

ADJUSTMENT BUDGET OF EMAKHAZENI LOCAL MUNICIPALITY



2017/2018 TO 2019/2020 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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TABLE OF CONTENT	PAGE
Table of Contents	1
Legislative Requirements	2
Part 1 - Adjustments Budget	5
Section 1: Mayor's Report	5
Section 2: Resolutions	5
Section 3: Executive Summary	6-
Section 4: Adjustments Budget Tables	
Table B1 Adjustments Budget Summary	
Table B2 Adjustments Budget Financial Performance (standard classification)	
Table B3 Adjustments Budget Financial Performance (by municipal vote)	
Table B4 Adjustments Budget Financial Performance (revenue and expenditure)	
Table B5 Adjustments Capital Expenditure Budget by vote and funding	
Table B6 Adjustments Budget Financial Position	
Table B7 Adjustments Budget Cash Flows	
Table B8 Cash backed reserves/accumulated surplus reconciliation	
Table B9 Asset Management	
Table B10 Basic service delivery measurement	

Legislative Requirements

In terms of Section 28 of the Municipal Finance Management Act 56 of 2003, a municipality may revise an approved budget through an adjustments budget.

Only the Mayor may table an adjustments budget in the municipal council and may only be tabled within a prescribed period.

In terms of section 28 of the Municipal Finance Management Act, a municipality

- (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;
- (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended 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 the council;
- (f) may correct any errors in the annual budget; and
- (g) may provide for any other expenditure within a prescribed framework

Section 72 of MFMA also stipulate that the Accounting Officer must by the 25 January of each year assess the performance of the municipality during the first half of the financial year and as part of the assessment or review recommend whether an adjustment budget is necessary.

Based on the Mid-year Budget and Performance Assessment submitted to Council, Provincial Treasury and National Treasury the Accounting Officer recommended that the adjustment budget is necessary.

The original approved budget, audited figures for 2016/17 and performance in the first six months was used to determine the realistic anticipated revenue to be generated.

Section 3- Executive Summary

The total original budgeted amount was R 233 420 million and the adjusted amount is R 240 807 which reflect a percentage increase in total revenue budget by 3%. Expenditure total original budget was R 332 104 million and the adjusted amount is R 311 328 which reflect a percentage decrease in expenditure budget by 6% due to cost curtailment and savings in other votes.

Capital expenditure funded from internal funds was originally budgeted at R 5 million, and it has been adjusted to R 1.6 million due to cash flow challenges.

MP314 Emakhazeni - Table B1 Adjustments Budget Summary -

Description	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	57 512	-	-	-	-	-	(750)	(750)	56 762	60 168	63 778
Service charges	84 802	-	-	-	-	-	18 021	18 021	102 822	108 992	115 531
Investment revenue	4 128	-	-	-	-	-	(3 368)	(3 368)	760	805	854
Transfers recognised - operational	60 632	-	-	-	-	-	(1 044)	(1 044)	59 588	63 163	66 953
Other own revenue	26 346	-	-	-	-	-	(5 471)	(5 471)	20 875	22 128	23 455
Total Revenue (excluding capital transfers and contributions)	233 420	-	-	-	-	-	7 388	7 388	240 807	255 256	270 571
Employee costs	100 161	-	-	-	-	-	(8 707)	(8 707)	91 454	96 941	102 757
Remuneration of councillors	6 066	-	-	-	-	-	194	194	6 260	6 636	7 034
Depreciation & asset impairment	44 243	-	-	-	-	-	-	-	44 243	46 898	49 711
Finance charges	3 937	-	-	-	-	-	-	-	3 937	4 173	4 423
Materials and bulk purchases	56 605	-	-	-	-	-	2 104	2 104	58 709	62 232	65 966
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	121 092	-	-	-	-	-	(14 368)	(14 368)	106 725	113 128	119 916
Total Expenditure	332 104	-	-	-	-	-	(20 776)	(20 776)	311 328	330 008	349 808
Surplus/(Deficit)	(98 685)	-	-	-	-	-	28 164	28 164	(70 521)	(74 752)	(79 237)
Transfers recognised - capital	54 560	-	-	-	-	-	(54 560)	(54 560)	-	-	-
Contributions recognised - capital & contributed	22 033	-	-	-	-	-	(22 033)	(22 033)	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(22 092)	-	-	-	-	-	(48 429)	(48 429)	(70 521)	(74 752)	(79 237)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(22 092)	-	-	-	-	-	(48 429)	(48 429)	(70 521)	(74 752)	(79 237)
Capital expenditure & funds sources											
Capital expenditure	81 869	-	-	-	-	-	(25 610)	(25 610)	56 259	59 634	63 212
Transfers recognised - capital	76 593	-	-	-	-	-	(22 033)	(22 033)	54 560	57 833	61 303
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	5 276	-	-	-	-	-	(3 577)	(3 577)	1 699	1 801	1 909
Total sources of capital funds	81 869	-	-	-	-	-	(25 610)	(25 610)	56 259	59 634	63 212
Financial position											
Total current assets	176 128	-	-	-	-	-	-	-	176 128	186 043	196 553
Total non current assets	964 438	-	-	-	-	-	-	-	964 438	1 022 304	1 083 642
Total current liabilities	72 621	-	-	-	-	-	-	-	72 621	76 978	81 597
Total non current liabilities	39 872	-	-	-	-	-	-	-	39 872	38 113	40 400
Community wealth/Equity	1 028 073	-	-	-	-	-	-	-	1 028 073	1 093 255	1 158 851
Cash flows											
Net cash from (used) operating	(44 125)	-	-	-	-	-	93 079	93 079	48 954	51 891	55 005
Net cash from (used) investing	(5 276)	-	-	-	-	-	(50 983)	(50 983)	(56 259)	(59 634)	(63 212)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(40 095)	-	-	-	-	-	40 860	40 860	766	(7 743)	(8 208)
Cash backing/surplus reconciliation											
Cash and investments available	57 250	-	-	-	-	-	-	-	57 250	60 685	64 326
Application of cash and investments	68 724	-	-	-	-	-	(97 139)	(97 139)	(28 415)	(26 975)	(29 617)
Balance - surplus (shortfall)	(11 474)	-	-	-	-	-	97 139	97 139	85 665	87 660	93 943
Asset Management											
Asset register summary (WDV)	954 183	-	-	-	-	-	-	-	954 183	1 011 434	1 072 120
Depreciation & asset impairment	44 243	-	-	-	-	-	-	-	44 243	46 898	49 711
Renewal of Existing Assets	31 126	-	-	-	-	-	-	-	31 126	-	-
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:	-	-	-	-	-	-	-	-	-	-	-

Operating revenue

Operating revenue increased by R 6 million (3%) from R233, 419 million to R239, 788, million. Whereas, operating expenditure decreased by R21 million (6%) from R332, 104 million to R311, 328 million for the 2017/2018 financial year.

Property rates

Property rates budgeted revenue will be realised based on the first six months assessment.

Electricity

Based on audited figure for 2016/2017 revenue from electricity was R 51 596 million and budgeted figures for 2017/2018 was R 43 643 million which was understated. Actual revenue as at 31 December 2017 was R 43 270 million. Average revenue from electricity for the past six months amounted to R 6 million per month. The projected amount expected to be realised per month is R 6 million hence the additional revenue to be realised amounts to R 17 million.

Water revenue

Average billed for water amounts to R 1.3 million per month. The original budgeted and adjusted amounts will be realised.

Sanitation revenue

Original budgeted amount for sanitation revenue was overstated, the average billed for the first six months was R 1 million per month. The realistic revenue expected from sanitation services is R 12 million. The original budget amount was reduced by R 2 million to R 12 million.

Refuse

Original budgeted amount was understated, average billed per month is R 1 million. The realistic adjusted figure is R 12 million. The additional revenue of R 2 million will be realised.

Rental of facilities and equipment

Based on audited figures, revenue from rental of facilities was R 1 million. Average monthly income is R 83 thousands. Based on escalation of 10% per annum, the realistic revenue per month will be R 92 thousands which makes up to an adjusted figure of R 1.1 million.

Interest earned - external investments

Original budgeted amount was overstated. Based on the audited figures of R 643 thousands, the original budgeted figure was reduced by R 3.4 million. Interest on investments is derived from call counts which are made up of conditional grants funds. Adjustment is due to the fact that withdrawals can be made on a daily basis depending on expenditure incurred on respective projects.

Interest earned - outstanding debtors

As per the credit control policy, interest on outstanding debt is charged on business. Interest on debtors was not charged for the first six months due to late billing. Interest on outstanding debts has been reduced by R 3 million.

Fines, penalties and forfeits

Adjustment is due to an increased collection on traffic fines, which is an indicative that as at 30 June 2018, the original budget amount would have been exceeded. The actual revenue realised from traffic fines as at 31 December 2017 amounted to R 12 million, and additional revenue of R 4.5 million will be realised.

Transfers and subsidies

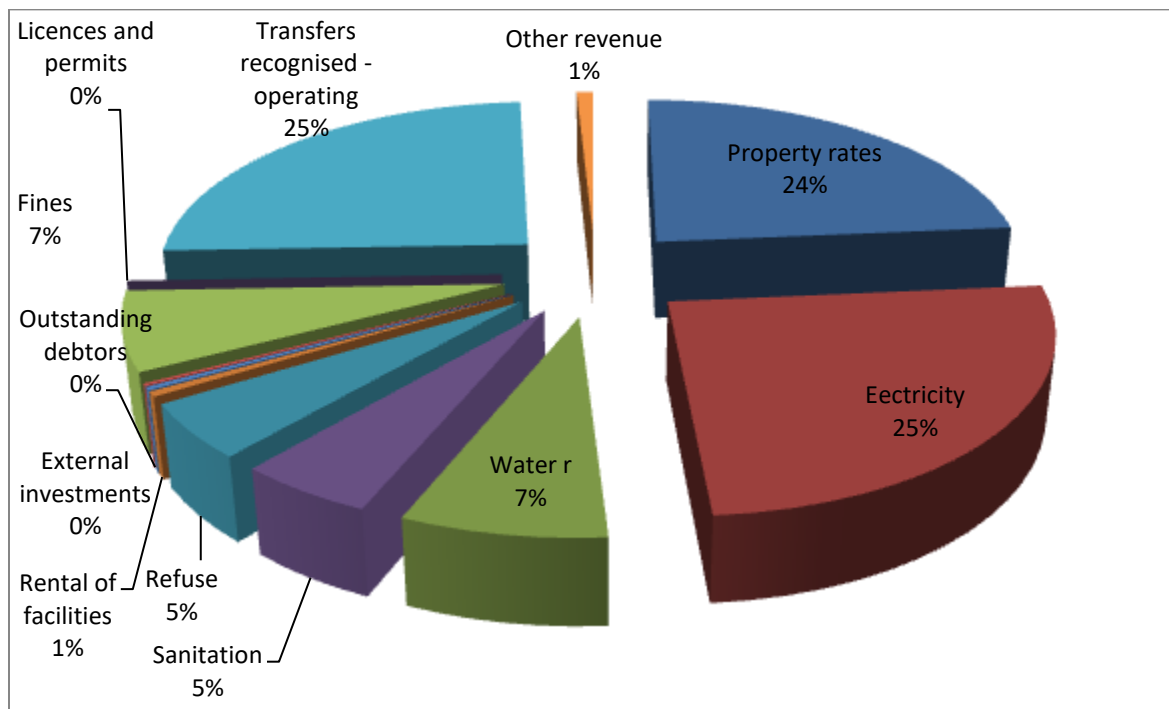
Original budgeted amount was overstated by the MSIG allocation of R 847 thousands as well as EPWP allocation. Adjustment on grants is due to an uncertainty in receipt of MSIG grant which is an allocation in kind.

Other revenue

Adjustment on other revenue is due to the fact that as at 31 December 2017, revenue realised was significantly lower than anticipated.

MP314 Emakhazeni - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

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
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	57 512	–	–	–	–	–	(750)	(750)	56 762	60 168	63 778
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	43 643	–	–	–	–	–	17 300	17 300	60 943	64 600	68 476
Service charges - water revenue	2	17 675	–	–	–	–	–	227	227	17 902	18 976	20 115
Service charges - sanitation revenue	2	14 113	–	–	–	–	–	(2 002)	(2 002)	12 112	12 838	13 608
Service charges - refuse revenue	2	9 370	–	–	–	–	–	2 495	2 495	11 865	12 577	13 332
Service charges - other		–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		4 713	–	–	–	–	–	(3 613)	(3 613)	1 100	1 166	1 236
Interest earned - external investments		4 128	–	–	–	–	–	(3 368)	(3 368)	760	805	854
Interest earned - outstanding debtors		3 522	–	–	–	–	–	(2 962)	(2 962)	560	594	629
Dividends received		–	–	–	–	–	–	–	–	–	–	–
Fines		12 713	–	–	–	–	–	4 500	4 500	17 213	18 246	19 340
Licences and permits		6	–	–	–	–	–	(5)	(5)	1	1	1
Agency services		–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operating		60 632	–	–	–	–	–	(1 044)	(1 044)	59 588	63 163	66 953
Other revenue	2	5 391	–	–	–	–	–	(3 390)	(3 390)	2 001	2 122	2 249
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		233 420	–	–	–	–	–	7 388	7 388	240 807	255 256	270 571

GRAPH: Revenue

(a) Operating Expenditure

The increase /decrease in expenditure is mainly due to the following reasons:

Employee related costs

Adjustment on employee related is due to vacancy rate within the municipality since the beginning of the financial year 2017/2018.

Original budgeted figures for back pay of notches was overstated with R 1.2 million. Also there was a saving of R 1.1 million on LGSETA internship subsidy.

Since the beginning of financial year 2017/2018, there has been high vacancy rate which includes the following positions, Officer Manager, Deputy Manager Electricity, Deputy Manager Storm water, Accountant Revenue and Property Rates, Plumber, Electro Mechanical Technician, Peace Officer. Superintendant Law Enforcement.

Remuneration of councillors

Adjustment of remuneration of councillors is due to implementation of new upper limits.

Other materials

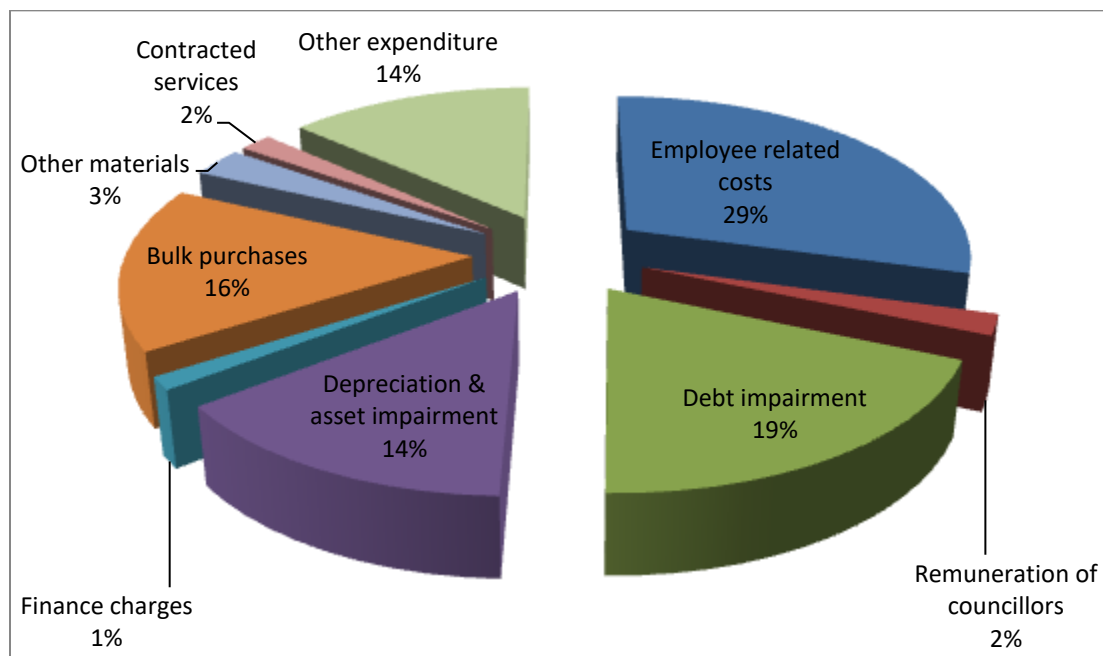
Repairs and maintenance original budget has been adjusted with an amount of R 2.1 million. This is due to breakdowns in water treatment plants and water treatment works.

Other expenditure

Original budgeted figures of professional fees for the preparation of asset register and annual financial statement was reduced by R 1.9 million, also rehabilitation for landfill site has been reduced with the total figure of R 2.1 million. TMT project expense which had a budgeted figure of R 9 million was adjusted to R 4.1 million which resulted from a reduction of R 5.6 million.

Also new vote was created for bursary fund which amounts to R 1 million funded from LED account. MSIG budgeted figure of R 798 thousands was adjusted to R 0.00. It was also discovered that there was a duplication of indigent fund votes which created a saving of R 1.4 million.

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
		3	4	5	6	7	8	9	10			
R thousands	1	A	A1	B	C	D	E	F	G	H		
Expenditure By Type												
Employee related costs		100 161	-	-	-	-	-	(8 707)	(8 707)	91 454	96 941	102 757
Remuneration of councillors		6 066						194	194	6 260	6 636	7 034
Debt impairment		59 236						-	-	59 236	62 790	66 558
Depreciation & asset impairment		44 243	-	-	-	-	-	-	-	44 243	46 898	49 711
Finance charges		3 937						-	-	3 937	4 173	4 423
Bulk purchases		49 851	-	-	-	-	-	-	-	49 851	52 842	56 012
Other materials		6 754						2 104	2 104	8 858	9 390	9 953
Contracted services		5 560	-	-	-	-	-	-	-	5 560	5 893	6 247
Transfers and grants		-						-	-	-		
Other expenditure		56 297	-	-	-	-	-	(14 368)	(14 368)	41 929	44 445	47 111
Loss on disposal of PPE		-						-	-	-	-	-
Total Expenditure		332 104	-	-	-	-	-	(20 776)	(20 776)	311 328	330 008	349 808

GRAPH: Expenditure

Operating revenue and expenditure by standard classification

MP314 Emakhazeni - Table B2 Adjustments Budget Financial Performance (standard classification) -

Standard Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
<i>Governance and administration</i>		135 899	-	-	-	-	-	(15 127)	(15 127)	120 771	128 018	135 699
Executive and council		60 632	-	-	-	-	-	(1 044)	(1 044)	59 588	63 163	66 953
Budget and treasury office		70 553	-	-	-	-	-	(10 470)	(10 470)	60 083	63 688	67 509
Corporate services		4 713	-	-	-	-	-	(3 613)	(3 613)	1 100	1 166	1 236
<i>Community and public safety</i>		12 713	-	-	-	-	-	4 494	4 494	17 207	18 239	19 334
Community and social services		0	-	-	-	-	-	-	-	0	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		12 713	-	-	-	-	-	4 494	4 494	17 207	18 239	19 334
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6	-	-	-	-	-	-	-	6	6	7
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		6	-	-	-	-	-	-	-	6	6	7
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		84 802	-	-	-	-	-	18 021	18 021	102 822	108 992	115 531
Electricity		43 643	-	-	-	-	-	17 300	17 300	60 943	64 600	68 476
Water		17 675	-	-	-	-	-	227	227	17 902	18 976	20 115
Waste water management		14 113	-	-	-	-	-	(2 002)	(2 002)	12 112	12 838	13 608
Waste management		9 370	-	-	-	-	-	2 495	2 495	11 865	12 577	13 332
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	233 420	-	-	-	-	-	7 387	7 387	240 807	255 255	270 571
Expenditure - Standard												
<i>Governance and administration</i>		188 847	-	-	-	-	-	(9 420)	(9 420)	179 427	190 192	201 604
Executive and council		137 598	-	-	-	-	-	(1 834)	(1 834)	135 764	143 910	152 545
Budget and treasury office		36 515	-	-	-	-	-	(6 251)	(6 251)	30 264	32 080	34 005
Corporate services		14 734	-	-	-	-	-	(1 335)	(1 335)	13 399	14 203	15 055
<i>Community and public safety</i>		10 939	-	-	-	-	-	(919)	(919)	10 020	10 621	11 258
Community and social services		2 268	-	-	-	-	-	(119)	(119)	2 149	2 278	2 415
Sport and recreation		5 111	-	-	-	-	-	(500)	(500)	4 611	4 887	5 180
Public safety		2 677	-	-	-	-	-	(300)	(300)	2 377	2 519	2 671
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		884	-	-	-	-	-	-	-	884	937	993
<i>Economic and environmental services</i>		43 688	-	-	-	-	-	(6 883)	(6 883)	36 804	39 013	41 353
Planning and development		17 701	-	-	-	-	-	(1 106)	(1 106)	16 595	17 591	18 646
Road transport		25 987	-	-	-	-	-	(5 778)	(5 778)	20 209	21 422	22 707
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		86 827	-	-	-	-	-	(3 310)	(3 310)	83 518	88 529	93 840
Electricity		56 229	-	-	-	-	-	349	349	56 578	59 972	63 571
Water		9 858	-	-	-	-	-	479	479	10 337	10 957	11 614
Waste water management		8 239	-	-	-	-	-	19	19	8 258	8 753	9 278
Waste management		12 502	-	-	-	-	-	(4 157)	(4 157)	8 345	8 846	9 377
<i>Other</i>		1 802	-	-	-	-	-	(243)	(243)	1 559	1 653	1 752
Total Expenditure - Standard	3	332 104	-	-	-	-	-	(20 776)	(20 776)	311 328	330 008	349 808
Surplus/ (Deficit) for the year		(98 685)	-	-	-	-	-	28 164	28 164	(70 521)	(74 752)	(79 237)

The adjusted budgeted figures reflected a deficit of R 17 million which includes the non-cash items such as depreciation and debt impairment. The operating revenue reflect a surplus of R 33 million excluding the non-cash items.

Operating Budget	
Type	2018/2018
Revenue	240,807,436.90
Expenditure	311,327,958.41
Surplus/Deficit	- 70,520,521.51
Depreciation	44,243,000.00
Debt Impairment	59,236,124.00
Surplus/Deficit after non-cash items	32,958,602.49

(b) Capital expenditure

Total adjusted capital expenditure amounts to R 56 million funded through grants and internal funds as per the table below. Adjustment in capital expenditure included the provision to procure a Cherry Picker from own funds.

MP314 Emakhazeni - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - SPORT & RECREATION		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - WATER		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - EXECUTIVE & COUNCIL		18 560	-	-	-	-	-	(18 560)	(18 560)	-	-	-
Vote 2 - FINANCE & ADMIN		775	-	-	-	-	-	(775)	(775)	-	-	-
Vote 3 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - HEALTH SERVICES		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		119	-	-	-	-	-	(119)	(119)	-	-	-
Vote 6 - PUBLIC SAFETY		30	-	-	-	-	-	(30)	(30)	-	-	-
Vote 7 - SPORT & RECREATION		196	-	-	-	-	-	(196)	(196)	-	-	-
Vote 8 - WASTE MANAGEMENT		-	-	-	-	-	-	3 000	3 000	3 000	3 180	3 371
Vote 9 - WASTE WATER MANAGEMENT		22 233	-	-	-	-	-	(15 448)	(15 448)	6 786	7 193	7 624
Vote 10 - ROAD TRANSPORT		1 106	-	-	-	-	-	3 020	3 020	4 126	4 374	4 636
Vote 11 - WATER		30 200	-	-	-	-	-	3 448	3 448	33 648	35 667	37 807
Vote 12 - ELECTRICITY		7 450	-	-	-	-	-	(450)	(450)	7 000	7 420	7 865
Vote 13 - OTHER		1 200	-	-	-	-	-	499	499	1 699	1 801	1 909
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		81 869	-	-	-	-	-	(25 610)	(25 610)	56 259	59 634	63 212
Total Capital Expenditure - Vote		81 869	-	-	-	-	-	(25 610)	(25 610)	56 259	59 634	63 212
Capital Expenditure - Standard												
Governance and administration		19 335	-	-	-	-	-	(19 335)	(19 335)	-	-	-
Executive and council		18 560	-	-	-	-	-	(18 560)	(18 560)	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-
Corporate services		775	-	-	-	-	-	(775)	(775)	-	-	-
Community and public safety		345	-	-	-	-	-	(345)	(345)	-	-	-
Community and social services		119	-	-	-	-	-	(119)	(119)	-	-	-
Sport and recreation		196	-	-	-	-	-	(196)	(196)	-	-	-
Public safety		30	-	-	-	-	-	(30)	(30)	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		1 106	-	-	-	-	-	3 020	3 020	4 126	4 374	4 636
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		1 106	-	-	-	-	-	3 020	3 020	4 126	4 374	4 636
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		59 883	-	-	-	-	-	(9 450)	(9 450)	50 434	53 460	56 667
Electricity		7 450	-	-	-	-	-	(450)	(450)	7 000	7 420	7 865
Water		30 200	-	-	-	-	-	3 448	3 448	33 648	35 667	37 807
Waste water management		22 233	-	-	-	-	-	(15 448)	(15 448)	6 786	7 193	7 624
Waste management		-	-	-	-	-	-	3 000	3 000	3 000	3 180	3 371
Other		1 200	-	-	-	-	-	499	499	1 699	-	-
Total Capital Expenditure - Standard	3	81 869	-	-	-	-	-	(25 610)	(25 610)	56 259	57 833	61 303
Funded by:												
National Government		54 560	-	-	-	-	-	-	-	54 560	57 833	61 303
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		22 033	-	-	-	-	-	(22 033)	(22 033)	0	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Total Capital transfers recognised	4	76 593	-	-	-	-	-	(22 033)	(22 033)	54 560	57 833	61 303
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		5 276	-	-	-	-	-	(3 577)	(3 577)	1 699	1 801	1 909
Total Capital Funding		81 869	-	-	-	-	-	(25 610)	(25 610)	56 259	59 634	63 212

Detailed capital expenditure

CAPITAL EXPENDITURE				
	Total Budget2017/2 018	Actual	Movement	Draft Adjustment Budget2017/2 018
WSIG	30,000,000.00	16,689,283.12	-	30,000,000.00
upgrade water supply ext 2	8,000,004.00	3,235,130.00		8,000,004.00
install distribution in ward 7	6,000,000.00	2,997,469.66		6,000,000.00
refurbish wtw waterval boven	15,999,996.00	10,456,683.46		15,999,996.00
INEP	7,000,008.00	777,645.30	-	7,000,008.00
104 households siyathuthuka	1,508,004.00	48,279.00		1,508,004.00
install 132/11kva substation	5,492,004.00	729,366.30		5,492,004.00
MIG	17,559,816.00	8,746,208.61	-	17,559,816.00
capital roads	4,125,996.00	362,910.24		4,125,996.00
Rehabilitation of landfill site	3,000,000.00	1,965,787.50		3,000,000.00
new pump station mandela village	3,999,996.00		-3,999,996.00	-
waterborne sanitation sakhelwe	785,664.00	3,259,745.89	3,999,996.00	4,785,660.00
waterborne sewer emothanjeni & enkamini	2,000,004.00	1,218,945.00		2,000,004.00
Water Reticulation : Madala	800,004.00		2,848,152.00	3,648,156.00
water supply rural areas	2,848,152.00	1,938,819.98	-2,848,152.00	-
INTERNAL FUND	3,047,680.00	262,743.20	-871,000.00	1,699,000.00
Computer Equipment (023/305012)	500,000.00	37215		200,000.00
Furniture and Office Equipment (023/305010)	-	2658	3,000.00	3,000.00
Brush cutters (016/305020)	196,000.00	23085.09		196,000.00
Brush Cutters (003/305020)	68,000.00	0	-68,000.00	-
Fire arms (030/305020)	56,000.00	0	-56,000.00	-
Machinery and Equipment (022/305020)	200,000.00	100623		200,000.00
Machinery and Equipment (045/305020)	200,000.00	0	300,000.00	-
Machinery and Equipment (040/305020)	450,000.00	99162.11		100,000.00
Security CCTV (030/305020)	1,050,000.00		-1,050,000.00	-
Intern Cap: Vehicles (23/305022)	327,680.00			1,000,000.00
TOTAL CAP EXP	57,607,504.00	26,475,880.23	-871,000.00	56,258,824.00

The projected funding of the capital budget is as follows:

Funding Source	2017/2018
National Government	54,559,824.00
Provincial Government	-
Own Funds	1,699,000.00
Total	56,258,824.00

Adjusted budgeted statement of financial position

MP314 Emakhazeni - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget A	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												
ASSETS												
Current assets												
Cash		193						-	-	193	205	217
Call investment deposits	1	57 057	-	-	-	-	-	-	-	57 057	60 480	64 109
Consumer debtors	1	113 786	-	-	-	-	-	-	-	113 786	119 961	126 506
Other debtors		2 214						-	-	2 214	2 347	2 487
Current portion of long-term receivables		-						-	-	-	-	-
Inventory		2 878					-	-	-	2 878	3 051	3 234
Total current assets		176 128	-	-	-	-	-	-	-	176 128	186 043	196 553
Non current assets												
Long-term receivables		-						-	-	-	-	-
Investments		-						-	-	-	-	-
Investment property		195 036						-	-	195 036	206 738	219 143
Investment in Associate		-						-	-	-	-	-
Property, plant and equipment	1	768 722	-	-	-	-	-	-	-	768 722	814 845	863 736
Agricultural		-						-	-	-	-	-
Biological		-						-	-	-	-	-
Intangible		680						-	-	680	721	764
Other non-current assets		-						-	-	-	-	-
Total non current assets		964 438	-	-	-	-	-	-	-	964 438	1 022 304	1 083 642
TOTAL ASSETS		1 140 565	-	-	-	-	-	-	-	1 140 565	1 208 347	1 280 195
LIABILITIES												
Current liabilities												
Bank overdraft		-						-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-						-	-	-	-	-
Trade and other payables		72 202	-	-	-	-	-	-	-	72 202	76 534	81 126
Provisions		419						-	-	419	444	471
Total current liabilities		72 621	-	-	-	-	-	-	-	72 621	76 978	81 597
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	39 872	-	-	-	-	-	-	-	39 872	38 113	40 400
Total non current liabilities		39 872	-	-	-	-	-	-	-	39 872	38 113	40 400
TOTAL LIABILITIES		112 493	-	-	-	-	-	-	-	112 493	115 091	121 997
NET ASSETS	2	1 028 073	-	-	-	-	-	-	-	1 028 073	1 093 255	1 158 198
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1 028 073	-	-	-	-	-	-	-	1 028 073	1 093 255	1 158 851
Reserves		-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		1 028 073	-	-	-	-	-	-	-	1 028 073	1 093 255	1 158 851

Adjusted budgeted cash flow statement

Original budgeted revenue from service charges have been adjusted in consideration of average collection rate of 76% for the first six months. The adjusted cash flow statement shows a surplus of R 766 thousands.

MP314 Emakhazeni - Table B7 Adjustments Budget Cash Flows -

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other		165 137						(23 802)	(23 802)	141 335	149 815	158 804
Government - operating	1	60 632						(1 044)	(1 044)	59 588	63 163	66 953
Government - capital	1	54 560						-	-	54 560	57 833	61 303
Interest		7 651						(6 331)	(6 331)	1 320	1 399	1 483
Dividends		-						-	-	-	-	-
Payments												
Suppliers and employees		(267 309)						63 397	63 397	(203 912)	(216 147)	(229 116)
Finance charges		(59 236)						55 299	55 299	(3 937)	(4 173)	(4 423)
Transfers and Grants	1	(5 560)						5 560	5 560	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		(44 125)	-	-	-	-	-	93 079	93 079	48 954	51 891	55 005
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-						-	-	-	-	-
Decrease (Increase) in non-current debtors		-						-	-	-	-	-
Decrease (Increase) other non-current receivables		-						-	-	-	-	-
Decrease (Increase) in non-current investments		-						-	-	-	-	-
Payments												
Capital assets		(5 276)						(50 983)	(50 983)	(56 259)	(59 634)	(63 212)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(5 276)	-	-	-	-	-	(50 983)	(50 983)	(56 259)	(59 634)	(63 212)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-						-	-	-	-	-
Borrowing long term/refinancing		-						-	-	-	-	-
Increase (decrease) in consumer deposits		-						-	-	-	-	-
Payments												
Repayment of borrowing		-						-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(49 401)	-	-	-	-	-	42 096	42 096	(7 305)	(7 743)	(8 208)
Cash/cash equivalents at the year begin:	2	9 306						(1 236)	(1 236)	8 070	-	-
Cash/cash equivalents at the year end:	2	(40 095)	-	-	-	-	-	40 860		766	(7 743)	(8 208)

MP314 Emakhazeni - Table B8 Cash backed reserves/accumulated surplus reconciliation -

MP314 Emakhazeni - 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	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	(40 095)	-	-	-	-	-	40 860	40 860	766	(7 743)	(8 208)
Other current investments > 90 days		97 344	-	-	-	-	-	(40 860)	(40 860)	56 484	68 428	72 533
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		57 250	-	-	-	-	-	-	-	57 250	60 685	64 326
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	68 724	-	-	-	-	-	(97 139)	(97 139)	(28 415)	(26 975)	(29 617)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		68 724	-	-	-	-	-	(97 139)	(97 139)	(28 415)	(26 975)	(29 617)
Surplus(shortfall)		(11 474)	-	-	-	-	-	97 139	97 139	85 665	87 660	93 943

MP314 Emakhazeni - 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	Adjusts.	Adjusts.	Budget	Budget	Budget
		7	8	9	10	11	12	13	14			
R thousands		A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	23 434	-	-	-	-	-	-	23 434	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		7 000	-	-	-	-	-	-	7 000	-	-	-
Infrastructure - Water		9 648	-	-	-	-	-	-	9 648	-	-	-
Infrastructure - Sanitation		6 786	-	-	-	-	-	-	6 786	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		23 434	-	-	-	-	-	-	23 434	-	-	-
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	31 126	-	-	-	-	-	-	31 126	-	-	-
Infrastructure - Road transport		4 126	-	-	-	-	-	-	4 126	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		24 000	-	-	-	-	-	-	24 000	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		3 000	-	-	-	-	-	-	3 000	-	-	-
Infrastructure		31 126	-	-	-	-	-	-	31 126	-	-	-
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	4 126	-	-	-	-	-	-	4 126	-	-	-
Infrastructure - Road transport		7 000	-	-	-	-	-	-	7 000	-	-	-
Infrastructure - Electricity		33 648	-	-	-	-	-	-	33 648	-	-	-
Infrastructure - Water		6 786	-	-	-	-	-	-	6 786	-	-	-
Infrastructure - Sanitation		3 000	-	-	-	-	-	-	3 000	-	-	-
Infrastructure - Other		54 560	-	-	-	-	-	-	54 560	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	2	54 560	-	-	-	-	-	-	54 560	-	-	-
ASSET REGISTER SUMMARY - PPE (WDV)	5											
Infrastructure - Road transport		232 582	-	-	-	-	-	-	232 582	246 536	261 329	
Infrastructure - Electricity		86 342	-	-	-	-	-	-	86 342	91 523	97 014	
Infrastructure - Water		169 87										

Section 13: Municipal Manager's Quality Certificate

I **ELIZABETH KOTISHANA TSHABALALA**, municipal manager of Emakhazeni Local Municipality, hereby certify that the adjustment budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name **ELIZABETH KOTISHANA TSHABALALA**

Municipal manager of **Emakhazeni Local Municipality (MP314)**

Signature _____

Date _____