



1617 SCHEDULE B

201617 BUDGET ADJUSTMENTS

Budget & Reporting
Budget & Treasury Office
1617 SCHEDULE B

Table of Contents

PART 1 – ADJUSTMENTS BUDGET.....	5
1. Mayor’s Report	5
2. Resolutions.....	6
3. Executive Summary	7
PART 2 – SUPPORTING DOCUMENTATION	38
2.1 Adjustments to Budget Assumptions	38
2.2 Adjustments to Budget funding	38
2.3 Adjustments to Expenditure on Allocations and Grant Programmes.....	40
2.4 Adjustments to Allocations and Grants made by the Municipality	40
2.5 Adjustments to Councillor Allowances and Employee Benefits	40
2.6 Adjustments to Capital Expenditure	40
2.7 Municipal Manager’s Quality Certificates.....	Error! Bookmark not defined.

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 2016/17 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 2016/2017 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 36, 5million 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 2016/2017, 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
- 2.5 The condonement of the R73, 2million 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 2017 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 decreased to R683m. This downward adjustment is mainly due to following major contributing factors;

- | | |
|---|-----------|
| • Reduction of Regional Bulk Infrastructure Grant | R12m |
| • Development Planning Shared Services | R 400 000 |
| • Municipal System Improvement Grant | R1million |

The Adjusted operations budget is R437, 5m having increased by R55million from the original budget of R382, 4million. The item below had the major movements

- Increase of R8,2m employee related costs
- Increase of R10, 6m Depreciation
- Increase Bulk Waste Water R 676 619
- An increase on other expenditure mainly due to the R36, 5m 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 20% 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 R348million to R311, 8million. This is mainly attributable to the downward adjustment of the following grants;

- | | |
|--------------------------------------|-----------------------------------|
| ✓ Regional Bulk Infrastructure Grant | R12m |
| ✓ Expanded Public Works Programme | R3, 3m moved to operations budget |

A number of capital projects that would not be capitalized were shifted to the operations budget. A number of capital projects totaling to R29, 9million.

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 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	6 F	7 G	8 H		
Financial Performance							
Property rates	-	-	-	-	-	-	-
Service charges	60 553	-	(8 299)	(8 299)	52 255	64 187	68 038
Investment revenue	3 500	-	2 000	2 000	5 500	3 710	3 933
Transfers recognised - operational	277 632	-	23 231	23 231	300 862	294 948	317 863
Other own revenue	9 109	-	8 105	8 105	17 215	9 646	10 185
Total Revenue (excluding capital transfers and contributions)	350 794	-	25 037	25 037	375 831	372 490	400 018
Employee costs	125 313	-	8 285	8 285	133 598	135 338	146 165
Remuneration of councillors	7 906	-	-	-	7 906	8 539	9 222
Depreciation & asset impairment	31 874	-	10 659	10 659	42 534	33 786	35 812
Finance charges	1 926	-	84	84	2 010	1 595	1 229
Materials and bulk purchases	10 709	-	-	-	10 709	11 641	12 654
Transfers and grants	20 000	-	(2 667)	(2 667)	17 333	22 218	23 551
Other expenditure	184 675	-	38 799	38 799	223 474	181 966	193 299
Total Expenditure	382 404	-	55 160	55 160	437 564	395 083	421 932
Surplus/(Deficit)	(31 610)	-	(30 123)	(30 123)	(61 733)	(22 593)	(21 914)
Transfers recognised - capital	335 772	-	(26 672)	(26 672)	309 101	401 643	373 080
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	304 163	-	(56 795)	(56 795)	247 368	379 050	351 166
Surplus/ (Deficit) for the year	304 163	-	(56 795)	(56 795)	247 368	379 050	351 166
Capital expenditure & funds sources							
Capital expenditure	348 054	-	(36 221)	(36 221)	311 833	409 888	381 252
Transfers recognised - capital	335 772	(26 672)	-	(26 672)	309 101	401 643	373 080
Internally generated funds	12 282	-	(9 550)	(9 550)	2 732	8 245	8 173
Total sources of capital funds	348 054	(26 672)	(9 550)	(36 221)	311 833	409 888	381 252
Financial position							
Total current assets	96 627	-	(29 558)	(29 558)	67 069	116 426	128 173
Total non current assets	1 914 112	-	(36 221)	(36 221)	1 877 891	2 310 097	2 676 612
Total current liabilities	60 999	-	(8 984)	(8 984)	52 015	64 143	62 793
Total non current liabilities	29 859	-	-	-	29 859	27 913	25 737
Community wealth/Equity	1 919 882	-	(56 795)	(56 795)	1 863 087	2 334 467	2 716 256

Table B1 Cont.....

DC43 Harry Gwala - Table B1 Adjustments Budget Summary -

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	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	329 265	-	1 230	1 230	330 494	399 536	372 920
Net cash from (used) investing	(310 943)	(26 672)	(9 550)	(36 221)	(347 164)	(365 496)	(340 017)
Net cash from (used) financing	(2 822)	-	(1 547)	(1 547)	(4 369)	(3 130)	(3 471)
Cash/cash equivalents at the year end	35 377	(26 672)	11 133	(15 539)	19 838	66 287	95 718
Cash backing/surplus reconciliation							
Cash and investments available	35 377	-	(29 558)	(29 558)	5 819	66 287	95 718
Application of cash and investments	17 493	-	(17 539)	(17 539)	(46)	24 594	27 778
Balance - surplus (shortfall)	17 884	-	(12 019)	(12 019)	5 865	41 694	67 941
Asset Management							
Asset register summary (WDV)	1 914 112	(26 672)	(9 550)	(36 221)	1 877 891	2 310 097	2 676 612
Depreciation & asset impairment	31 874	-	10 659	10 659	42 534	33 786	35 812
Renewal of Existing Assets	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-
Free services							
Cost of Free Basic Services provided	4 886	-	-	-	4 886	5 179	5 490
Revenue cost of free services provided	-	-	-	-	-	-	-
Households below minimum service level							
Water:	33	-	-	-	33	35	37
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.

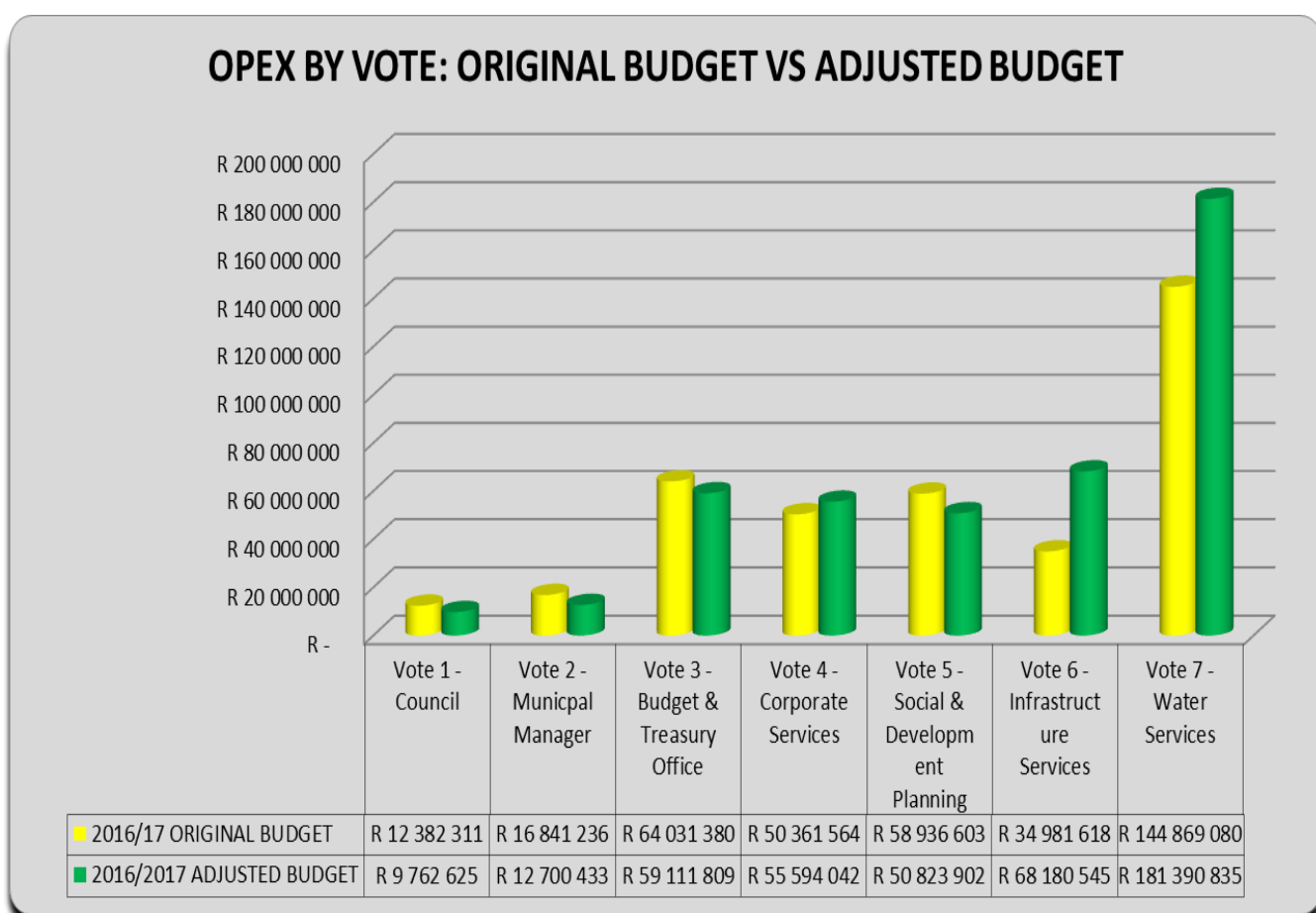
DC43 Harry Gwala - Table B2 Adjustments Budget Financial Performance (standard classification) -

Standard Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	10 F	11 G	12 H		
Revenue - Standard							
Governance and administration	274 973	-	9 064	9 064	284 037	300 452	323 572
Executive and council	-	-	-	-	-	-	-
Budget and treasury office	274 973	-	9 064	9 064	284 037	300 452	323 572
Corporate services	-	-	-	-	-	-	-
Economic and environmental services	400	(400)	-	(400)	-	400	500
Planning and development	400	(400)	-	(400)	-	400	500
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	411 194	(12 000)	1 701	(10 299)	400 895	473 282	449 026
Electricity	-	-	-	-	-	-	-
Water	60 550	-	1 701	1 701	62 251	64 183	68 034
Waste water management	350 644	(12 000)	-	(12 000)	338 644	409 099	380 992
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenue - Standard	686 567	(12 400)	10 765	(1 635)	684 932	774 133	773 098
Expenditure - Standard							
Governance and administration	143 616	-	(6 448)	(6 448)	137 169	151 997	159 474
Executive and council	29 224	-	(6 760)	(6 760)	22 463	30 221	32 363
Budget and treasury office	64 031	-	(4 920)	(4 920)	59 112	68 156	70 015
Corporate services	50 362	-	5 232	5 232	55 594	53 620	57 095
Economic and environmental services	58 937	-	(8 092)	(8 092)	50 845	63 416	67 282
Planning and development	58 937	-	(8 092)	(8 092)	50 845	63 416	67 282
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	179 851	-	69 700	69 700	249 551	179 670	195 177
Electricity	-	-	-	-	-	-	-
Water	146 344	-	36 501	36 501	182 845	146 490	156 283
Waste water management	33 506	-	33 199	33 199	66 705	33 180	38 894
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Expenditure - Standard	382 404	-	55 160	55 160	437 564	395 083	421 932
Surplus/ (Deficit) for the year	304 163	(12 400)	(44 395)	(56 795)	247 368	379 050	351 166

The revenue of the municipality has decreased by 1% from R686, 5million originally approved budget to R683, 4million. The waste water management has seen the biggest decrease in revenue due to the reduction of Regional Bulk Infrastructure Grant funding of R12 million.

Operational expenditure has increased by 13% to R437million. 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.

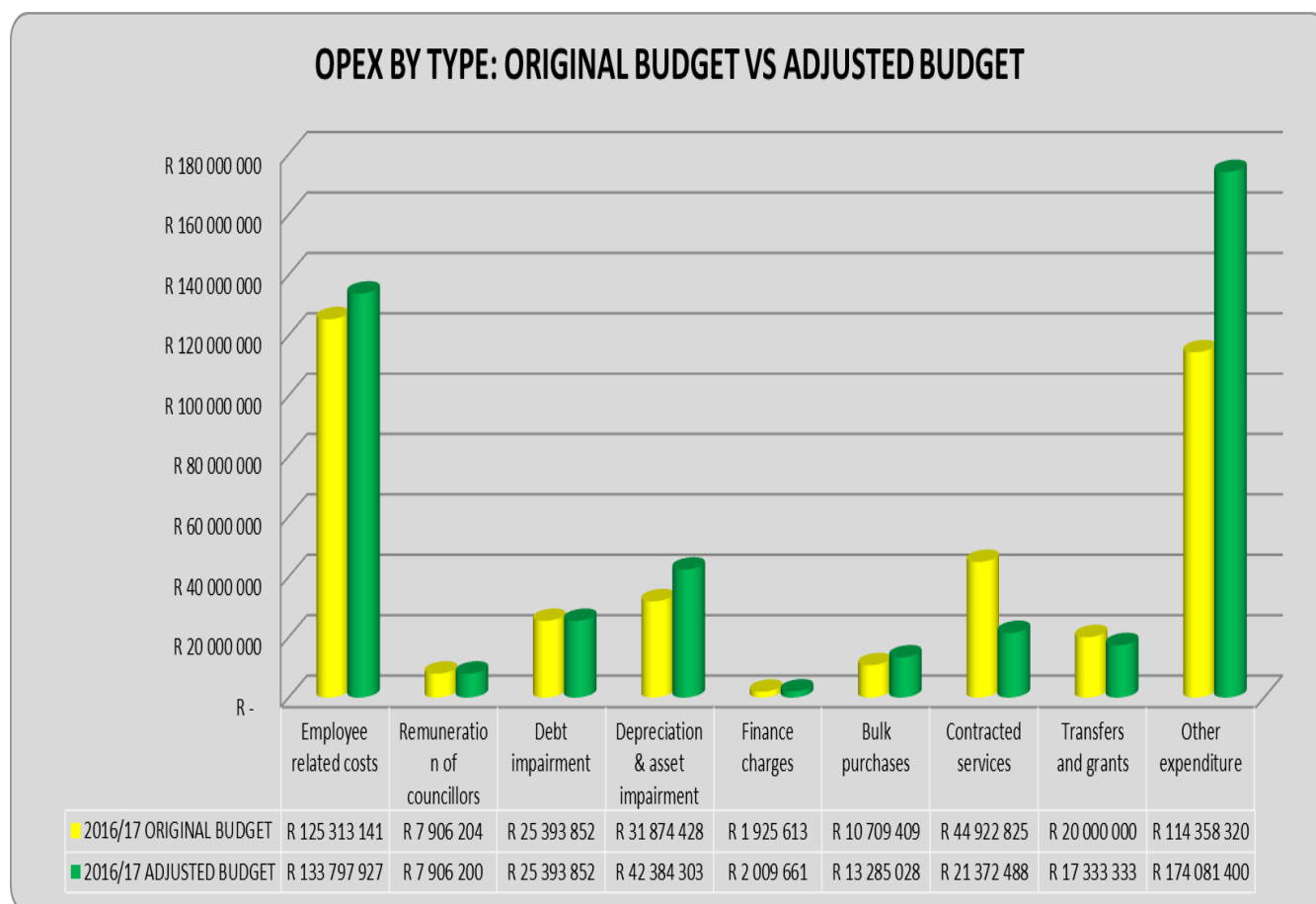
TABLE B3 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

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 <i>[Insert departmental structure etc]</i>	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	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		
Revenue by Vote							
Vote 1 - Council	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-
Vote 3 - Budget & Treasury Office	274 973	-	9 064	9 064	284 037	300 452	323 572
Vote 4 - Corporate Services	-	-	-	-	-	-	-
Vote 5 - Social & Development Planning	400	(400)	-	(400)	-	400	500
Vote 6 - Infrastructure Services	350 644	(12 000)	-	(12 000)	338 644	409 099	380 992
Vote 7 - Water Services	60 550	-	1 701	1 701	62 251	64 183	68 034
Total Revenue by Vote	686 567	(12 400)	10 765	(1 635)	684 932	774 133	773 098
Expenditure by Vote							
Vote 1 - Council	12 382	-	(2 620)	(2 620)	9 763	13 274	14 232
Vote 2 - Municipal Manager	16 841	-	(4 141)	(4 141)	12 700	16 947	18 131
Vote 3 - Budget & Treasury Office	64 031	-	(4 920)	(4 920)	59 112	68 156	70 015
Vote 4 - Corporate Services	50 362	-	5 232	5 232	55 594	53 620	57 095
Vote 5 - Social & Development Planning	58 937	-	(8 092)	(8 092)	50 844	63 416	67 282
Vote 6 - Infrastructure Services	34 982	-	33 199	33 199	68 181	28 967	30 924
Vote 7 - Water Services	144 869	-	36 501	36 501	181 370	150 704	164 253
Total Expenditure by Vote	382 404	-	55 160	55 160	437 564	395 083	421 932
Surplus/ (Deficit) for the year	304 163	(12 400)	(44 395)	(56 795)	247 368	379 050	351 166

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 R8 million to R133million 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 because there is a new initiative that has been developed to improve debt collection strategies. Depreciation has been increased by R10m because there are capital projects that will be capitalised in the 2015/2016 financial year.

The expenditure on Bulk Waste Water has been increased because the original budget is not enough for the next 5 months and we had to adjust the budget upward. The budget for Bulk waste water had to increase to R2, 4million and there was no adjustment in Bulk water purchases as the original budget is enough to cover Umngeni Water for the next five months.

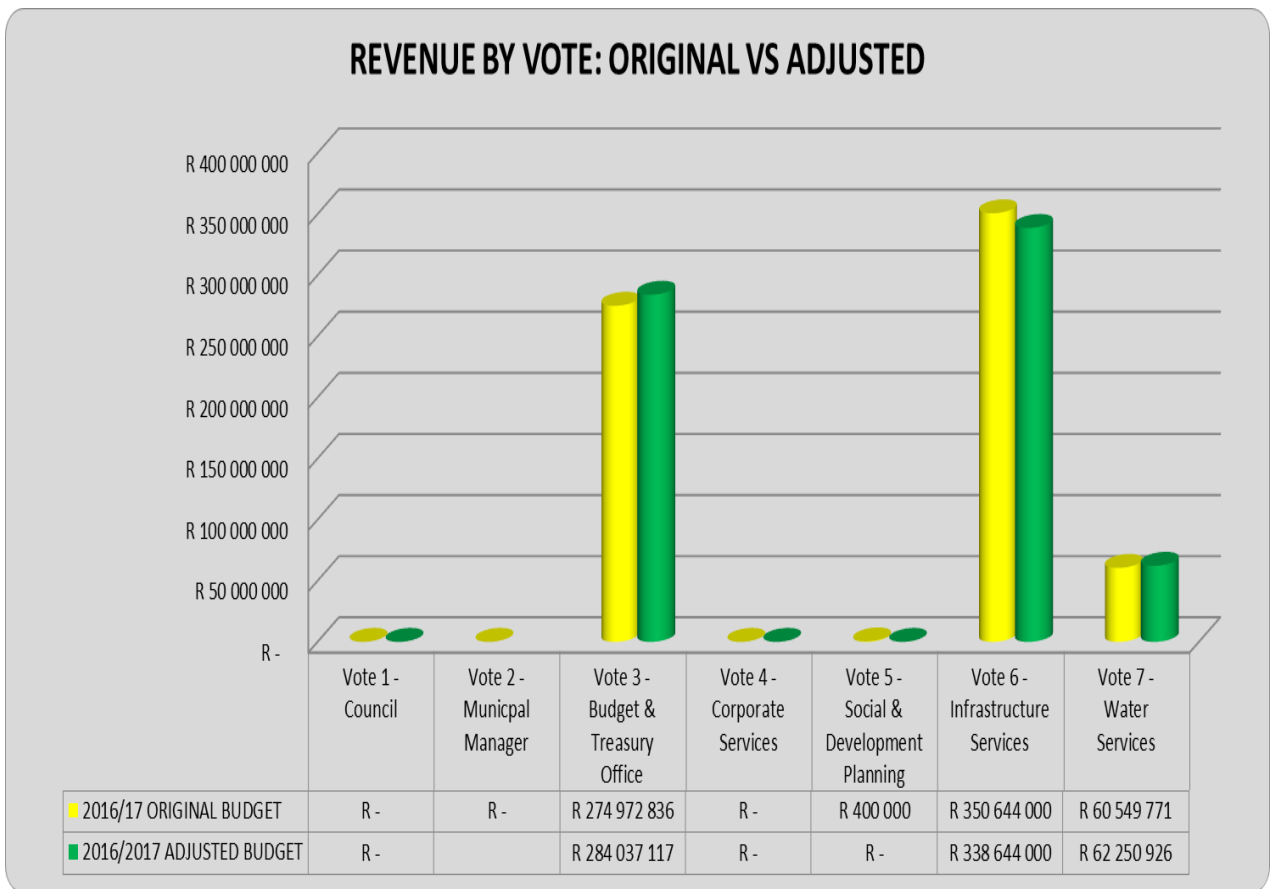
TABLE B4 ADJUSTMENT BUDGET FINANCIAL PERFORMANCE

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) -

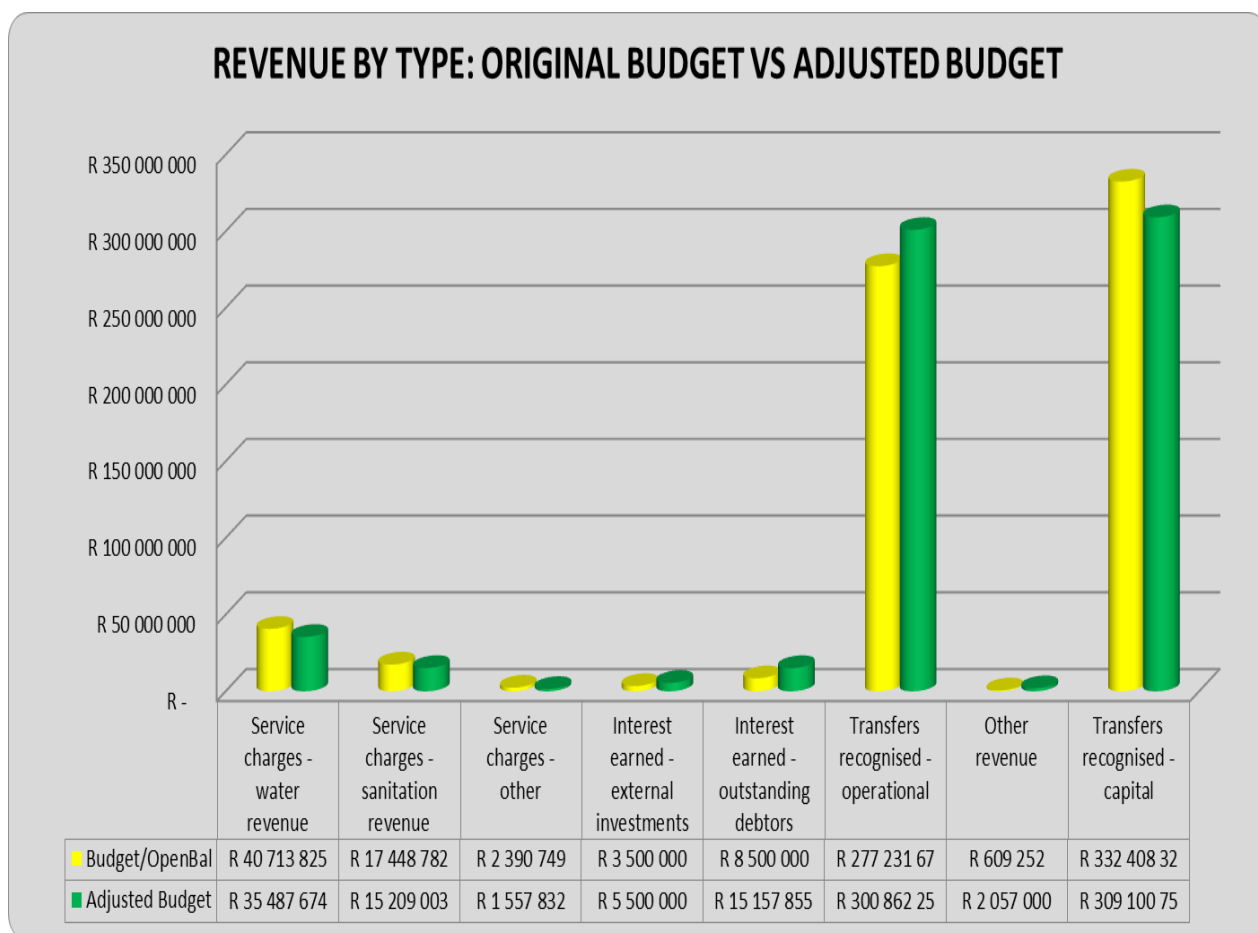
Description	Budget Year 2016/17				Budget Year	Budget Year
	Original	Other Adjusts.	Total Adjusts.	Adjusted	Adjusted	Adjusted
	Budget	8	9	Budget	Budget	Budget
R thousands	A	F	G	H		
Revenue By Source						
Service charges - water revenue	40 714	(5 226)	(5 226)	35 488	43 157	45 746
Service charges - sanitation revenue	17 449	(2 240)	(2 240)	15 209	18 496	19 605
Service charges - refuse revenue	-	-	-	-	-	-
Service charges - other	2 391	(833)	(833)	1 558	2 534	2 686
Rental of facilities and equipment			-	-		
Interest earned - external investments	3 500	2 000	2 000	5 500	3 710	3 933
Interest earned - outstanding debtors	8 500	6 658	6 658	15 158	9 000	9 500
Dividends received			-	-		
Transfers recognised - operating	277 632	23 231	23 231	300 862	294 948	317 863
Other revenue	609	1 447	1 447	2 057	646	685
Gains on disposal of PPE			-	-		
Total Revenue (excluding capital transfers and contributions)	350 794	25 037	25 037	375 831	372 490	400 018
Expenditure By Type						
Employee related costs	125 313	8 285	8 285	133 598	135 338	146 165
Remuneration of councillors	7 906	-	-	7 906	8 539	9 222
Debt impairment	25 394	-	-	25 394	26 917	28 533
Depreciation & asset impairment	31 874	10 659	10 659	42 534	33 786	35 812
Finance charges	1 926	84	84	2 010	1 595	1 229
Bulk purchases	10 709	-	-	10 709	11 641	12 654
Other materials			-	-		
Contracted services	44 923	(16 848)	(16 848)	28 075	46 016	50 272
Transfers and grants	20 000	(2 667)	(2 667)	17 333	22 218	23 551
Other expenditure	114 358	55 647	55 647	170 006	109 032	114 494
Loss on disposal of PPE			-	-		
Total Expenditure	382 404	55 160	55 160	437 564	395 083	421 932
Surplus/(Deficit)	(31 610)	(30 123)	(30 123)	(61 733)	(22 593)	(21 914)
Transfers recognised - capital	335 772	(26 672)	(26 672)	309 101	401 643	373 080
	304 163	(56 795)	(56 795)	247 368	379 050	351 166
Surplus/(Deficit) before taxation						
Surplus/(Deficit) after taxation	304 163	(56 795)	(56 795)	247 368	379 050	351 166
Attributable to minorities			-	-		
Surplus/(Deficit) attributable to municipality	304 163	(56 795)	(56 795)	247 368	379 050	351 166
Surplus/ (Deficit) for the year	304 163	(56 795)	(56 795)	247 368	379 050	351 166

Chart 3: Revenue by Vote



The above graph presents the adjustment budget by source

Chart 4: Revenue by Source



There is a downward adjustment for water and sanitation charges revenue. The original interest earned on external investments was R3, 5m it was adjusted upward to R5, 5m 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 R 1, 4mk as compared to the original budget of R609km.

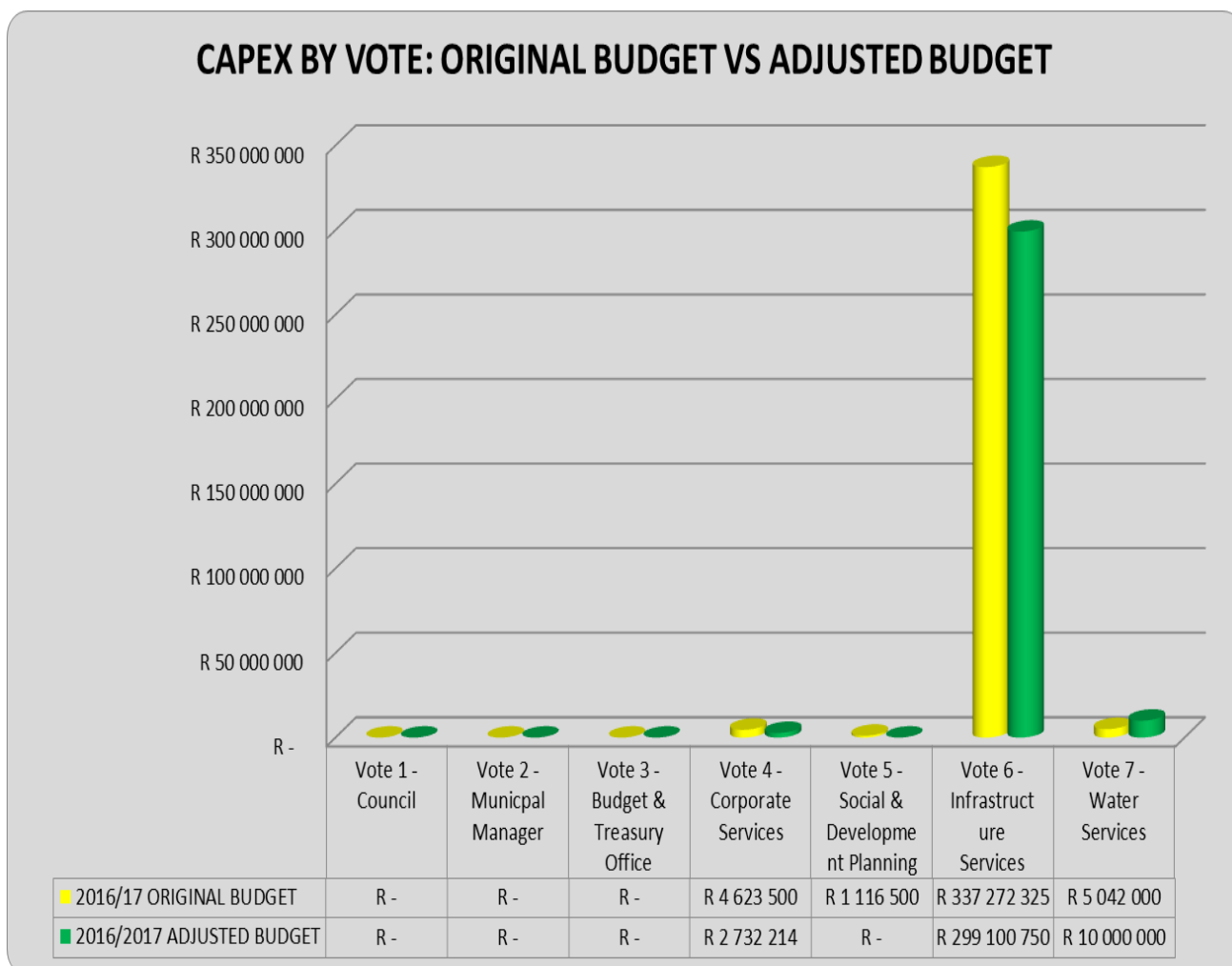
TABLE B5 ADJUSTMENT CAPITAL EXPENDITURE BUDGET BY VOTE AND FUNDING

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 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	A	E	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	4 624	-	(1 891)	(1 891)	2 732	2 776	2 937
Vote 5 - Social & Development Planning	1 117	-	(1 117)	(1 117)	-	1 335	854
Vote 6 - Infrastructure Services	337 272	-	(38 172)	(38 172)	299 101	403 233	374 765
Vote 7 - Water Services	5 042	-	4 958	4 958	10 000	2 544	2 697
Capital multi-year expenditure sub-total	348 054	-	(36 221)	(36 221)	311 833	409 888	381 252
Capital single-year expenditure sub-total	-	-	-	-	-	-	-
Total Capital Expenditure - Vote	348 054	-	(36 221)	(36 221)	311 833	409 888	381 252
Capital Expenditure - Standard							
Governance and administration	4 624	-	(1 891)	(1 891)	2 732	2 776	2 937
Executive and council				-	-		
Budget and treasury office				-	-		
Corporate services	4 624		(1 891)	(1 891)	2 732	2 776	2 937
Economic and environmental services	1 117	-	(1 117)	(1 117)	-	1 335	854
Planning and development	1 117		(1 117)	(1 117)	-	1 335	854
Trading services	342 314	(26 672)	(6 542)	(33 214)	309 101	405 777	377 462
Electricity				-	-		
Water	5 042		4 958	4 958	10 000	2 544	2 697
Waste water management	337 272	(26 672)	(11 500)	(38 172)	299 101	403 233	374 765
Waste management				-	-		
Other				-	-		
Total Capital Expenditure - Standard	348 054	(26 672)	(9 550)	(36 221)	311 833	409 888	381 252
Funded by:							
National Government	335 772	(26 672)		(26 672)	309 101	401 643	373 080
Provincial Government				-	-		
Total Capital transfers recognised	335 772	(26 672)	-	(26 672)	309 101	401 643	373 080
Internally generated funds	12 282		(9 550)	(9 550)	2 732	8 245	8 173
Total Capital Funding	348 054	(26 672)	(9 550)	(36 221)	311 833	409 888	381 252

Chart 6: Capital Expenditure by Type



The originally approved capital budget was R 348 million and adjusted budget is R 311, 8million. This is mainly attributable to limited cash flow and to the downward adjustment of the following grants;

- Regional Bulk Infrastructure Grant R12m
- Expanded Public Works Programme R3, 3m

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 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
ASSETS							
Current assets							
Cash	35 377		(29 235)	(29 235)	6 142	66 287	95 718
Consumer debtors	48 078	-	-	-	48 078	36 160	17 628
Other debtors	12 789				12 789	13 556	14 369
Current portion of long-term receivables	-				-	-	-
Inventory	384				384	423	458
Total current assets	96 627	-	(29 235)	(29 235)	67 392	116 426	128 173
Non current assets							
Property, plant and equipment	1 912 816	(26 672)	(9 550)	(36 221)	1 876 595	2 308 726	2 675 161
Agricultural					-	-	
Intangible	1 296				1 296	1 371	1 451
Other non-current assets					-	-	
Total non current assets	1 914 112	(26 672)	(9 550)	(36 221)	1 877 891	2 310 097	2 676 612
TOTAL ASSETS	2 010 739	(26 672)	(38 785)	(65 456)	1 945 283	2 426 523	2 804 785
LIABILITIES							
Current liabilities							
Borrowing	3 330	-	-	-	3 330	3 697	4 102
Consumer deposits	1 593				1 593	1 794	2 019
Trade and other payables	51 770	-	172 005	172 005	223 775	54 279	52 224
Provisions	4 305				4 305	4 374	4 447
Total current liabilities	60 999	-	172 005	172 005	233 003	64 143	62 793
Non current liabilities							
Borrowing	12 353	-	-	-	12 353	8 657	4 555
Provisions	17 506	-	-	-	17 506	19 256	21 182
Total non current liabilities	29 859	-	-	-	29 859	27 913	25 737
TOTAL LIABILITIES	90 858	-	172 005	172 005	262 862	92 056	88 530
NET ASSETS	1 919 882	(26 672)	(210 789)	(237 461)	1 682 421	2 334 467	2 716 256
COMMUNITY WEALTH/EQUITY							
Accumulated Surplus/(Deficit)	1 919 882	(26 672)	(210 789)	(237 461)	1 682 421	2 334 467	2 716 256
TOTAL COMMUNITY WEALTH/EQUITY	1 919 882	(26 672)	(210 789)	(237 461)	1 682 421	2 334 467	2 716 256

TABLE B7 ADJUSTMENTS BUDGET CASH FLOWS

DC43 Harry Gwala - Table B7 Adjustments Budget Cash Flows -

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts							
Property rates, penalties & collection charges	-			-	-	-	-
Service charges	32 408		9 673	9 673	42 081	33 292	35 290
Other revenue	305			-	305	323	342
Government - operating	277 632		23 231	23 231	300 862	294 948	317 863
Government - capital	335 772		(26 672)	(26 672)	309 101	401 643	373 080
Interest	3 500		3 038	3 038	6 538	3 710	3 933
Dividends	-			-	-	-	-
Payments							
Suppliers and employees	(298 426)		(61 704)	(61 704)	(360 131)	(310 567)	(332 808)
Finance charges	(1 926)		(84)	(84)	(2 010)	(1 595)	(1 229)
Transfers and Grants	(20 000)		2 667	2 667	(17 333)	(22 218)	(23 551)
NET CASH FROM/(USED) OPERATING ACTIVITIES	329 265	-	(49 852)	(49 852)	279 413	399 536	372 920
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Decrease (increase) other non-current receivables				-	-		
Payments							
Capital assets	(310 943)	26 672	9 550	36 221	(274 721)	(365 496)	(340 017)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(310 943)	26 672	9 550	36 221	(274 721)	(365 496)	(340 017)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Borrowing long term/refinancing				-	-		
Increase (decrease) in consumer deposits	178			-	178	200	226
Payments							
Repayment of borrowing	(3 000)		(1 547)	(1 547)	(4 547)	(3 330)	(3 697)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 822)	-	(1 547)	(1 547)	(4 369)	(3 130)	(3 471)
NET INCREASE/ (DECREASE) IN CASH HELD	15 500	26 672	(41 849)	(15 177)	323	30 910	29 431
Cash/cash equivalents at the year begin:	19 877		(14 058)	(14 058)	5 819	35 377	66 287
Cash/cash equivalents at the year end:	35 377	26 672	(55 906)	(29 235)	6 142	66 287	95 718

TABLE B8 CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

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

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	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	35 377	26 672	(55 906)	(29 235)	6 142	66 287	95 718
Other current investments > 90 days	-	(26 672)	26 672	-	-	-	-
Non current assets - Investments	-	-	-	-	-	-	-
Cash and investments available:	35 377	-	(29 235)	(29 235)	6 142	66 287	95 718
<u>Applications of cash and investments</u>							
Unspent conditional transfers	3 234	-	-	-	3 234	2 524	2 350
Unspent borrowing	-	-	-	-	-	-	-
Statutory requirements	(9 500)	-	-	-	(9 500)	(11 300)	(14 620)
Other working capital requirements	19 954	-	163 450	163 450	183 404	29 120	35 299
Other provisions	3 804	-	-	-	3 804	4 250	4 749
Long term investments committed	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-
Total Application of cash and investments:	17 493	-	163 450	163 450	180 943	24 594	27 778
Surplus(shortfall)	17 884	-	(192 685)	(192 685)	(174 801)	41 694	67 941

TABLE B9 ASSET MANAGEMENT

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2016/17					Budget Year	Budget Year
	Original	Nat. or Prov.	Other Adjus.	Total Adjus.	Adjusted	+1 2017/18	+2 2018/19
	Budget	Govt			Budget	Adjusted	Adjusted
	11	12	13	14			
R thousands	A	E	F	G	H		
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	343 054	(26 672)	(7 400)	(34 071)	308 983	404 888	361 252
Infrastructure - Road transport	500	(500)	-	(500)	-	530	562
Infrastructure - Water	297 107	(23 803)	-	(23 803)	273 304	334 045	297 655
Infrastructure - Sanitation	33 666	(2 369)	(2 450)	(4 819)	28 847	62 598	55 424
Infrastructure - Other	-	-	-	-	-	-	-
Infrastructure	331 272	(26 672)	(2 450)	(29 122)	302 151	397 173	353 641
Other assets	10 533	-	(4 650)	(4 650)	5 883	6 710	6 548
Intangibles	1 250	-	(300)	(300)	950	1 005	1 063
<u>Total Renewal of Existing Assets to be adjusted</u>	5 000	-	(2 150)	(2 150)	2 850	5 000	20 000
Infrastructure - Road transport	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-
Infrastructure - Water	5 000	-	(2 150)	(2 150)	2 850	5 000	20 000
Infrastructure - Sanitation	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-
Infrastructure	5 000	-	(2 150)	(2 150)	2 850	5 000	20 000
<u>Total Capital Expenditure to be adjusted</u>							
Infrastructure - Road transport	500	(500)	-	(500)	-	530	562
Infrastructure - Electricity	-	-	-	-	-	-	-
Infrastructure - Water	302 107	(23 803)	(2 150)	(25 953)	276 154	339 045	317 655
Infrastructure - Sanitation	33 666	(2 369)	(2 450)	(4 819)	28 847	62 598	55 424
Infrastructure - Other	-	-	-	-	-	-	-
Infrastructure	336 272	(26 672)	(4 600)	(31 272)	305 001	402 173	373 641
Other assets	10 533	-	(4 650)	(4 650)	5 883	6 710	6 548
Intangibles	1 250	-	(300)	(300)	950	1 005	1 063
TOTAL CAPITAL EXPENDITURE to be adjusted	348 054	(26 672)	(9 550)	(36 221)	311 833	409 888	381 252
ASSET REGISTER SUMMARY - PPE (WDV)							
Infrastructure - Road transport	-	-	-	-	-	-	-
Infrastructure - Electricity	7 641	-	-	-	7 641	9 221	10 684
Infrastructure - Water	1 314 895	(26 672)	(9 550)	(36 221)	1 278 674	1 586 916	1 838 693
Infrastructure - Sanitation	455 986	-	-	-	455 986	550 319	637 631
Infrastructure - Other	40 459	-	-	-	40 459	48 829	56 576
Infrastructure	1 818 981	(26 672)	(9 550)	(36 221)	1 782 760	2 195 286	2 543 585
Community	69 306	-	-	-	69 306	83 644	96 915
Heritage assets	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Other assets	24 529	-	-	-	24 529	29 796	34 661
Intangibles	1 296	-	-	-	1 296	1 371	1 451
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 914 112	(26 672)	(9 550)	(36 221)	1 877 891	2 310 097	2 676 612

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt 11 E	Other Adjusts. 12 F	Total Adjusts. 13 G	Adjusted Budget 14 H	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
EXPENDITURE OTHER ITEMS							
<u>Depreciation & asset impairment</u>	31 874	-	10 659	10 659	42 534	33 786	35 812
<u>Repairs and Maintenance by asset class</u>	88 551	-	-	-	88 551	113 796	139 042
<i>Infrastructure - Road transport</i>	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>	58 400	-	-	-	58 400	75 050	91 700
<i>Infrastructure - Sanitation</i>	25 961	-	-	-	25 961	33 363	40 764
<i>Infrastructure - Other</i>	-	-	-	-	-	-	-
Infrastructure	84 362	-	-	-	84 362	108 413	132 464
Community	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Other assets	4 189	-	-	-	4 189	5 384	6 578
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	120 425	-	10 659	10 659	131 085	147 582	174 853
<i>Renewal of Existing Assets as % of total capex</i>	1,4%				0,9%	1,2%	5,2%
<i>Renewal of Existing Assets as % of deprecn"</i>	15,7%				6,7%	14,8%	55,8%
<i>R&M as a % of PPE</i>	4,6%				4,7%	4,9%	5,2%
<i>Renewal and R&M as a % of PPE</i>	4,9%				4,9%	5,1%	5,9%

TABLE B10 BASIC SERVICE DELIVERY MEASUREMENT

DC43 Harry Gwala - Table B10 Basic service delivery measurement -

Description	Budget Year 2016/17				Budget Year +1 2017/18	Budget Year +2 2018/19
	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	46	-	-	46	49	51
Piped water inside yard (but not in dwelling)	20	-	-	20	21	22
Using public tap (at least min.service level)	24	-	-	24	25	26
Other water supply (at least min.service level)	0	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	90	-	-	90	95	100
Using public tap (< min.service level)	0	-	-	-	0	0
Other water supply (< min.service level)	33	-	-	33	35	37
No water supply	0	-	-	-	0	0
<i>Below Minimum Service Level sub-total</i>	33	-	-	33	35	37
Total number of households	124	-	-	124	130	136
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)	60	-	-	60 422	63	67
Flush toilet (with septic tank)	13	-	-	12 562	13	14
Chemical toilet	-	-	-	-	-	-
Pit toilet (ventilated)	51	-	-	50 725	53	56
Other toilet provisions (> min.service level)	0	-	-	-	0	0
<i>Minimum Service Level and Above sub-total</i>	123 709	-	-	123 709	129 894	136 389
Total number of households	123 709	-	-	123 709	129 894	136 389
<u>Cost of Free Basic Services provided (R'000)</u>						
Water (6 kilolitres per household per month)	4 886	-	-	4 886	5 179	5 490
Refuse (removed once a week)	-	-	-	-	-	-
Total cost of FBS provided (minimum social package)	4 886	-	-	4 886	5 179	5 490
<u>Highest level of free service provided</u>						
Property rates (R'000 value threshold)	-	-	-	-	-	-
Water (kilolitres per household per month)	6	-	-	6	6	6
<u>Revenue cost of free services provided (R'000)</u>						
Property rates (R15 000 threshold rebate)	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)	-	-	-	-	-	-
Water	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Electricity/other energy	-	-	-	-	-	-
Refuse	-	-	-	-	-	-
Municipal Housing - rental rebates	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	-	-	-	-	-	-

CONSOLIDATED BUDGET TABLES

DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary -

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt	Other Adjus. 6	Total Adjus. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	5 E	6 F	7 G	8 H		
Financial Performance							
Property rates	-	-	-	-	-	-	-
Service charges	41 746	-	(8 299)	(8 299)	33 447	64 187	68 038
Investment revenue	3 675	-	2 400	2 400	6 075	3 710	3 933
Transfers recognised - operational	288 059	-	36 324	36 324	324 383	294 948	317 863
Other own revenue	8 614	-	8 105	8 105	16 720	9 646	10 185
Total Revenue (excluding capital transfers and contributions)	342 094	-	38 531	38 531	380 625	372 490	400 018
Employee costs	137 950	-	9 210	9 210	147 159	135 338	146 165
Remuneration of councillors	7 906	-	-	-	7 906	8 539	9 222
Depreciation & asset impairment	31 874	-	10 969	10 969	42 844	33 786	35 812
Finance charges	1 951	-	84	84	2 035	1 595	1 229
Materials and bulk purchases	10 709	-	-	-	10 709	11 641	12 654
Transfers and grants	-	-	(2 667)	(2 667)	(2 667)	22 218	23 551
Other expenditure	203 551	-	28 566	28 566	232 117	181 966	193 299
Total Expenditure	393 941	-	46 162	46 162	440 103	395 083	421 932
Surplus/(Deficit)	(51 847)	-	(7 631)	(7 631)	(59 478)	(22 593)	(21 914)
Transfers recognised - capital	335 772	-	(24 078)	(24 078)	311 695	401 643	373 080
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	283 925	-	(31 709)	(31 709)	252 216	379 050	351 166
Surplus/ (Deficit) for the year	283 925	-	(31 709)	(31 709)	252 216	379 050	351 166
Capital expenditure & funds sources							
Capital expenditure	350 299	-	(36 956)	(36 956)	313 343	409 888	381 252
Transfers recognised - capital	335 772	(26 672)	-	(26 672)	309 101	401 643	373 080
Public contributions & donations	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-
Internally generated funds	14 527	-	(10 284)	(10 284)	4 243	8 245	8 173
Total sources of capital funds	350 299	(26 672)	(10 284)	(36 955)	313 344	409 888	381 252
Financial position							
Total current assets	94 157	-	(29 558)	(29 558)	64 599	116 426	128 173
Total non current assets	1 921 766	-	(36 955)	(36 955)	1 884 811	2 310 097	2 676 612
Total current liabilities	66 999	-	(8 984)	(8 984)	58 015	64 143	62 793
Total non current liabilities	32 449	-	-	-	32 449	27 913	25 737
Community wealth/Equity	1 919 406	-	(57 529)	(57 529)	1 861 877	2 334 467	2 716 256
Cash flows							
Net cash from (used) operating	329 010	-	(5 620)	(5 620)	323 389	399 536	372 920
Net cash from (used) investing	(313 188)	(25 938)	(9 550)	(35 487)	(348 675)	(365 496)	(340 017)
Net cash from (used) financing	(2 822)	-	(1 547)	(1 547)	(4 369)	(3 130)	(3 471)
Cash/cash equivalents at the year end	32 877	(25 938)	4 283	(21 655)	11 222	66 287	95 718

DC43 Harry Gwala - Table B1 Consolidated Adjustments Budget Summary -

Description	Budget Year 2016/17					Budget Year	Budget Year
	Original	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted	Adjusted	Adjusted
	Budget	Govt			Budget	Budget	Budget
	5	6	7	8			
	A	E	F	G	H		
R thousands							
Cash flows							
Net cash from (used) operating	329 010	–	(5 620)	(5 620)	323 389	399 536	372 920
Net cash from (used) investing	(313 188)	(25 938)	(9 550)	(35 487)	(348 675)	(365 496)	(340 017)
Net cash from (used) financing	(2 822)	–	(1 547)	(1 547)	(4 369)	(3 130)	(3 471)
Cash/cash equivalents at the year end	32 877	(25 938)	4 283	(21 655)	11 222	66 287	95 718
Cash backing/surplus reconciliation							
Cash and investments available	32 877	–	(29 558)	(29 558)	3 319	66 287	95 718
Application of cash and investments	12 512	–	(20 878)	(20 878)	(8 367)	24 594	27 778
Balance - surplus (shortfall)	20 365	–	(8 679)	(8 679)	11 686	41 694	67 941
Asset Management							
Asset register summary (WDV)	1 916 788	(26 672)	(10 050)	(36 721)	1 880 067	2 310 097	2 676 612
Depreciation & asset impairment	31 874	–	10 969	10 969	42 844	33 786	35 812
Renewal of Existing Assets	–	–	–	–	–	–	–
Repairs and Maintenance	–	–	–	–	–	–	–
Free services							
Cost of Free Basic Services provided	4 886	–	–	–	4 886	5 179	5 490
Revenue cost of free services provided	–	–	–	–	–	–	–
Households below minimum service level							
Water:	33	–	–	–	33	35	37
Sanitation/sewerage:	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–

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

Standard Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	A	E	F	G	H		
Revenue - Standard							
Governance and administration	274 973	-	9 064	9 064	284 037	300 452	323 572
Executive and council	-	-	-	-	-	-	-
Budget and treasury office	274 973	-	9 064	9 064	284 037	300 452	323 572
Corporate services	-	-	-	-	-	-	-
Economic and environmental services	11 032	(10 827)	(2 667)	(13 494)	(2 462)	400	500
Planning and development	11 032	(10 827)	(2 667)	(13 494)	(2 462)	400	500
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	411 194	(12 000)	1 701	(10 299)	400 895	473 282	449 026
Electricity	-	-	-	-	-	-	-
Water	60 550	-	1 701	1 701	62 251	64 183	68 034
Waste water management	350 644	(12 000)	-	(12 000)	338 644	409 099	380 992
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenue - Standard	697 199	(22 827)	8 099	(14 728)	682 470	774 133	773 098
Expenditure - Standard							
Governance and administration	143 616	-	(6 448)	(6 448)	137 169	151 997	159 474
Executive and council	29 224	-	(6 760)	(6 760)	22 463	30 221	32 363
Budget and treasury office	64 031	-	(4 920)	(4 920)	59 112	68 156	70 015
Corporate services	50 362	-	5 232	5 232	55 594	53 620	57 095
Economic and environmental services	70 474	(6 331)	(10 759)	(17 090)	53 384	63 416	67 282
Planning and development	70 474	(6 331)	(10 759)	(17 090)	53 384	63 416	67 282
Road transport	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Trading services	179 851	-	69 700	69 700	249 551	179 670	195 177
Electricity	-	-	-	-	-	-	-
Water	146 344	-	36 501	36 501	182 845	146 490	156 283
Waste water management	33 506	-	33 199	33 199	66 705	33 180	38 894
Waste management	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Expenditure - Standard	393 941	(6 331)	52 494	46 162	440 103	395 083	421 932
Surplus/ (Deficit) for the year	303 258	(16 496)	(44 395)	(60 891)	242 367	379 050	351 166

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

Vote Description <i>[Insert departmental structure etc]</i>	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	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	274 973	-	9 064	9 064	284 037	300 452	323 572
Vote 4 - Corporate Services	-	-	-	-	-	-	-
Vote 5 - Social & Development Planning	11 032	(10 827)	(2 667)	(13 494)	(2 462)	400	500
Vote 6 - Infrastructure Services	350 644	(12 000)	-	(12 000)	338 644	409 099	380 992
Vote 7 - Water Services	60 550	-	1 701	1 701	62 251	64 183	68 034
Total Revenue by Vote	697 199	(22 827)	8 099	(14 728)	682 470	774 133	773 098
Expenditure by Vote							
Vote 1 - Council	12 382	-	(2 620)	(2 620)	9 763	13 274	14 232
Vote 2 - Municipal Manager	16 841	-	(4 141)	(4 141)	12 700	16 947	18 131
Vote 3 - Budget & Treasury Office	64 031	-	(4 920)	(4 920)	59 112	68 156	70 015
Vote 4 - Corporate Services	50 362	-	5 232	5 232	55 594	53 620	57 095
Vote 5 - Social & Development Planning	70 474	(6 331)	(10 759)	(17 090)	53 384	63 416	67 282
Vote 6 - Infrastructure Services	33 506	-	33 199	33 199	66 705	28 967	30 924
Vote 7 - Water Services	146 344	-	36 501	36 501	182 845	150 704	164 253
Total Expenditure by Vote	393 941	(6 331)	52 494	46 162	440 103	395 083	421 932
Surplus/ (Deficit) for the year	303 258	(16 496)	(44 395)	(60 891)	242 367	379 050	351 166

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

Description	Budget Year 2016/17				Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	A	F	G	H		
Revenue By Source						
Service charges - electricity revenue	-	-	-	-	-	-
Service charges - water revenue	23 265	(5 226)	(5 226)	18 039	43 157	45 746
Service charges - sanitation revenue	17 449	(2 240)	(2 240)	15 209	18 496	19 605
Service charges - refuse revenue	-	-	-	-	-	-
Service charges - other	1 032	(833)	(833)	199	2 534	2 686
Rental of facilities and equipment			-	-		
Interest earned - external investments	3 675	2 400	2 400	6 075	3 710	3 933
Interest earned - outstanding debtors	8 000	6 658	6 658	14 658	9 000	9 500
Agency services			-	-		
Transfers recognised - operating	288 059	36 324	36 324	324 383	294 948	317 863
Other revenue	614	1 447	1 447	2 062	646	685
Gains on disposal of PPE			-	-		
Total Revenue (excluding capital transfers and contributions)	342 094	38 531	38 531	380 625	372 490	400 018
Expenditure By Type						
Employee related costs	137 950	9 210	9 210	147 159	135 338	146 165
Remuneration of councillors	7 906	-	-	7 906	8 539	9 222
Debt impairment	26 044	-	-	26 044	26 917	28 533
Depreciation & asset impairment	31 874	10 969	10 969	42 844	33 786	35 812
Finance charges	1 951	84	84	2 035	1 595	1 229
Bulk purchases	10 709	-	-	10 709	11 641	12 654
Contracted services	44 923	(16 848)	(16 848)	28 075	46 016	50 272
Transfers and grants	-	(2 667)	(2 667)	(2 667)	22 218	23 551
Other expenditure	132 584	45 414	45 414	177 998	109 032	114 494
Loss on disposal of PPE			-	-		
Total Expenditure	393 941	46 162	46 162	440 103	395 083	421 932
Surplus/(Deficit)	(51 847)	(7 631)	(7 631)	(59 478)	(22 593)	(21 914)
Transfers recognised - capital	335 772	(24 078)	(24 078)	311 695	401 643	373 080
Surplus/(Deficit) before taxation	283 925	(31 709)	(31 709)	252 216	379 050	351 166
Surplus/(Deficit) after taxation	283 925	(31 709)	(31 709)	252 216	379 050	351 166
Surplus/(Deficit) attributable to municipality	283 925	(31 709)	(31 709)	252 216	379 050	351 166
Surplus/ (Deficit) for the year	283 925	(31 709)	(31 709)	252 216	379 050	351 166

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

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	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	4 624	-	(1 891)	(1 891)	2 732	2 776	2 937
Vote 5 - Social & Development Planning	3 362	-	(1 851)	(1 851)	1 511	1 335	854
Vote 6 - Infrastructure Services	337 272	-	(38 172)	(38 172)	299 101	403 233	374 765
Vote 7 - Water Services	5 042	-	4 958	4 958	10 000	2 544	2 697
Capital multi-year expenditure sub-total	350 299	-	(36 956)	(36 956)	313 343	409 888	381 252
Total Capital Expenditure - Vote	350 299	-	(36 956)	(36 956)	313 343	409 888	381 252
Capital Expenditure - Standard							
Governance and administration	4 624	-	(1 891)	(1 891)	2 732	2 776	2 937
Executive and council					-	-	
Budget and treasury office					-	-	
Corporate services	4 624		(1 891)	(1 891)	2 732	2 776	2 937
Economic and environmental services	3 362	-	(1 851)	(1 851)	1 511	1 335	854
Planning and development	3 362		(1 851)	(1 851)	1 511	1 335	854
Road transport					-	-	
Environmental protection					-	-	
Trading services	342 314	(26 672)	(6 542)	(33 214)	309 101	405 777	377 462
Electricity					-	-	
Water	5 042		4 958	4 958	10 000	2 544	2 697
Waste water management	337 272	(26 672)	(11 500)	(38 172)	299 101	403 233	374 765
Waste management					-	-	
Other							
Total Capital Expenditure - Standard	350 299	(26 672)	(10 284)	(36 956)	313 343	409 888	381 252
Funded by:							
National Government	335 772	(26 672)		(26 672)	309 101	401 643	373 080
Other transfers and grants					-	-	
Total Capital transfers recognised	335 772	(26 672)	-	(26 672)	309 101	401 643	373 080
Public contributions & donations					-	-	
Borrowing					-	-	
Internally generated funds	14 527		(10 284)	(10 284)	4 243	8 245	8 173
Total Capital Funding	350 299	(26 672)	(10 284)	(36 955)	313 344	409 888	381 252

DC43 Harry Gwala - Table B6 Consolidated Adjustments Budget Financial Position -

Description	Budget Year 2016/17				Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	8 F	9 G	10 H		
R thousands						
ASSETS						
Current assets						
Cash	32 877	(29 235)	(29 235)	3 642	66 287	95 718
Call investment deposits	2 931	-	-	2 931	-	-
Consumer debtors	48 078	-	-	48 078	36 160	17 628
Other debtors	12 818	-	-	12 818	13 556	14 369
Inventory	384	-	-	384	423	458
Total current assets	97 088	(29 235)	(29 235)	67 853	116 426	128 173
Non current assets						
Property, plant and equipment	1 917 794	(35 987)	(35 987)	1 881 807	2 308 726	2 675 161
Agricultural				-		
Intangible	3 972	(500)	(500)	3 472	1 371	1 451
Other non-current assets				-		
Total non current assets	1 921 766	(36 487)	(36 487)	1 885 279	2 310 097	2 676 612
TOTAL ASSETS	2 018 854	(65 722)	(65 722)	1 953 132	2 426 523	2 804 785
LIABILITIES						
Current liabilities						
Borrowing	3 330	-	-	3 330	3 697	4 102
Consumer deposits	1 593			1 593	1 794	2 019
Trade and other payables	57 770	172 005	172 005	229 775	54 279	52 224
Provisions	4 305			4 305	4 374	4 447
Total current liabilities	66 999	172 005	172 005	239 003	64 143	62 793
Non current liabilities						
Borrowing	12 353	-	-	12 353	8 657	4 555
Provisions	20 096			20 096	19 256	21 182
Total non current liabilities	32 449	-	-	32 449	27 913	25 737
TOTAL LIABILITIES	99 448	172 005	172 005	271 453	92 056	88 530
NET ASSETS	1 919 406	(237 727)	(237 727)	1 681 679	2 334 467	2 716 256
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)	1 919 406	(237 727)	(237 727)	1 681 679	2 334 467	2 716 256
TOTAL COMMUNITY WEALTH/EQUITY	1 919 406	(237 727)	(237 727)	1 681 679	2 334 467	2 716 256

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

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	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							
Service charges	32 408		9 673	9 673	42 081	33 292	35 290
Other revenue	310				310	323	342
Government - operating	288 059		20 564	20 564	308 623	294 948	317 863
Government - capital	335 772		(26 672)	(26 672)	309 101	401 643	373 080
Interest	3 700		3 438	3 438	7 138	3 710	3 933
Dividends	-				-	-	-
Payments							
Suppliers and employees	(329 288)		(61 704)	(61 704)	(390 993)	(310 567)	(332 808)
Finance charges	(1 951)		(68)	(68)	(2 019)	(1 595)	(1 229)
Transfers and Grants					-	(22 218)	(23 551)
NET CASH FROM/(USED) OPERATING ACTIVITIES	329 010	-	(54 769)	(54 769)	274 241	399 536	372 920
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts							
Decrease (increase) other non-current receivables					-	-	
Payments							
Capital assets	(313 188)	26 672	8 820	35 491	(277 696)	(365 496)	(340 017)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(313 188)	26 672	8 820	35 491	(277 696)	(365 496)	(340 017)
CASH FLOWS FROM FINANCING ACTIVITIES							
Receipts							
Increase (decrease) in consumer deposits	178				178	200	226
Payments							
Repayment of borrowing	(3 000)		(1 547)	(1 547)	(4 547)	(3 330)	(3 697)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(2 822)	-	(1 547)	(1 547)	(4 369)	(3 130)	(3 471)
NET INCREASE/ (DECREASE) IN CASH HELD	13 000	26 672	(47 496)	(20 824)	(7 824)	30 910	29 431
Cash/cash equivalents at the year begin:	19 877		(14 058)	(14 058)	5 819	35 377	66 287
Cash/cash equivalents at the year end:	32 877	26 672	(61 554)	(34 882)	(2 005)	66 287	95 718

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

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	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	32 877	26 672	(61 554)	(34 882)	(2 005)	66 287	95 718
Other current investments > 90 days	2 931	(26 672)	32 319	5 647	8 578	-	-
Non current assets - Investments	-	-	-	-	-	-	-
Cash and investments available:	35 807	-	(29 235)	(29 235)	6 573	66 287	95 718
<u>Applications of cash and investments</u>							
Unspent conditional transfers	3 234	-	-	-	3 234	2 524	2 350
Unspent borrowing					-		
Statutory requirements	(9 500)				(9 500)	(11 300)	(14 620)
Other working capital requirements	14 973		160 110	160 110	175 084	29 120	35 299
Other provisions	3 804				3 804	4 250	4 749
Long term investments committed	-				-	-	-
Reserves to be backed by cash/investments	-				-	-	-
Total Application of cash and investments:	12 512	-	160 110	160 110	172 622	24 594	27 778
Surplus(shortfall)	23 295	-	(189 345)	(189 345)	(166 050)	41 694	67 941

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2016/17					Budget Year	Budget Year
	Original	Nat. or Prov.	Other Adjus.	Total Adjus.	Adjusted	+1 2017/18	+2 2018/19
	Budget	Govt			Budget	Adjusted	Adjusted
	11	12	13	14			
R thousands	A	E	F	G	H		
CAPITAL EXPENDITURE							
<u>Total New Assets to be adjusted</u>	343 054	(26 672)	(7 400)	(34 071)	308 983	404 888	361 252
Infrastructure - Road transport	500	(500)	-	(500)	-	530	562
Infrastructure - Electricity	-	-	-	-	-	-	-
Infrastructure - Water	297 107	(23 803)	-	(23 803)	273 304	334 045	297 655
Infrastructure - Sanitation	33 666	(2 369)	(2 450)	(4 819)	28 847	62 598	55 424
Infrastructure - Other	-	-	-	-	-	-	-
Infrastructure	331 272	(26 672)	(2 450)	(29 122)	302 151	397 173	353 641
Community	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Other assets	10 533	-	(4 650)	(4 650)	5 883	6 710	6 548
Agricultural Assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Intangibles	1 250	-	(300)	(300)	950	1 005	1 063
<u>Total Renewal of Existing Assets to be adjusted</u>	5 000	-	(2 150)	(2 150)	2 850	5 000	20 000
Infrastructure - Road transport	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-
Infrastructure - Water	5 000	-	(2 150)	(2 150)	2 850	5 000	20 000
Infrastructure - Sanitation	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-
Infrastructure	5 000	-	(2 150)	(2 150)	2 850	5 000	20 000
Community	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-
<u>Total Capital Expenditure to be adjusted</u>	500	(500)	-	(500)	-	530	562
Infrastructure - Road transport	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-
Infrastructure - Water	302 107	(23 803)	(2 150)	(25 953)	276 154	339 045	317 655
Infrastructure - Sanitation	33 666	(2 369)	(2 450)	(4 819)	28 847	62 598	55 424
Infrastructure - Other	-	-	-	-	-	-	-
Infrastructure	336 272	(26 672)	(4 600)	(31 272)	305 001	402 173	373 641
Community	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Other assets	10 533	-	(4 650)	(4 650)	5 883	6 710	6 548
Agricultural Assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Intangibles	1 250	-	(300)	(300)	950	1 005	1 063
TOTAL CAPITAL EXPENDITURE to be adjusted	348 054	(26 672)	(9 550)	(36 221)	311 833	409 888	381 252

DC43 Harry Gwala - Table B9 Asset Management -

Description	Budget Year 2016/17					Budget Year	Budget Year
	Original	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted	+1 2017/18	+2 2018/19
	Budget	Govt			Budget	Adjusted	Adjusted
		11	12	13	14	Budget	Budget
R thousands	A	E	F	G	H		
ASSET REGISTER SUMMARY - PPE (WDV)							
<i>Infrastructure - Road transport</i>	-				-	-	-
<i>Infrastructure - Electricity</i>	7 641				7 641	9 221	10 684
<i>Infrastructure - Water</i>	1 314 895	(26 672)	(9 550)	(36 221)	1 278 674	1 586 916	1 838 693
<i>Infrastructure - Sanitation</i>	455 986				455 986	550 319	637 631
<i>Infrastructure - Other</i>	40 459				40 459	48 829	56 576
Infrastructure	1 818 981	(26 672)	(9 550)	(36 221)	1 782 760	2 195 286	2 543 585
Community	69 306				69 306	83 644	96 915
Heritage assets							
Investment properties							
Other assets	24 529				24 529	29 796	34 661
Agricultural Assets							
Biological assets							
Intangibles	1 296				1 296	1 371	1 451
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 914 112	(26 672)	(9 550)	(36 221)	1 877 891	2 310 097	2 676 612
EXPENDITURE OTHER ITEMS							
Depreciation & asset impairment	31 874	-	10 659	10 659	42 534	33 786	35 812
Repairs and Maintenance by asset class	88 551	-	-	-	88 551	113 796	139 042
<i>Infrastructure - Road transport</i>	-	-	-	-	-	-	-
<i>Infrastructure - Electricity</i>	-	-	-	-	-	-	-
<i>Infrastructure - Water</i>	58 400	-	-	-	58 400	75 050	91 700
<i>Infrastructure - Sanitation</i>	25 961	-	-	-	25 961	33 363	40 764
<i>Infrastructure - Other</i>	-	-	-	-	-	-	-
Infrastructure	84 362	-	-	-	84 362	108 413	132 464
Community	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Other assets	4 189	-	-	-	4 189	5 384	6 578
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	120 425	-	10 659	10 659	131 085	147 582	174 853
Renewal of Existing Assets as % of total capex	1,4%				0,9%	1,2%	5,2%
Renewal of Existing Assets as % of deprecn"	15,7%				6,7%	14,8%	55,8%
R&M as a % of PPE	4,6%				4,7%	4,9%	5,2%
Renewal and R&M as a % of PPE	4,9%				4,9%	5,1%	5,9%

DC43 Harry Gwala - Table B10 Basic service delivery measurement -

Description	Budget Year 2016/17				Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	12 F	13 G	14 H		
Household service targets						
Water:						
Piped water inside dwelling	46	-	-	46	49	51
Piped water inside yard (but not in dwelling)	20	-	-	20	21	22
Using public tap (at least min.service level)	24	-	-	24	25	26
Other water supply (at least min.service level)	0	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	90	-	-	90	95	100
Using public tap (< min.service level)	0	-	-	-	0	0
Other water supply (< min.service level)	33	-	-	33	35	37
No water supply	0	-	-	-	0	0
<i>Below Minimum Service Level sub-total</i>	33	-	-	33	35	37
Total number of households	124	-	-	124	130	136
Sanitation/sewerage:						
Flush toilet (connected to sewerage)	60	-	-	60 422	63	67
Flush toilet (with septic tank)	13	-	-	12 562	13	14
Chemical toilet	-	-	-	-	-	-
Pit toilet (ventilated)	51	-	-	50 725	53	56
Other toilet provisions (> min.service level)	0	-	-	-	0	0
<i>Minimum Service Level and Above sub-total</i>	123 709	-	-	123 709	129 894	136 389
Total number of households	123 709	-	-	123 709	129 894	136 389
Cost of Free Basic Services provided (R'000)						
Water (6 kilolitres per household per month)	4 886	-	-	4 886	5 179	5 490
Refuse (removed once a week)	-	-	-	-	-	-
Total cost of FBS provided (minimum social package)	4 886	-	-	4 886	5 179	5 490
Highest level of free service provided						
Property rates (R'000 value threshold)	-	-	-	-	-	-
Water (kilolitres per household per month)	6	-	-	6	6	6
Revenue cost of free services provided (R'000)						
Property rates (R15 000 threshold rebate)	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)	-	-	-	-	-	-
Water	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Electricity/other energy	-	-	-	-	-	-
Refuse	-	-	-	-	-	-
Municipal Housing - rental rebates	-	-	-	-	-	-
Housing - top structure subsidies	-	-	-	-	-	-
Other	-	-	-	-	-	-
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 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 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 80% of billed services was initially planned to result from the revenue management programmes in the 2016/17 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 58%. 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 73 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 Consolidated Adjustments Budget - transfers and grant receipts -

Description	Budget Year 2016/17					Budget Year +1 2017/18	Budget Year +2 2018/19
	Original Budget	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	9 C	10 D	11 E	12 F		
RECEIPTS:							
Operating Transfers and Grants							
National Government:	277 232	1 654	21 977	24 300	300 862 250	294 548	317 363
Local Government Equitable Share	260 069			-	260 069	284 205	308 451
Finance Management	1 250			-	1 250	1 250	1 000
Municipal Systems Improvement	1 041	(1 041)		(1 041)	-	1 637	-
MIG Operational Expenditure	4 777	(669)	11 977	11 977	16 084	5 222	5 537
Water Services Infrastructure Grant	-		10 000	10 000	10 000	-	-
Rural Transport Infrastructure Grant	2 095			-	2 095	2 234	2 375
Rural Household Infrastructure Grant				-	-		
Energy Efficiency and Demand Management Grant	8 000	-	-		8 000		
Expanded public works programme incentive grant	-	3 364		3 364	3 364	-	-
Provincial Government:	1 100	(400)	-	(400)	-	400	-
Development Planning Shared Services	1 100	(400)		(400)	-	400	
Corridor Development Grant (Hawker Stalls)							
Tourism route							
Total Operating Transfers and Grants	278 332		21 977	23 900	300 862 250	294 948	317 363
Capital Transfers and Grants							
National Government:	335 772	(4 695)	(21 977)	(27 341)	309 100 750	273 942	415 606
Municipal Infrastructure Grant (MIG)	186 290	669	(11 977)	(11 977)	174 983	197 150	208 998
Regional Bulk Infrastructure	60 000	(12 000)		(12 000)	48 000	80 000	120 000
Drought Relief	-	10 000		10 000	10 000	-	-
ENERGY EFFICIENCY AND DEMAND SIDE MANAGE	-				-		
MUNICIPAL WATER INFRASTRUCTURE GRANT	86 118		(10 000)	(10 000)	76 118	40 118	90 119
Expanded public works programme incentive grant	3 364	(3 364)		(3 364)	-		
Rural Household Infrastructure Grant	-				-	4 500	5 000
Total Capital Transfers and Grants	335 772	(4 695)	(21 977)	(27 341)	309 100 750	321 768	424 117
TOTAL RECEIPTS OF TRANSFERS & GRANTS	614 104	(4 695)	-	(3 441)	609 963 000	616 716	741 481

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

- National Government R 300, 8million

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

- National Government R 299, 1million
- Provincial Government R 10million

2.3 Adjustments to Expenditure on Allocations and Grant Programmes

2.3.1 A total amount of R12 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 R60million and had a decrease in allocation by R12million due to the lower-expenditure by the Municipality on this programme.

Harry Gwala Development Agency also reduced the total amount of R 10 million from Department of Higher Education and Training.

Adjustments to Allocations and Grants made by the Municipality

Due to cash flow constraints facing the municipality a downward adjustment of R2, 6 m has been made to Harry Gwala Development Agency resulted to the adjusted budget of R17, 3million.

2.4 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 8million to R133million 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

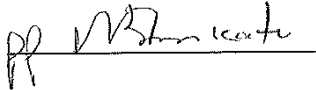
The adjustments budget has resulted in certain projects being moved from the Capital Budget to the Operations budget due their nature and the accounting treatment thereof.

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: 

Date 28 February 2017