



# 1516 SCHEDULE B

# 201516 BUDGET ADJUSTMENTS

## Table of Contents

PART 1 – ADJUSTMENTS BUDGET.....	5
1. Mayor’s Report .....	5
2. Resolutions.....	6
3. Executive Summary .....	7
PART 2 – SUPPORTING DOCUMENTATION .....	36
2.1 Adjustments to Budget Assumptions .....	36
2.2 Adjustments to Budget funding .....	36
2.3 Adjustments to Expenditure on Allocations and Grant Programmes.....	38
2.4 Adjustments to Allocations and Grants made by the Municipality .....	38
2.5 Adjustments to Councillor Allowances and Employee Benefits .....	38
2.6 Adjustments to Capital Expenditure .....	38
2.7 Municipal Manager’s Quality Certificates.....	<b>Error! Bookmark not defined.</b>

## 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 2015/16 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 2015/2016 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 24, 9million due to the nature of the operations and repairs and maintenance undertaken under this department, Budget and treasury office also shows an increase because of the non- cash items such as depreciation and bad debt reserves.

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. The bulk water purchase original budget of R8, 7m has been adjusted upward to R9, 8m as a result of underestimation of the water demand and water use in the Local Municipality.

## **2. Resolutions**

It is recommended that the Executive Committee recommends to the Harry Gwala District Municipality Council the following;

- 2.1 The adjustments budget and consolidated adjustments budget for the financial year 2015/2016, 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 The condonement of the R192, 9million unauthorised expenditure in terms of section 32 (2) (a) (i) of the MFMA.

### 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 February 2016 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 for the parent municipality has decreased to R573m from R588m, the consolidated revenue has also decreased from R668, 2million to R621, 4million. This downward adjustment is mainly due to following major contributing factors; the consolidated revenue has also decreased from

- Reduction of Regional Bulk Infrastructure Grant R16m

The Adjusted operations budget is R387m having increased by R41, 4million from the original budget of R345, 6million. Consolidated adjusted operations budget has increased to R439, 6m from the original budget of R397, 5m. The item below had the major movements

- Increase of R 2m employee related costs
- Increase of R 21m contracted services
- Increase of R 1m in bulk water purchases
- An increase on other expenditure mainly due to the R 19m from capital grants to the operations budget.

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 18% 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 R278, 5million to R250, 2million. This is mainly attributable to the downward adjustment of the following grants;

- ✓ Regional Bulk Infrastructure Grant R16m

Consolidated capital budget has also decreased from R306, 6million to R278 million due to withdrawal of Maize Mill grant from Agriculture of R27, 5million.

## **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 2015/16					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		5	6	7	8		
<b>R thousands</b>	A	E	F	G	H		
<b>Financial Performance</b>							
Service charges	55 902	–	–	–	55 902	60 222	64 875
Investment revenue	4 375	–	(1 000)	(1 000)	3 375	4 812	5 294
Transfers recognised - operational	249 823	80	10 500	10 580	260 403	265 226	283 723
Other own revenue	7 328	–	1 770	1 770	9 098	7 764	8 222
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>317 429</b>	<b>80</b>	<b>11 270</b>	<b>11 350</b>	<b>328 779</b>	<b>338 023</b>	<b>362 114</b>
Employee costs	114 031	–	2 000	2 000	116 031	92 392	100 707
Remuneration of councillors	7 321	–	–	–	7 321	7 723	8 133
Depreciation & asset impairment	30 000	–	–	–	30 000	34 000	38 000
Finance charges	2 228	–	(1 114)	(1 114)	1 114	1 926	1 595
Materials and bulk purchases	8 706	–	1 147	1 147	9 852	9 463	10 286
Transfers and grants	20 000	–	(1 904)	(1 904)	18 096	21 100	22 218
Other expenditure	163 336	–	41 300	41 300	204 636	168 971	177 367
<b>Total Expenditure</b>	<b>345 621</b>	<b>–</b>	<b>41 428</b>	<b>41 428</b>	<b>387 050</b>	<b>335 575</b>	<b>358 307</b>
<b>Surplus/(Deficit)</b>	<b>(28 193)</b>	<b>80</b>	<b>(30 158)</b>	<b>(30 078)</b>	<b>(58 271)</b>	<b>2 448</b>	<b>3 807</b>
Transfers recognised - capital	270 790	(16 000)	(10 500)	(26 500)	244 290	321 768	424 117
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>242 597</b>	<b>(15 920)</b>	<b>(40 658)</b>	<b>(56 578)</b>	<b>186 019</b>	<b>324 216</b>	<b>427 925</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 597</b>	<b>(15 920)</b>	<b>(40 658)</b>	<b>(56 578)</b>	<b>186 019</b>	<b>324 216</b>	<b>427 925</b>
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	278 540	–	(28 302)	(28 302)	250 238	329 944	432 727
Transfers recognised - capital	270 790	(16 000)	(10 500)	(26 500)	244 290	321 768	424 117
Internally generated funds	7 750	–	(1 802)	(1 802)	5 948	8 176	8 610
<b>Total sources of capital funds</b>	<b>278 540</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>250 238</b>	<b>329 944</b>	<b>432 727</b>
<b>Financial position</b>							
Total current assets	85 442	–	(42 836)	(42 836)	42 606	102 111	48 636
Total non current assets	1 600 660	(16 000)	(12 302)	(28 302)	1 572 358	1 910 505	2 327 244
Total current liabilities	56 886	–	52 000	52 000	108 886	51 494	49 200
Total non current liabilities	31 018	–	–	–	31 018	29 524	28 833
<b>Community wealth/Equity</b>	<b>1 598 198</b>	<b>(16 000)</b>	<b>(107 138)</b>	<b>(123 138)</b>	<b>1 475 060</b>	<b>1 637 736</b>	<b>2 010 143</b>
<b>Cash flows</b>							
Net cash from (used) operating	268 665	(15 920)	10 845	(5 075)	263 590	323 678	430 843
Net cash from (used) investing	(248 610)	(16 000)	(12 302)	(28 302)	(276 912)	(294 380)	(385 851)
Net cash from (used) financing	(3 684)	–	990	990	(2 694)	(4 052)	(4 474)
<b>Cash/cash equivalents at the year end</b>	<b>52 691</b>	<b>(31 920)</b>	<b>(10 916)</b>	<b>(42 836)</b>	<b>9 855</b>	<b>77 937</b>	<b>118 455</b>

Table B1 Cont.....

DC43 Harry Gwala - Table B1 Adjustments Budget Summary -							
Description	Budget Year 2015/16					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		5	6	7	8		
R thousands	A	E	F	G	H		
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	52 691	–	(42 836)	(42 836)	9 855	77 937	118 455
Application of cash and investments	44 095	–	51 750	51 750	95 845	43 212	87 748
<b>Balance - surplus (shortfall)</b>	<b>8 596</b>	<b>–</b>	<b>(94 586)</b>	<b>(94 586)</b>	<b>(85 990)</b>	<b>34 724</b>	<b>30 707</b>
<b>Asset Management</b>							
Asset register summary (WDV)	1 600 660	(16 000)	(12 302)	(28 302)	1 572 358	1 910 505	2 327 244
Depreciation & asset impairment	30 000	–	–	–	30 000	34 000	38 000
Renewal of Existing Assets	7 000	–	–	–	7 000	–	–
Repairs and Maintenance	73 875	–	–	–	73 875	88 580	113 883
<b>Free services</b>							
Cost of Free Basic Services provided	5 406	–	–	–	5 406	5 839	6 306
Revenue cost of free services provided	40 330	–	–	–	40 330	43 039	45 964
<b>Households below minimum service level</b>							
Water:	32	–	–	–	32	32	32

## TABLE B2 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

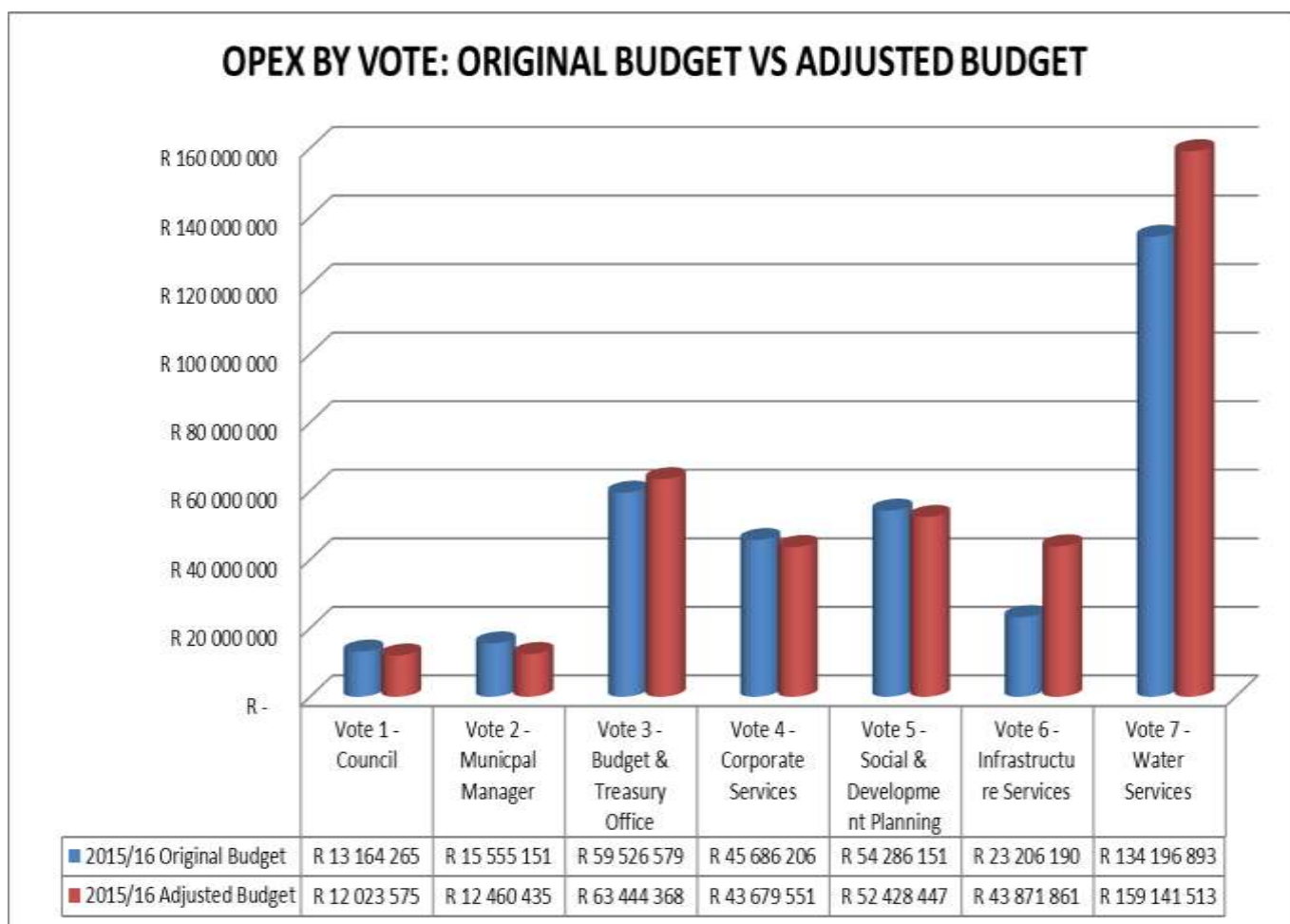
Schedule B2 is the Expenditure by standard classification presents the adjustment expenditures by the departments.

DC43 Harry Gwala - Table B2 Adjustments Budget Financial Performance (standard classification) -						
Standard Description	Budget Year 2015/16				Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		10	11	12		
<b>R thousands</b>	<b>A</b>	<b>F</b>	<b>G</b>	<b>H</b>		
<b>Revenue - Standard</b>						
<b>Governance and administration</b>	<b>249 598</b>	<b>5 461</b>	<b>5 461</b>	<b>255 059</b>	<b>266 887</b>	<b>287 046</b>
Executive and council	-	-	-	-	-	-
Budget and treasury office	249 598	5 461	5 461	255 059	266 887	287 046
Corporate services	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>1 100</b>	<b>-</b>	<b>-</b>	<b>1 100</b>	<b>400</b>	<b>-</b>
Planning and development	1 100	-	-	1 100	400	-
<b>Trading services</b>	<b>337 520</b>	<b>(20 691)</b>	<b>(20 691)</b>	<b>316 829</b>	<b>392 504</b>	<b>499 185</b>
Electricity	-	-	-	-	-	-
Water	61 230	(4 691)	(4 691)	56 539	64 904	68 798
Waste water management	276 290	(16 000)	(16 000)	260 290	327 600	430 387
Waste management	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>588 218</b>	<b>(15 230)</b>	<b>(15 230)</b>	<b>572 988</b>	<b>659 791</b>	<b>786 231</b>
<b>Expenditure - Standard</b>						
<b>Governance and administration</b>	<b>133 932</b>	<b>(2 324)</b>	<b>(2 324)</b>	<b>131 608</b>	<b>140 691</b>	<b>146 524</b>
Executive and council	28 719	(4 235)	(4 235)	24 484	30 130	31 804
Budget and treasury office	59 527	3 918	3 918	63 444	62 852	63 949
Corporate services	45 686	(2 007)	(2 007)	43 680	47 709	50 771
<b>Economic and environmental services</b>	<b>54 286</b>	<b>(1 858)</b>	<b>(1 858)</b>	<b>52 428</b>	<b>58 005</b>	<b>61 687</b>
Planning and development	54 286	(1 858)	(1 858)	52 428	58 005	61 687
<b>Trading services</b>	<b>157 403</b>	<b>45 610</b>	<b>45 610</b>	<b>203 013</b>	<b>167 234</b>	<b>180 727</b>
Electricity	-	-	-	-	-	-
Water	134 197	24 945	24 945	159 142	140 891	152 372
Waste water management	23 206	20 666	20 666	43 872	26 343	28 356
Waste management	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	<b>345 621</b>	<b>41 428</b>	<b>41 428</b>	<b>387 050</b>	<b>365 930</b>	<b>388 939</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 597</b>	<b>(56 658)</b>	<b>(56 658)</b>	<b>185 939</b>	<b>293 861</b>	<b>397 293</b>

The revenue of the municipality has decreased by 3% from R588million originally approved budget to R572 million. The waste water management has seen the biggest decrease in revenue due to the reduction of Regional Bulk Infrastructure Grant funding of R16 million.

Operational expenditure has increased by 12% to R387million. 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**



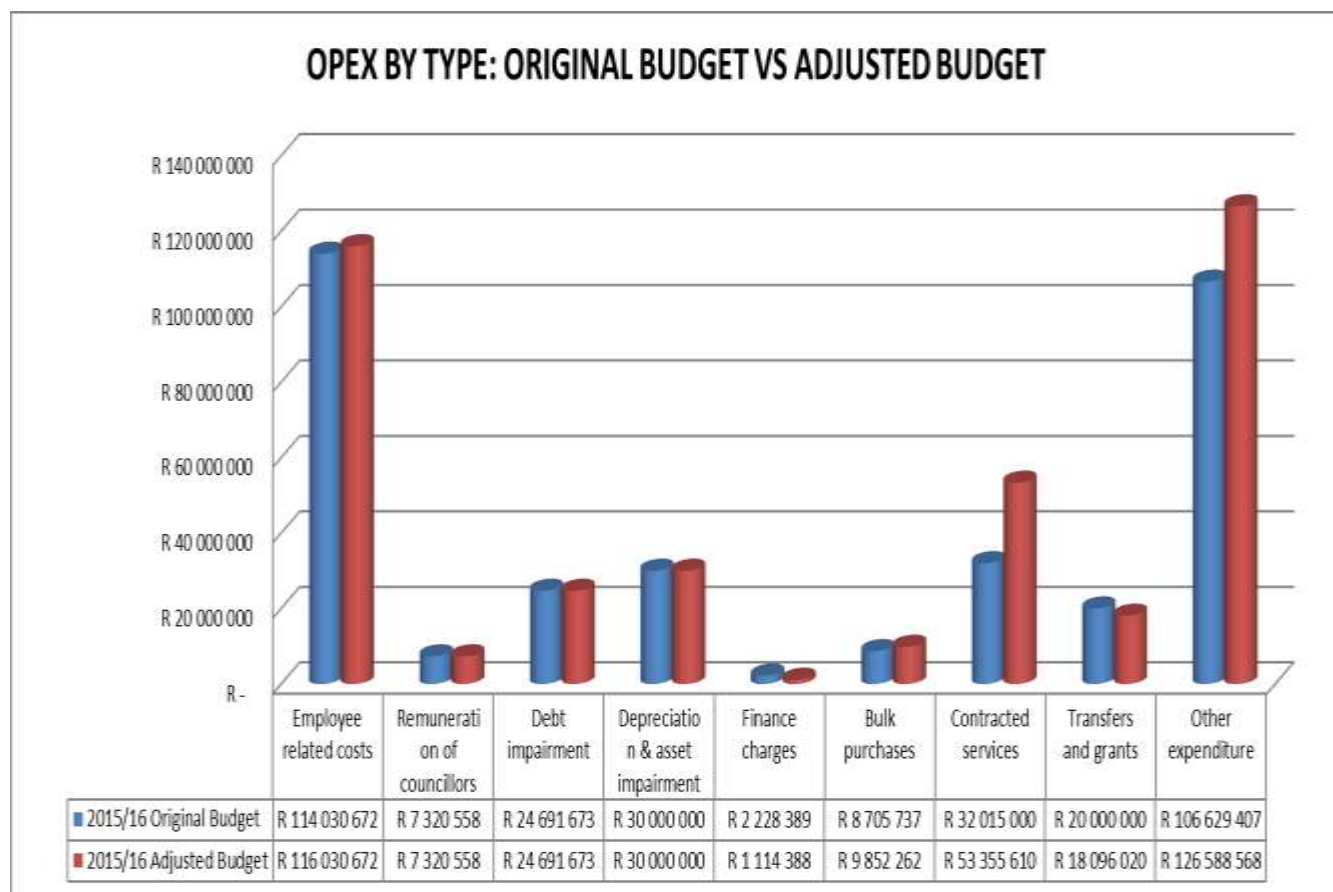
Some major differences above are caused by the cash flow constraint facing the municipality as a result of the limited revenue, while most departments have seen a decrease in their budgets, the Water services budget has seen an increase above 18% due to the nature of the operations and repairs and maintenance 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	Budget Year 2015/16				Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<i>[Insert departmental structure etc]</i>		8	9	10		
<b>R thousands</b>	<b>A</b>	<b>F</b>	<b>G</b>	<b>H</b>		
<b>Revenue by Vote</b>						
Vote 1 - Council	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	249 598	5 461	5 461	255 059	266 887	287 046
Vote 4 - Corporate Services	-	-	-	-	-	-
Vote 5 - Social & Development Planning	1 100	-	-	1 100	400	-
Vote 6 - Infrastructure Services	276 290	(16 000)	(16 000)	260 290	327 600	430 387
Vote 7 - Water Services	61 230	(4 691)	(4 691)	56 539	64 904	68 798
<b>Total Revenue by Vote</b>	<b>588 218</b>	<b>(15 230)</b>	<b>(15 230)</b>	<b>572 988</b>	<b>659 791</b>	<b>786 231</b>
<b>Expenditure by Vote</b>						
Vote 1 - Council	13 164	(1 141)	(1 141)	12 024	13 888	14 624
Vote 2 - Municipal Manager	15 555	(3 095)	(3 095)	12 460	16 241	17 180
Vote 3 - Budget & Treasury Office	59 527	3 918	3 918	63 444	62 852	63 949
Vote 4 - Corporate Services	45 686	(2 007)	(2 007)	43 680	47 709	50 771
Vote 5 - Social & Development Planning	54 286	(1 858)	(1 858)	52 428	58 005	61 687
Vote 6 - Infrastructure Services	23 206	20 666	20 666	43 872	140 891	152 372
Vote 7 - Water Services	134 197	24 945	24 945	159 142	26 343	28 356
<b>Total Expenditure by Vote</b>	<b>345 621</b>	<b>41 428</b>	<b>41 428</b>	<b>387 050</b>	<b>365 930</b>	<b>388 939</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 597</b>	<b>(56 658)</b>	<b>(56 658)</b>	<b>185 939</b>	<b>293 861</b>	<b>397 293</b>

**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 R2 million to R116million in order to cater for the critical posts that are key in strengthening the workforce that drives service delivery.

There is no adjustment in debt impairment and depreciation because there is a new initiative that has been developed to improve debt collection strategies.

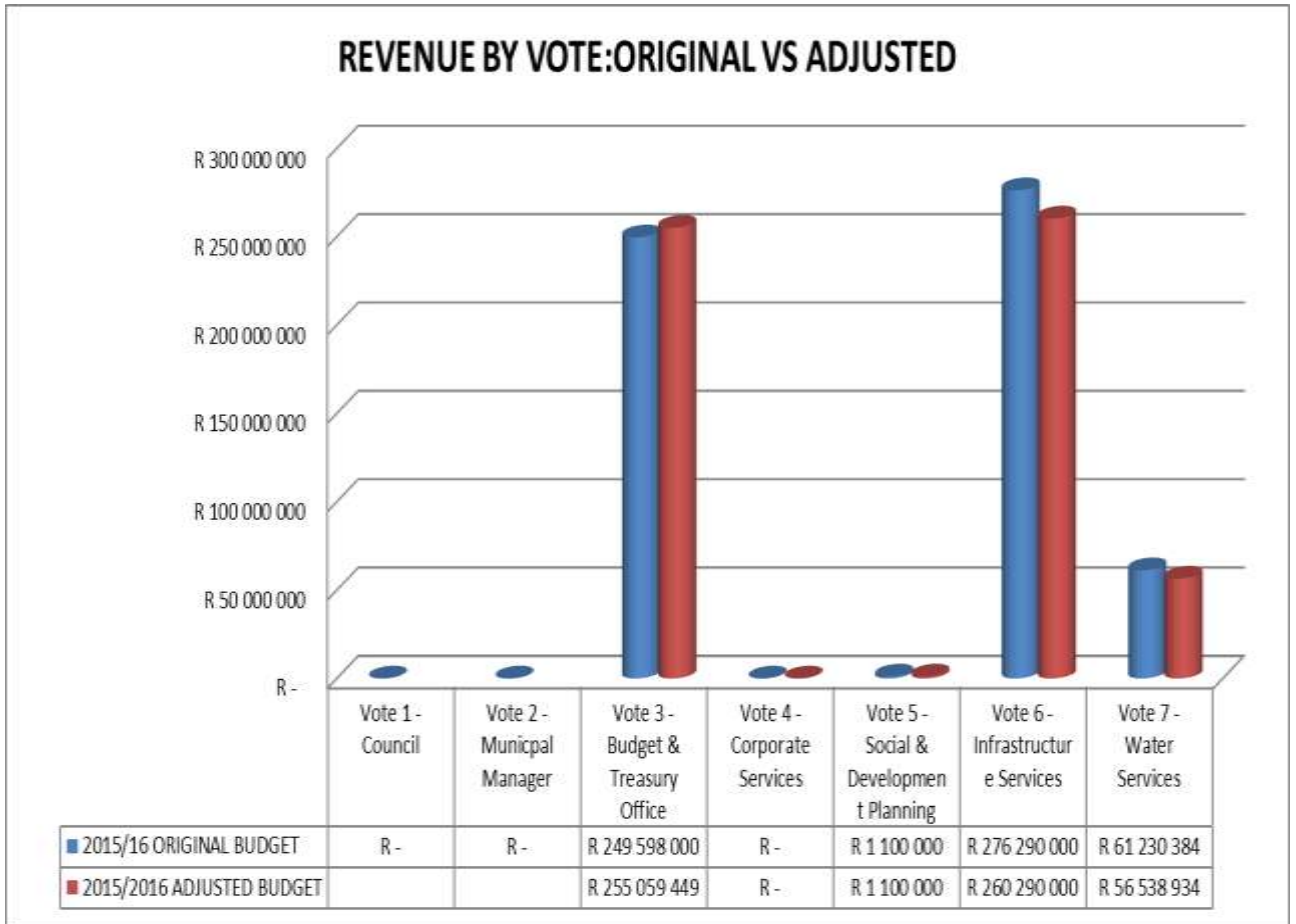
The expenditure on Bulk Water purchases has been increased because the original budget is not enough for the next 5 months and we had to adjust the budget upward in order for the municipality to pay the water to Umngeni. The budget for Bulk water had to increase to R9, 8million.

## 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 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	7	8	9	10		
R thousands	A	E	F	G	H		
<b>Revenue By Source</b>							
Service charges - water revenue	38 409	-	-	-	38 409	41 377	44 574
Service charges - sanitation revenue	16 461	-	-	-	16 461	17 733	19 103
Service charges - refuse revenue	-	-	-	-	-	-	-
Service charges - other	1 032				1 032	1 112	1 198
Interest earned - external investments	4 375		(1 000)	(1 000)	3 375	4 812	5 294
Interest earned - outstanding debtors	6 360		1 640	1 640	8 000	6 742	7 146
Transfers recognised - operating	249 823	80	10 500	10 580	260 403	265 226	283 723
Other revenue	968	-	130	130	1 098	1 022	1 076
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>317 429</b>	<b>80</b>	<b>11 270</b>	<b>11 350</b>	<b>328 779</b>	<b>338 023</b>	<b>362 114</b>
<b>Expenditure By Type</b>							
Employee related costs	114 031	-	2 000	2 000	116 031	92 392	100 707
Remuneration of councillors	7 321				7 321	7 723	8 133
Debt impairment	24 692				24 692	26 600	28 655
Depreciation & asset impairment	30 000	-	-	-	30 000	34 000	38 000
Finance charges	2 228		(1 114)	(1 114)	1 114	1 926	1 595
Bulk purchases	8 706	-	1 147	1 147	9 852	9 463	10 286
Contracted services	32 015	-	21 341	21 341	53 356	33 528	35 067
Transfers and grants	20 000		(1 904)	(1 904)	18 096	21 100	22 218
Other expenditure	106 629	-	19 959	19 959	126 589	108 843	113 645
<b>Total Expenditure</b>	<b>345 621</b>	<b>-</b>	<b>41 428</b>	<b>41 428</b>	<b>387 050</b>	<b>335 575</b>	<b>358 307</b>
<b>Surplus/(Deficit)</b>	<b>(28 193)</b>	<b>80</b>	<b>(30 158)</b>	<b>(30 078)</b>	<b>(58 271)</b>	<b>2 448</b>	<b>3 807</b>
Transfers recognised - capital	270 790	(16 000)	(10 500)	(26 500)	244 290	321 768	424 117
<b>Surplus/(Deficit) before taxation</b>	<b>242 597</b>	<b>(15 920)</b>	<b>(40 658)</b>	<b>(56 578)</b>	<b>186 019</b>	<b>324 216</b>	<b>427 925</b>
<b>Surplus/(Deficit) after taxation</b>	<b>242 597</b>	<b>(15 920)</b>	<b>(40 658)</b>	<b>(56 578)</b>	<b>186 019</b>	<b>324 216</b>	<b>427 925</b>
<b>Surplus/(Deficit) attributable to municipality</b>	<b>242 597</b>	<b>(15 920)</b>	<b>(40 658)</b>	<b>(56 578)</b>	<b>186 019</b>	<b>324 216</b>	<b>427 925</b>
<b>Surplus/ (Deficit) for the year</b>	<b>242 597</b>	<b>(15 920)</b>	<b>(40 658)</b>	<b>(56 578)</b>	<b>186 019</b>	<b>324 216</b>	<b>427 925</b>

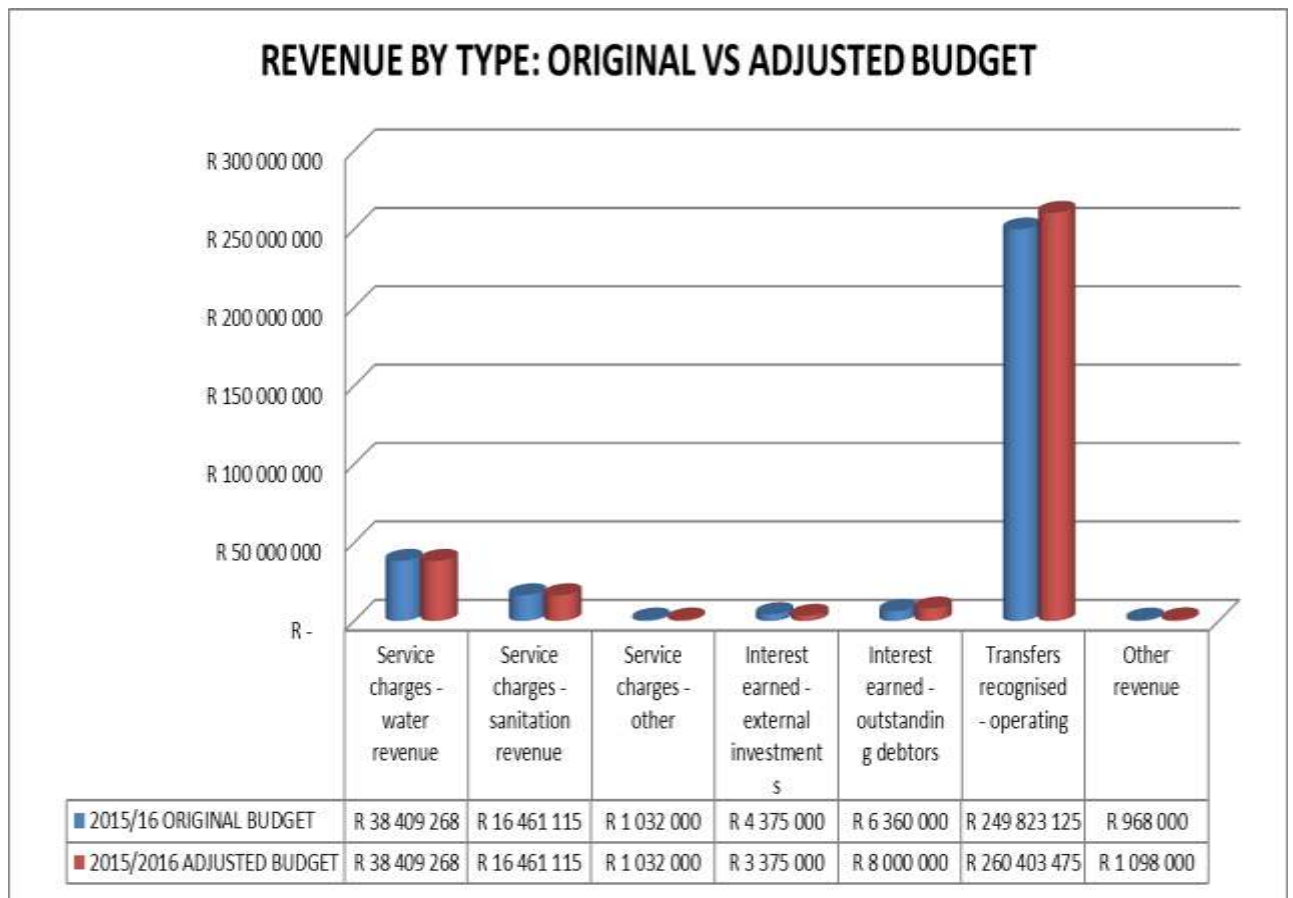
**Chart 3: Revenue by Vote**



The above graph presents the adjustment budget by source



**Chart 4: Revenue by Source**



There is no adjustment for water and sanitation charges revenue. The original interest earned on external investments was R4, 3m it was adjusted downward because of cash flow, it is estimated that the average return on investments will be between R2m to R3, 5m.

Other Revenue: The total for other revenue is adjusted upwards by R 130k as compared to the original budget of R968km.

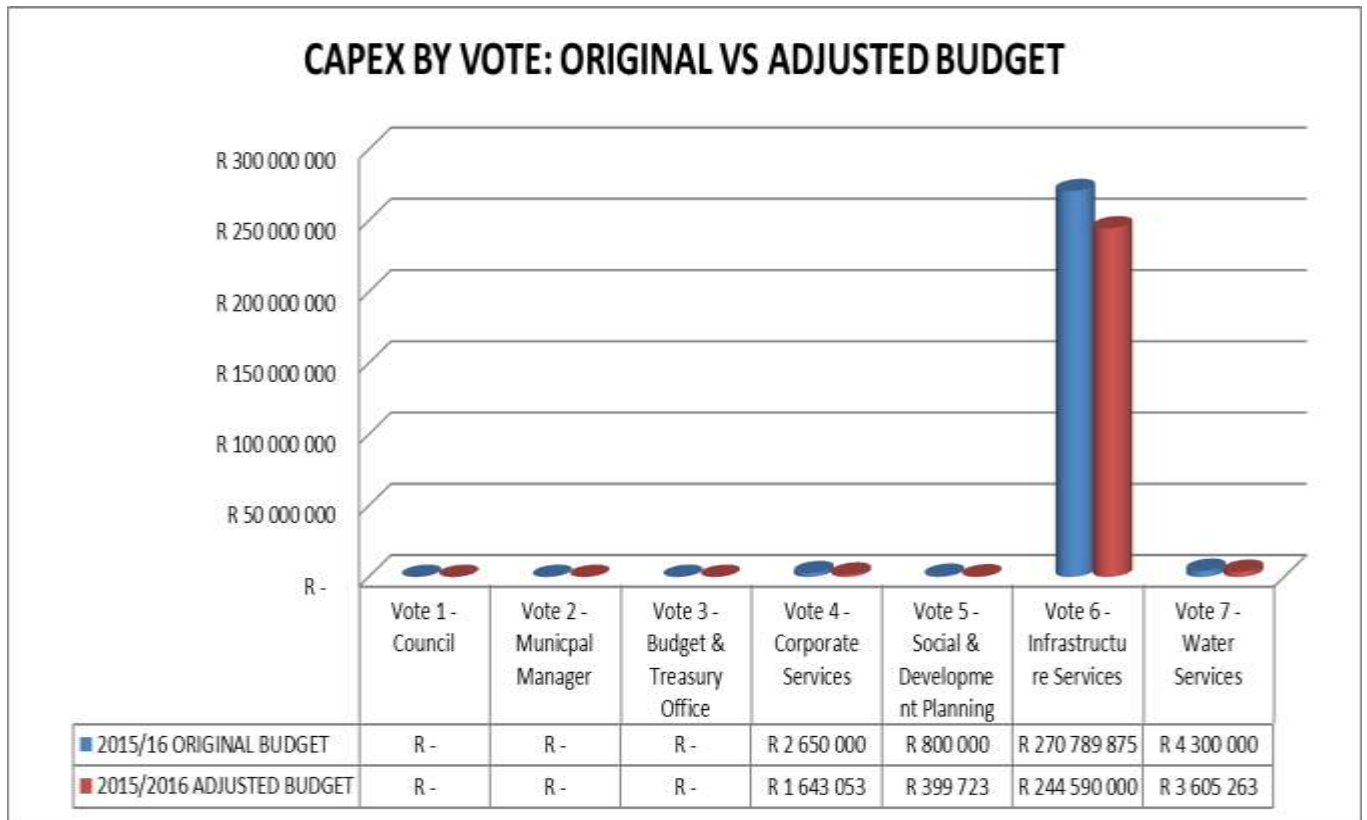
## TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING

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 2015/16					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	9 E	10 F	11 G	12 H	+1 2016/17	+2 2017/18
<b>Capital expenditure - Vote</b>							
<b>Multi-year expenditure to be adjusted</b>							
Vote 1 - Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	-	-	-	-	-	-	-
Vote 4 - Corporate Services	2 650	-	(1 007)	(1 007)	1 643	2 796	2 944
Vote 5 - Social & Development Planning	800	-	(400)	(400)	400	844	889
Vote 6 - Infrastructure Services	270 790	-	(26 200)	(26 200)	244 590	321 768	424 117
Vote 7 - Water Services	4 300	-	(695)	(695)	3 605	4 537	4 777
<b>Capital multi-year expenditure sub-total</b>	<b>278 540</b>	<b>-</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>250 238</b>	<b>329 944</b>	<b>432 727</b>
<b>Total Capital Expenditure - Vote</b>	<b>278 540</b>	<b>-</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>250 238</b>	<b>329 944</b>	<b>432 727</b>
<b>Capital Expenditure - Standard</b>							
<b>Governance and administration</b>	<b>2 650</b>	<b>-</b>	<b>(1 007)</b>	<b>(1 007)</b>	<b>1 643</b>	<b>2 796</b>	<b>2 944</b>
Executive and council				-	-		
Budget and treasury office				-	-		
Corporate services	2 650		(1 007)	(1 007)	1 643	2 796	2 944
<b>Economic and environmental services</b>	<b>800</b>	<b>-</b>	<b>(400)</b>	<b>(400)</b>	<b>400</b>	<b>844</b>	<b>889</b>
Planning and development	800		(400)	(400)	400	844	889
<b>Trading services</b>	<b>275 090</b>	<b>-</b>	<b>(26 895)</b>	<b>(26 895)</b>	<b>248 195</b>	<b>326 305</b>	<b>428 894</b>
Electricity				-	-		
Water	4 300		(695)	(695)	3 605	4 537	4 777
Waste water management	270 790		(26 200)	(26 200)	244 590	321 768	424 117
<b>Total Capital Expenditure - Standard</b>	<b>278 540</b>	<b>-</b>	<b>(28 302)</b>	<b>(28 302)</b>	<b>250 238</b>	<b>329 944</b>	<b>432 727</b>
<b>Funded by:</b>							
National Government	270 790	(16 000)	(10 500)	(26 500)	244 290	321 768	424 117
<b>Total Capital transfers recognised</b>	<b>270 790</b>	<b>(16 000)</b>	<b>(10 500)</b>	<b>(26 500)</b>	<b>244 290</b>	<b>321 768</b>	<b>424 117</b>
<b>Internally generated funds</b>	<b>7 750</b>		<b>(1 802)</b>	<b>(1 802)</b>	<b>5 948</b>	<b>8 176</b>	<b>8 610</b>
<b>Total Capital Funding</b>	<b>278 540</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>250 238</b>	<b>329 944</b>	<b>432 727</b>

**Chart 6: Capital Expenditure by Type**



The originally approved budget was R 278, 5 million and adjusted budget is R 250, 2million. This is mainly attributable to limited cash flow and to the downward adjustment of the following grant;

- Regional Bulk Infrastructure Grant R16m

**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 2015/16					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	7 E	8 F	9 G	10 H	+1 2016/17	+2 2017/18
<b>ASSETS</b>							
<b>Current assets</b>							
Cash	52 691		(42 836)	(42 836)	9 855	77 937	118 455
Call investment deposits	-	-	-	-	-	-	-
Consumer debtors	16 091	-	-	-	16 091	19 046	(88 755)
Other debtors	12 065				12 065	-	13 271
Current portion of long-term receivables	4 246				4 246	4 744	5 242
Inventory	349				349	384	423
<b>Total current assets</b>	<b>85 442</b>	<b>-</b>	<b>(42 836)</b>	<b>(42 836)</b>	<b>42 606</b>	<b>102 111</b>	<b>48 636</b>
<b>Non current assets</b>							
Property, plant and equipment	1 599 476	(16 000)	(12 302)	(28 302)	1 571 174	1 909 420	2 327 147
Intangible	1 184				1 184	1 084	97
<b>Total non current assets</b>	<b>1 600 660</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>1 572 358</b>	<b>1 910 505</b>	<b>2 327 244</b>
<b>TOTAL ASSETS</b>	<b>1 686 102</b>	<b>(16 000)</b>	<b>(55 138)</b>	<b>(71 138)</b>	<b>1 614 964</b>	<b>2 012 616</b>	<b>2 375 880</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Borrowing	3 592	-	-	-	3 592	3 952	4 347
Consumer deposits	1 415				1 415	1 581	1 747
Trade and other payables	43 710	-	52 000	52 000	95 710	37 139	33 402
Provisions	8 169				8 169	8 822	9 704
<b>Total current liabilities</b>	<b>56 886</b>	<b>-</b>	<b>52 000</b>	<b>52 000</b>	<b>108 886</b>	<b>51 494</b>	<b>49 200</b>
<b>Non current liabilities</b>							
Borrowing	16 683	-	-	-	16 683	14 000	12 000
Provisions	14 334	-	-	-	14 334	15 524	16 833
<b>Total non current liabilities</b>	<b>31 018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31 018</b>	<b>29 524</b>	<b>28 833</b>
<b>TOTAL LIABILITIES</b>	<b>87 904</b>	<b>-</b>	<b>52 000</b>	<b>52 000</b>	<b>139 904</b>	<b>81 019</b>	<b>78 033</b>
<b>NET ASSETS</b>	<b>1 598 198</b>	<b>(16 000)</b>	<b>(107 138)</b>	<b>(123 138)</b>	<b>1 475 060</b>	<b>1 931 597</b>	<b>2 297 847</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)	1 598 198	(16 000)	(107 138)	(123 138)	1 475 060	1 637 736	2 010 143
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 598 198</b>	<b>(16 000)</b>	<b>(107 138)</b>	<b>(123 138)</b>	<b>1 475 060</b>	<b>1 637 736</b>	<b>2 010 143</b>

## TABLE B7 ADJUSTMENTS BUDGET CASH FLOWS

### DC43 Harry Gwala - Table B7 Adjustments Budget Cash Flows -

Description	Budget Year 2015/16					Budget Year	Budget Year
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2016/17 Adjusted Budget	+2 2017/18 Adjusted Budget
R thousands	A	E	F	G	H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Service charges	30 746			-	30 746	33 122	35 681
Other revenue	581		1 453	1 453	2 034	613	646
Government - operating	249 823	80	10 500	10 580	260 403	265 226	283 723
Government - capital	270 790	(16 000)	(10 500)	(26 500)	244 290	321 768	424 117
Interest	7 654		640	640	8 294	8 279	8 960
<b>Payments</b>							
Suppliers and employees	(268 701)		5 734	5 734	(262 968)	(282 305)	(298 470)
Finance charges	(2 228)		1 114	1 114	(1 114)	(1 926)	(1 595)
Transfers and Grants	(20 000)		1 904	1 904	(18 096)	(21 100)	(22 218)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>268 665</b>	<b>(15 920)</b>	<b>10 845</b>	<b>(5 075)</b>	<b>263 590</b>	<b>323 678</b>	<b>430 843</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Decrease (increase) other non-current receivables				-	-		
Decrease (increase) in non-current investments				-	-		
<b>Payments</b>							
Capital assets	(248 610)	(16 000)	(12 302)	(28 302)	(276 912)	(294 380)	(385 851)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(248 610)</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>(276 912)</b>	<b>(294 380)</b>	<b>(385 851)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Increase (decrease) in consumer deposits	151			-	151	166	166
<b>Payments</b>							
Repayment of borrowing	(3 835)		990	990	(2 845)	(4 218)	(4 640)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 684)</b>	<b>-</b>	<b>990</b>	<b>990</b>	<b>(2 694)</b>	<b>(4 052)</b>	<b>(4 474)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>16 371</b>	<b>(31 920)</b>	<b>(467)</b>	<b>(32 387)</b>	<b>(16 016)</b>	<b>25 246</b>	<b>40 518</b>
Cash/cash equivalents at the year begin:	36 320		(10 449)	(10 449)	25 871	52 691	77 937
Cash/cash equivalents at the year end:	52 691	(31 920)	(10 916)	(42 836)	9 855	77 937	118 455

## TABLE B8 CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

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

Description	Budget Year 2015/16					Budget Year	Budget Year
	Original Budget	Nat. or Prov.	Other	Total	Adjusted	+1 2016/17	+2 2017/18
		Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
		7	8	9	10		
R thousands	A	E	F	G	H		
<b><u>Cash and investments available</u></b>							
Cash/cash equivalents at the year end	52 691	(31 920)	(10 916)	(42 836)	9 855	77 937	118 455
Other current investments > 90 days	-	31 920	(31 920)	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>52 691</b>	<b>-</b>	<b>(42 836)</b>	<b>(42 836)</b>	<b>9 855</b>	<b>77 937</b>	<b>118 455</b>
<b><u>Applications of cash and investments</u></b>							
Unspent conditional transfers	12 692	-	-	-	12 692	7 615	4 569
Unspent borrowing					-	-	-
Statutory requirements					-	-	-
Other working capital requirements	17 068		51 750	51 750	68 819	20 073	66 346
Other provisions	14 334				14 334	15 524	16 833
Long term investments committed	-				-	-	-
Reserves to be backed by cash/investments	-				-	-	-
<b>Total Application of cash and investments:</b>	<b>44 095</b>	<b>-</b>	<b>51 750</b>	<b>51 750</b>	<b>95 845</b>	<b>43 212</b>	<b>87 748</b>
<b>Surplus(shortfall)</b>	<b>8 596</b>	<b>-</b>	<b>(94 586)</b>	<b>(94 586)</b>	<b>(85 990)</b>	<b>34 724</b>	<b>30 707</b>

## TABLE B9 ASSET MANAGEMENT

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2015/16						Budget Year	Budget Year
	Original	Prior	Nat. or Prov.	Other	Total	Adjusted	+1 2016/17	+2 2017/18
	Budget	Adjusted	Govt	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
R thousands	A	7 A1	11 E	12 F	13 G	14 H		
<b>CAPITAL EXPENDITURE</b>								
<b>Total New Assets to be adjusted</b>	271 540	-	(16 000)	(12 302)	(28 302)	243 238	329 944	432 727
Infrastructure - Road transport	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	1 873	-
Infrastructure - Water	231 990	-	(16 000)	(12 302)	(28 302)	203 688	267 425	393 529
Infrastructure - Sanitation	28 500	-	-	-	-	28 500	50 677	28 700
Infrastructure - Other	-	-	-	-	-	-	-	-
Infrastructure	260 490	-	(16 000)	(12 302)	(28 302)	232 188	319 975	422 229
Community	-	-	-	-	-	-	-	-
Other assets	9 950	-	-	-	-	9 950	8 809	9 276
Intangibles	1 100	-	-	-	-	1 100	1 161	1 222
<b>Total Renewal of Existing Assets to be adjusted</b>	7 000	-	-	-	-	7 000	-	-
Infrastructure - Water	7 000	-	-	-	-	7 000	-	-
Infrastructure	7 000	-	-	-	-	7 000	-	-
Community	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to be adjusted</b>								
Infrastructure - Electricity	-	-	-	-	-	-	1 873	-
Infrastructure - Water	238 990	-	(16 000)	(12 302)	(28 302)	210 688	267 425	393 529
Infrastructure - Sanitation	28 500	-	-	-	-	28 500	50 677	28 700
Infrastructure	267 490	-	(16 000)	(12 302)	(28 302)	239 188	319 975	422 229
Other assets	9 950	-	-	-	-	9 950	8 809	9 276
Intangibles	1 100	-	-	-	-	1 100	1 161	1 222
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	<b>278 540</b>	<b>-</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>250 238</b>	<b>329 944</b>	<b>432 727</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>								
Infrastructure - Electricity	6 272					6 272	7 487	9 125
Infrastructure - Water	1 107 617		(16 000)	(12 302)	(28 302)	1 079 315	1 322 249	1 611 520
Infrastructure - Sanitation	374 290					374 290	446 820	544 571
Infrastructure - Other	33 210					33 210	39 646	48 319
Infrastructure	1 521 389	-	(16 000)	(12 302)	(28 302)	1 493 087	1 816 202	2 213 535
Community	56 889					56 889	67 913	82 771
Other assets	21 198					21 198	25 305	30 842
Intangibles	1 184	-	-	-	-	1 184	1 084	97
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 600 660</b>	<b>-</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>1 572 358</b>	<b>1 910 505</b>	<b>2 327 244</b>
<b>EXPENDITURE OTHER ITEMS</b>								
<b>Depreciation &amp; asset impairment</b>	30 000	-	-	-	-	30 000	34 000	38 000
<b>Repairs and Maintenance by asset class</b>	73 875	-	-	-	-	73 875	88 580	113 883
Infrastructure - Water	48 590	-	-	-	-	48 590	54 998	70 429
Infrastructure - Sanitation	21 600	-	-	-	-	21 600	27 008	33 439
Infrastructure	70 190	-	-	-	-	70 190	82 006	103 868
Other assets	3 686	-	-	-	-	3 686	6 575	10 015
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>	<b>103 875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>103 875</b>	<b>122 580</b>	<b>151 883</b>
<b>Renewal of Existing Assets as % of total capex</b>	2,5%	0,0%				2,8%	0,0%	0,0%
<b>Renewal of Existing Assets as % of deprecn"</b>	23,3%	0,0%				23,3%	0,0%	0,0%
<b>R&amp;M as a % of PPE</b>	4,6%	0,0%				4,7%	4,6%	4,9%
<b>Renewal and R&amp;M as a % of PPE</b>	5,1%	0,0%				5,1%	4,6%	4,9%

## TABLE B10 BASIC SERVICE DELIVERY MEASUREMENT

DC43 Harry Gwala - Table B10 Basic service delivery measurement -

Description	Budget Year 2015/16					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	11	12	13	14			
	A	E	F	G	H		
<b>Household service targets</b>							
<b>Water:</b>							
Piped water inside dwelling	44 069			-	44	44157	46245
Piped water inside yard (but not in dwelling)	19 323			-	19	19420	19517
Using public tap (at least min.service level)	22 606			-	23	22334	22066
Other water supply (at least min.service level)				-	-		
<i>Minimum Service Level and Above sub-total</i>	86	-	-	-	86	86	88
Other water supply (< min.service level)	31 819			-	32	31909	31996
No water supply				-	-		
<i>Below Minimum Service Level sub-total</i>	32	-	-	-	32	32	32
<b>Total number of households</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118</b>	<b>118</b>	<b>120</b>
<b>Sanitation/sewerage:</b>							
Flush toilet (connected to sewerage)	57 545			-	57 545	57546	58525
Flush toilet (with septic tank)	11 964			-	11 964	11964	12167
Pit toilet (ventilated)	48 309			-	48 309	48310	49132
Other toilet provisions (> min.service level)	-			-	-		
<i>Minimum Service Level and Above sub-total</i>	117 818	-	-	-	117 818	117 820	119 824
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-
<b>Total number of households</b>	<b>117 818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117 818</b>	<b>117 820</b>	<b>119 824</b>
<b>Households receiving Free Basic Service</b>							
Water (6 kilolitres per household per month)	117 818			-	117 818	117821	119825
<b>Cost of Free Basic Services provided (R'000)</b>							
Water (6 kilolitres per household per month)	5 406			-	5 406	5 839	6 306
<b>Total cost of FBS provided (minimum social package)</b>	<b>5 406</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 406</b>	<b>5 839</b>	<b>6 306</b>
<b>Highest level of free service provided</b>							
Property rates (R'000 v alue threshold)	-			-	-		
Water (kilolitres per household per month)	6			-	6	6	6
Refuse (average litres per week)	-			-	-		
<b>Revenue cost of free services provided (R'000)</b>							
Water	21 593			-	21 593	22 802	24 109
Sanitation	18 737			-	18 737	20 236	21 855
<b>Total revenue cost of free services provided (total social</b>	<b>40 330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40 330</b>	<b>43 039</b>	<b>45 964</b>

## CONSOLIDATED ADJUSTMENTS BUDGET



DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary - 26 February 2015

Description	Budget Year 2015/16					Budget Year	Budget Year
	Original	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	5	6	7	8			
	E	F	G	H			
<b>R thousands</b>	A						
<b>Financial Performance</b>							
Property rates	-	-	-	-	-	-	-
Service charges	55 902	-	-	-	55 902	60 222	64 875
Investment revenue	4 435	-	(760)	(760)	3 675	4 878	5 367
Transfers recognised - operational	302 323	80	6 100	6 180	308 503	265 226	283 723
Other own revenue	7 338	-	1 772	1 772	9 110	7 775	8 234
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>369 999</b>	<b>80</b>	<b>7 112</b>	<b>7 192</b>	<b>377 191</b>	<b>338 100</b>	<b>362 199</b>
Employee costs	122 391	-	2 000	2 000	124 391	131 489	140 571
Remuneration of councillors	7 321	-	-	-	7 321	7 723	8 133
Depreciation & asset impairment	30 300	-	300	300	30 600	35 306	40 112
Finance charges	2 278	-	(1 114)	(1 114)	1 164	1 931	1 601
Materials and bulk purchases	8 706	-	1 147	1 147	9 852	9 463	10 286
Transfers and grants	-	-	-	-	-	-	-
Other expenditure	226 586	-	39 735	39 735	266 321	180 095	188 320
<b>Total Expenditure</b>	<b>397 581</b>	<b>-</b>	<b>42 067</b>	<b>42 067</b>	<b>439 649</b>	<b>366 007</b>	<b>389 023</b>
<b>Surplus/(Deficit)</b>	<b>(27 583)</b>	<b>80</b>	<b>(34 955)</b>	<b>(34 875)</b>	<b>(62 458)</b>	<b>(27 907)</b>	<b>(26 824)</b>
Transfers recognised - capital	298 290	(43 500)	(10 500)	(54 000)	244 290	321 768	424 117
Contributions recognised - capital & contributed as	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>270 707</b>	<b>(43 420)</b>	<b>(45 455)</b>	<b>(88 875)</b>	<b>181 832</b>	<b>293 861</b>	<b>397 293</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>270 707</b>	<b>(43 420)</b>	<b>(45 455)</b>	<b>(88 875)</b>	<b>181 832</b>	<b>293 861</b>	<b>397 293</b>
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	306 650	(16 000)	(12 602)	(28 602)	278 048	329 944	432 727
Transfers recognised - capital	298 290	(16 000)	(10 500)	(26 500)	271 790	321 768	424 117
Public contributions & donations	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-
Internally generated funds	8 360	-	(1 802)	(1 802)	6 558	8 176	8 610
<b>Total sources of capital funds</b>	<b>306 650</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>278 348</b>	<b>329 944</b>	<b>432 727</b>
<b>Financial position</b>							
Total current assets	91 002	-	(42 836)	(42 836)	48 166	108 015	164 506
Total non current assets	1 629 257	(16 000)	(40 102)	(56 102)	1 573 156	1 938 301	2 354 241
Total current liabilities	58 662	-	52 000	52 000	110 662	52 771	50 393
Total non current liabilities	31 018	-	-	-	31 018	29 524	28 833
<b>Community wealth/Equity</b>	<b>1 630 580</b>	<b>(16 000)</b>	<b>(134 937)</b>	<b>(150 937)</b>	<b>1 479 642</b>	<b>1 964 021</b>	<b>2 439 522</b>
<b>Cash flows</b>							
Net cash from (used) operating	296 494	(47 820)	14 435	(33 385)	263 109	323 413	430 552
Net cash from (used) investing	(248 610)	(16 000)	(12 302)	(28 302)	(276 912)	(294 380)	(385 851)
Net cash from (used) financing	(3 684)	-	990	990	(2 694)	(4 052)	(4 474)
<b>Cash/cash equivalents at the year end</b>	<b>80 520</b>	<b>(63 820)</b>	<b>2 918</b>	<b>(60 902)</b>	<b>19 619</b>	<b>105 501</b>	<b>145 728</b>

DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary - 26 February 2015

Description	Budget Year 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	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		
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	58 212	–	(42 836)	(42 836)	15 376	83 806	124 679
Application of cash and investments	46 108	–	51 743	51 743	97 851	44 643	34 748
<b>Balance - surplus (shortfall)</b>	<b>12 104</b>	<b>–</b>	<b>(94 579)</b>	<b>(94 579)</b>	<b>(82 474)</b>	<b>39 163</b>	<b>89 930</b>
<b>Asset Management</b>							
Asset register summary (WDV)	1 600 847	(16 000)	(39 802)	(55 802)	1 545 045	1 910 664	2 327 404
Depreciation & asset impairment	30 300	–	300	300	30 600	35 306	40 112
Renewal of Existing Assets	7 000	–	–	–	7 000	–	–
Repairs and Maintenance	73 875	–	–	–	73 875	88 791	114 105
<b>Free services</b>							
Cost of Free Basic Services provided	5 406	–	–	–	5 406	5 839	6 306
Revenue cost of free services provided	40 330	–	–	–	40 330	43 039	45 964
<b>Households below minimum service level</b>							
Water:	32	–	–	–	32	32	32
Sanitation/sew erage:	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–

DC43 Harry Gwala - Table B2 Consolidated Adjustments Budget Financial Performance (standard classification) - 26 February 2016

Standard Description	Budget Year 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	9 E	10 F	11 G	12 H		
<b>Revenue - Standard</b>							
<b>Governance and administration</b>	<b>249 598</b>	<b>80</b>	<b>5 461</b>	<b>5 542</b>	<b>255 140</b>	<b>265 916</b>	<b>284 969</b>
Executive and council	-	-	-	-	-	-	-
Budget and treasury office	249 598	-	5 461	5 461	255 059	265 916	284 969
Corporate services	-	80	-	80	80	-	-
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>81 170</b>	<b>(43 500)</b>	<b>11 842</b>	<b>(31 658)</b>	<b>49 512</b>	<b>1 448</b>	<b>2 161</b>
Planning and development	81 170	(43 500)	11 842	(31 658)	49 512	1 448	2 161
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
<b>Trading services</b>	<b>337 520</b>	<b>-</b>	<b>(20 691)</b>	<b>(20 691)</b>	<b>316 829</b>	<b>392 504</b>	<b>499 185</b>
Electricity	-	-	-	-	-	-	-
Water	61 230	-	(4 691)	(4 691)	56 539	64 904	68 798
Waste water management	276 290	-	(16 000)	(16 000)	260 290	327 600	430 387
Waste management	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Standard</b>	<b>668 288</b>	<b>(43 420)</b>	<b>(3 388)</b>	<b>(46 808)</b>	<b>621 481</b>	<b>659 868</b>	<b>786 316</b>
<b>Expenditure - Standard</b>							
<b>Governance and administration</b>	<b>127 610</b>	<b>-</b>	<b>(2 324)</b>	<b>(2 324)</b>	<b>125 285</b>	<b>133 562</b>	<b>138 509</b>
Executive and council	28 719	-	(4 235)	(4 235)	24 484	30 130	31 804
Budget and treasury office	53 204	-	3 918	3 918	57 122	55 723	55 933
Corporate services	45 686	-	(2 007)	(2 007)	43 680	47 709	50 771
<b>Economic and environmental services</b>	<b>121 275</b>	<b>-</b>	<b>(1 219)</b>	<b>(1 219)</b>	<b>120 056</b>	<b>73 399</b>	<b>70 271</b>
Planning and development	121 275	-	(1 219)	(1 219)	120 056	73 399	70 271
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
<b>Trading services</b>	<b>148 697</b>	<b>-</b>	<b>45 610</b>	<b>45 610</b>	<b>194 307</b>	<b>159 046</b>	<b>180 243</b>
Electricity	-	-	-	-	-	-	-
Water	125 491	-	24 945	24 945	150 436	132 702	151 888
Waste water management	23 206	-	20 666	20 666	43 872	26 343	28 356
Waste management	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>397 581</b>	<b>-</b>	<b>42 067</b>	<b>42 067</b>	<b>439 649</b>	<b>366 007</b>	<b>389 023</b>
<b>Surplus/ (Deficit) for the year</b>	<b>270 707</b>	<b>(43 420)</b>	<b>(45 455)</b>	<b>(88 875)</b>	<b>181 832</b>	<b>293 861</b>	<b>397 293</b>

DC43 Harry Gwala - Table B3 Consolidated Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 26 February 201

Vote Description  <i>[Insert departmental structure etc]</i>	Budget Year 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Nat. or Prov. Govt 7	Other Adjus. 8	Total Adjus. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
<i>R thousands</i>	A	E	F	G	H		
<b>Revenue by Vote</b>							
Vote 1 - Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	249 598	-	5 461	5 461	255 059	265 916	284 969
Vote 4 - Corporate Services	-	80	-	80	80	-	-
Vote 5 - Social & Development Planning	81 170	(43 500)	11 842	(31 658)	49 512	1 448	2 161
Vote 6 - Infrastructure Services	276 290	-	(16 000)	(16 000)	260 290	327 600	430 387
Vote 7 - Water Services	61 230	-	(4 691)	(4 691)	56 539	64 904	68 798
<b>Total Revenue by Vote</b>	<b>668 288</b>	<b>(43 420)</b>	<b>(3 388)</b>	<b>(46 808)</b>	<b>621 481</b>	<b>659 868</b>	<b>786 316</b>
<b>Expenditure by Vote</b>							
Vote 1 - Council	13 164	-	(1 141)	(1 141)	12 024	13 888	14 624
Vote 2 - Municipal Manager	15 555	-	(3 095)	(3 095)	12 460	16 241	17 180
Vote 3 - Budget & Treasury Office	53 204	-	3 918	3 918	57 122	55 723	55 933
Vote 4 - Corporate Services	45 686	-	(2 007)	(2 007)	43 680	47 709	50 771
Vote 5 - Social & Development Planning	121 275	-	(1 219)	(1 219)	120 056	73 399	70 271
Vote 6 - Infrastructure Services	23 206	-	20 666	20 666	43 872	26 343	28 356
Vote 7 - Water Services	125 491	-	24 945	24 945	150 436	132 702	151 888
<b>Total Expenditure by Vote</b>	<b>397 581</b>	<b>-</b>	<b>42 067</b>	<b>42 067</b>	<b>439 649</b>	<b>366 007</b>	<b>389 023</b>
<b>Surplus/ (Deficit) for the year</b>	<b>270 707</b>	<b>(43 420)</b>	<b>(45 455)</b>	<b>(88 875)</b>	<b>181 832</b>	<b>293 861</b>	<b>397 293</b>

DC43 Harry Gwala - Table B4 Consolidated Adjustments Budget Financial Performance (revenue and expenditure) - 26 February 201

Description	Budget Year 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
	A	E	F	G	H		
<b>R thousands</b>							
<b>Revenue By Source</b>							
Property rates	-	-	-	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-
Service charges - electricity revenue	38 409	-	-	-	38 409	41 377	44 574
Service charges - water revenue	16 461	-	-	-	16 461	17 733	19 103
Service charges - sanitation revenue	-	-	-	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-
Service charges - other	1 032	-	-	-	1 032	1 112	1 198
Rental of facilities and equipment	-	-	-	-	-	-	-
Interest earned - external investments	4 435	-	(760)	(760)	3 675	4 878	5 367
Interest earned - outstanding debtors	6 360	-	1 640	1 640	8 000	6 742	7 146
Dividends received	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-
Licences and permits	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-
Transfers recognised - operating	302 323	80	6 100	6 180	308 503	265 226	283 723
Other revenue	978	-	132	132	1 110	1 033	1 088
Gains on disposal of PPE	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>369 999</b>	<b>80</b>	<b>7 112</b>	<b>7 192</b>	<b>377 191</b>	<b>338 100</b>	<b>362 199</b>
<b>Expenditure By Type</b>							
Employee related costs	122 391	-	2 000	2 000	124 391	131 489	140 571
Remuneration of councillors	7 321	-	-	-	7 321	7 723	8 133
Debt impairment	24 692	-	-	-	24 692	26 600	28 655
Depreciation & asset impairment	30 300	-	300	300	30 600	35 306	40 112
Finance charges	2 278	-	(1 114)	(1 114)	1 164	1 931	1 601
Bulk purchases	8 706	-	1 147	1 147	9 852	9 463	10 286
Other materials	-	-	-	-	-	-	-
Contracted services	32 015	-	21 341	21 341	53 356	33 528	35 067
Transfers and grants	-	-	-	-	-	-	-
Other expenditure	169 879	-	18 395	18 395	188 274	119 967	124 599
Loss on disposal of PPE	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>397 581</b>	<b>-</b>	<b>42 067</b>	<b>42 067</b>	<b>439 649</b>	<b>366 007</b>	<b>389 023</b>
<b>Surplus/(Deficit)</b>	<b>(27 583)</b>	<b>80</b>	<b>(34 955)</b>	<b>(34 875)</b>	<b>(62 458)</b>	<b>(27 907)</b>	<b>(26 824)</b>
Transfers recognised - capital	298 290	(43 500)	(10 500)	(54 000)	244 290	321 768	424 117
Contributions recognised - capital	-	-	-	-	-	-	-
Contributed assets	-	-	-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>	<b>270 707</b>	<b>(43 420)</b>	<b>(45 455)</b>	<b>(88 875)</b>	<b>181 832</b>	<b>293 861</b>	<b>397 293</b>
Taxation	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>270 707</b>	<b>(43 420)</b>	<b>(45 455)</b>	<b>(88 875)</b>	<b>181 832</b>	<b>293 861</b>	<b>397 293</b>
Attributable to minorities	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>270 707</b>	<b>(43 420)</b>	<b>(45 455)</b>	<b>(88 875)</b>	<b>181 832</b>	<b>293 861</b>	<b>397 293</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>270 707</b>	<b>(43 420)</b>	<b>(45 455)</b>	<b>(88 875)</b>	<b>181 832</b>	<b>293 861</b>	<b>397 293</b>

DC43 Harry Gwala - Table B5 Consolidated Adjustments Capital Expenditure Budget by vote and funding - 26 February 201

Description	Budget Year 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	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		
<b>R thousands</b>							
<b>Capital expenditure - Vote</b>							
<b>Multi-year expenditure to be adjusted</b>							
Vote 1 - Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	-	-	-	-	-	-	-
Vote 4 - Corporate Services	2 650	-	(1 007)	(1 007)	1 643	2 796	2 944
Vote 5 - Social & Development Planning	28 910	-	(400)	(400)	28 510	844	889
Vote 6 - Infrastructure Services	270 790	(16 000)	(10 500)	(26 500)	244 290	321 768	424 117
Vote 7 - Water Services	4 300	-	(695)	(695)	3 605	4 537	4 777
<b>Capital multi-year expenditure sub-total</b>	<b>306 650</b>	<b>(16 000)</b>	<b>(12 602)</b>	<b>(28 602)</b>	<b>278 048</b>	<b>329 944</b>	<b>432 727</b>
<b>Capital single-year expenditure sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>306 650</b>	<b>(16 000)</b>	<b>(12 602)</b>	<b>(28 602)</b>	<b>278 048</b>	<b>329 944</b>	<b>432 727</b>
<b>Capital Expenditure - Standard</b>							
<b>Governance and administration</b>	<b>2 650</b>	<b>-</b>	<b>(1 007)</b>	<b>(1 007)</b>	<b>1 643</b>	<b>2 796</b>	<b>2 944</b>
Executive and council				-	-		
Budget and treasury office				-	-		
Corporate services	2 650		(1 007)	(1 007)	1 643	2 796	2 944
<b>Community and public safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Community and social services	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>28 910</b>	<b>-</b>	<b>(400)</b>	<b>(400)</b>	<b>28 510</b>	<b>844</b>	<b>889</b>
Planning and development	28 910	-	(400)	(400)	28 510	844	889
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
<b>Trading services</b>	<b>275 090</b>	<b>(16 000)</b>	<b>(10 895)</b>	<b>(26 895)</b>	<b>248 195</b>	<b>326 305</b>	<b>428 894</b>
Electricity				-	-		
Water	4 300	-	(695)	(695)	3 605	4 537	4 777
Waste water management	270 790	(16 000)	(10 200)	(26 200)	244 590	321 768	424 117
Waste management	-	-	-	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>306 650</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>278 348</b>	<b>329 944</b>	<b>432 727</b>
<b>Funded by:</b>							
National Government	270 790	(16 000)	(10 500)	(26 500)	244 290	321 768	424 117
Provincial Government	27 500	-	-	-	27 500	-	-
District Municipality	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-
<b>Total Capital transfers recognised</b>	<b>298 290</b>	<b>(16 000)</b>	<b>(10 500)</b>	<b>(26 500)</b>	<b>271 790</b>	<b>321 768</b>	<b>424 117</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>8 360</b>	<b>-</b>	<b>(1 802)</b>	<b>(1 802)</b>	<b>6 558</b>	<b>8 176</b>	<b>8 610</b>
<b>Total Capital Funding</b>	<b>306 650</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>278 348</b>	<b>329 944</b>	<b>432 727</b>

DC43 Harry Gwala - Table B6 Consolidated Adjustments Budget Financial Position - 26 February 201

Description	Budget Year 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	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		
<b>ASSETS</b>							
<b>Current assets</b>							
Cash	53 799	–	(42 836)	(42 836)	10 963	79 075	119 593
Call investment deposits	4 413	–	–	–	4 413	4 731	5 085
Consumer debtors	16 091	–	–	–	16 091	19 046	20 834
Other debtors	12 104	–	–	–	12 104	34	13 329
Current portion of long-term receivables	4 246	–	–	–	4 246	4 744	5 242
Inventory	349	–	–	–	349	384	423
<b>Total current assets</b>	<b>91 002</b>	<b>–</b>	<b>(42 836)</b>	<b>(42 836)</b>	<b>48 166</b>	<b>108 015</b>	<b>164 506</b>
<b>Non current assets</b>							
Long-term receivables	–	–	–	–	–	–	–
Investments	–	–	–	–	–	–	–
Investment property	–	–	–	–	–	–	–
Investment in Associate	–	–	–	–	–	–	–
Property, plant and equipment	1 627 913	(16 000)	(40 102)	(56 102)	1 571 812	1 937 058	2 353 984
Agricultural	–	–	–	–	–	–	–
Biological	–	–	–	–	–	–	–
Intangible	1 344	–	–	–	1 344	1 244	257
Other non-current assets	–	–	–	–	–	–	–
<b>Total non current assets</b>	<b>1 629 257</b>	<b>(16 000)</b>	<b>(40 102)</b>	<b>(56 102)</b>	<b>1 573 156</b>	<b>1 938 301</b>	<b>2 354 241</b>
<b>TOTAL ASSETS</b>	<b>1 720 259</b>	<b>(16 000)</b>	<b>(82 937)</b>	<b>(98 937)</b>	<b>1 621 322</b>	<b>2 046 317</b>	<b>2 518 748</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Bank overdraft	–	–	–	–	–	–	–
Borrowing	3 592	–	–	–	3 592	3 952	4 347
Consumer deposits	1 415	–	–	–	1 415	1 581	1 747
Trade and other payables	45 486	–	52 000	52 000	97 486	38 416	34 595
Provisions	8 169	–	–	–	8 169	8 822	9 704
<b>Total current liabilities</b>	<b>58 662</b>	<b>–</b>	<b>52 000</b>	<b>52 000</b>	<b>110 662</b>	<b>52 771</b>	<b>50 393</b>
<b>Non current liabilities</b>							
Borrowing	16 683	–	–	–	16 683	14 000	12 000
Provisions	14 334	–	–	–	14 334	15 524	16 833
<b>Total non current liabilities</b>	<b>31 018</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>31 018</b>	<b>29 524</b>	<b>28 833</b>
<b>TOTAL LIABILITIES</b>	<b>89 680</b>	<b>–</b>	<b>52 000</b>	<b>52 000</b>	<b>141 680</b>	<b>82 295</b>	<b>79 226</b>
<b>NET ASSETS</b>	<b>1 630 580</b>	<b>(16 000)</b>	<b>(134 937)</b>	<b>(150 937)</b>	<b>1 479 642</b>	<b>1 964 021</b>	<b>2 439 522</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)	1 630 580	(16 000)	(134 937)	(150 937)	1 479 642	1 964 021	2 439 522
Reserves	–	–	–	–	–	–	–
Minorities' interests	–	–	–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 630 580</b>	<b>(16 000)</b>	<b>(134 937)</b>	<b>(150 937)</b>	<b>1 479 642</b>	<b>1 964 021</b>	<b>2 439 522</b>

DC43 Harry Gwala - Table B7 Consolidated Adjustments Budget Cash Flows - 26 February 2015

Description	Budget Year 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	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		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Property rates, penalties & collection charges	-	-	-	-	-	-	-
Service charges	30 746	-	-	-	30 746	33 122	35 681
Other revenue	10	-	1 455	1 455	1 465	11	12
Government - operating	302 323	(4 320)	10 500	6 180	308 503	265 226	283 723
Government - capital	298 290	(43 500)	(10 500)	(54 000)	244 290	321 768	424 117
Interest	7 714	-	880	880	8 594	8 345	9 032
Dividends	-	-	-	-	-	-	-
<b>Payments</b>							
Suppliers and employees	(340 356)	-	9 102	9 102	(331 254)	(303 128)	(320 413)
Finance charges	(2 233)	-	1 094	1 094	(1 139)	(1 931)	(1 601)
Transfers and Grants	-	-	1 904	1 904	1 904	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>296 494</b>	<b>(47 820)</b>	<b>14 435</b>	<b>(33 385)</b>	<b>263 109</b>	<b>323 413</b>	<b>430 552</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-
<b>Payments</b>							
Capital assets	(248 610)	(16 000)	(12 302)	(28 302)	(276 912)	(294 380)	(385 851)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(248 610)</b>	<b>(16 000)</b>	<b>(12 302)</b>	<b>(28 302)</b>	<b>(276 912)</b>	<b>(294 380)</b>	<b>(385 851)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Short term loans	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	151	-	-	-	151	166	166
<b>Payments</b>							
Repayment of borrowing	(3 835)	-	990	990	(2 845)	(4 218)	(4 640)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(3 684)</b>	<b>-</b>	<b>990</b>	<b>990</b>	<b>(2 694)</b>	<b>(4 052)</b>	<b>(4 474)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>44 200</b>	<b>(63 820)</b>	<b>3 123</b>	<b>(60 697)</b>	<b>(16 497)</b>	<b>24 981</b>	<b>40 227</b>
Cash/cash equivalents at the year begin:	36 320	-	(205)	(205)	36 115	80 520	105 501
Cash/cash equivalents at the year end:	80 520	(63 820)	2 918	(60 902)	19 619	105 501	145 728



DC43 Harry Gwala - Table B8 Consolidated Cash backed reserves/accumulated surplus reconciliation - 26 February 2015

Description	Budget Year 2015/16					Budget Year +1 2016/17	Budget Year +2 2017/18
	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		
<b>Cash and investments available</b>							
Cash/cash equivalents at the year end	80 520	(63 820)	2 918	(60 902)	19 619	105 501	145 728
Other current investments > 90 days	(22 308)	63 820	(45 754)	18 066	(4 242)	(21 695)	(21 049)
Non current assets - Investments	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>58 212</b>	<b>-</b>	<b>(42 836)</b>	<b>(42 836)</b>	<b>15 376</b>	<b>83 806</b>	<b>124 679</b>
<b>Applications of cash and investments</b>							
Unspent conditional transfers	12 692	-	-	-	12 692	7 615	4 569
Unspent borrowing	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-
Other working capital requirements	19 081	-	51 743	51 743	70 824	21 504	13 346
Other provisions	14 334	-	-	-	14 334	15 524	16 833
Long term investments committed	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>	<b>46 108</b>	<b>-</b>	<b>51 743</b>	<b>51 743</b>	<b>97 851</b>	<b>44 643</b>	<b>34 748</b>
<b>Surplus(shortfall)</b>	<b>12 104</b>	<b>-</b>	<b>(94 579)</b>	<b>(94 579)</b>	<b>(82 474)</b>	<b>39 163</b>	<b>89 930</b>

DC43 Harry Gwala - Table B9 Consolidated Asset Management - 26 February 2015

Description	Budget Year 2015/16					Budget Year	Budget Year
	Original Budget	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	11	12	13	14			
	E	F	G	H			
R thousands	A						
<b>CAPITAL EXPENDITURE</b>							
<b>Total New Assets to be adjusted</b>	<b>299 650</b>	<b>(16 000)</b>	<b>(32 802)</b>	<b>(48 802)</b>	<b>250 848</b>	<b>329 944</b>	<b>432 727</b>
Infrastructure - Electricity	-	-	-	-	-	1 873	-
Infrastructure - Water	239 400	(16 000)	(8 802)	(24 802)	214 598	269 218	395 417
Infrastructure - Sanitation	28 500	-	-	-	28 500	50 677	28 700
Infrastructure	267 900	(16 000)	(8 802)	(24 802)	243 098	321 768	424 117
Community	24 000	-	(24 000)	(24 000)	-	844	889
Other assets	6 650	-	-	-	6 650	6 172	6 499
Intangibles	1 100	-	-	-	1 100	1 161	1 222
<b>Total Renewal of Existing Assets to be adjusted</b>	<b>7 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 000</b>	<b>-</b>	<b>-</b>
Infrastructure - Water	7 000	-	-	-	7 000	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-
Infrastructure	7 000	-	-	-	7 000	-	-
Community	-	-	-	-	-	-	-
<b>Total Capital Expenditure to be adjusted</b>							
Infrastructure - Water	246 400	(16 000)	(8 802)	(24 802)	221 598	269 218	395 417
Infrastructure - Sanitation	28 500	-	-	-	28 500	50 677	28 700
Infrastructure	274 900	(16 000)	(8 802)	(24 802)	250 098	321 768	424 117
Community	24 000	-	(24 000)	(24 000)	-	844	889
Other assets	6 650	-	-	-	6 650	6 172	6 499
Intangibles	1 100	-	-	-	1 100	1 161	1 222
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	<b>306 650</b>	<b>(16 000)</b>	<b>(32 802)</b>	<b>(48 802)</b>	<b>257 848</b>	<b>329 944</b>	<b>432 727</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>							
Infrastructure - Road transport	-	-	-	-	-	-	-
Infrastructure - Electricity	6 272	-	-	-	6 272	7 487	9 125
Infrastructure - Water	1 107 617	(16 000)	(12 302)	(28 302)	1 079 315	1 322 249	1 611 520
Infrastructure - Sanitation	374 290	-	-	-	374 290	446 820	544 571
Infrastructure - Other	33 238	-	(27 500)	(27 500)	5 738	39 646	48 319
Infrastructure	1 521 416	(16 000)	(39 802)	(55 802)	1 465 614	1 816 202	2 213 535
Community	56 889	-	-	-	56 889	67 913	82 771
Other assets	21 198	-	-	-	21 198	25 305	30 842
Intangibles	1 344	-	-	-	1 344	1 244	257
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 600 847</b>	<b>(16 000)</b>	<b>(39 802)</b>	<b>(55 802)</b>	<b>1 545 045</b>	<b>1 910 664</b>	<b>2 327 404</b>
<b>EXPENDITURE OTHER ITEMS</b>							
Depreciation & asset impairment	30 300	-	300	300	30 600	35 306	40 112
Repairs and Maintenance by asset class	<b>73 875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73 875</b>	<b>88 791</b>	<b>114 105</b>
Infrastructure - Water	48 590	-	-	-	48 590	54 998	70 429
Infrastructure - Sanitation	21 600	-	-	-	21 600	27 008	33 439
Infrastructure - Other	-	-	-	-	-	-	-
Infrastructure	70 190	-	-	-	70 190	82 006	103 868
Other assets	3 686	-	-	-	3 686	6 786	10 237
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>	<b>104 175</b>	<b>-</b>	<b>300</b>	<b>300</b>	<b>104 475</b>	<b>124 097</b>	<b>154 217</b>
<b>Renewal of Existing Assets as % of total capex</b>	2,3%				2,7%	0,0%	0,0%
<b>Renewal of Existing Assets as % of deprecn"</b>	23,1%				22,9%	0,0%	0,0%
<b>R&amp;M as a % of PPE</b>	4,6%				4,8%	4,6%	4,9%
<b>Renewal and R&amp;M as a % of PPE</b>	5,1%				5,2%	4,6%	4,9%

DC43 Harry Gwala - Table B10 Consolidated Basic service delivery measurement - 26 February 2015

Description	Budget Year 2015/16			Budget Year	Budget Year
	Original	Total	Adjusted	+1 2016/17	+2 2017/18
	Budget	Adjusts.	Budget	Adjusted	Adjusted
	A	G	H		
<b>Household service targets</b>					
<b>Water:</b>					
Piped water inside dwelling	44 069	-	44	44 157	46 246
Piped water inside yard (but not in dwelling)	19 323	-	19	19 420	19 517
Using public tap (at least min.service level)	22 606	-	23	22 334	22 066
Other water supply (at least min.service level)	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	86	-	86	86	88
Using public tap (< min.service level)	-	-	-	-	-
Other water supply (< min.service level)	31 819	-	32	31 910	31 996
No water supply	-	-	-	-	-
<i>Below Minimum Servic Level sub-total</i>	32	-	32	32	32
<b>Total number of households</b>	<b>118</b>	<b>-</b>	<b>118</b>	<b>118</b>	<b>120</b>
<b>Sanitation/sewerage:</b>					
Flush toilet (connected to sewerage)	57 545	-	57 545	57 547	58 526
Flush toilet (with septic tank)	11 964	-	11 964	11 964	12 168
Chemical toilet	-	-	-	-	-
Pit toilet (ventilated)	48 309	-	48 309	48 311	49 133
Other toilet provisions (> min.service level)	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	117 818	-	117 818	117 822	119 826
Bucket toilet	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-
No toilet provisions	-	-	-	-	-
<i>Below Minimum Servic Level sub-total</i>	-	-	-	-	-
<b>Total number of households</b>	<b>117 818</b>	<b>-</b>	<b>117 818</b>	<b>117 822</b>	<b>119 826</b>
<b>Households receiving Free Basic Service</b>					
Water (6 kilolitres per household per month)	117 818	-	117 818	117 822	119 826
Sanitation (free minimum level service)	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	-	-	-	-
Refuse (removed at least once a week)	-	-	-	-	-
<b>Cost of Free Basic Services provided (R'000)</b>					
Water (6 kilolitres per household per month)	5 406	-	5 406	5 839	6 306
Sanitation (free sanitation service)	-	-	-	-	-
<b>Total cost of FBS provided (minimum social p</b>	<b>5 406</b>	<b>-</b>	<b>5 406</b>	<b>5 839</b>	<b>6 306</b>
<b>Highest level of free service provided</b>					
Property rates (R'000 value threshold)	-	-	-	-	-
Water (kilolitres per household per month)	6	-	6	6	6
<b>Revenue cost of free services provided (R'000)</b>					
Property rates (R15 000 threshold rebate)	-	-	-	-	-
Property rates (other exemptions, reductions and	-	-	-	-	-
Water	21 593	-	21 593	22 802	24 109
Sanitation	18 737	-	18 737	20 236	21 855
<b>Total revenue cost of free services provided (to</b>	<b>40 330</b>	<b>-</b>	<b>40 330</b>	<b>43 039</b>	<b>45 964</b>

## **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 work 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 petrol prices 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 67% of billed services was initially planned to result from the revenue management programmes in the 2015/16 financial year. However, the actual figures at mid-year called yielded less than expected results and thus resulting in a downward adjustment of the collection ratio to 60%. This downward forecast being mainly attributed to 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 67 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 2015/16					Budget Year	Budget Year
	Original	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	9	10	11	12			
R thousands	A	C	D	E	F		
<b>RECEIPTS:</b>							
<b><u>Operating Transfers and Grants</u></b>							
<b>National Government:</b>	<b>248 723</b>	<b>-</b>	<b>10 500</b>	<b>10 500</b>	<b>259 223</b>	<b>269 326</b>	<b>288 723</b>
Local Government Equitable Share	241 033			-	241 033	256 784	275 160
Finance Management	1 250			-	1 250	1 250	1 250
Municipal Systems Improvement	940			-	940	960	1 043
Municipal Infrastructure Grant (PMU)	3 460		6 000	6 000	9 460	3 737	4 036
Rural Roads Asset Management Grant	2 040			-	2 040	2 095	2 234
Rural Household Infrastructure Grant	-		4 500	4 500	4 500	4 500	5 000
<b>Provincial Government:</b>	<b>1 100</b>	<b>80</b>	<b>-</b>	<b>80</b>	<b>1 180</b>	<b>400</b>	<b>-</b>
Infrastructure Sport Facilities	-			-	-		
LG Seta	-	80		80	80		
Development Planning Shared Services	1 100			-	1 100	400	
<b>Total Operating Transfers and Grants</b>	<b>249 823</b>	<b>80</b>	<b>10 500</b>	<b>10 580</b>	<b>260 403</b>	<b>269 726</b>	<b>288 723</b>
<b><u>Capital Transfers and Grants</u></b>							
<b>National Government:</b>	<b>270 790</b>	<b>(16 000)</b>	<b>(10 500)</b>	<b>(26 500)</b>	<b>244 290</b>	<b>317 268</b>	<b>419 117</b>
Municipal Infrastructure Grant (MIG)	189 324		(6 000)	(6 000)	183 324	197 150	208 998
Regional Bulk Infrastructure	30 000	(16 000)		(16 000)	14 000	80 000	120 000
Energy Efficiency And Demand Side Management Grant	-			-	-	-	-
Municipal Water Infrastructure Grant	43 500		-	-	43 500	40 118	90 119
Expanded public works programme incentive grant	3 466			-	3 466		
Rural Household Infrastructure Grant	4 500		(4 500)	(4 500)	-		
<b>Total Capital Transfers and Grants</b>	<b>270 790</b>	<b>(16 000)</b>	<b>(10 500)</b>	<b>(26 500)</b>	<b>244 290</b>	<b>317 268</b>	<b>419 117</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>520 613</b>	<b>(15 920)</b>	<b>-</b>	<b>(15 920)</b>	<b>504 693</b>	<b>586 994</b>	<b>707 840</b>

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

- National Government R 259, 2million
- Provincial Government R 1, 1million

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

- National Government R 244, 2million

## **2.3 Adjustments to Expenditure on Allocations and Grant Programmes**

2.3.1 A total amount of R16 million has been reduced which is made up of the following grant allocation:

**National Government Allocations:** The Regional Bulk Infrastructure Grant which was initially gazetted at R30million and had a decrease in allocation by R16million due to the lower-expenditure by the Municipality on this programme.

## **2.4 Adjustments to Allocations and Grants made by the Municipality**

Due to cash flow constraints facing the municipality a downward adjustment of R1, 9 m has been reduced to Sisonke Development Agency.

## **2.5 Adjustments to Councillor Allowances and Employee Benefits**

The adjustment budget did not have a material impact on the Councillors remuneration. 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 2million to R116million in order to cater for the critical posts that are key in strengthening the workforce that drives service delivery.

## **2.6 Adjustments to Capital Expenditure**

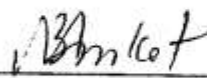
The adjustments budget has resulted in certain projects being moved from the Capital Budget to the Operations budget due their nature and the accounting treatment thereof.

## 2.7 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. N. Dlamini

Date 25 February 2016