

BELA-BELA LOCAL MUNICIPALITY



ADJUSTMENT BUDGET FOR THE FINANCIAL YEAR 2017/2018

Compiled in terms of Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) and Schedule B (In-Year Reports of Municipalities) of the Municipal Budget and Reporting Regulations

Acronyms and abbreviations

BSC	Budget Steering Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DoRA	Division of Revenue Act
FBS	Free basic services
GVA	Gross Value Added
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
IBT	Inclining Block Tariff
IDP	Integrated Development Plan
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt hour
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act (56 of 2003)
MIG	Municipal Infrastructure Grant
EXCO	Executive Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator of South Africa
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan

Table of Contents

PART 1 – ANNUAL ADJUSTMENT BUDGET.....	4
1.1 MAYOR’S REPORT	4
1.2 COUNCIL RESOLUTIONS	4
1.3 EXECUTIVE SUMMARY	5
1.4 ADJUSTMENT BUDGET TABLES	8
PART 2 – SUPPORTING DOCUMENTATION.....	28
2.1. ADJUSTMENTS TO BUDGET ASSUMPTIONS	28
2.2. ADJUSTMENTS TO BUDGET FUNDING.....	28
2.3. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES	29
2.4. ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY	30
2.5. ADJUSTMENTS TO COUNCILORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEES BENEFIT	30
2.6. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN.....	30
2.7. ADJUSTMENTS TO CAPITAL EXPENDITURE.....	30
2.8. MUNICIPALITY MANAGER’S QUALITY CERTIFICATE	33

Part 1 – Annual Adjustment Budget

1.1 Mayor's Report

The Mayor's report on the adjustment budget will be tabled separately by the Mayor at the Municipal Council meeting.

1.2 Council Resolutions

In terms of sections 160(2)(b) of the Constitution ((Act 108 of 1996, as amended) and 28(4) of the Municipal Finance Management Act (56 of 2003), read with paragraph 23 of the Municipal Budget and Reporting Regulations (issued in terms of notice 393 of 2009), Council of Bela-Bela Local Municipality is required to meet during month of February 2018 where the Mayor will table the 2017/18 adjustment budget for adoption by Council. At the meeting the Council took the following resolutions:

1. The Council of Bela-Bela Local Municipality, acting in terms of section 28 of the Municipal Finance Management Act, (Act 56 of 2003):-
 - 1.1. Approves and adopts the adjustment budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 4 on page 10;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 5 on page 13;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 6 on page 15; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 7 on page 16.
2. Directs that the Accounting Officer adheres to section 22 of the Municipal Finance Management Act, read with paragraph 24(1) of the Municipal Budget and Reporting Regulations. The regulations require the municipal manager to submit the adjustment budget and supporting documentation to National Treasury and the Provincial Treasury within ten (10) working days after tabling to Council, in both printed and electronic copies.
3. Notes that municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan. As such no increases in taxes and tariffs have been factored in this adjustment budget.

1.3 Executive Summary

This adjustment budget has been compiled in line with section 28 of the MFMA, read with Part 4 of the Municipal Budget and Reporting Regulations which deal with adjustment budgets of municipalities. Section 28(2) of the MFMA states that:-

- (2) An adjustments budget-
 - a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
 - b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for (in other words, there should not be new projects or programmes in the adjustments budget);
 - c) may, within a prescribed framework, authorise unforeseen and unavoidable expenditure by the mayor of the municipality;
 - d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - e) may 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 roll-overs when the annual budget for the current year was approved by council;
 - f) may correct any errors in the annual budget; and
 - g) may provide for any other expenditure within a prescribed framework.

The following key factors were taken into consideration when preparing and compiling the 2017/18 adjustments budget, namely:

- a) The Medium Term Budget Policy Statement (MTBPS) and national adjusted estimates.
- b) The mid-year budget and performance assessment report compiled in terms of section 72 of the MFMA;
- c) The monthly budget statements published in terms of section 71 of the MFMA;
- d) The comments received from the Limpopo Provincial Treasury on the 2017/18 approved budget. That is, although the comments were received after the 2017/18 budget was approved by Council, they were taken into consideration when compiling this adjustments budget or any other budget input received thereafter;
- e) The errors in the approved budget;
- f) Unforeseen and unavoidable expenditure incurred; and
- g) The restructuring of votes as result of newly implemented mSCOA. That is, votes were restructured after it was discovered that expenditure was incurred in votes that did not have budget and some votes had budgets although no expenditure was incurred during the first half of the current year.

Other key issues which were taken into consideration to ensure a Credible Budget were:

- a) Funds were allocated to activities which are consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the Municipality;
- b) Objectives are achievable in terms of the agreed service delivery and performance targets;
- c) Financial estimates comprise of revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;

- d) The increased expenditure does not jeopardize the financial viability of the municipality i.e. ensures that the financial position is maintained within generally accepted prudent limits and that obligations can be met in the short, medium and long term;

The main challenges experienced during the compilation of the 2017/18 adjustments budget can be summarised as follows:

- The ongoing difficulties in the national and local economy, particularly the rising cost of living as measured by CPIX and the concomitant decline in the collection level;
- Aging and insufficiently funded water, roads and electricity infrastructure; and
- The need to re-prioritise projects and expenditure within the existing resource given the cash flow realities of the municipality.

The rates and tariffs for various municipal services are not increased in this adjustments budget in line with section 28(6) of the MFMA.

The 2017/18 adjustments budget has been issued for community consultation and published on the municipality's website, and hard copies were made available at municipal offices and municipal library.

The table below shows the adjustment in operating revenues that are realistically anticipated and/or confirmed.

Table 1: Confirmed or realistically anticipated revenue (adjustment budget 2017/18)

Description	Ref	Budget Year 2017/18				Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			8	9	10		
R thousands	1	A	F	G	H		
Revenue By Source							
Property rates	2	80 199	(1 073)	(1 073)	79 126	84 829	91 775
Property rates - penalties & collection charges		-	-	-	-	-	-
Service charges - electricity revenue	2	124 567	0	0	124 567	131 667	139 040
Service charges - water revenue	2	26 979	0	0	26 979	28 811	30 768
Service charges - sanitation revenue	2	16 143	(0)	(0)	16 143	17 239	18 409
Service charges - refuse revenue	2	9 969	0	0	9 969	10 510	11 087
Service charges - other		1 123	0	0	1 123	1 188	1 255
Rental of facilities and equipment		1 813	0	0	1 813	1 984	2 172
Interest earned - external investments		1 510	(0)	(0)	1 510	3 011	1 265
Interest earned - outstanding debtors		9 850	(0)	(0)	9 850	9 358	8 890
Dividends received		-	-	-	-	-	-
Fines		25 000	(0)	(0)	25 000	25 000	25 000
Licences and permits		16 500	-	-	16 500	17 441	18 417
Agency services		-	-	-	-	-	-
Transfers recognised - operating		77 639	0	0	77 639	84 692	91 213
Other revenue	2	4 059	-	-	4 059	4 490	4 831
Gains on disposal of PPE		-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		395 350	(1 073)	(1 073)	394 277	420 218	444 121

Table 1 above shows that the aggregate operating revenue in the adjusted budget decreased by R1 million. The adjustment is attributable to the following:

- Property rates decreased by R5 million from the original budget of R94 million before taking into account the rebate. The resulted adjusted budget of R1 million is after taking into account rebates. During mid-year assessment, property rates depicted actual revenue collection of 34% of the annual budget. Therefore, the decrease was attributable to realistic revenue projections on property rates.

Table 2 below shows the summary of increase/decrease in expenditure.

Table 2: Application of increased/decreased expenditure (adjusted budget 2017/18)

Description	Ref	Budget Year 2017/18				Budget Year	Budget Year
		Original	Other	Total	Adjusted	+1 2018/19	+2 2019/20
		Budget	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
		8	9	10			
R thousands	1	A	F	G	H		
Expenditure By Type							
Employee related costs		119 752	0	0	119 752	126 937	134 554
Remuneration of councillors		6 947	(0)	(0)	6 947	7 364	7 806
Debt impairment		15 000	2 100	2 100	17 100	15 235	15 755
Depreciation & asset impairment		32 000	0	0	32 000	33 920	35 955
Finance charges		4 000	(0)	(0)	4 000	4 000	4 000
Bulk purchases		94 595	2 900	2 900	97 495	99 987	105 586
Other materials		30 602	(4 350)	(4 350)	26 253	26 766	28 759
Contracted services		26 188	(3 600)	(3 600)	22 588	27 721	29 350
Transfers and grants		-	-	-	-	-	-
Other expenditure		64 468	2 399	2 399	66 867	68 236	72 199
Loss on disposal of PPE		100	(0)	(0)	100	102	106
Total Expenditure		393 653	(551)	(551)	393 102	410 268	434 071

Table 2 above depict decrease in expenditure by R0.551 million from its original budget of R393 million which is largely derived in other materials and contracted services expenditure. This is composed of the following:

- Increase in bulk purchases of R2.9 million from its original budget was due to re-alignment of the bulk purchases to a realistic projection. The realistic projection was based on the mid-year assessment outcome.
- Purchases of other materials decrease by approximately R4.3 million. The resulted decrease was to re-align certain item which had to comply with mSCOA segment. The resulted re-alignment led to certain item being removed under "other materials" to other expenditure. Major restructuring relate to fire breaks expenditure of R2.9 million which was moved to other expenditure under repairs and maintenance.
- The major decrease from R3.6 million in contracted services was as result of reduction of IT allocated expenditure. The initial budget for IT infrastructure was based on the expected outflow resulting from the appointment of the services provider who will run month to

month IT operations. During the mid-year assessment, the procurement process for the IT still in progress and as result, the anticipated expenditure on IT was reduced in order to have realistic budget expenditure.

- Other expenditure increased by R2.3 million from its original budget of R64 million. The increase was attributed from the re-allocation from contracted services to other expenditure as eluded above.

1.4 Adjustment Budget Tables

The discussion below presents the ten (10) main adjustments budget tables as required in terms of section Schedule B of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 adjustments budget as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 3 MBRR Table B1 - Budget Summary

Description	Budget Year 2017/18									Budget Year	Budget Year
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	80 199	-	-	-	-	-	(1 073)	(1 073)	79 126	84 829	91 775
Service charges	178 780	-	-	-	-	-	0	0	178 780	189 414	200 559
Investment revenue	1 510	-	-	-	-	-	(0)	(0)	1 510	3 011	1 265
Transfers recognised - operational	77 639	-	-	-	-	-	0	0	77 639	84 692	91 213
Other own revenue	57 222	-	-	-	-	-	0	0	57 222	58 272	59 310
Total Revenue (excluding capital transfers and contributions)	395 350	-	-	-	-	-	(1 073)	(1 073)	394 277	420 218	444 121
Employee costs	119 752	-	-	-	-	-	0	0	119 752	126 937	134 554
Remuneration of councillors	6 947	-	-	-	-	-	(0)	(0)	6 947	7 364	7 806
Depreciation & asset impairment	32 000	-	-	-	-	-	0	0	32 000	33 920	35 955
Finance charges	4 000	-	-	-	-	-	(0)	(0)	4 000	4 000	4 000
Materials and bulk purchases	125 198	-	-	-	-	-	(1 450)	(1 450)	123 748	126 753	134 345
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	105 756	-	-	-	-	-	899	899	106 655	111 293	117 411
Total Expenditure	393 653	-	-	-	-	-	(551)	(551)	393 102	410 268	434 071
Surplus/(Deficit)	1 696	-	-	-	-	-	(522)	(522)	1 174	9 951	10 050
Transfers recognised - capital	86 304	-	-	-	-	-	-	-	86 304	87 625	109 019
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	88 000	-	-	-	-	-	(522)	(522)	87 478	97 576	119 069
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	88 000	-	-	-	-	-	(522)	(522)	87 478	97 576	119 069
Capital expenditure & funds sources											
Capital expenditure	250	-	-	-	-	-	(250)	(250)	-	300	5 221
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-	-	-
Financial position											
Total current assets	-	-	-	-	-	-	(3 644)	(3 644)	(3 644)	-	-
Total non current assets	85 239	-	-	-	-	-	0	0	85 239	86 544	108 068
Total current liabilities	-	-	-	-	-	-	-	-	-	-	-
Total non current liabilities	-	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-	-
Cash flows											
Net cash from (used) operating	120 100	-	-	-	-	-	103 765	103 765	223 866	131 598	155 130
Net cash from (used) investing	(150)	-	-	-	-	-	250	250	100	(198)	(5 115)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	119 950	-	-	-	-	-	104 015	104 015	223 966	131 400	150 015
Cash backing/surplus reconciliation											
Cash and investments available	-	-	-	-	-	-	-	-	-	-	-
Application of cash and investments	-	-	-	-	-	-	4 736	4 736	4 736	-	-
Balance - surplus (shortfall)	-	-	-	-	-	-	(4 736)	(4 736)	(4 736)	-	-
Asset Management											
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	32 000	-	-	-	-	-	0	0	32 000	33 920	35 955
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-	-
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table B1 - Budget Summary

1. Table B1 is the adjustments budget summary and provides a concise overview of the municipality's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance);
2. Adjusted budget depicts a surplus of R R1.1 million from original budget surplus of R1.6 million. Surplus reduction can be attributed to reduced revenue of R5 million before rebates, together with adjustment movement made under expenditure.
3. The reported surplus R1.1 million include a non-cash item of R32 million leaving cash surplus to at least of R33.1 million should the non-cash items not be considered; and
4. Financial management reforms emphasis the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard.

Table 4 MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Description	Ref	Budget Year 2017/18									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Revenue - Standard												
Governance and administration		200 269	-	-	-	-	-	20 756	20 756	221 025	213 759	225 811
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		198 604	-	-	-	-	-	20 398	20 398	219 001	211 937	223 816
Corporate services		1 665	-	-	-	-	-	358	358	2 023	1 822	1 996
Community and public safety		581	-	-	-	-	-	0	0	581	617	655
Community and social services		580	-	-	-	-	-	0	0	580	616	654
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		1	-	-	-	-	-	(0)	(0)	1	1	1
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		28 897	-	-	-	-	-	(0)	(0)	28 897	30 473	32 029
Planning and development		2 593	-	-	-	-	-	(0)	(0)	2 593	2 848	3 010
Road transport		26 304	-	-	-	-	-	-	-	26 304	27 625	29 019
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		251 907	-	-	-	-	-	(21 829)	(21 829)	230 078	262 993	294 644
Electricity		151 749	-	-	-	-	-	1 429	1 429	153 178	153 855	176 239
Water		80 676	-	-	-	-	-	(15 772)	(15 772)	64 904	88 596	96 723
Waste water management		19 457	-	-	-	-	-	(7 486)	(7 486)	11 971	20 516	21 654
Waste management		25	-	-	-	-	-	(0)	(0)	25	27	28
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	481 654	-	-	-	-	-	(1 073)	(1 073)	480 581	507 843	553 140
Expenditure - Standard												
Governance and administration		179 350	-	-	-	-	-	(16 201)	(16 201)	163 148	189 541	200 673
Executive and council		22 471	-	-	-	-	-	501	501	22 972	23 704	25 038
Budget and treasury office		71 830	-	-	-	-	-	(2 618)	(2 618)	69 212	75 315	79 258
Corporate services		85 049	-	-	-	-	-	(14 084)	(14 084)	70 965	90 521	96 376
Community and public safety		42 153	-	-	-	-	-	545	545	42 698	44 671	47 290
Community and social services		24 517	-	-	-	-	-	1 045	1 045	25 562	26 004	27 576
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		17 636	-	-	-	-	-	(500)	(500)	17 136	18 667	19 714
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		33 845	-	-	-	-	-	7 580	7 580	41 425	30 578	32 334
Planning and development		3 520	-	-	-	-	-	9 080	9 080	12 600	3 714	3 888
Road transport		30 325	-	-	-	-	-	(1 500)	(1 500)	28 825	26 864	28 446
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		138 305	-	-	-	-	-	7 526	7 526	145 830	145 478	153 775
Electricity		95 901	-	-	-	-	-	2 205	2 205	98 106	101 432	107 174
Water		23 603	-	-	-	-	-	2 386	2 386	25 989	25 022	26 520
Waste water management		18 800	-	-	-	-	-	2 935	2 935	21 735	19 024	20 080
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	393 653	-	-	-	-	-	(551)	(551)	393 102	410 268	434 071
Surplus/ (Deficit) for the year		88 000	-	-	-	-	-	(522)	(522)	87 478	97 576	119 069

Explanatory notes to MBRR Table B2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports; and
2. Table B2 is a reproduction of Table B1 in GFA format so the aggregate figures of these tables are the same.

Table 5MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2017/18									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	4	5	6	7	8	9	10	+1 2018/19	+2 2019/20	
R thousands	A	A1	B	C	D	E	F	G	H			
Revenue by Vote	1											
Vote 1 - Chief Financial Officer		208 038	-	-	-	-	-	(7 193)	(7 193)	200 845	222 012	234 575
Vote 2 - Corporate Services		1 665	-	-	-	-	-	358	358	2 023	1 822	1 996
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		2 593	-	-	-	-	-	(0)	(0)	2 593	2 848	3 010
Vote 7 - Social and Community Services		10 986	-	-	-	-	-	1 592	1 592	12 577	11 550	12 154
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		106 980	-	-	-	-	-	(15 772)	(15 772)	91 208	116 221	125 742
Vote 10 - Technical Services		151 391	-	-	-	-	-	19 942	19 942	171 334	153 390	175 664
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	481 654	-	-	-	-	-	(1 073)	(1 073)	480 581	507 843	553 140
Expenditure by Vote	1											
Vote 1 - Chief Financial Officer		67 290	-	-	-	-	-	(4 248)	(4 248)	63 042	70 480	74 109
Vote 2 - Corporate Services		85 049	-	-	-	-	-	(14 084)	(14 084)	70 965	90 521	96 376
Vote 3 - Mayor		1 472	-	-	-	-	-	5	5	1 477	1 485	1 497
Vote 4 - Municipal Manager		1 909	-	-	-	-	-	295	295	2 204	2 020	2 137
Vote 5 - Internal Audit		11 111	-	-	-	-	-	0	0	11 111	11 764	12 457
Vote 6 - Planning and Economic Development		3 520	-	-	-	-	-	9 080	9 080	12 600	3 714	3 888
Vote 7 - Social and Community Services		55 471	-	-	-	-	-	3 480	3 480	58 951	57 884	61 210
Vote 8 - Speaker		7 979	-	-	-	-	-	200	200	8 179	8 435	8 948
Vote 9 - Technical Services		49 018	-	-	-	-	-	3 548	3 548	52 567	46 667	49 421
Vote 10 - Technical Services		110 834	-	-	-	-	-	1 172	1 172	112 006	117 297	124 029
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	393 653	-	-	-	-	-	(551)	(551)	393 102	410 268	434 071
Surplus/ (Deficit) for the year	2	88 000	-	-	-	-	-	(522)	(522)	87 478	97 576	119 069

Explanatory notes to MBRR Table B3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 6 MBRR Table B4 - Budgeted Financial Performance (revenue and expenditure)

Description	Ref	Budget Year 2017/18									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2018/19	+2 2019/20
Revenue By Source												
Property rates	2	80 199	-	-	-	-	-	(1 073)	(1 073)	79 126	84 829	91 775
Property rates - penalties & collection charges		-						-	-	-	-	-
Service charges - electricity revenue	2	124 567	-	-	-	-	-	0	0	124 567	131 667	139 040
Service charges - water revenue	2	26 979	-	-	-	-	-	0	0	26 979	28 811	30 768
Service charges - sanitation revenue	2	16 143	-	-	-	-	-	(0)	(0)	16 143	17 239	18 409
Service charges - refuse revenue	2	9 969	-	-	-	-	-	0	0	9 969	10 510	11 087
Service charges - other		1 123						0	0	1 123	1 188	1 255
Rental of facilities and equipment		1 813						0	0	1 813	1 984	2 172
Interest earned - external investments		1 510						(0)	(0)	1 510	3 011	1 265
Interest earned - outstanding debtors		9 850						(0)	(0)	9 850	9 358	8 890
Dividends received		-						-	-	-	-	-
Fines		25 000						(0)	(0)	25 000	25 000	25 000
Licences and permits		16 500						-	-	16 500	17 441	18 417
Agency services		-						-	-	-	-	-
Transfers recognised - operating		77 639						0	0	77 639	84 692	91 213
Other revenue	2	4 059	-	-	-	-	-	-	-	4 059	4 490	4 831
Gains on disposal of PPE		-						-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		395 350	-	-	-	-	-	(1 073)	(1 073)	394 277	420 218	444 121
Expenditure By Type												
Employee related costs		119 752	-	-	-	-	-	0	0	119 752	126 937	134 554
Remuneration of councillors		6 947						(0)	(0)	6 947	7 364	7 806
Debt impairment		15 000						2 100	2 100	17 100	15 235	15 755
Depreciation & asset impairment		32 000	-	-	-	-	-	0	0	32 000	33 920	35 955
Finance charges		4 000						(0)	(0)	4 000	4 000	4 000
Bulk purchases		94 595	-	-	-	-	-	2 900	2 900	97 495	99 987	105 586
Other materials		30 602						(4 350)	(4 350)	26 253	26 766	28 759
Contracted services		26 188	-	-	-	-	-	(3 600)	(3 600)	22 588	27 721	29 350
Transfers and grants		-						-	-	-	-	-
Other expenditure		64 468	-	-	-	-	-	2 399	2 399	66 867	68 236	72 199
Loss on disposal of PPE		100						(0)	(0)	100	102	106
Total Expenditure		393 653	-	-	-	-	-	(551)	(551)	393 102	410 268	434 071
Surplus/(Deficit)		1 696	-	-	-	-	-	(522)	(522)	1 174	9 951	10 050
Transfers recognised - capital		86 304						-	-	86 304	87 625	109 019
Contributions recognised - capital		-						-	-	-	-	-
Contributed assets		-						-	-	-	-	-
Surplus/(Deficit) before taxation		88 000	-	-	-	-	-	(522)	(522)	87 478	97 576	119 069
Taxation		-						-	-	-	-	-
Surplus/(Deficit) after taxation		88 000	-	-	-	-	-	(522)	(522)	87 478	97 576	119 069
Attributable to minorities		-						-	-	-	-	-
Surplus/(Deficit) attributable to municipality		88 000	-	-	-	-	-	(522)	(522)	87 478	97 576	119 069
Share of surplus/ (deficit) of associate		-						-	-	-	-	-
Surplus/ (Deficit) for the year		88 000	-	-	-	-	-	(522)	(522)	87 478	97 576	119 069

Explanatory notes to Table B4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue as per original budget was set at R395 million for 2017/18 budget year and adjusted downward to R394 million during the adjustment budget process or 0.3% downward. The adjustment was largely impacted by property rates.
2. Total expenditure was reduced by R0.551 million to R393.1 million in the 2017/18 approved budget to R393.6 million in the adjusted budget. The factors contributing to this situation were outlined in the Executive Summary above.

Table 7 MBRR Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Description	Ref	Budget Year 2017/18									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget
		A	A1	B	C	D	E	F	G	H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		5 118	-	-	-	-	-	-	-	5 118	-	4 721
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		79 871	-	-	-	-	-	-	-	79 871	86 244	102 847
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	84 989	-	-	-	-	-	-	-	84 989	86 244	107 568
Single-year expenditure to be adjusted	2											
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		250	-	-	-	-	-	-	-	250	300	500
Vote 3 - Mayor		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Social and Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Speaker		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Balance Sheet		-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		250	-	-	-	-	-	-	-	250	300	500
Total Capital Expenditure - Vote		85 239	-	-	-	-	-	-	-	85 239	86 544	108 068
Capital Expenditure - Standard												
Governance and administration		250	-	-	-	-	-	-	-	250	300	500
Executive and council		250	-	-	-	-	-	-	-	250	300	500
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		5 118	-	-	-	-	-	-	-	5 118	-	4 721
Community and social services		-	-	-	-	-	-	-	-	-	-	1 521
Sport and recreation		5 118	-	-	-	-	-	-	-	5 118	-	3 200
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		14 871	-	-	-	-	-	-	-	14 871	15 037	6 442
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		14 871	-	-	-	-	-	-	-	14 871	15 037	6 442
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		65 000	-	-	-	-	-	-	-	65 000	71 207	96 405
Electricity		25 000	-	-	-	-	-	-	-	25 000	20 000	35 000
Water		40 000	-	-	-	-	-	-	-	40 000	51 207	61 405
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	85 239	-	-	-	-	-	-	-	85 239	86 544	108 068
Funded by:												
National Government		84 989	-	-	-	-	-	-	-	84 989	86 244	107 568
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Total Capital transfers recognised	4	84 989	-	-	-	-	-	-	-	84 989	86 244	107 568
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		250	-	-	-	-	-	-	-	250	300	500
Total Capital Funding		85 239	-	-	-	-	-	-	-	85 239	86 544	108 068

Explanatory notes to Table B5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table B5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single - year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments;
2. No additional funding has been budgeted from municipality's own sources;
3. The capital budget did not have any adjustment other than restructuring of the existing project in order to accommodate the impact of roll-over application not approved.
4. The municipality has not budgeted for any long term borrowing to fund the capital programme.

Table 8 MBRR Table B6 -Budgeted Financial Position

Description	Ref	Budget Year 2017/18									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjsts.	Adjsts.	Budget	Budget	Budget
R thousands	A	3	4	5	6	7	8	9	10			
		A1	B	C	D	E	F	G	H			
ASSETS												
Current assets												
Cash		33 943					-	-	33 943	88 517	146 716	
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-	
Consumer debtors	1	24 128	-	-	-	-	-	-	24 128	27 973	29 989	
Other debtors		11 632					(3 644)	(3 644)	7 987	12 422	13 267	
Current portion of long-term receivables		-					-	-	-	-	-	
Inventory		100					-	-	100	120	135	
Total current assets		69 803	-	-	-	-	(3 644)	(3 644)	66 158	129 032	190 108	
Non current assets												
Long-term receivables		-					-	-	-	-	-	
Investments		-					-	-	-	-	-	
Investment property		178 000					-	-	178 000	181 000	183 000	
Investment in Associate		-					-	-	-	-	-	
Property, plant and equipment	1	635 454	-	-	-	-	0	0	635 454	676 758	720 748	
Agricultural		-					-	-	-	-	-	
Biological		-					-	-	-	-	-	
Intangible		3 200					-	-	3 200	3 400	3 500	
Other non-current assets		-					-	-	-	-	-	
Total non current assets		816 654	-	-	-	-	0	0	816 654	861 158	907 248	
TOTAL ASSETS		886 457	-	-	-	-	(3 644)	(3 644)	882 812	990 190	1 097 355	
LIABILITIES												
Current liabilities												
Bank overdraft		-					-	-	-	-	-	
Borrowing		-	-	-	-	-	-	-	-	-	-	
Consumer deposits		5 250					-	-	5 250	5 513	5 788	
Trade and other payables		38 434	-	-	-	-	-	-	38 434	40 932	43 593	
Provisions		11 000					-	-	11 000	11 550	12 128	
Total current liabilities		54 684	-	-	-	-	-	-	54 684	57 995	61 509	
Non current liabilities												
Borrowing	1	7 017	-	-	-	-	-	-	7 017	7 438	7 922	
Provisions	1	30 072	-	-	-	-	-	-	30 072	31 876	33 948	
Total non current liabilities		37 089	-	-	-	-	-	-	37 089	39 314	41 870	
TOTAL LIABILITIES		91 773	-	-	-	-	-	-	91 773	97 309	103 379	
NET ASSETS	2	794 683	-	-	-	-	(3 644)	(3 644)	791 039	892 881	993 977	
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		794 683	-	-	-	-	-	-	794 683	892 881	993 977	
Reserves		-	-	-	-	-	-	-	-	-	-	
Minorities' interests		-					-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY		794 683	-	-	-	-	-	-	794 683	892 881	993 977	

Explanatory notes to Table B6 - Budgeted Financial Position

1. Table B6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of several items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current liabilities;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 9 MBRR Table B7 - Budgeted Cash Flow Statement

Description	Ref	Budget Year 2017/18									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges		76 189					(1 073)	(1 073)	75 116	80 588	87 186	
Service charges		169 841					0	0	169 841	179 943	190 531	
Other revenue		47 372					0	0	47 372	48 914	50 420	
Government - operating	1	77 639					0	0	77 639	84 692	91 213	
Government - capital	1	86 304					-	-	86 304	87 625	109 019	
Interest		11 360					(0)	(0)	11 360	12 369	10 155	
Dividends		-					-	-	-	-	-	
Payments												
Suppliers and employees		(342 144)					551	551	(341 593)	(353 265)	(370 886)	
Finance charges		(4 000)					0	0	(4 000)	(4 000)	(4 000)	
Transfers and Grants	1	-					-	-	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES		122 560	-	-	-	-	(522)	(522)	122 038	136 866	163 637	
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		100					(0)	(0)	100	107	113	
Decrease (Increase) in non-current debtors		-					-	-	-	-	-	
Decrease (increase) other non-current receivables		-					-	-	-	-	-	
Decrease (increase) in non-current investments		-					-	-	-	-	-	
Payments												
Capital assets		(84 989)					250	250	(84 739)	(86 244)	(107 568)	
NET CASH FROM/(USED) INVESTING ACTIVITIES		(84 889)	-	-	-	-	250	250	(84 639)	(86 137)	(107 455)	
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-					-	-	-	-	-	
Borrowing long term/refinancing		-					-	-	-	-	-	
Increase (decrease) in consumer deposits		(5 116)					-	-	(5 116)	3 844	2 017	
Payments												
Repayment of borrowing		-					-	-	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5 116)	-	-	-	-	-	-	(5 116)	3 844	2 017	
NET INCREASE/ (DECREASE) IN CASH HELD		32 555	-	-	-	-	(272)	(272)	32 283	54 574	58 199	
Cash/cash equivalents at the year begin:	2	1 388					1 388	1 388	2 776	33 943	88 517	
Cash/cash equivalents at the year end:	2	33 943					1 116	1 116	35 059	88 517	146 716	

Explanatory notes to Table B7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded;
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Table 10 MBRR Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
Cash and investments available												
Cash/cash equivalents at the year end	1	33 943	-	-	-	-	-	1 116	1 116	35 059	88 517	146 716
Other current investments > 90 days		0	-	-	-	-	-	(1 116)	(1 116)	(1 116)	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		33 943	-	-	-	-	-	-	-	33 943	88 517	146 716
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing												
Statutory requirements												
Other working capital requirements	2	5 253	-	-	-	-	-	3 389	3 389	8 642	3 340	3 228
Other provisions												
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		5 253	-	-	-	-	-	3 389	3 389	8 642	3 340	3 228
Surplus(shortfall)		28 690	-	-	-	-	-	(3 389)	(3 389)	25 301	85 177	143 488

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 11 MBRR Table B9 - Asset Management

Description	Ref	Budget Year 2017/18									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget
R thousands	A	7	8	9	10	11	12	13	14			
		A1	B	C	D	E	F	G	H			
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	74 381	-	-	-	-	-	-	74 381	79 266	84 665	
Infrastructure - Road transport		56 000	-	-	-	-	-	-	56 000	59 440	63 517	
Infrastructure - Electricity		18 381	-	-	-	-	-	-	18 381	19 576	20 848	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	
Infrastructure		74 381	-	-	-	-	-	-	74 381	79 016	84 365	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets	6	-	-	-	-	-	-	-	-	250	300	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	
Infrastructure		-	-	-	-	-	-	-	-	-	-	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets	6	-	-	-	-	-	-	-	-	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure to be adjusted	4	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		56 000	-	-	-	-	-	-	56 000	59 440	63 517	
Infrastructure - Electricity		18 381	-	-	-	-	-	-	18 381	19 576	20 848	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	
Infrastructure		74 381	-	-	-	-	-	-	74 381	79 016	84 365	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets	6	-	-	-	-	-	-	-	-	250	300	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURE to be adjusted	2	74 381	-	-	-	-	-	-	74 381	79 266	84 665	
ASSET REGISTER SUMMARY - PPE (WDV)	5											
Infrastructure - Road transport												
Infrastructure - Electricity												
Infrastructure - Water												
Infrastructure - Sanitation												
Infrastructure - Other												
Infrastructure		-	-	-	-	-	-	-	-	-	-	
Community												
Heritage assets												
Investment properties		178 000	-	-	-	-	-	-	178 000	181 000	183 000	
Other assets												
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	
Intangibles		3 200	-	-	-	-	-	-	3 200	3 400	3 500	
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	181 200	-	-	-	-	-	-	181 200	184 400	186 500	
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		32 000	-	-	-	-	0	0	32 000	33 920	35 955	
Repairs and Maintenance by asset class	3	-	-	-	-	-	-	-	-	-	-	
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	
Infrastructure		-	-	-	-	-	-	-	-	-	-	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets	6	-	-	-	-	-	-	-	-	-	-	
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		32 000	-	-	-	-	0	0	32 000	33 920	35 955	

Explanatory notes to Table B9 - Asset Management

1. Table B9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The table shows that all of the capital allocations are for new assets.
3. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

Table 12 MBRR Table B10 - Basic Service Delivery Measurement

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling		14073							-	14	14073	14073
Piped water inside yard (but not in dwelling)		855							-	1	855	855
Using public tap (at least min.service level)	2	3136							-	3	3136	3136
Other water supply (at least min.service level)		4							-	0	0	0
<i>Minimum Service Level and Above sub-total</i>		18	-	-	-	-	-	-	-	18	18	18
Using public tap (< min.service level)	3								-	-		
Other water supply (< min.service level)	3,4	8268							-	8	6668	5268
No water supply									-	-		
<i>Below Minimum Service Level sub-total</i>		8	-	-	-	-	-	-	-	8	7	5
Total number of households	5	26	-	-	-	-	-	-	-	26	25	23
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		14928							-	14 928	14928	14928
Flush toilet (with septic tank)		855							-	855	855	855
Chemical toilet		0							-	-	0	0
Pit toilet (ventilated)		951							-	951	951	951
Other toilet provisions (> min.service level)		1334							-	1 334	1334	1334
<i>Minimum Service Level and Above sub-total</i>		18 068	-	-	-	-	-	-	-	18 068	18 068	18 068
Bucket toilet									-	-		
Other toilet provisions (< min.service level)		11000							-	11 000	10200	9800
No toilet provisions									-	-		
<i>Below Minimum Service Level sub-total</i>		11 000	-	-	-	-	-	-	-	11 000	10 200	9 800
Total number of households	5	29 068	-	-	-	-	-	-	-	29 068	28 268	27 868
Energy:												
Electricity (at least min. service level)		577							-	577	577	577
Electricity - prepaid (> min.service level)		15126							-	15 126	15426	15845
<i>Minimum Service Level and Above sub-total</i>		15 703	-	-	-	-	-	-	-	15 703	16 003	16 422
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources		2365							-	2 365	2065	2065
<i>Below Minimum Service Level sub-total</i>		2 365	-	-	-	-	-	-	-	2 365	2 065	2 065
Total number of households	5	18 068	-	-	-	-	-	-	-	18 068	18 068	18 487
Refuse:												
Removed at least once a week (min.service)		16450							-	16 450	16600	16600
<i>Minimum Service Level and Above sub-total</i>		16 450	-	-	-	-	-	-	-	16 450	16 600	16 600
Removed less frequently than once a week		0							-	-		
Using communal refuse dump		2350							-	2 350	2350	2350
Using own refuse dump		0							-	-	0	0
Other rubbish disposal		0							-	-	0	0
No rubbish disposal		1095							-	1 095	1095	1095
<i>Below Minimum Service Level sub-total</i>		3 445	-	-	-	-	-	-	-	3 445	3 445	3 445
Total number of households	5	19 895	-	-	-	-	-	-	-	19 895	20 045	20 045

Explanatory notes to Table B10 - Basic Service Delivery Measurement

Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. The municipality continues to make good progress with the eradication of backlogs

Part 2 – Supporting Documentation

2.1. Adjustments to budget assumptions

Except for the factors outlined below, the assumptions that underlined the approved 2017/18 MTREF still hold. The following factors were taken into consideration when compiling this adjustments budget.

- Material decrease in property rates and services charge revenue among other revenue types.
- Material decrease in expenditure as result of implementation of cost containment measure and to adhere to cash flow plan generated as tool to help monitor the cost containment measure.

2.2. Adjustments to budget funding

Table 13 below depicts the adjustments that were made to the operating revenue.

Table 13: Adjustments to operating revenue

Description	Ref	Budget Year 2017/18				Budget Year	Budget Year
		Original	Other	Total	Adjusted	+1 2018/19	+2 2019/20
		Budget	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
		8	9	10			
R thousands	1	A	F	G	H		
Revenue By Source							
Property rates	2	80 199	(1 073)	(1 073)	79 126	84 829	91 775
Property rates - penalties & collection charges		-	-	-	-	-	-
Service charges - electricity revenue	2	124 567	0	0	124 567	131 667	139 040
Service charges - water revenue	2	26 979	0	0	26 979	28 811	30 768
Service charges - sanitation revenue	2	16 143	(0)	(0)	16 143	17 239	18 409
Service charges - refuse revenue	2	9 969	0	0	9 969	10 510	11 087
Service charges - other		1 123	0	0	1 123	1 188	1 255
Rental of facilities and equipment		1 813	0	0	1 813	1 984	2 172
Interest earned - external investments		1 510	(0)	(0)	1 510	3 011	1 265
Interest earned - outstanding debtors		9 850	(0)	(0)	9 850	9 358	8 890
Dividends received		-	-	-	-	-	-
Fines		25 000	(0)	(0)	25 000	25 000	25 000
Licences and permits		16 500	-	-	16 500	17 441	18 417
Agency services		-	-	-	-	-	-
Transfers recognised - operating		77 639	0	0	77 639	84 692	91 213
Other revenue	2	4 059	-	-	4 059	4 490	4 831
Gains on disposal of PPE		-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		395 350	(1 073)	(1 073)	394 277	420 218	444 121

Table 13 above shows the reduction of revenues by R1 million. Material reduction was affected by property rates.

2.3. Adjustments to expenditure on allocations and grant programs

Table 14 below shows the total allocations gazette for the 2017/18 financial year.

Table 14: Grant allocations to the municipality

Description	Ref	Budget Year 2017/18						Budget Year	Budget Year	
		Original	Prior	Multi-year	Nat. or	Other	Total	Adjusted	Adjusted	
		Budget	Adjusted	capital	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	
R thousands										
		A	7	8	9	10	11	12		
			A1	B	C	D	E	F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		77 639	-	-	-	0	0	77 639	84 692	91 213
Local Government Equitable Share	3	74 939				0	0	74 939	81 992	88 513
		-				-	-	-	-	-
		1 700				0	0	1 700	1 700	1 700
		-				-	-	-	-	-
		-				-	-	-	-	-
Other transfers and grants [insert description]		1 000				(0)	(0)	1 000	1 000	1 000
Provincial Government:		-	-	-	-	-	-	-	-	-
		-				-	-	-	-	-
		-				-	-	-	-	-
Other transfers and grants [insert description]	4	-				-	-	-	-	-
		-				-	-	-	-	-
		-				-	-	-	-	-
District Municipality:	5	-	-	-	-	-	-	-	-	-
[insert description]		-				-	-	-	-	-
		-				-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-				-	-	-	-	-
		-				-	-	-	-	-
Total Operating Transfers and Grants	6	77 639	-	-	-	0	0	77 639	84 692	91 213
Capital Transfers and Grants										
National Government:		86 304	-	-	-	-	-	86 304	87 625	109 019
		-				-	-	-	-	-
		-				-	-	-	-	-
		-				-	-	-	-	-
Other capital transfers [insert description]		86 304				-	-	86 304	87 625	109 019
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		-				-	-	-	-	-
		-				-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-				-	-	-	-	-
		-				-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-				-	-	-	-	-
		-				-	-	-	-	-
Total Capital Transfers and Grants	6	86 304	-	-	-	-	-	86 304	87 625	109 019
TOTAL RECEIPTS OF TRANSFERS & GRANTS		163 943	-	-	-	0	0	163 943	172 317	200 232

2.4. Adjustments to allocations and grants made by the municipality

The municipality does not allocate any grants to external parties.

2.5. Adjustments to councilors and board member's allowances and employees benefit

During the compilation of 2017/18 main budget, consideration of upper limit on councillor salaries were considered and therefore no adjustments are necessary.

2.6. Adjustments to service delivery and budget implementation plan

The 2017/18 SDBIP Adjustment will be prepared in the context of the 2017/18 Adjustment Budget. In a sense, the report must also highlight areas where targets have been adjusted due to the influence of the decisions on the budget adjustment side. Most importantly, the budget adjustment as well as any adjustment to the SDBIP is done in total alignment to the goals of the municipality as set out in the IDP. Any unavoidable deviation from the adjusted SDBIP will be dealt with during the revision of the IDP, taking into consideration all necessary legislative requirements. In addition, the report will also capture changes that have occurred during the past 2 Quarters of the year, such as structural changes that have brought about relocation of certain KPIs/targets among and/or within department/divisions.

The following generic principles will be followed with the drafting of the SDBIP adjustment. Department will be requested to review their targets:

- to ensure where obvious errors in judgement in target setting occurred could be corrected
- to deal decisively with indicators that departments are required to report on, on a monthly basis that are not reflective of their core business, or which cannot be accurately measured
- to reflect the amendments to resource allocation as captured in the Adjusted MTREF submission prepared by the Budget & Treasury Department
- to appropriately accommodate and plan for the amendments that are necessitated by external funding increases and/or decreases
- with a view to evaluate the amount of target capability that will not be realised as a result of the reduced funds
- to evaluate if funds can be diverted from another source internally within agreed financial transfer mechanisms.

2.7. Adjustments to capital expenditure

There have been few adjustments made on capital projects. MIG projects have been adjusted by shifting funds within the MIG projects with a resulted affect being zero.

On the 20th March 2017 we received a letter from the Department of Cooperative Governance (COGTA) to confirm an R15m additional funding for the 16/17 financial year. The letter stated as a condition that the funds has to be spend by the 30th June 2018 provided that we shall comply with the requirements for Roll-over in terms of section 22(2) of the DORA 2016 as well as The MFMA Circular 75, par. 7.6

Emanating from this a new three year capital investment plan was adopted and captured as the 17/18 financial year infrastructure capital budget.

As the allocation letter stated that the funds are immediately available for spending we started to implement the projects although they were budgeted for in the 17/18 financial year

On the 30th June 2017 we had spent R 2 080 892.66 of the R 15 000 000.00 and consequently requested a roll-over of R 12 919 107.34 into the 17/18 financial year. We also adjusted the three year plan to accommodate the R 2 080 892.66 expenditure in the 16/17 financial year.

On the 16th October 2017 we received a letter from National Treasury informing us that our request for roll-over was not approved. The reason is that the money was not cash backed. (No money in the bank)

We appealed the decision with no success.

Due to the fact that all the projects funded from the additional / roll-over funds are under construction we have to postpone some of the projects earmarked for implementation from the 17/18 allocation.

Additional roll-over applied was for Integrated National Electrification Program (INEP) amounting to R11 million. No adjustment will be made on INEP project, except that Municipality will fund the project internal.

Based on the above said it is proposed / requested that the following amendments shall be considered during the 17/18 budget adjustment process

PROJECT DESCRIPTION	MIG registered amount	Balance on project	Approved 16/17 roll-over budget	Approved 17/18 budget	Revised 16/17 roll-over budget	Revised 17/18 budget
Upgrade Sunfa stadium	16 781 049.81	7 219 767.42	3 437 517.28	5 117 662.37	0.00	7 219 767.42
Paving of bus route: Rapatokwane	10 567 950.00	6 588 861.60	6 786 482,72		0.00	6 530 347.74
Storm water Marikana Street (X6)	9 871 287.91	5 643 630.65	4 776 000,00		0.00	4 493 326.4
WWTW Pienaarsrivier	7 330 000.00	7 330 000.00		5 000 000.00		436 848.00
WWTW Masakhane	6 819 069.00	6 819 069.00				265 000.00
Widening Mile street bridge	5 100 000.00	5 100 000.00		5 100 000.00		463 152.00
Storm Water – Spa Park	8 500 000.00	8 500 000.00		4 007 000.00		R 0.00
Road Paving X 4, 6, 7, 8	22 750 000.00	22 500 000.00		5 764 137.63		5 580 358.44
PMU costs		R 0.00		1 315 200.00		1 315 205.00
TOTAL			15 000 000.00	26 304 000.00	0.00	26 304 000.00

We subsequently ament our three years schedule again to accommodate the disapproval of our roll-over request as follow:

PROJECT DESCRIPTION	MIG registered amount	Expenditure to date	Balance on project	17/18 budget	18/19 budget	19/20 budget
Upgrade Sunfa stadium	16 781 049.81	9 561 282.39	7 219 767.42	7 219 767.42		
Paving of bus route: Rapatokwane	10 567 950.00	3 979 088.40	6 588 861.60	6 530 347.74		
Storm water Marikana Street (X6)	9 871 287.91	4 227 657.26	5 643 630.65	4 493 326.4	1 150 304.25	
WWTW Pienaarsrivier	7 330 000.00		7 330 000.00	436 848.00	6 893 152.00	
WWTW Masakhane	6 819 069.00		6 819 069.00	265 000.00	6 554 069.00	
Widening Mile street bridge	5 100 000.00		5 100 000.00	463 152.00	4 636 848.00	
Road Paving X 4, 6, 7. 8	22 750 000.00		22 750 000.00	5 580 358.44	6 409 376.75	10 695 264.81
PMU costs			0.00	1 315 200.00	1 381 250.00	1 450 950.00
			TOTAL COMMITMENT	26 304 000.00	27 625 000.00	10 674 440.16
			TOTAL ALLOCATION	26 304 000.00	27 625 000.00	29 019 000.00
			BALANCE	0.00	0.00	18 344 559.84

2.8. Municipality manager's quality certificate

I, _____, the acting municipal manager of Bela-Bela Local Municipality, hereby certify that:-

❖ Adjustment budget

Has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Mr. FR Ntekele
Acting Municipal Manager

Signature: _____

Date: