

An aerial photograph of a large dam and reservoir. The dam is a long, white concrete structure with a central spillway. The reservoir is a deep blue body of water that fills a valley. The surrounding landscape is hilly and covered in green vegetation. The sky is clear and blue.

2017/2018 BUDGET ADJUSTMENT BOOK



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PART 1 – BUDGET ADJUSTMENT

1.1 Mayor's Report

Part A

EXECUTIVE MAYOR'S FORWARD 2017/2018 BUDGET ADJUSTMENT

The circumstances under which budget adjustment take place and the process thereof is well articulated in the Municipal Finance Management Act 56 of 2003 section 28. The Act further gives the political head of the municipality powers to table adjustment budget to Council for consideration after thorough analysis and engagements.

Budget adjustment therefore is a necessary tool used by both administration and political leadership to align financial resources of the municipality to changing environment considering both internal and external factors such as economic situation, social dynamics, global issues etc. This Budget adjustment for 2017/2018 therefore represents a direct response by the municipality to prevailing material conditions, circumstances and challenges.

One of the key functions of local government as articulated in Section 152 of the Constitution is to provide sustainable basic services to the communities. This noble mandate requires enormous financial and human resources to fulfil.

As a rural municipality heavily reliant on grants from the national fiscal, it is our mandate and obligation to ensure that we prudently utilize the allocated resources towards addressing the massive developmental backlogs in basic service delivery especially as it relates to water and sanitation.

The 2017/2018 budget adjustment places much emphasis and bias towards basic services in particular water and sanitation and also gives effect to under budgeted contractual obligations. This budget adjustment should be contextualised within the ambits of domestic and global economic challenges which among other things are attributed to:

- The ongoing Impact of 2008 global economic recession;
- Tepid global trade activity;
- Labour unrest;
- Increasing costs for electricity supply;
- The current drought situation in our country;

- Escalating food prices; and
- Decline in commodity demand, etc.

Madam Speaker

The President of the country, in delivering the 2018 State of the Nation Address (SONA) has elaborated on these difficult economic conditions we are currently going through. An important call made was that of intensifying austerity measures in the public sector while simultaneously accelerating radical economic transformation agenda.

This will require all the spheres of government to exercise restrained and fiscal prudence when it comes to spending public funds. Sekhukhune District Municipality together with its four local municipalities are not exception to these challenges, we have to proactively embrace the call by the President and ensure that the allocated resources are allocated to key infrastructural projects that will ultimately deliver a better life to our people.

Working together with our communities and stakeholders, we have to ensure that budget allocated towards infrastructural projects is optimally utilised and fully accounted for. It is our collective responsibility, political and moral obligation to ensure that the budget allocated to capital projects as part of conditional grants is fully utilised and not returned back to national treasury due to poor spending and sub-standard performance by both contractors and consulting engineers.

Moving forward, we encourage our communities to become our developmental partners by ensuring that they monitor our capital projects on the ground, our ward councillors should become more vigilant in their oversight work and traditional leaders take a leading role in monitoring performance and reporting of incidences of poor or non -performance on our projects.

In responding to the call by the President to tighten the belt, our budget adjustment seeks to ensure that more resources are allocated towards accelerating delivery of basic services and significantly reducing our backlogs. To ensure that the already limited and stretched resources are utilised efficiently and prudently, we have taken some of strategic high level decisions, among others they are:

- Putting on hold filling of new posts;
- Filling only critical posts in the speaker's office to capacitate oversight work;
- Reducing catering and excessive travelling;
- Prioritising quick wins especially on maintenance and operations
- Implementing cost containment measures as agreed in the budget steering committee

Madam Speaker and Fellow Councillors

An Important acknowledgment made in this budget adjustment is that the developmental backlogs are massive against limited resources and therefore the need to prioritise key projects with life changing spin offs. Secondly is that more efforts needs to be channelled towards revenue enhancement so as to ensure that through our revenue we compliment the allocation from national government. This therefore calls for more commitment, hard work and innovation from the more than 900 personnel of our District Municipality.

It is against this background that I wish to officially announce and welcome the intervention team from both the national and provincial departments of COGHTA and COGHSTA, Treasury and MISA. This team has been deployed to our District Municipality to provide support in relation to implementation and spending on capital projects.

In this year when celebrating the centenary of the birth of the former President and Isithalandwe, we should use this budget adjustment to fulfil the ideals of the Freedom Charter which are fully espoused and articulated in our founding and key documents such as the Constitution, White Paper on developmental government, National Development Plan, Going Back to Basics etc.

I table this budget adjustment proposal to Council for consideration as provided for by Section (28) of the Municipal Finance Management Act 56 of 2003 reads together with other applicable legislation.

I thank you

Part B

ITEM: ADJUSTMENTS BUDGET FOR FINANCIAL YEAR 2017/18

PURPOSE

The purpose of the report is to present the proposed adjustments budget for 2017/2018 financial year to Council for approval.

BACKGROUND

In terms of Section 28(2) of the Municipal Finance Management Act, No 56 of 2003, A Municipality may revise an approved annual budget through an adjustment budget. Section 28(2) provides that 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;
- c) may, within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- d) may authorize the utilization of projected savings in one vote towards spending under another vote
- e) may authorize 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.

The mid - year performance assessments compiled in terms of Section 72 of the MFMA was submitted to council on the 25th January 2018. The mid-year performance necessitated an adjustment of the budget, which is done in terms of Municipal Budget and Reporting Regulation.

DISCUSSION

1. Executive Summary

- The mid - year budget performance assessment revealed that there is a need to adjust our annual budget due to over and under spending in all departments. Overspending in most departments is due to principled decisions on cost containment taken during approval of the annual budget that are not yet implemented.
- The mid-year assessment also revealed that there is a need to adjust revenue upwards due to improved performance on operating revenue in the first six months of the year.
- The adjustments budget is prepared during very difficult economic times which is evident by the fact that service delivery requirements far exceeds our available resources.
- Our original budget for 2017/18 financial year had a zero deficit after the municipality had adopted crucial cost containment measures in accordance with principled budget assumptions so as to reduce expenditure commitments accordingly. This was done after our revenue base had to be decreased by R65m due to vat refunds that were budgeted for in the previous years and were not included in our revenue projections for 2017/18 in compliance to budgeting guidelines.
- It is evident from the mid - year assessments that the principled decisions were not in all instances implemented by all departments during the first six months as most of the departments were over spending at mid - year.

The following is the summary of the overall adjustments budget:

Code	Description	Original budget	Adjustment amount	Adjusted budget	Adjustment %
Operating revenue					
3405	Service charges	-61 244 509,00	-13 580 615,00	- 74 825 124,00	22%
3405	Interest income	-17 939 200,00	- 200 000,00	- 18 139 200,00	1%
3405	Other revenue	-7 379 917,00	1 040 229,00	- 6 339 688,00	-14%
3405	Operating grants	-797 861 000,00	7 780 293,92	- 790 080 706,08	-1%
Total operating revenue		-884 424 626,00	-4 960 092,08	- 889 384 718,08	1%
Operating expenditure					
3105	Executive Council - Speaker's office	32 972 235,00	1 064 695,00	34 036 930,00	3%
3205	Executive Mayor's office	30 759 949,96	2 548 500,00	33 308 449,96	8%
3305	Municipal Manager's office	44 569 483,00	8 743 438,00	53 312 921,00	20%
3405	Budget and Treasury	120 959 628,81	-3 315 700,00	117 643 928,81	-3%
3510	Infrastructure and Water Services	467 804 850,47	11 565 716,20	479 370 566,67	2%
3605	Planning and Econ Development	11 570 984,91	0,00	11 570 984,91	0%
3705	Community services	47 880 991,11	2 546 219,00	50 427 210,11	5%
3805	Sekhukhune Development Agency	3 000 000,00	600 000,00	3 600 000,00	20%
3905	Corporate Services	107 106 505,02	21 411 219,00	128 517 724,02	20%
Total operating expenditure		866 624 628,28	45 164 087,20	911 788 715,48	5%
Operating (Surplus)/ Deficit		-17 799 997,72	40 203 995,12	22 403 997,40	
Capital Expenditure - Own funding					
SDM Funded		17 800 000,00	- 4 700 000,00	13 100 000,00	-26%
Net (surplus) / Deficit		2,28	35 503 995,12	35 503 997,40	4%

Other capital funding and expenditure					
Capital Funding - Conditional Grants					
3405	Municipal Infrastructure Grant	-351 045 000,00	-15 300 543,92	-366 345 543,92	4%
3405	Rural Bulk Infrastructure Grant	-226 000 000,00	-	-226 000 000,00	0%
3405	Water Services Infrastructure Grant	-95 000 000,00	-	-95 000 000,00	0%
Total capital grant funding		-672 045 000,00	-15 300 543,92	-687 345 543,92	
Capital Expenditure - Conditional Grants					
3510	Municipal Infrastructure Grant	351 172 001,00	15 173 542,92	366 345 543,92	4%
3510	Rural Bulk Infrastructure Grant	226 000 000,00	-	226 000 000,00	0%
3510	Water Services Infrastructure Grant	95 000 000,00	-	95 000 000,00	0%
Total capital expenditure		672 172 001,00	15 173 542,92	687 345 543,92	
Total revenue		-1 556 469 626,00	-20 260 636,00	-1 576 730 262,00	
Total operational expenditure		866 624 628,28	45 164 087,20	911 788 715,48	
Total capital expenditure		689 972 001,00	10 473 542,92	700 445 543,92	
Accumulated (surplus)/deficit		127 003,28	35 376 994,12	35 503 997,40	
Funding of deficit			-52 167 560,99	- 52 167 560,99	
Cash and cash equivalents (Reserves)			-52 167 560,99	- 52 167 560,99	
VAT Refunds received in the financial year and not appropriated		-	-32 830 631,54	- 32 830 631,54	
VAT refunds received in January and February 2018			-19 336 929,45	- 19 336 929,45	
				-	
Unfunded deficit			-16 790 566,87	- 16 663 563,59	

The following were identified as material cost drivers that resulted in an upward adjustment in operating expenditure:

- **Audit fees** – The amount budgeted for was below the actual fees charged by the AGSA during the 2016/17 audit. An adjustment of R1.8m was made
- **Security** - The original budget for security was reduced as compared to actual spending on 2016/17 due to cost containment measures to be implemented. During the first six months of the year, the costs did not decrease hence an additional funding is required to meet the contractual obligation on security. We have increased the line item with amount of R7.5m
- **Repairs and Maintenance costs** – The municipality does not have a maintenance plan and budgeting for R&M is based on an inaccurate base. The annual budget on repairs was 70% spent by mid – year due to numerous breakdowns encountered in the first semester. Even though the spending trends on this line item has reduced compared to previous years, there is still a need to increase the budget to meet numerous unplanned maintenance needs due to aged infrastructure
- **Electricity bulk purchases** – There has been a lot of new connections for plants during the financial year and Eskom was paid deposits for new connections which were not budgeted for.
- **Water bulk purchases** – The municipality has under budgeted on water purchases as the total cost for raw water supplied by DWS was not catered for in the original budget and the actual increase by both water service providers (LNW and Dr JS Moroka Municipality) was not adequately budgeted for.
- **Fleet management services and Fuel** – The procurement of additional fleet especially specialized vehicles in fire and disaster management resulted in increased costs for fleet. The cost containment measures as anticipated during the budget processes were not adequately implemented hence no reduction spending. This cost is a contractual obligation and has to be catered for in full during the adjustments budget.
- **Water tankering** – The commissioning of the Janefurse – Malekana pipeline and reservoir could not be completed on time hence the cost for delivery of water at Janefurse hospital did not reduce the costs as had been anticipated.
- **Legal fees** – Increased legal costs were incurred during the first six months due to continuing legal cases for service delivery and labour.

The increase in the operating expenditure by **R45.1m** in the adjustments budget is mainly as a result of the above costs which are contractual obligations and service delivery requirements.

We, however, indicate that the increase in operating expenditure will be defrayed by increase in operating revenue of **R13.5m** from service charges. This will result in an increase of operating budget deficit by **R35.5m** for the current financial year.

The deficit is cash backed by VAT refunds as we have already received an amount of **R32.8m** from VAT mid – year and another amount of **R19.3m** received in January 2018, Therefore the deficit is cash backed as required by the budgeting guidelines. The other portion of VAT refunds to be received will be reserved partly as Capital Replacement Reserve and as internal reserves.

The municipality has agreed on cost containment measures and principled decisions as discussed below to ensure that spiralling costs are maintained in the remaining months until year end and reduced over the MTREF period. The municipality emphasized on the need for budget monitoring through having realistic monthly plans to support monthly expenditures as well as close budget monitoring by managers.

2. Principled decision on adjustment and cost containment measures

The following are main principles applied during the consideration of budget adjustment:

1. Priority was given for funding of contractual obligations to avoid material unauthorized expenditure at year end;
2. No additional funding was made available for travelling and overtime;
3. No new posts were funded except for 8 posts in the Speaker's office
4. Actual spending at mid-year was used to determine the anticipated spending for the rest of the year.

The major reasons for upward adjustments were under budgeting and non-implementation of cost containment measures agreed on during the approval of 2017/18 budget.

There is a need for the municipality to have serious administration intervention on:

- ✓ Implementation of cost containment measures as discussed below.
- ✓ People management, managers and supervisors need to manage their staff and monitor expenditure trends in their respective units.

3. Cost containment measures

The following are some of interventions and cost containment measures agreed to for budget monitoring and implementation:

3.1 Fleet management service

- Finalize and implement the decisions relating to the cost benefit analysis that was conducted on both heavy duty vehicle and light vehicles (leasing against purchasing own fleet). To phase out leasing of vehicles over a period of three years and not to enter into new contracts for emergency vehicles;
- Eliminate travelling excess kilometres on rented fleet. Proper motivation be approved by the Director responsible for the department in case excess kilometres are travelled.
- Install on time fleet tracking management system that will be monitored on a daily basis to identify abuse of vehicles. (Both owned and rented vehicles).

3.2 Repairs and maintenance

- In the absence of conditional assessment, an operations and maintenance plan must be developed by end of March 2018.
- Standard rates to be developed for term contractors to avoid manipulation of prices
- Decentralize stores system to ensure that replacement parts and materials are properly managed and bar code all replaced parts;
- Elimination of direct purchases for operations and maintenance materials except in emergency circumstances which have to be approved by the CFO;
- Closely monitor the purchase and replacement of submersible pumps and motors.

3.3 Security management services

- To consider reduction of security personnel posted at different sites per shift especially during the day;
- Investigate the possibility of investing in security systems that will reduce the number of security personnel posted per shift.

3.4 Austerity measures on Travel and subsistence

- Immediately confirm vehicle capacity for all employees (ENatis system) before payments are made to ensure that accurate vehicle capacity is utilized when S&T's are paid;

- Capping of KMs will be strictly limited to the threshold of 1500km and 2000kms for project managers. No motivation will be allowed for excess kilometres. The accounting officer will approve all exceptions for employees;
- Invitations, attendance register and google route/road used to accompany every travel claim

3.5 Overtime

- Enforce the non-payment of overtime to personnel earning more than the stipulated threshold which has not been pre-authorized by the director;
- Monitor closely overtime work, ensure that the need to work overtime is identified by the supervisor, and recommended to the director for approval before overtime is worked to ensure that only necessary emergency work is approved as overtime.
- Limit overtime payments to 30% of basic salary

3.6 Electricity

- Conduct an audit on all electricity connection points by April 2018 and ensure that payments are only made for SDM connections points.
- To separately budget for connections deposits in the 2018/19 financial year.

4. Revenue

Description	Original budget	Adjustment amount	Adjusted budget	Adjustment %
Service charges	-61 244 509,00	- 13 580 615,00	-74 825 124,00	22%
Interest income	-17 939 200,00	- 200 000,00	-18 139 200,00	1%
Other revenue	-7 379 917,00	1 040 229,00	-6 339 688,00	-14%
Operating grants	-797 861 000,00	7 780 293,92	-790 080 706,08	-1%
Total operating revenue	-884 424 626,00	-4 960 092,08	-889 384 718,08	1%
Total capital grant funding	-672 045 000,00	-15 300 543,92	-687 345 543,92	2%
Total Revenue	-1 556 469 626,00	-20 260 636,00	-1 576 730 262,00	1%

EXPLANATION OF ADJUSTED ITEMS

- Own revenue has increased by R13.5m due to increase in revenue base as a result of data audits performed. We also anticipate to start billing identified five villages from 01 March 2018.
- Operating grants revenue has decreased from **R797.8m** to **R790m** due to shifting of funds from VIP sanitation programme (Operational revenue) to water projects (Capital budget). There was also an additional amount of R5m allocated by DWS for MIG operational expenses.

- Capital budget revenue increases by **R15.3m** due to shifted funds from operational to capital budget (Moving of VIP sanitation funding to water projects).

5. Departmental expenditure – Adjustment per Vote

Code	Description	Original budget	Adjustment amount	Adjusted budget	Adjustment %
Operating expenditure					
3105	Executive Council - Speaker's office	32 972 235,00	1 064 695,00	34 036 930,00	3%
3205	Executive Mayor's office	30 759 949,96	2 548 500,00	33 308 449,96	8%
3305	Municipal Manager's office	44 569 483,00	8 743 438,00	53 312 921,00	20%
3405	Budget and Treasury	120 959 628,81	-3 315 700,00	117 643 928,81	-3%
3510	Infrastructure and Water Services	467 804 850,47	11 565 716,20	479 370 566,67	2%
3605	Planning and Econ Development	11 570 984,91	0,00	11 570 984,91	0%
3705	Community services	47 880 991,11	2 546 219,00	50 427 210,11	5%
3805	Sekhukhune Development Agency	3 000 000,00	600 000,00	3 600 000,00	20%
3905	Corporate Services	107 106 505,02	21 411 219,00	128 517 724,02	20%
Total operating expenditure		866 624 628,28	45 164 087,20	911 788 715,48	5%

EXPLANATION OF ADJUSTED ITEMS:

- An increase of R1.06m in the office of the speaker is due to salary increase for additional eight posts provided for and increased costs of travelling ;
- An amount of R2.5m was added to the operation budget for the Executive Mayor's office to cater for increased costs of travelling and additional amount provided for stakeholder's engagement. Salaries budget was also not sufficient to cover all transferred employees and therefore additional amount was provided for salaries;
- An increase of R8.7m in the Municipal Manager's office is due to security costs and audit fees that were increased to cater for contractual obligations;
- The amount of R11.5m was provided to the department of Infrastructure and water services in order to cater for bulk purchases that was under budgeted and O&M costs that have increased due to unplanned breakdowns;
- An amount of R2.5m was provided to the community services department to cater for under budgeted salaries costs;
- An increase of R600 000 to SDA is for new projects that will be started during the last six months of the year;
- An increase of R21.4m in corporate services department is due to increased costs of legal fees and fleet management costs.

6. ADJUSTMENT - MAJOR LINE ITEMS

Description	Budget	Actual Adjustments	Adjusted Budget
WATER PURCHASES	64 000 000,00	30 000 000,00	94 000 000,00
FLEET MANAGEMENT SYSTEM	41 000 000,00	14 000 000,00	55 000 000,00
FUEL	5 000 000,00	1 600 000,00	6 600 000,00
SECURITY, FENCING, ALARMS AND RISK MANA	24 237 831,00	7 500 000,00	31 737 831,00
Water tankers	32 000 000,00	5 500 000,00	37 500 000,00
LEGAL MATTERS	2 200 000,00	3 500 000,00	5 700 000,00
ELECTRICITY PURCHASES	34 560 000,00	5 000 000,00	39 560 000,00

Reasons for the above adjustments were explained in detail on the executive summary of this report.

7. SURPLUS/DEFICIT

Total revenue	-1 556 469 626,00	-20 260 636,00	-1 576 730 262,00
Total operational expenditure	866 624 628,28	45 164 087,20	911 788 715,48
Total capital expenditure	689 972 001,00	10 473 542,92	700 445 543,92
Accumulated (surplus)/deficit	127 003,28	35 376 994,12	35 503 997,40
Funding of deficit		-52 167 560,99	- 52 167 560,99
Cash and cash equivalents (Reseves)		-52 167 560,99	- 52 167 560,99
VAT Refunds received in the financial year and not appropriated	-	-32 830 631,54	- 32 830 631,54
VAT refunds received in January and February 2018		-19 336 929,45	- 19 336 929,45

- The accumulated deficit has increased to **R35.3m** as a result of increased costs to defray contractual obligations.
- The above deficit is cash backed by reserves from VAT refunds to the amount of **R52.1m** received during the year.

8. CAPITAL BUDGET

Code	Description	Original budget	Adjustment amount	Adjusted budget	Adjustment %
Capital Expenditure - Conditional Grants					
3510	Municipal Infrastructure Grant	351 172 001,00	15 173 542,92	366 345 543,92	4%
3510	Rural Bulk Infrastructure Grant	226 000 000,00	-	226 000 000,00	0%
3510	Water Services Infrastructure Grant	95 000 000,00	-	95 000 000,00	0%
Total capital expenditure		672 172 001,00	15 173 542,92	687 345 543,92	

- The increase of **R15.1m** on MIG capital budget is due to amount shifted from VIP sanitation projects to fund committed water projects.
- Even though there was no additional funds appropriated for other capital grants (RBIG and WSIG), the municipality has adjusted funds within the programmes. The adjustments also included funding prior year roll over projects that were not approved by National Treasury.
- It suffice to mention that the municipality has received a letter of intention to withhold a total amount of R132.3 million from our MIG allocation of R484 million for 2017/18 financial year. The municipality is currently engaging the National Treasury motivating why the grant should not be reallocated form the municipality.

LEGAL IMPLICATIONS

Non submission of the adjustment budget by the 28th of February will contravene the Municipal Finance Management Act 56 of 2003 (MFMA) and Municipal Budget and Reporting Regulation (MBRR).

FINANCIAL IMPLICATIONS

No financial implications as a result of the presentation of the report except for the impact on the budget summarised as followed:

Operating revenue increased by **R4.9m**

Capital revenue increased by **R15.3m**

Operating expenditure increased by **R45.1m**

Capital expenditure increased by **R15.1m**

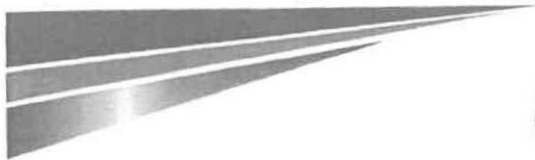
COMMUNICATION IMPLICATIONS

Item was subject to management meeting.

RECOMMENDATIONS:

1. That council approves the adjusted revenue by source, adjusted expenditure by vote and summary of actual adjustments for 2017/18 financial year, and
2. Further approves the adjustments budget translated into prescribed format (Schedule B);
3. That the cost containment measures proposed in the report be approved for implementation;
4. That Council takes note of the intention to withhold an amount of R132.3 million by the National Treasury from the 2017/18 MIG allocation.

1.2 Council Resolution



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CERTIFIED COUNCIL RESOLUTION

The Council at its Special Council Meeting held on the 26 February 2018 under:

SC 09/02/18 ADJUSTMENTS BUDGET FOR FINANCIAL YEAR 2017/18

RESOLVED AS FOLLOWS:

1. Council approved the adjusted revenue by source, adjusted expenditure by vote and summary of actual adjustments for 2017/18 financial year, and;
2. Council further approved the adjustment budget translated into prescribed format (Schedule B);
3. Council approved the cost containment measures proposed in the report for implementation;
4. Council noted the intention to withhold an amount of R132.3 million by the National Treasury from the 2017/18 MIG allocation.
5. Ethics committee be delegated to deal with Councillors' travel claims which are suspected to be inflated.


CERTIFIED AS TRUE RESOLUTION
ACTING COUNCIL SECRETARY
TSOANE A.

09/03/2018
DATE

1.3 Executive Summary

The budget adjustment of the municipality was prepared taking into consideration the Municipal Budget and Reporting Regulations and the National Treasury circulars relating to budgets.

The application of sound financial management principles for the compilation of the district's budget adjustment is essential and critical to ensure that the municipality remains financially sound and that the municipality is able to provide services to all communities in a sustainable manner.

The municipality has prepared the mid-year budget adjustment, after review of SDBIP and mid-year performance report.

The below are issues that arose during the preparation of budget adjustment.

The following areas have been identified as key focal areas within the 2017/2018 Budget Adjustment:

1. Municipal revenue funds

Own funding

- There is an increase of R13.5m in service charges from the original amount of R61.2m due to data audits performed in the first six months of the year. The municipality also anticipate to receive additional revenue from new billable areas (Five villages) to be billed from March 2018.
- The revenue from investment income was only increased by R200 000 as no additional funds are expected to be invested due to the fact that we did not receive MIG funds as per treasury payment schedule.
- Budget for connections and disconnections were never anticipated and has been reduced significantly so.
- Other revenue from tenders was increased by an amount of R1m due to tender revenue received more than anticipated.

Grants revenue

- There is a MIG adjustment of R15.3m from MIG capital to MIG overheads. The adjustment was done to reallocate funds for VIP projects to water projects
- No other grants revenue were adjusted

2. Budget deficit

- The accumulated deficit has increased to R35.3m as a result of increased costs to defray contractual obligations. The municipality was unable to keep a zero deficit budget during the adjustment process, but is intending to do so over the MTREF period. Payment of services within 30 days cycle has been implemented, except in cases where there are disputes. This is done in order to ensure that the municipality does not keep huge liability amounts in its statement of financial position.

- The deficit is cash backed by VAT refunds as we have already received an amount of R32.8m from VAT mid – year and another amount of R19.3m received in January 2018, Therefore the deficit is cash backed as required by the budgeting guidelines. The other portion of VAT refunds to be received will be reserved partly as Capital Replacement Reserve and as internal reserves.
- The municipality has agreed on cost containment measures and principled decisions as discussed below to ensure that spiralling costs are maintained in the remaining months until year end and reduced over the MTREF period. The municipality emphasized on the need for budget monitoring through having realistic monthly plans to support monthly expenditures as well as close budget monitoring by managers.

3. Improving planning on municipal infrastructure programme

- The district has been struggling to spend its conditional grants from the past financial years that resulted in an increase in an unspent grants liability.
- Major challenges were because of the municipal projects are not committed two years prior to the budget year due to challenges on project planning as a result of later approval of technical reports
- The municipality has during budget adjustment process, come up with the turnaround strategy that is intended to accelerate the spending. The municipality will be using the MISA team for project management activities to ensure that all grants are spent at end of the year.

4. The following budget principles and guidelines directly informed the compilation of the 2017/18 Adjustment Budget :

The following are main principles applied during the consideration of budget adjustment:

1. Priority was given for funding of contractual obligations to avoid material unauthorized expenditure at year end;
2. No additional funding was made available for travelling and overtime;
3. No new posts were funded except for 8 posts in the Speaker's office
4. Actual spending at mid-year was used to determine the anticipated spending for the rest of the year.

The major reasons for upward adjustments were under budgeting and non-implementation of cost containment measures agreed on during the approval of 2017/18 budget.

There is a need for the municipality to have serious administration intervention on:

- ✓ Implementation of cost containment measures as discussed below.
- ✓ People management, managers and supervisors need to manage their staff and monitor expenditure trends in their respective units.

In view of the aforementioned, the following table is a consolidated overview of the approved 2017/18 Budget adjustments:

Code	Description	Original budget	Adjustment amount	Adjusted budget	Adjustment %
Operating revenue					
3405	Service charges	-61 244 509,00	-13 580 615,00	- 74 825 124,00	22%
3405	Interest income	-17 939 200,00	- 200 000,00	- 18 139 200,00	1%
3405	Other revenue	-7 379 917,00	1 040 229,00	- 6 339 688,00	-14%
3405	Operating grants	-797 861 000,00	7 780 293,92	- 790 080 706,08	-1%
Total operating revenue		-884 424 626,00	-4 960 092,08	- 889 384 718,08	1%
Operating expenditure					
3105	Executive Council - Speaker's office	32 972 235,00	1 064 695,00	34 036 930,00	3%
3205	Executive Mayor's office	30 759 949,96	2 548 500,00	33 308 449,96	8%
3305	Municipal Manager's office	44 569 483,00	8 743 438,00	53 312 921,00	20%
3405	Budget and Treasury	120 959 628,81	-3 315 700,00	117 643 928,81	-3%
3510	Infrastructure and Water Services	467 804 850,47	11 565 716,20	479 370 566,67	2%
3605	Planning and Econ Development	11 570 984,91	0,00	11 570 984,91	0%
3705	Community services	47 880 991,11	2 546 219,00	50 427 210,11	5%
3805	Sekhukhune Development Agency	3 000 000,00	600 000,00	3 600 000,00	20%
3905	Corporate Services	107 106 505,02	21 411 219,00	128 517 724,02	20%
Total operating expenditure		866 624 628,28	45 164 087,20	911 788 715,48	5%
Operating (Surplus)/ Deficit		-17 799 997,72	40 203 995,12	22 403 997,40	
Capital Expenditure - Own funding					
SDM Funded		17 800 000,00	- 4 700 000,00	13 100 000,00	-26%
Net (surplus) / Deficit		2,28	35 503 995,12	35 503 997,40	4%

Other capital funding and expenditure					
Capital Funding - Conditional Grants					
3405	Municipal Infrastructure Grant	-351 045 000,00	-15 300 543,92	-366 345 543,92	4%
3405	Rural Bulk Infrastructure Grant	-226 000 000,00	-	-226 000 000,00	0%
3405	Water Services Infrastructure Grant	-95 000 000,00	-	-95 000 000,00	0%
Total capital grant funding		-672 045 000,00	-15 300 543,92	-687 345 543,92	
Capital Expenditure - Conditional Grants					
3510	Municipal Infrastructure Grant	351 172 001,00	15 173 542,92	366 345 543,92	4%
3510	Rural Bulk Infrastructure Grant	226 000 000,00	-	226 000 000,00	0%
3510	Water Services Infrastructure Grant	95 000 000,00	-	95 000 000,00	0%
Total capital expenditure		672 172 001,00	15 173 542,92	687 345 543,92	
Total revenue		-1 556 469 626,00	-20 260 636,00	-1 576 730 262,00	
Total operational expenditure		866 624 628,28	45 164 087,20	911 788 715,48	
Total capital expenditure		689 972 001,00	10 473 542,92	700 445 543,92	
Accumulated (surplus)/deficit		127 003,28	35 376 994,12	35 503 997,40	
Funding of deficit			-52 167 560,99	- 52 167 560,99	
Cash and cash equivalents (Reseves)			-52 167 560,99	- 52 167 560,99	
VAT Refunds received in the financial year and not appropriated		-	-32 830 631,54	- 32 830 631,54	
VAT refunds received in January and February 2018			-19 336 929,45	- 19 336 929,45	
				-	
Unfunded deficit			-16 790 566,87	- 16 663 563,59	

Summary on Sekhukhune District's Agency

- The district has an emerging entity called Sekhukhune Development Agency. In terms of regulation 25 the district is supposed to disclose the funds transferred to entity and also submit the entity's Annual budget and SDBIP.
- The district has in its annual budget allocated R3m to the agency and it has been adjusted by an amount of R600 000 for new identified projects to be implemented in the last six months.

1.4 Capital expenditure

Code	Description	Original budget	Adjustment amount	Adjusted budget	Adjustment %
Capital Expenditure - Conditional Grants					
3510	Municipal Infrastructure Grant	351 172 001,00	15 173 542,92	366 345 543,92	4%
3510	Rural Bulk Infrastructure Grant	226 000 000,00	-	226 000 000,00	0%
3510	Water Services Infrastructure Grant	95 000 000,00	-	95 000 000,00	0%
Total capital expenditure		672 172 001,00	15 173 542,92	687 345 543,92	

- The increase of **R15.1m** on MIG capital budget is due to amount shifted from VIP sanitation projects to fund committed water projects.
- Even though there was no additional funds appropriated for other capital grants (RBIG and WSIG), the municipality has adjusted funds within the programmes. The adjustments also included funding prior year roll over projects that were not approved by National Treasury.
- It suffice to mention that the municipality has received a letter of intention to withhold a total amount of R132.3 million from our MIG allocation of R484 million for 2017/18 financial year. The municipality is currently engaging the National Treasury motivating why the grant should not be reallocated form the municipality.

The district is in the process of compiling an informed asset management plan that will guide the next financial year IDP/Budget process.

Municipal funding and reserve policy has also be amended to effect the budget proposal

Further detail relating to asset classes and proposed capital expenditure is contained in MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

1.5 Adjustment Budget Tables

DC47 Sekhukhune - 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 Adjus. 6	Total Adjus. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget	
	A	A1	B	C	D	E	F	G	H			
R thousands												
Financial Performance												
Property rates	-	-	-	-	-	-	-	-	-	-	-	-
Service charges	57 717	-	-	-	-	-	17 108	17 108	74 825	64 736	68 361	
Investment revenue	11 704	-	-	-	-	-	-	-	11 704	12 371	13 064	
Transfers recognised - operational	801 388	-	-	-	-	-	(11 307)	(11 307)	790 081	952 112	872 263	
Other own revenue	13 615	-	-	-	-	-	(840)	(840)	12 775	14 391	15 199	
Total Revenue (excluding capital transfers and contributions)	884 424	-	-	-	-	-	4 960	4 960	889 384	1 043 610	968 887	
Employee costs	316 300	-	-	-	-	-	965	965	317 265	334 961	354 389	
Remuneration of councillors	16 234	-	-	-	-	-	-	-	16 234	17 192	18 189	
Depreciation & asset impairment	63 600	-	-	-	-	-	(2 020)	(2 020)	61 580	67 352	71 259	
Finance charges	1 100	-	-	-	-	-	-	-	1 100	1 165	1 232	
Materials and bulk purchases	135 460	-	-	-	-	-	24 700	24 700	160 160	143 452	151 772	
Transfers and grants	3 000	-	-	-	-	-	-	-	3 000	3 000	3 000	
Other expenditure	330 930	-	-	-	-	-	21 520	21 520	352 450	457 632	332 294	
Total Expenditure	866 624	-	-	-	-	-	45 164	45 164	911 788	1 024 754	932 136	
Surplus/(Deficit)	17 800	-	-	-	-	-	(40 204)	(40 204)	(22 404)	18 856	36 751	
Transfers recognised - capital	672 045	-	-	-	-	-	118 036	118 036	790 081	527 310	828 500	
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions	689 845	-	-	-	-	-	77 832	77 832	767 677	546 166	865 251	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year	689 845	-	-	-	-	-	77 832	77 832	767 677	546 166	865 251	
Capital expenditure & funds sources												
Capital expenditure	17 800	-	-	-	-	-	685 046	685 046	702 846	532 499	833 990	
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-	
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-	
Total sources of capital funds	-	-	-	-	-	-	-	-	-	-	-	
Financial position												
Total current assets	209 425	-	-	-	-	-	19 364	19 364	228 789	208 418	207 439	
Total non current assets	3 179 633	-	-	-	-	-	4 149	4 149	3 183 782	3 499 409	4 107 712	
Total current liabilities	206 574	-	-	-	-	-	4 200	4 200	210 774	188 912	171 611	
Total non current liabilities	31 979	-	-	-	-	-	2 000	2 000	33 979	32 456	33 781	
Community wealth/Equity	3 150 505	-	-	-	-	-	17 313	17 313	3 167 818	3 486 459	4 109 759	
Cash flows												
Net cash from (used) operating	697 165	-	-	-	-	-	13 439	13 439	710 604	557 204	13 912 910	
Net cash from (used) investing	(672 045)	-	-	-	-	-	19 551	19 551	(652 494)	(507 310)	(813 500)	
Net cash from (used) financing	-	-	-	-	-	-	(952)	(952)	(952)	-	-	
Cash/cash equivalents at the year end	25 120	-	-	-	-	-	50 511	50 511	75 631	125 525	13 224 936	
Cash backing/surplus reconciliation												
Cash and investments available	73 631	-	-	-	-	-	2 000	2 000	75 631	79 485	94 133	
Application of cash and investments	115 358	-	-	-	-	-	(89 960)	(89 960)	25 398	70 380	65 270	
Balance - surplus (shortfall)	(41 727)	-	-	-	-	-	91 960	91 960	50 233	9 105	28 863	
Asset Management												
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-	-	
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-	-	
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance	36 900	-	-	-	-	-	-	-	36 900	-	-	
Free services												
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-	
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-	
Households below minimum service level												
Water:	-	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	
Energy:	-	-	-	-	-	-	-	-	-	-	-	
Refuse:	-	-	-	-	-	-	-	-	-	-	-	

DC47 Sekhukhune - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	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 Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2018/19	+2 2019/20
Revenue - Functional												
<i>Governance and administration</i>		339 369	-	-	-	-	-	346 896	346 896	686 265	359 391	380 235
Executive and council		111 302	-	-	-	-	-	(111 302)	(111 302)	-	117 868	124 705
Finance and administration		228 067	-	-	-	-	-	458 198	458 198	686 265	241 522	255 530
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		47 881	-	-	-	-	-	(39 593)	(39 593)	8 288	50 706	53 647
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		47 881	-	-	-	-	-	(47 571)	(47 571)	310	50 706	53 647
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	7 978	7 978	7 978	-	-
<i>Economic and environmental services</i>		11 571	-	-	-	-	-	(9 262)	(9 262)	2 309	12 254	12 964
Planning and development		11 571	-	-	-	-	-	(11 571)	(11 571)	-	12 254	12 964
Road transport		-	-	-	-	-	-	2 309	2 309	2 309	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		467 805	-	-	-	-	-	(275 283)	(275 283)	192 522	1 148 569	1 253 916
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		467 805	-	-	-	-	-	(404 755)	(404 755)	63 050	913 569	1 157 340
Waste water management		-	-	-	-	-	-	129 472	129 472	129 472	235 000	96 576
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	866 626	-	-	-	-	-	22 758	22 758	889 384	1 570 920	1 700 763
Expenditure - Functional												
<i>Governance and administration</i>		339 368	-	-	-	-	-	27 452	27 452	366 820	359 391	380 235
Executive and council		111 301	-	-	-	-	-	9 357	9 357	120 658	117 868	124 705
Finance and administration		228 067	-	-	-	-	-	18 095	18 095	246 162	241 522	255 530
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		47 881	-	-	-	-	-	2 546	2 546	50 427	50 706	53 647
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		47 881	-	-	-	-	-	2 546	2 546	50 427	50 706	53 647
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11 571	-	-	-	-	-	3 600	3 600	15 171	12 254	12 964
Planning and development		11 571	-	-	-	-	-	3 600	3 600	15 171	12 254	12 964
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		467 805	-	-	-	-	-	11 566	11 566	479 371	602 404	485 289
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		467 805	-	-	-	-	-	11 566	11 566	479 371	602 404	485 289
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	866 625	-	-	-	-	-	45 164	45 164	911 789	1 024 754	932 136
Surplus/ (Deficit) for the year		1	-	-	-	-	-	(22 406)	(22 406)	(22 405)	546 165	768 627

DC47 Sekhukhune - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description <i>[Insert departmental structure etc]</i>	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
		A	A1	B	C	D	E	F	G	H		
R thousands												
Revenue by Vote	1											
Vote 1 - Excutive and Council]		66 732	-	-	-	-	-	(66 732)	(66 732)	-	67 492	71 407
Vote 2 - [Municipal Manager]		44 569	-	-	-	-	-	(44 569)	(44 569)	-	47 199	49 937
Vote 3 - Budget and Treasury]		120 960	-	-	-	-	-	564 493	564 493	685 453	128 096	135 526
Vote 4 - [Corporate Services]		107 107	-	-	-	-	-	(106 295)	(106 295)	812	113 426	120 004
Vote 5 - [Planning and Economic Development]		11 571	-	-	-	-	-	(11 571)	(11 571)	-	12 254	12 964
Vote 6 - [Community Services]		47 881	-	-	-	-	-	(39 593)	(39 593)	8 288	50 706	53 647
Vote 7 - [Infrastructure and Water Services]		467 805	-	-	-	-	-	(272 974)	(272 974)	194 831	602 404	485 289
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	866 625	-	-	-	-	-	22 759	22 759	889 384	1 021 577	928 775
Expenditure by Vote	1											
Vote 1 - Excutive and Council]		66 732	-	-	-	-	-	4 213	4 213	70 945	70 669	74 768
Vote 2 - [Municipal Manager]		44 569	-	-	-	-	-	8 743	8 743	53 312	47 199	49 937
Vote 3 - Budget and Treasury]		120 960	-	-	-	-	-	(3 316)	(3 316)	117 644	128 096	135 526
Vote 4 - [Corporate Services]		107 107	-	-	-	-	-	21 411	21 411	128 518	113 426	120 004
Vote 5 - [Planning and Economic Development]		11 571	-	-	-	-	-	-	-	11 571	12 254	12 964
Vote 6 - [Community Services]		47 881	-	-	-	-	-	2 546	2 546	50 427	50 706	53 647
Vote 7 - [Infrastructure and Water Services]		467 805	-	-	-	-	-	11 566	11 566	479 371	602 404	485 289
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	866 625	-	-	-	-	-	45 164	45 164	911 789	1 024 754	932 136
Surplus/ (Deficit) for the year	2	-	-	-	-	-	-	(22 405)	(22 405)	(22 405)	(3 177)	(3 361)

DC47 Sekhukhune - 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	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	46 092	-	-	-	-	-	16 958	16 958	63 050	52 448	55 385
Service charges - sanitation revenue	2	11 625	-	-	-	-	-	150	150	11 775	12 288	12 976
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - other												
Rental of facilities and equipment												
Interest earned - external investments		11 704								11 704	12 371	13 064
Interest earned - outstanding debtors		6 235						200	200	6 435	6 591	6 960
Dividends received												
Fines, penalties and forfeits												
Licences and permits												
Agency services												
Transfers and subsidies		801 388						(11 307)	(11 307)	790 081	952 112	872 263
Other revenue	2	7 380	-	-	-	-	-	(1 040)	(1 040)	6 340	7 801	8 239
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)		884 424	-	-	-	-	-	4 960	4 960	889 384	1 043 610	968 887
Expenditure By Type												
Employee related costs		316 300	-	-	-	-	-	965	965	317 265	334 961	354 389
Remuneration of councillors		16 234								16 234	17 192	18 189
Debt impairment		3 800						(550)	(550)	3 250	4 024	4 258
Depreciation & asset impairment		63 600	-	-	-	-	-	(2 020)	(2 020)	61 580	67 352	71 259
Finance charges		1 100								1 100	1 165	1 232
Bulk purchases		98 560	-	-	-	-	-	32 000	32 000	130 560	104 375	110 429
Other materials		36 900						(7 300)	(7 300)	29 600	39 077	41 344
Contracted services		197 463	-	-	-	-	-	62 298	62 298	259 761	316 112	182 392
Transfers and subsidies		3 000								3 000	3 000	3 000
Other expenditure		129 667	-	-	-	-	-	(40 229)	(40 229)	89 438	137 496	145 645
Loss on disposal of PPE												
Total Expenditure		866 624	-	-	-	-	-	45 164	45 164	911 788	1 024 754	932 136
Surplus/(Deficit)		17 800	-	-	-	-	-	(40 204)	(40 204)	(22 404)	18 856	36 751
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		672 045						118 036	118 036	790 081	527 310	828 500
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)												
Transfers and subsidies - capital (in-kind - all)												
Surplus/(Deficit) before taxation		689 845	-	-	-	-	-	77 832	77 832	767 677	546 166	865 251
Taxation												
Surplus/(Deficit) after taxation		689 845	-	-	-	-	-	77 832	77 832	767 677	546 166	865 251
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		689 845	-	-	-	-	-	77 832	77 832	767 677	546 166	865 251
Share of surplus/ (deficit) of associate												
Surplus/ (Deficit) for the year		689 845	-	-	-	-	-	77 832	77 832	767 677	546 166	865 251

DC47 Sekhukhune - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	Budget Year 2017/18									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjus.	Adjus.	Budget	Budget	Budget
	A	5	6	7	8	9	10	11	12			
R thousands		A1	B	C	D	E	F	G	H			
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Excutive and Council]		-	-	-	-	-	-	-	-	-	-	
Vote 2 - [Municipal Manager]		-	-	-	-	-	-	-	-	-	-	
Vote 3 - Budget and Treasury]		-	-	-	-	-	-	-	-	-	-	
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	
Vote 5 - PLANNIND AND ECEONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-	
Vote 7 - INFRASTRUCTURE AND WATER SERVICES		-	-	-	-	-	-	-	-	-	-	
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	
Single-year expenditure to be adjusted	2											
Vote 1 - Excutive and Council]		-	-	-	-	-	-	-	-	-	-	
Vote 2 - [Municipal Manager]		-	-	-	-	-	-	-	-	-	-	
Vote 3 - Budget and Treasury]		-	-	-	-	-	-	-	-	-	-	
Vote 4 - CORPORATE SERVICES		2 100	-	-	-	-	1 750	1 750	3 850	2 224	2 353	
Vote 5 - PLANNIND AND ECEONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	
Vote 6 - COMMUNITY SERVICES		2 800	-	-	-	-	(2 250)	(2 250)	550	2 965	3 137	
Vote 7 - INFRASTRUCTURE AND WATER SERVICES		12 900	-	-	-	-	685 546	685 546	698 446	527 310	828 500	
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	
Capital single-year expenditure sub-total		17 800	-	-	-	-	685 046	685 046	702 846	532 499	833 990	
Total Capital Expenditure - Vote		17 800	-	-	-	-	685 046	685 046	702 846	532 499	833 990	

DC47 Sekhukhune - Table B6 Adjustments Budget Financial Position -

Description	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	+1 2018/19 Adjusted Budget	+2 2019/20 Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
ASSETS												
Current assets												
Cash		32 830						(10 000)	(10 000)	22 830	27 396	32 875
Call investment deposits	1	40 801	-	-	-	-	-	12 000	12 000	52 801	52 089	61 258
Consumer debtors	1	47 369	-	-	-	-	-	(1 036)	(1 036)	46 333	40 831	33 232
Other debtors		79 875								79 875	58 456	45 982
Current portion of long-term receivables												
Inventory		8 550						18 400	18 400	26 950	29 645	34 092
Total current assets		209 425	-	-	-	-	-	19 364	19 364	228 789	208 418	207 439
Non current assets												
Long-term receivables												
Investments												
Investment property												
Investment in Associate												
Property, plant and equipment	1	3 179 633	-	-	-	-	-	4 149	4 149	3 183 782	3 499 409	4 107 712
Agricultural												
Biological												
Intangible												
Other non-current assets												
Total non current assets		3 179 633	-	-	-	-	-	4 149	4 149	3 183 782	3 499 409	4 107 712
TOTAL ASSETS		3 389 058	-	-	-	-	-	23 513	23 513	3 412 571	3 707 827	4 315 151
LIABILITIES												
Current liabilities												
Bank overdraft												
Borrowing		728	-	-	-	-	-	-	-	728	-	-
Consumer deposits												
Trade and other payables		205 846	-	-	-	-	-	(34 500)	(34 500)	171 346	149 212	131 406
Provisions								38 700	38 700	38 700	39 700	40 205
Total current liabilities		206 574	-	-	-	-	-	4 200	4 200	210 774	188 912	171 611
Non current liabilities												
Borrowing	1	728	-	-	-	-	-	2 000	2 000	2 728	-	-
Provisions	1	31 251	-	-	-	-	-	-	-	31 251	32 456	33 781
Total non current liabilities		31 979	-	-	-	-	-	2 000	2 000	33 979	32 456	33 781
TOTAL LIABILITIES		238 553	-	-	-	-	-	6 200	6 200	244 753	221 368	205 392
NET ASSETS	2	3 150 505	-	-	-	-	-	17 313	17 313	3 167 818	3 486 459	4 109 759
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		3 150 505	-	-	-	-	-	17 313	17 313	3 167 818	3 486 459	4 109 759
Reserves												
Minorities' interests												
TOTAL COMMUNITY WEALTH/EQUITY		3 150 505	-	-	-	-	-	17 313	17 313	3 167 818	3 486 459	4 109 759

DC47 Sekhukhune - Table B7 Adjustments Budget Cash Flows -

Description	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	+1 2018/19	+2 2019/20
R thousands		A	A1	B	C	D	E	F	G	H	Adjusted Budget	Adjusted Budget
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates									-	-		
Service charges		43 347						9 031	9 031	52 378	55 024	61 525
Other revenue		7 380						68 960	68 960	76 340	7 801	8 239
Government - operating	1	805 278						(15 197)	(15 197)	790 081	953 059	854 960
Government - capital	1	689 845						-	-	689 845	547 113	849 452
Interest		17 939						200	200	18 139	18 962	13 070 871
Dividends									-	-		
Payments												
Suppliers and employees		(662 361)						(249 117)	(249 117)	(911 478)	(701 618)	(742 486)
Finance charges		(3 800)						2 700	2 700	(1 100)	(4 024)	(4 258)
Transfers and Grants	1	(200 463)						196 863	196 863	(3 600)	(319 112)	(185 392)
NET CASH FROM/(USED) OPERATING ACTIVITIES		697 165	-	-	-	-	-	13 439	13 439	710 604	557 204	13 912 910
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE									-	-		
Decrease (Increase) in non-current debtors									-	-		
Decrease (increase) other non-current receivables								5 952	5 952	5 952	20 000	15 000
Decrease (increase) in non-current investments									-	-		
Payments												
Capital assets		(672 045)						13 599	13 599	(658 446)	(527 310)	(828 500)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(672 045)	-	-	-	-	-	19 551	19 551	(652 494)	(507 310)	(813 500)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-		
Borrowing long term/refinancing								-	-	-		
Increase (decrease) in consumer deposits									-	-		
Payments												
Repayment of borrowing								(952)	(952)	(952)		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	(952)	(952)	(952)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD												
Cash/cash equivalents at the year begin:	2	25 120	-	-	-	-	-	32 038	32 038	57 158	49 894	13 099 410
Cash/cash equivalents at the year end:	2	25 120	-	-	-	-	-	18 473	18 473	18 473	75 631	125 525
Cash/cash equivalents at the year end:	2	25 120	-	-	-	-	-	50 511	50 511	75 631	125 525	13 224 936

Part 2 – Supporting Documentation

2.1. Overview of the adjustment budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The budget steering committee of the district consist of the following members under the chairpersonship of the MMC for Budget and Treasury

- Municipal manager
- Chief finance Officer
- Senior manager: Infrastructure
- All senior managers
- Manager: Budget and Reporting
- Manager: Income
- MMC responsible for Infrastructure and Water services

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the District's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Adjustment Budget Process Overview

In terms of section 28 of the MFMA only Mayor may table an adjustment budget in municipal council. The adjustment budget is prepared after taking into consideration mid –year performance of the municipality.

IDP and Service Delivery and Budget Implementation Plan

The District's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly

inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2017/18 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

2.2 Overview of alignment of adjusted budget with IDP and SDBIP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the District, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the District strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the district, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists

alignment between national and provincial priorities, policies and strategies and the district's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Development Plan
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2013/14 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

The following are the strategic objectives of the district:

- Economic Growth, Development and job creation
- Community development and Social cohesion
- Spatial development and sustainable land use management
- Active community participation and Inter-Governmental alignment
- Effective, accountable and clean government

In order to ensure integrated and focused service delivery between all spheres of government it was important for the district to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the District. The five-year programme responds to the development challenges and opportunities faced by the district by identifying the key performance areas to achieve the six strategic objectives mentioned above.

In addition to the five-year IDP, the district undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. The

district vision 2030. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the district so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the District's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the revised IDP, including:

- Strengthening the analysis and strategic planning processes of the district;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the district has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

Providing clean water and managing waste water

The municipality is a Water Services Authority for the entire district in terms of the Water Services Act, 1997 and has entered into agreements with three locals for water service provision. The municipality is purchasing bulk water from Lepelle Northern Water and Dr JS Moroka Local Municipality.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The following is briefly the main challenges facing the District in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and

2.5 Overview of budget assumptions

External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk water; and
- The increase in the cost of remuneration.

2.6 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

- Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.

Internship programme

- The District is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Budget and Treasury. One intern has been appointed recently from March 2014 and four interns have been appointed. Since the introduction of the Internship programme the municipality has successfully employed and trained interns through this programme and a majority of them were appointed either in the municipality or other Institutions.

Budget and Treasury Office

- The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

- An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

- The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF.

Annual Report

- Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.8 Budget adjustment supporting schedules

DC47 Sekhukhune - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' -

Description	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	+1 2018/19	+2 2019/20
		A	A1	B	C	D	E	F	G	H		
R thousands												
REVENUE ITEMS												
Property rates												
Total Property Rates												
less Revenue Foregone												
Net Property Rates												
		-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue												
Total Service charges - electricity revenue												
less Revenue Foregone												
Net Service charges - electricity revenue												
		-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue												
Total Service charges - water revenue		49 619						16 958	16 958	66 577	52 448	55 385
less Revenue Foregone		3 527								3 527		
Net Service charges - water revenue		46 092						16 958	16 958	63 050	52 448	55 385
Service charges - sanitation revenue												
Total Service charges - sanitation revenue		11 625						150	150	11 775	12 288	12 976
less Revenue Foregone												
Net Service charges - sanitation revenue		11 625						150	150	11 775	12 288	12 976
Service charges - refuse revenue												
Total refuse removal revenue												
Total landfill revenue												
less Revenue Foregone												
Net Service charges - refuse revenue												
		-	-	-	-	-	-	-	-	-	-	-
Other Revenue By Source												
INTEREST ON CURRENT ACCOUNT		4 380						(1 000)	(1 000)	3 380	4 630	4 889
APPLICATION FOR DATABASE		-								-		
APPLICATION FOR TENDER DOCUMENTS		774						500	500	1 274	818	864
SKILL DEVELOPMENT SETA		797						-	-	797	842	890
SUNDRIES		53						(32)	(32)	21	56	60
SDM FUNDING VAT		-								-		
ERMEGENCY SERVICES TRAINING FEE		177						(100)	(100)	77	187	198
FIRE SAFETY		160						150	150	310	169	179
MUNICIPAL HEALTH SERVICES		954						(500)	(500)	454	1 009	1 065
PROCEEDS FROM SALES OLF MAVABLE ASSETS		15						-	-	15	16	17
BAD DEBTS RECOVERED		68						(58)	(58)	10	72	76
RETENSION WRITTEN OFF		-								-		
Total 'Other' Revenue	1	7 380						(1 040)	(1 040)	6 340	7 801	8 239

EXPENDITURE ITEMS											
Employee related costs											
Basic Salaries and Wages	216 889						(4 936)	(4 936)	211 953	234 277	247 865
Pension and UIF Contributions	32 738						953	953	33 691	34 670	36 681
Medical Aid Contributions	10 543						346	346	10 889	11 165	11 813
Overtime	9 386						7 513	7 513	16 899	9 940	10 516
Performance Bonus	-						5 630	5 630	5 630	-	-
Motor Vehicle Allowance	21 509						8 507	8 507	30 016	22 778	24 099
Cellphone Allowance	1 787						592	592	2 379	1 892	2 002
Housing Allowances	2 787						(1 676)	(1 676)	1 111	2 951	3 123
Other benefits and allowances	4 336						361	361	4 697	-	-
Payments in lieu of leave	16 325						(16 325)	(16 325)	-	17 288	18 291
Long service awards	-						-	-	-	-	-
Post-retirement benefit obligations	-						-	-	-	-	-
sub-total	316 300	-	-	-	-	-	965	965	317 265	334 961	354 389
<i>Less: Employees costs capitalised to PPE</i>											
Total Employee related costs	316 300	-	-	-	-	-	965	965	317 265	334 961	354 389
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment	62 000						(1 620)	(1 620)	60 380	65 658	69 466
Lease amortisation	-						-	-	-	-	-
Capital asset impairment	1 600						(400)	(400)	1 200	1 694	1 793
Depreciation resulting from revaluation of PPE	-						-	-	-	-	-
Total Depreciation & asset impairment	63 600	-	-	-	-	-	(2 020)	(2 020)	61 580	67 352	71 259
Bulk purchases											
Electricity Bulk Purchases	34 560						2 000	2 000	36 560	36 599	38 722
Water Bulk Purchases	64 000						30 000	30 000	94 000	67 776	71 707
Total bulk purchases	98 560	-	-	-	-	-	32 000	32 000	130 560	104 375	110 429
Transfers and grants											
Cash transfers and grants	-						-	-	-	-	-
Non-cash transfers and grants	3 000						600	600	3 600	3 000	3 000
Total transfers and grants	3 000	-	-	-	-	-	600	600	3 600	3 000	3 000
Contracted services											
WATER AND SEWER RELATED	11 500						52 800	52 800	64 300	12 179	12 885
SECURITY SERVICES	24 210						7 528	7 528	31 738	25 638	27 125
INSURANCE POLICY CONTRACT	2 000						350	350	2 350	2 118	2 241
OFFICE RENTAL	6 183						(51)	(51)	6 132	6 548	6 928
LEASE OF OFFICE MACHINE	1 500						600	600	2 100	1 589	1 681
FLEET MANAGEMENT SERVICES	31 200						23 800	23 800	55 000	33 041	34 957
GARDENING AND CLEANING SERVICES	-						-	-	-	-	-
VIP SANITATION	120 870						(22 729)	(22 729)	98 141	235 000	96 576
sub-total	197 463	-	-	-	-	-	62 298	62 298	259 761	316 112	182 392
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services??	197 463	-	-	-	-	-	62 298	62 298	259 761	316 112	182 392

Other Expenditure By Type												
Collection costs								-	-	-	-	-
Contributions to 'other' provisions								-	-	-	-	-
Consultant fees		9 534					1 350	1 350	10 884	10 097	10 682	
Audit fees		2 900					2 550	2 550	5 450	3 071	3 249	
General expenses	3.5	-							-	-	-	
Accommodation		1 844					406	406	2 250	1 953	2 066	
Asset Management		2 000							2 000	2 118	2 241	
Contribution to leave bonus		2 300					200	200	2 500	2 436	2 577	
Cost recovery programme		4 500							4 500	4 766	5 042	
Fuel and lubricant purchases		1 750					7 000	7 000	8 750	1 853	1 961	
Human Resource Development		1 000							1 000	1 059	1 120	
Laboratories and Chemicals		12 000					(12 000)	(12 000)	-	12 708	13 445	
Legal Matters		2 200					3 500	3 500	5 700	2 330	2 465	
News Letter production		1 050							1 050	1 112	1 176	
Placement Fees		-							-	-	-	
Levies paid		-							-	-	-	
RAMS programme		2 249							2 249	2 382	2 520	
Stakeholder and Community engagement		2 000					460	460	2 460	2 118	2 241	
Stores and Materials		1 800							1 800	1 906	2 017	
Strategic Events		1 000					180	180	1 180	1 059	1 120	
Communication/Telephone		3 036					500	500	3 536	3 215	3 402	
Water Tankering		32 000					(32 000)	(32 000)	-	33 888	35 854	
Contribution to Capital replacement Reserve		-							-	-	-	
Sprts and art development/EAP		960							960	1 017	1 076	
VIP Sanitation		-							-	-	-	
Electricity water and rates		-							-	-	-	
Other Expenditure		45 544					(12 375)	(12 375)	33 169	48 409	51 391	
Total Other Expenditure	1	129 667	-	-	-	-	(40 229)	(40 229)	89 438	137 496	145 645	
by Expenditure Item		14										
Employee related costs							317 265	317 265	317 265	334 961	354 389	
Other materials		36 900					(7 300)	(7 300)	29 600			
Contracted Services		207 125					52 636	52 636	259 761	316 112	182 392	
Other Expenditure							89 438	89 438	89 438	137 496	145 645	
Total Repairs and Maintenance Expenditure	15	244 025	-	-	-	-	452 039	452 039	696 064	788 569	682 425	

DC47 Sekhukhune - Supporting Table SB2 Supporting detail to 'Financial Position Budget' -

Description	Ref	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget A	Prior Adjusted 4 A1	Accum. Funds 5 B	Multi-year capital 6 C	Unfore. Unavoid. 7 D	Nat. or Prov. Govt 8 E	Other Adjusts. 9 F	Total Adjusts. 10 G	Adjusted Budget 11 H	Adjusted Budget	Adjusted Budget
R thousands												
ASSETS												
Call investment deposits												
Call deposits		40 801						12 000	12 000	52 801	52 089	61 258
Other current investments												
Total Call investment deposits	1	40 801	-	-	-	-	-	12 000	12 000	52 801	52 089	61 258
Consumer debtors												
Consumer debtors		118 423						1 871	1 871	120 294	95 843	90 347
Less: provision for debt impairment		71 054	-	-	-	-	-	2 907	2 907	73 961	55 012	57 115
Total Consumer debtors	1	47 369	-	-	-	-	-	(1 036)	(1 036)	46 333	40 831	33 232
Debt impairment provision												
Balance at the beginning of the year		71 194						(1 033)	(1 033)	70 161	73 961	55 012
Contributions to the provision		11 860						(8 060)	(8 060)	3 800	(15 949)	2 103
Bad debts written off		(12 000)						12 000	12 000	-	(3 000)	-
Balance at end of year		71 054	-	-	-	-	-	2 907	2 907	73 961	55 012	57 115
Property, plant & equipment												
PPE at cost/valuation (excl. finance leases)		3 742 464						9 149	9 149	3 751 613	4 134 592	4 814 154
Leases recognised as PPE	2											
Less: Accumulated depreciation		562 831						5 000	5 000	567 831	635 183	706 442
Total Property, plant & equipment	1	3 179 633	-	-	-	-	-	4 149	4 149	3 183 782	3 499 409	4 107 712
LIABILITIES												
Current liabilities - Borrowing												
Short term loans (other than bank overdraft)												
Current portion of long-term liabilities		728								728		
Total Current liabilities - Borrowing		728	-	-	-	-	-	-	-	728	-	-
Trade and other payables												
Creditors		168 045								168 045	117 632	103 516
Unspent conditional grants and receipts		37 801						5 000	5 000	42 801	31 580	27 890
VAT								(39 500)	(39 500)	(39 500)	-	-
Total Trade and other payables	1	205 846	-	-	-	-	-	(34 500)	(34 500)	171 346	149 212	131 406
Non current liabilities - Borrowing												
Borrowing	3	728								728		
Finance leases (including PPP asset element)								2 000	2 000	2 000		
Total Non current liabilities - Borrowing		728	-	-	-	-	-	2 000	2 000	2 728	-	-
Provisions - non current												
Retirement benefits		31 251								31 251	32 456	33 781
List other major items												
Refuse landfill site rehabilitation												
Other												
Total Provisions - non current		31 251	-	-	-	-	-	-	-	31 251	32 456	33 781
CHANGES IN NET ASSETS												
Accumulated surplus/(Deficit)												
Accumulated surplus/(Deficit) - opening balance		4 692 964						(1 525 146)	(1 525 146)	3 167 818	3 486 459	4 109 759
Appropriations to Reserves		(1 542 459)						1 542 459	1 542 459	-	-	-
Transfers from Reserves												
Depreciation offsets												
Other adjustments												
Accumulated Surplus/(Deficit)	1	3 150 505	-	-	-	-	-	17 313	17 313	3 167 818	3 486 459	4 109 759
Reserves												
Housing Development Fund												
Capital replacement												
Self-insurance												
Other reserves (list)												
Revaluation												
Total Reserves	2	-	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	3 150 505	-	-	-	-	-	17 313	17 313	3 167 818	3 486 459	4 109 759

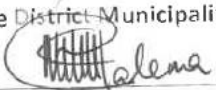
DC47 Sekhukhune - Supporting Table SB3 Adjustments to the SDBIP - performance objectives -

Description	Unit of measurement	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget A	Prior Adjusted A1	Accum. Funds B	Multi-year capital C	Unfore. Unavoid. D	Nat. or Prov. Govt E	Other Adjus. F	Total Adjus. G	Adjusted Budget H	Adjusted Budget	Adjusted Budget
Vote 1 - Infrastructure Water Services												
Function 1 - Basic Service Delivery												
Sub-function 1 - IWS												
Basic service delivery		467 805						11 566	11 566	479 371	479 371	479 371
Sub-function 2 - (name)												
Insert measure/s description												
Sub-function 3 - (name)												
Insert measure/s description												
Function 2 - Executive Council												
Sub-function 1 - Speakers office												
Insert measure/s description												
Sub-function 2 - (name)												
Insert measure/s description												
Sub-function 3 - (name)												
Insert measure/s description												
Vote 2 - Executive Councillors												
Function 1 - (name)												
Sub-function 1 - (name)												
Insert measure/s description		32 972						1 065	1 065	34 037	34 037	34 037
Sub-function 2 - (name)												
Insert measure/s description												
Sub-function 3 - (name)												
Insert measure/s description												
Function 2 - (name)												
Sub-function 1 - (name)												
Insert measure/s description												
Sub-function 2 - (name)												
Insert measure/s description												
Sub-function 3 - (name)												
Insert measure/s description												
Vote 3 - Municipal Manager's Office												
Function 1 - (name)												
Sub-function 1 - (name)												
Insert measure/s description												
Vote 4 - Budget and Treasury		44 569						8 743	8 743	53 313	53 313	53 313
Financial viability		120 960						(3 316)	(3 316)	117 644	117 644	117 644
Vote 5 - Planning and Economic Development		11 571								11 571	11 571	11 571
LED												
Vote 6 - Community Services		47 881						2 546	2 546	50 427	50 427	50 427
Basic Delivery Services												
Insert measure/s description												
Vote 7 - Corporate Services		107 107						21 411	21 411	128 518	128 518	128 518
Human resources												
Sub-function 3 - (name)												
Insert measure/s description												

Municipal Manager's quality certificate

Municipal Manager's quality certificate

I Maseko NT, Municipal Manager of Sekhukhune District Municipality, hereby certify that the adjustment budget and supporting documentation have been prepared in accordance with 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 MASEKO NT
Municipal Manager of Sekhukhune District Municipality (DC47)
Signature PP 
Date 27 February 2018