57 592	61 701
<i>Sanitation Infrastructure</i>	24 973	–	–	–	24 973	32 086	34 356
<i>Solid Waste Infrastructure</i>	–	–	–	–	–	–	–
Infrastructure	83 373	–	–	–	83 373	89 678	96 057
Community Facilities	–	–	–	–	–	–	–
Operational Buildings	3 009	–	–	–	3 009	2 967	3 179
Housing	–	–	–	–	–	–	–
Other Assets	3 009	–	–	–	3 009	2 967	3 179
Computer Equipment	180	–	–	–	180	178	190
Transport Assets	1 000	–	–	–	1 000	986	1 057
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	121 848	–	15 864	15 864	137 712	130 691	137 365
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	2,8%				2,0%	0,7%	0,0%
<i>Renewal and upgrading of Existing Assets as % of deprecn"</i>	32,8%				14,3%	8,1%	0,0%
<i>R&M as a % of PPE</i>	3,9%				3,9%	3,6%	3,3%
<i>Renewal and upgrading and R&M as a % of PPE</i>	4,4%				4,2%	3,7%	3,3%

DC43 Harry Gwala - Table B10 Basic service delivery measurement -

Description	Budget Year 2017/18				Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	12 F	13 G	14 H		
Household service targets						
<u>Water:</u>						
Piped water inside dwelling	48	-	-	48	49	48
Piped water inside yard (but not in dwelling)	20	-	-	20	20	20
Using public tap (at least min.service level)	26	-	-	26	30	35
Other water supply (at least min.service level)		-	-	-		
<i>Minimum Service Level and Above sub-total</i>	94	-	-	94	99	103
Using public tap (< min.service level)		-	-	-		
Other water supply (< min.service level)	32	-	-	32	30	29
No water supply		-	-	-		
<i>Below Minimum Service Level sub-total</i>	32	-	-	32	30	29
Total number of households	126	-	-	126	129	131
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)	66	-	-	65 558	71	76
Flush toilet (with septic tank)	12	-	-	12 436	12	12
Chemical toilet		-	-	-		
Pit toilet (ventilated)	48	-	-	48 188	46	43
Other toilet provisions (> min.service level)		-	-	-		
<i>Minimum Service Level and Above sub-total</i>	126 183	-	-	126 183	128 707	131 281
Total number of households	126 183	-	-	126 183	128 707	131 281
<u>Cost of Free Basic Services provided (R'000)</u>						
Water (6 kilolitres per household per month)	5 625	-	-	5 625	5 962	6 320
Refuse (removed once a week)		-	-	-		
Total cost of FBS provided (minimum social package)	5 625	-	-	5 625	5 962	6 320
<u>Highest level of free service provided</u>						
Property rates (R'000 value threshold)		-	-	-		
Water (kilolitres per household per month)	6	-	-	6	6	6
Total revenue cost of free services provided (total social package)	-	-	-	-	-	-

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

There have not been major shifts in the budget assumptions. However, the few points noted below are worth noting.

External factors: The economic slowdown as shown by the further declines in economic growth figures, the rising cost of living due to increases in the cost of borrowing and the high unemployment levels, financial resources are limited due to reduced payment levels by consumers. The latest figures released by the Census 2011 also show a decline in district population due to migration. This has resulted in declining cash inflows, which has necessitated major budgeted expenditure cuts to ensure that cash outflows remain within the affordability parameters of the district's finances.

Collection rate for revenue services: A collection rate of 52% of billed services was initially planned to result from the revenue management programmes in the 2017/18 financial year. However, the actual figures at mid-year yielded more than expected results and thus resulting in an upward adjustment of the collection ratio to 67%. This upward forecast being mainly attributed to service charges water and sanitation and levying of interest on arrear accounts. Cash flow forecasts have also conservatively taken these factors into consideration.

2.2 Adjustments to Budget funding

Cash flow constraints still continue to affect the financial sustainability of the municipality as the municipality is largely grant dependent. This high grant dependency ratio (of over 90%) means that the municipality's operations are highly sensitive to non-payment by consumers. The increasing water & sanitation infrastructural assets also tend to burden the operations budget in the form of high operations and maintenance costs.

As stated in the budget assumptions above, the adjustment to revenue collection estimated at a conservative 77 per cent.

Except for the existing ABSA loan, the Municipality has not planned to fund any of its infrastructural developments with debt instruments.

Table SB 7 below provides details of the Government Grants and Subsidies differentiated between National & Provincial Governments.

DC43 Harry Gwala - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	9 C	10 D	11 E	12 F		
R thousands							
RECEIPTS:							
<u>Operating Transfers and Grants</u>							
National Government:	303 218	-	44 147	44 147	347 365	335 094	359 961
Local Government Equitable Share	285 028			-	285 028	318 779	345 521
Finance Management	1 250			-	1 250	1 000	1 000
Municipal Systems Improvement	-			-	-	-	-
Municipal Infrastructure Grant (PMU)	5 001		44 147	44 147	49 148	5 005	5 001
Energy Efficiency And Demand Side Management Grant	8 000			-	8 000	8 000	-
Water Services Operating Subsidy	-			-	-	-	2 439
Rural Roads Asset Management Grant	2 221			-	2 221	2 310	
Rural Household Infrastructure Grant	-			-	-	-	6 000
Expanded public works programme incentive grant	1 718			-	1 718	-	-
Other transfers and grants [insert description]				-	-	-	
Provincial Government:	-	-	-	-	-	500	500
Infrastructure Sport Facilities	-			-	-		
Development Planning Shared Services	-			-	-	500	500
				-	-		
Total Operating Transfers and Grants	303 218	-	44 147	44 147	347 365	335 594	360 461
<u>Capital Transfers and Grants</u>							
National Government:	387 544	-	(44 147)	(44 147)	343 397	420 310	420 891
Municipal Infrastructure Grant (MIG)	199 544		(44 147)	(44 147)	155 397	211 910	224 968
Regional Bulk Infrastructure	90 000			-	90 000	100 000	97 923
Municipal Water Infrastructure Grant	98 000			-	98 000	108 400	98 000
Expanded public works programme incentive grant	-			-	-	-	
				-	-		
Total Capital Transfers and Grants	387 544	-	(44 147)	(44 147)	343 397	420 310	420 891
TOTAL RECEIPTS OF TRANSFERS & GRANTS	690 762	-	-	-	690 762	755 904	781 352

The total adjusted **Operational Government** grant allocations are as follows;

- National Government R 347, 3million

While the adjusted **Capital Funding** are as follows;

- National Government R 343, 3million

2.3 Adjustments to Expenditure on Allocations and Grant Programmes

2.3.1 All DORA and provincial grants allocations for 2017/2018 are not adjusted.

Adjustments to Allocations and Grants made by the Municipality

Due to cash flow constraints facing the municipality a downward adjustment of R12million has been made to Harry Gwala Development Agency resulting in the adjusted budget of R8million.

2.4 Adjustments to Councillor Allowances and Employee Benefits

The adjustment budget for Councillors Remuneration adjusted downward to R6, 2million. As at midyear, the expenditure for allowances was still below the budgeted projections. This was merely intended to cover the increase in the Councillor Allowances in the second quarter as Gazetted by the Minister. This will increase the expenditure on Councillor Allowances as the new Councillor Allowances structure is effected and applied retrospectively to the beginning of the financial year.

Employee related costs have on the other hand increased by R 1million to R161, 9million in order to cater for the critical posts that are key in strengthening the workforce that drives service delivery.

2.5 Adjustments to Capital Expenditure

The adjustments budget has resulted in certain projects being moved from the Capital Budget to the Operating budget due their nature and the accounting treatment thereof.

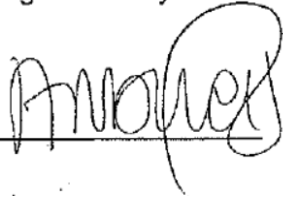
2.6 Municipal Manager's Quality Certificates

I, **Adelaide Nomnandi Dlamini**, Municipal Manager of **Harry Gwala District Municipality**, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Print name: A. N. Dlamini

Municipal Manager of Harry Gwala District Municipality (DC43)

Signature: _____

A handwritten signature in black ink, appearing to read 'Adelaide Nomnandi Dlamini', written over a horizontal line.

Date 27 February 2018