



## **Thabazimbi Local Municipality LIM (361)**

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**LIM (361)**

**28/02/2018**

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## **1 Part 1 – Adjustments Budget**

### **1.1 Mayor's Report**

Hon Speaker, I am humbled to present before you the adjustments budget in accordance with Section 28 of the Municipal Finance Management Act No.56 of 2003, which requires that before the 28<sup>th</sup> of February each year, Council considers for approval, adjustments to the original budget.

Hon Speaker, I am pleased to advise that as envisaged in the original 2017/18 budget, operational spending has been very conservative during the first half of the year, that was mainly due to cash flow constraints compared to the approved allocations.

Reductions have been proposed on the approved votes to try and harmonise our second half spending to actual collections. The overall performance of the Municipality has been of concern mainly due to vast and pervasive challenges faced by our Municipality. The majority of water metres are not working and the municipality is busy replacing them with the kind assistance of Kumba Mine. Through PCMA, the electricity meters are being converted to smart prepaid and post-paid meters.

The Municipality's service delivery infrastructure has aged due to many years of poor maintenance and the distribution losses have reached alarming heights, in certain instances electricity and water is being provided unmetered and cannot be recovered. ie All customers under the old smart metering system Grinpal and Cash Power systems are not paying for electricity as the infrastructure has completely collapsed. Service charges losses based on the recently concluded audit 2015/16 reflects that, water losses are 58% and Electricity losses are 41%, this is of great concern. However, as resolved by Council on the 30<sup>th</sup> of January 2018, all customers using the Grinpal and Cashpower meters will be moved to the PCMA smart meters from the 1<sup>st</sup> of May 2018.

It is against this background that the Municipality is proposing the adjustments in this document. No own funded capital projects have commenced during the first half of the year and none are expected to be implemented and completed during the second half of the year, due to the poor financial performance highlighted below. It is proposed in the interim, that emphasis must only be placed on revenue enhancing projects. This would enable the Municipality to pick the low hanging fruits in terms of service delivery and return on capital invested. The Municipal Infrastructure Grant programme is currently implemented and administered through the -Waterberg District Municipality for reasons known to all of us. A total of approximately 47.8% has been spent as at 31 December 2017 mostly on the Waste Water Treatment Works.

All capital projects initially budgeted for, (with the exception of externally funded projects), in the original budget will be deferred to the next financial year and priority given to them.

The Service Delivery and Budget Implementation Plan (SDBIP) has to be reviewed due to the realignment which has taken place on both the operational and capital budgets. This will affect service delivery targets and performance targets. The reviewed SDBIP will be approved as soon as it is finalised and tabled before Council for consideration.

The total revised expenditure budget of the Municipality for the year is R323 million exclusive of capital receipts from MIG, contributed assets and stakeholder funded projects.

In light of the above, I recommend Council to approve the following adjustments:

- Increase in total municipal revenue from operations by 2.4% from R284 million to R291 million, due to the Interest on outstanding debtors.
- Total expenditure increase of 15%, which is mainly due to finance charges and employee related costs.
- Downward adjustment on Employee benefits. This was mainly as a result of delays in the appointment of budgeted critical positions. Major savings have been realised on the position of the Manager Community Services, Technical Manager and Manager Planning and Economic Development from the beginning of the financial year. Community Services Manager and Technical Manager Positions remain vacant, thus resulting in additional savings made by the Municipality.
- Finance charges have been adjusted upwards to reflect the increasing costs being incurred on major creditors ie Eskom and Magalies Water due to late payment.
- Shifting of funds between operational votes to channel funds towards areas of priority was also done.
- All the budgeted Capital projects initially planned to be funded from the Municipality will be deferred to the next financial year subject to prioritisation.

## **1.2 Budget related resolutions**

The Municipal Finance Management Act (MFMA) of 2003 requires that the Municipality table and adopt the budget and budget resolutions. The format of the budget and supporting documentation is prescribed by the Municipal Budget and Reporting Regulations.

The following resolutions are placed before Council for tabling and approval:

### **THAT**

1. The adjustments budget for the financial year 2017/2018 be approved as contained in the Tables B1 –B10 listed below:
  - a. Table B1 Adjustments Budget Summary.
  - b. Table B2 Adjustments Budgeted Financial Performance (Revenue and Expenditure by Standard Classification).
  - c. Table B3 Adjustments Budgeted Financial Performance (Revenue and Expenditure by municipal vote).
  - d. Table B4 Adjustments Budgeted Financial Performance (Revenue and Expenditure).
  - e. Table B5 Adjustments Budgeted Capital Expenditure by Vote, Standard Classification and Funding.
  - f. Table B6 Adjustments Budgeted Statement of Financial Position.
  - g. Table B7 Adjustments Budgeted Statement of Cash flows.
  - h. Table B8 Adjustments Budgeted Cash backed reserves/ accumulated surplus reconciliation.
  - i. Table B9 Adjustments Budgeted Asset Management.
  - j. Table B10 Adjustments Budgeted Basic Service Delivery measurement.

2. The SDBIP will be reviewed to reflect the adjustments made in the budget allocation and submitted for subsequent approval by the Mayor.

### **1.3 Executive summary**

#### **Introduction**

The Medium Term Revenue and Expenditure Framework (MTREF) for the 2017/18 adjustments budget is prepared on a multi-year basis, which is in line with the MFMA Budget and Reporting Regulations (MBRR).

#### **Budget Process**

The Process Plan scheduling key deadlines was approved by Council in August 2017 in compliance with the Municipal Finance Management Act. This document outlined the process of compilation of the Adjustments Budget for 2017/18. Meetings were held with all the clusters to explain the process and deadlines required to produce their respective process plans.

#### **Income**

We have made adjustments of revenue forecasts to reflect the anticipated revenue billing and collections, particularly service revenue and property rates. The smart metering project core-funded by the Department of Energy and PCMA is in progress.

Failure to replace the meters will further bring the Municipal finances in turmoil and it is management's strong view that this project should not be delayed any further.

The property rates revenue has been adjusted downwards to reflect the correction of errors made on implementation ie rebates were given to companies not eligible for such relief mechanisms.

#### **Operational Expenditure**

Overall operating expenditure has gone up by 15%. Finance costs, had to be adjusted upwards to R15 million. Employee related costs have also been slightly adjusted to reflect the savings recorded from the senior managerial positions which are still not filled to date. Legal fees and finance charges have also increased significantly due to the number of court cases against the Municipality and the magnitude of long outstanding creditors accumulating penalties and interests.

The Municipality will continue implementing cost cutting measures as reported in the Mid-year Assessment report to ensure that spending is within the current collection rates.

#### **Capital expenditure**

No capital projects are currently underway. Emphasis must however be placed on repairs and maintenance of the existing infrastructure to reduce distribution losses and enhance the lifespan of the distribution assets.

#### **Funding of the adjustments budget**

With the exception of the MIG grant and the Smart Metering Grant from the Department of Energy, there are no additional external sources of revenue anticipated during the second half of the year.

#### **1.4 Adjustments budget tables**

##### **Table B1 - Adjustments Budget Summary - 28 February 2018**

LIM361 Thabazimbi - Table B1 Adjustments Budget Summary - 28/02/2018

Description	Budget Year 2017/18									Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Net. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>Financial Performance</b>											
Property rates	44 014	-	-	-	-	-	(15 755)	(15 755)	28 259	-	-
Service charges	143 553	-	-	-	-	-	(19 196)	(19 196)	124 356	-	-
Investment revenue	42	-	-	-	-	-	29	29	71	-	-
Transfers recognised - operational	72 129	-	-	-	-	-	-	-	72 129	-	-
Other own revenue	24 349	-	-	-	-	-	41 447	41 447	65 796	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>284 087</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 525</b>	<b>6 525</b>	<b>290 611</b>	<b>-</b>	<b>-</b>
Employee costs	115 683	-	-	-	-	-	8 280	8 280	124 162	-	-
Remuneration of councillors	8 194	-	-	-	-	-	1 171	1 171	9 365	-	-
Depreciation & asset impairment	26 286	-	-	-	-	-	-	-	26 286	-	-
Finance charges	7 405	-	-	-	-	-	7 534	7 534	14 939	-	-
Materials and bulk purchases	79 107	-	-	-	-	-	(26 929)	(26 929)	52 178	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	36 534	-	-	-	-	-	59 132	59 132	95 667	-	-
<b>Total Expenditure</b>	<b>273 409</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49 188</b>	<b>49 188</b>	<b>322 598</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>10 677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42 664)</b>	<b>(42 664)</b>	<b>(31 987)</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	33 759	-	-	-	-	-	-	-	33 759	-	-
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>44 436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42 664)</b>	<b>(42 664)</b>	<b>1 772</b>	<b>-</b>	<b>-</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>44 436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42 664)</b>	<b>(42 664)</b>	<b>1 772</b>	<b>-</b>	<b>-</b>
<b>Capital expenditure &amp; funds sources</b>											
Capital expenditure	114 677	-	-	-	-	-	-	-	114 677	-	-
Transfers recognised - capital	33 759	-	-	-	-	-	-	-	33 759	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	80 918	-	-	-	-	-	-	-	80 918	-	-
<b>Total sources of capital funds</b>	<b>114 677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114 677</b>	<b>-</b>	<b>-</b>
<b>Financial position</b>											
Total current assets	118 506	-	-	-	-	-	(20 000)	(20 000)	98 506	-	-
Total non current assets	1 501 338	-	-	-	-	-	-	-	1 501 338	-	-
Total current liabilities	275 950	-	-	-	-	-	(20 000)	(20 000)	255 950	-	-
Total non current liabilities	87 523	-	-	-	-	-	-	-	87 523	-	-
<b>Community wealth/Equity</b>	<b>2 621 012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 621 012</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>											
Net cash from (used) operating	(10 799)	-	-	-	-	-	(56 840)	(56 840)	(67 639)	-	-
Net cash from (used) investing	(131 551)	-	-	-	-	-	-	-	(131 551)	-	-
Net cash from (used) financing	(1 015)	-	-	-	-	-	-	-	(1 015)	-	-
<b>Cash/cash equivalents at the year end</b>	<b>(142 725)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(56 840)</b>	<b>(56 840)</b>	<b>(109 585)</b>	<b>-</b>	<b>-</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	(142 445)	-	-	-	-	-	(20 000)	(20 000)	(162 445)	-	-
Application of cash and investments	37 115	-	-	-	-	-	40 403	40 403	77 518	-	-
<b>Balance - surplus (shortfall)</b>	<b>(179 560)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(60 403)</b>	<b>(60 403)</b>	<b>(239 963)</b>	<b>-</b>	<b>-</b>
<b>Asset Management</b>											
Asset register summary (WDV)	1 421 920	-	-	-	-	-	-	-	1 421 920	-	-
Depreciation & asset impairment	26 286	-	-	-	-	-	-	-	26 286	-	-
Renewal of Existing Assets	9 809	-	-	-	-	-	-	-	9 809	-	-
Repairs and Maintenance	-	12 404	-	-	-	-	-	-	-	-	-
<b>Free services</b>											
Cost of Free Basic Services provided	2 598	-	-	-	-	-	-	-	2 598	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-
<b>Households below minimum service level</b>											
Water:	1	-	-	-	-	-	-	-	1	-	-
Sanitation/sewerage:	7	-	-	-	-	-	-	-	7	-	-
Energy:	2	-	-	-	-	-	-	-	2	-	-
Refuse:	22	-	-	-	-	-	-	-	22	-	-

Table B2 - Adjustments Budget Financial Performance (standard classification) - 28 February 2018

LIM361 Thabazimbi - Table B2 Adjustments Budget Financial Performance (standard classification) - 28/02/2018

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		
<b>Revenue - Standard</b>												
<i>Governance and administration</i>		156 180	-	-	-	-	-	(33 399)	(33 399)	122 781	-	-
Executive and council		110 434	-	-	-	-	-	(38 976)	(38 976)	71 458	-	-
Budget and treasury office		45 746	-	-	-	-	-	5 130	5 130	50 876	-	-
Corporate services		-	-	-	-	-	-	446	446	446	-	-
<i>Community and public safety</i>		14 404	-	-	-	-	-	(8 392)	(8 392)	6 012	-	-
Community and social services		2 424	-	-	-	-	-	(2 121)	(2 121)	304	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		11 979	-	-	-	-	-	(6 271)	(6 271)	5 708	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		208	-	-	-	-	-	34 657	34 657	34 864	-	-
Planning and development		208	-	-	-	-	-	(110)	(110)	97	-	-
Road transport		-	-	-	-	-	-	34 767	34 767	34 767	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		147 054	-	-	-	-	-	(20 100)	(20 100)	126 954	-	-
Electricity		78 404	-	-	-	-	-	(4 119)	(4 119)	74 284	-	-
Water		38 746	-	-	-	-	-	(18 235)	(18 235)	18 511	-	-
Waste water management		19 834	-	-	-	-	-	(949)	(949)	18 886	-	-
Waste management		12 070	-	-	-	-	-	3 203	3 203	15 273	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	317 848	-	-	-	-	-	(27 234)	(27 234)	290 611	-	-
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>		137 091	-	-	-	-	-	15 463	15 463	152 554	-	-
Executive and council		21 691	-	-	-	-	-	11 952	11 952	33 643	-	-
Budget and treasury office		87 495	-	-	-	-	-	(6 654)	(6 654)	80 842	-	-
Corporate services		27 905	-	-	-	-	-	10 164	10 164	38 069	-	-
<i>Community and public safety</i>		17 369	-	-	-	-	-	10 935	10 935	28 304	-	-
Community and social services		6 518	-	-	-	-	-	165	165	6 683	-	-
Sport and recreation		2 707	-	-	-	-	-	(877)	(877)	1 830	-	-
Public safety		8 144	-	-	-	-	-	11 647	11 647	19 791	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		47 002	-	-	-	-	-	6 168	6 168	53 170	-	-
Planning and development		8 727	-	-	-	-	-	(901)	(901)	7 826	-	-
Road transport		37 591	-	-	-	-	-	6 770	6 770	44 361	-	-
Environmental protection		684	-	-	-	-	-	298	298	982	-	-
<i>Trading services</i>		84 351	-	-	-	-	-	1 800	1 800	86 151	-	-
Electricity		51 721	-	-	-	-	-	382	382	52 103	-	-
Water		23 665	-	-	-	-	-	(675)	(675)	22 990	-	-
Waste water management		4 550	-	-	-	-	-	528	528	5 078	-	-
Waste management		4 415	-	-	-	-	-	1 565	1 565	5 980	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	285 814	-	-	-	-	-	34 365	34 365	320 179	-	-
<b>Surplus/ (Deficit) for the year</b>		32 032	-	-	-	-	-	(61 599)	(61 599)	(29 568)	-	-

The tables above clearly show that due to the significantly constrained revenue collection of the Municipality, operational expenditure should be commensurate with the actual cash receipts. The Municipality will find it very difficult to convert their fortunes due to the following;

- Poor state and Ageing distribution infrastructure
- Stability of the Municipal Governance and Administrative structures
- Installation and implementation of acceptable business processes throughout all the Municipal operations citing critical lack of human capacity.

It is clear, from the above that the Municipality is struggling and without external funding, the status quo may remain for some.

#### Table B3 -

**Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28 February 2018**

LIM361 Thabazimbi - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28/02/2018

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. Unavold. 6	Nat. or Prov. Govt 7	Other Adjusta. 8	Total Adjusta. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
<b>Revenue by Vote</b>	1											
Vote 1 - 100 Political Office Bearers		110 434	-	-	-	-	-	(38 976)	(38 976)	71 458	-	-
Vote 2 - 200 Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - 300 Budget & Treasury		45 746	-	-	-	-	-	5 130	5 130	50 876	-	-
Vote 4 - 400 Corporate Services		-	-	-	-	-	-	446	446	446	-	-
Vote 5 - 500 Planning and Development		208	-	-	-	-	-	(110)	(110)	97	-	-
Vote 6 - 600 Community Services		22 225	-	-	-	-	-	(940)	(940)	21 285	-	-
Vote 7 - 700 Technical Services		134 984	-	-	-	-	-	11 464	11 464	146 448	-	-
Vote 8 - Public Safety and Protection Services 800		4 248	-	-	-	-	-	(4 248)	(4 248)	0	-	-
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]		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	317 848	-	-	-	-	-	(27 234)	(27 234)	290 611	-	-
<b>Expenditure by Vote</b>	1											
Vote 1 - 100 Political Office Bearers		12 244	-	-	-	-	-	12 639	12 639	24 883	-	-
Vote 2 - 200 Municipal Manager		9 447	-	-	-	-	-	(686)	(686)	8 760	-	-
Vote 3 - 300 Budget & Treasury		87 495	-	-	-	-	-	(6 654)	(6 654)	80 842	-	-
Vote 4 - 400 Corporate Services		27 905	-	-	-	-	-	10 164	10 164	38 069	-	-
Vote 5 - 500 Planning and Development		9 411	-	-	-	-	-	(602)	(602)	8 809	-	-
Vote 6 - 600 Community Services		19 374	-	-	-	-	-	18 342	18 342	37 715	-	-
Vote 7 - 700 Technical Services		117 527	-	-	-	-	-	7 005	7 005	124 532	-	-
Vote 8 - Public Safety and Protection Services 800		2 411	-	-	-	-	-	(5 842)	(5 842)	(3 431)	-	-
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]		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	285 814	-	-	-	-	-	34 365	34 365	320 179	-	-
<b>Surplus/ (Deficit) for the year</b>	2	32 032	-	-	-	-	-	(61 599)	(61 599)	(29 568)	-	-

From the collections, the Municipality is unable to adequately fund the repairs and maintenance budget to try and reduce inefficiencies along bulk services distribution lines. If the status quo continues, it is unsustainable for the Municipality.

Table B4 -

Adjustments Budget Financial Performance (revenue and expenditure) - 28 February 2018

LIM361 Thabazimbi - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2018

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 Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	44 014	-	-	-	-	-	(15 755)	(15 755)	28 259	-	-
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	80 141	-	-	-	-	-	(6 216)	(6 216)	73 925	-	-
Service charges - water revenue	2	33 605	-	-	-	-	-	(15 235)	(15 235)	18 370	-	-
Service charges - sanitation revenue	2	18 550	-	-	-	-	-	(949)	(949)	17 601	-	-
Service charges - refuse revenue	2	11 257	-	-	-	-	-	3 203	3 203	14 460	-	-
Service charges - other		-										
Rental of facilities and equipment		1 641						(1 223)	(1 223)	418		
Interest earned - external investments		42						29	29	71		
Interest earned - outstanding debtors		8 876						12 329	12 329	21 205		
Dividends received		-										
Fines		3 182						(3 058)	(3 058)	124		
Licences and permits		2 987						2 241	2 241	5 228		
Agency services		2 987						(2 987)	(2 987)	0		
Transfers recognised - operating		72 129								72 129		
Other revenue	2	4 666	-	-	-	-	-	34 146	34 146	38 811	-	-
Gains on disposal of PPE		-										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>284 087</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 325</b>	<b>6 325</b>	<b>290 611</b>	<b>-</b>	<b>-</b>
<b>Expenditure By Type</b>												
Employee related costs		115 883	-	-	-	-	-	8 280	8 280	124 162	-	-
Remuneration of councillors		8 184						1 171	1 171	9 355		
Debt impairment		6 311								6 311		
Depreciation & asset impairment		26 286	-	-	-	-	-			26 286	-	-
Finance charges		7 405						7 534	7 534	14 939		
Bulk purchases		79 107	-	-	-	-	-	(26 929)	(26 929)	52 178	-	-
Other materials		-										
Contracted services		9 330	-	-	-	-	-	7 556	7 556	16 886	-	-
Transfers and grants		-										
Other expenditure		20 893	-	-	-	-	-	51 576	51 576	72 469	-	-
Loss on disposal of PPE												
<b>Total Expenditure</b>		<b>273 409</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49 188</b>	<b>49 188</b>	<b>322 598</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>		<b>10 677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42 664)</b>	<b>(42 664)</b>	<b>(31 987)</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital		33 759								33 759		
Contributions recognised - capital												
Contributed assets												
<b>Surplus/(Deficit) before taxation</b>		<b>44 436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42 664)</b>	<b>(42 664)</b>	<b>1 772</b>	<b>-</b>	<b>-</b>
Taxation												
<b>Surplus/(Deficit) after taxation</b>		<b>44 436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42 664)</b>	<b>(42 664)</b>	<b>1 772</b>	<b>-</b>	<b>-</b>
Attributable to minorities												
<b>Surplus/(Deficit) attributable to municipality</b>		<b>44 436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42 664)</b>	<b>(42 664)</b>	<b>1 772</b>	<b>-</b>	<b>-</b>
Share of surplus/ (deficit) of associate												
<b>Surplus/ (Deficit) for the year</b>		<b>44 436</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42 664)</b>	<b>(42 664)</b>	<b>1 772</b>	<b>-</b>	<b>-</b>

Table B5 -

## Adjustments Capital Expenditure Budget by vote and funding - 28 February 2018

LIM361 Thabazimbi - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2018

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	Net. 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		
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>	2											
Vote 1 - 100 Political Office Bearers		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - 200 Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - 300 Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - 400 Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - 500 Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - 600 Community Services		1 500	-	-	-	-	-	-	-	1 500	-	-
Vote 7 - 700 Technical Services		113 177	-	-	-	-	-	-	-	113 177	-	-
Vote 8 - Public Safety and Protection Services 800		-	-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	3	114 677	-	-	-	-	-	-	-	114 677	-	-
<b>Single-year expenditure to be adjusted</b>	2											
Vote 1 - 100 Political Office Bearers		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - 200 Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - 300 Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - 400 Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - 500 Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - 600 Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - 700 Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety and Protection Services 800		-	-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>		114 677	-	-	-	-	-	-	-	114 677	-	-
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>		-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		1 500	-	-	-	-	-	-	-	1 500	-	-
Community and social services		1 500	-	-	-	-	-	-	-	1 500	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		53 377	-	-	-	-	-	-	-	53 377	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		53 377	-	-	-	-	-	-	-	53 377	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		59 800	-	-	-	-	-	-	-	59 800	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		59 800	-	-	-	-	-	-	-	59 800	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	114 677	-	-	-	-	-	-	-	114 677	-	-
<b>Funded by:</b>												
National Government		33 759	-	-	-	-	-	-	-	33 759	-	-
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital transfers recognised</b>	4	33 759	-	-	-	-	-	-	-	33 759	-	-
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		80 918	-	-	-	-	-	-	-	80 918	-	-
<b>Total Capital Funding</b>		114 677	-	-	-	-	-	-	-	114 677	-	-

**Table B6 - Adjustments Budget Financial Position - 28 February 2018**

LIM361 Thabazimbi - Table B6 Adjustments Budget Financial Position - 28/02/2018

Budget Year 2017/18											Budget Year +1 2018/19	Budget Year +2 2019/20
Description	Ref	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavold.	Nat. or Prov. Govt	Other Adjuts.	Total Adjuts.	Adjusted Budget	Adjusted Budget	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		(142 725)						(20 000)	(20 000)	(162 725)		
Call investment deposits	1	280	-	-	-	-	-	-	-	280	-	-
Consumer debtors	1	258 813	-	-	-	-	-	-	-	258 813	-	-
Other debtors		-							-	-		
Current portion of long-term receivables		-							-	-		
Inventory		2 138							-	2 138		
Total current assets		118 506	-	-	-	-	-	(20 000)	(20 000)	98 506	-	-
Non current assets												
Long-term receivables									-	-		
Investments									-	-		
Investment property									-	-		
Investment in Associate									-	-		
Property, plant and equipment	1	1 500 391		-	-	-	-	-	-	1 500 391	-	-
Agricultural									-	-		
Biological		947							-	947		
Intangible									-	-		
Other non-current assets									-	-		
Total non current assets		1 501 338	-	-	-	-	-	-	-	1 501 338	-	-
TOTAL ASSETS		1 619 844	-	-	-	-	-	(20 000)	(20 000)	1 599 844	-	-
LIABILITIES												
Current liabilities												
Bank overdraft		-							-	-		
Borrowing		5 852	-	-	-	-	-	-	-	5 852	-	-
Consumer deposits		4 313							-	4 313		
Trade and other payables		223 095	-	-	-	-	-	(20 000)	(20 000)	203 095	-	-
Provisions		42 691							-	42 691		
Total current liabilities		275 950	-	-	-	-	-	(20 000)	(20 000)	255 950	-	-
Non current liabilities												
Borrowing	1	6 121	-	-	-	-	-	-	-	6 121	-	-
Provisions	1	81 402	-	-	-	-	-	-	-	81 402	-	-
Total non current liabilities		87 523	-	-	-	-	-	-	-	87 523	-	-
TOTAL LIABILITIES		363 473	-	-	-	-	-	(20 000)	(20 000)	343 473	-	-
NET ASSETS	2	1 256 371	-	-	-	-	-	-	-	1 256 371	-	-
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1 342 929	-	-	-	-	-	-	-	1 342 929	-	-
Reserves		-	-	-	-	-	-	-	-	-	-	-
Minorities' interests		1 278 083							-	1 278 083		
TOTAL COMMUNITY WEALTH/EQUITY		2 621 012	-	-	-	-	-	-	-	2 621 012	-	-

**Table B7 - Adjustments Budget Cash Flows - 28 February 2018**

LIM361 Thabazimbi - Table B7 Adjustments Budget Cash Flows - 28/02/2018

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	Net. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates, penalties & collection charges		33 011							-	33 011		
Service charges		107 684						(38 200)	(38 200)	69 484		
Other revenue		11 605						(8 106)	(8 106)	3 499		
Government - operating	1	72 129							-	72 129		
Government - capital	1	33 759							-	33 759		
Interest		6 657						(3 000)	(3 000)	3 657		
Dividends									-	-		
<b>Payments</b>												
Suppliers and employees		(268 218)						65 124	65 124	(203 095)		
Finance charges		(7 405)						(7 534)	(7 534)	(14 939)		
Transfers and Grants	1	-							-	-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(10 799)</b>						<b>8 284</b>	<b>8 284</b>	<b>(2 515)</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE		-							-	-		
Decrease (increase) in non-current debtors		(16 874)							-	(16 874)		
Decrease (increase) other non-current receivables		-							-	-		
Decrease (increase) in non-current investments		-							-	-		
<b>Payments</b>												
Capital assets		(114 677)							-	(114 677)		
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(131 551)</b>								<b>(131 551)</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans		-							-	-		
Borrowing long term/refinancing		-							-	-		
Increase (decrease) in consumer deposits		259							-	259		
<b>Payments</b>												
Repayment of borrowing		(1 274)							-	(1 274)		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 015)</b>								<b>(1 015)</b>		
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(143 384)</b>						<b>8 284</b>	<b>8 284</b>	<b>(135 080)</b>		
Cash/cash equivalents at the year begin:	2	639								639		
Cash/cash equivalents at the year end:	2	(142 725)						<b>8 284</b>	<b>8 284</b>	<b>(134 441)</b>		

**Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation - 28 February 2018**

LIM361 Thabazimbi - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2018

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	Net. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>												
<b>Cash and Investments available</b>												
Cash/cash equivalents at the year end	1	(142 725)	-	-	-	-	-	8 284	8 284	(134 441)	-	-
Other current investments > 90 days		280	-	-	-	-	-	(28 284)	(28 284)	(28 004)	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
<b>Cash and Investments available:</b>		<b>(142 445)</b>						<b>(20 000)</b>	<b>(20 000)</b>	<b>(162 445)</b>		
<b>Applications of cash and investments</b>												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	37 115	-	-	-	-	-	40 403	40 403	77 518	-	-
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>37 115</b>						<b>40 403</b>	<b>40 403</b>	<b>77 518</b>		
<b>Surplus/(shortfall)</b>		<b>(179 560)</b>						<b>(60 403)</b>	<b>(60 403)</b>	<b>(239 963)</b>		

## **2 Supporting documentation**

### **2.1 Adjustments Budget Assumptions**

- a. Trade payables and accruals by far outweigh the expected National Government transfers in the third quarter both operational and capital. We need to improve our current collection rate from basic services to sustain the volumes of cash requirements needed and to service our immediate financial obligations.
- b. Budgeted allocations were also compared to actual for the same period. Variances were noted mainly with revenue collections and the impact thereon was cascaded to the budgeted expenditure vote, both capital and operational.
- c. Where there is overwhelming evidence or justification that an allocation for income or expenditure must be provided for, this was accommodated in the adjustments budget.
- d. We have deliberately decided not to alter original estimates on Property Plant and Equipment and depreciation due to the unreliability of the fixed asset register which is currently being reviewed. The Auditor General disclaimed the Municipality mainly based on incorrect valuation of municipal assets.
- e. Though the budget position still remains with a surplus after effecting all the proposed adjustments, the Municipality's financial status is not healthy as shown by the reserves reconciliation.
- f. The required 8% threshold of repairs and maintenance as per National Treasury guidelines could not be met due to our ill valued asset figures, in the FAR. This has distorted the recommended ratio and the Municipality has kept the original estimates on repairs and maintenance.

**2.2 Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' -  
28 February 2018**

LJN361 Thebadnbi - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - 28/02/2018

Budget Year 2017/18											Budget Year +1 2018/19	Budget Year +2 2019/20
Description	Ref	Original Budget	Prior Adjusted 6	Accum Funds 7	Multi-year capital 8	Unfore. Unavoid. 9	Nat. or Prov. Govt 10	Other Adjusts. 11	Total Adjusts. 12	Adjusted Budget 13	Adjusted Budget	Adjusted Budget
A		A1	B	C	D	E	F	G	H			
R thousands												
<b>REVENUE ITEMS</b>												
<b>Property rates</b>												
Total Property Rates		44 014						(15 755)	(15 755)	28 259		
less Revenue Foregone										-		
Net Property Rates		44 014	-	-	-	-	-	(15 755)	(15 755)	28 259	-	-
<b>Service charges - electricity revenue</b>												
Total Service charges - electricity revenue		80 500						(5 210)	(5 210)	74 284		
less Revenue Foregone		359								-		
Net Service charges - electricity revenue		80 141	-	-	-	-	-	(5 210)	(5 210)	73 925	-	-
<b>Service charges - water revenue</b>												
Total Service charges - water revenue		33 746						(15 235)	(15 235)	18 511		
less Revenue Foregone		142								-		
Net Service charges - water revenue		33 605	-	-	-	-	-	(15 235)	(15 235)	18 370	-	-
<b>Service charges - sanitation revenue</b>												
Total Service charges - sanitation revenue		10 834						(949)	(949)	10 886		
less Revenue Foregone		1 285								-		
Net Service charges - sanitation revenue		10 550	-	-	-	-	-	(949)	(949)	10 601	-	-
<b>Service charges - refuse revenue</b>												
Total refuse removal revenue		12 070						3 203	3 203	15 273		
Total landfill revenue										-		
less Revenue Foregone		813								-		
Net Service charges - refuse revenue		11 257	-	-	-	-	-	3 203	3 203	14 460	-	-
<b>Other Revenue By Source</b>												
List other revenue by source		4 606						34 140	34 140	38 811		
										-		
										-		
										-		
										-		
										-		
										-		
										-		
										-		
Total 'Other' Revenue	1	4 606	-	-	-	-	-	34 140	34 140	38 811	-	-
<b>EXPENDITURE ITEMS</b>												
<b>Employee related costs</b>												
Basic Salaries and Wages		70 022						10 880	10 880	80 903		
Pension and UIF Contributions		14 853						(4 552)	(4 552)	10 301		
Medical Aid Contributions		4 662						66	66	4 728		
Overtime		6 931						(6 924)	(6 924)	7		
Performance Bonus		5 374						(5 374)	(5 374)	-		
Motor Vehicle Allowance		8 081						1 085	1 085	9 166		
Cellphone Allowance		341						28	28	367		
Housing Allowances		205						(205)	(205)	-		
Other benefits and allowances		5 414						5 277	5 277	10 690		
Payments in lieu of leave										-		
Long service awards										-		
Post-retirement benefit obligations										-		
sub-total	4	119 893	-	-	-	-	-	8 280	8 280	124 162	-	-
Less: Employees costs capitalised to PPE										-		
Total Employee related costs	1	119 893	-	-	-	-	-	8 280	8 280	124 162	-	-
<b>Contributions recognised - capital</b>												
List contributions by contribut										-		
										-		
										-		
										-		
										-		
										-		
										-		
										-		
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-
<b>Depreciation &amp; asset impairment</b>												
Depreciation of Property, Plant & Equipment		26 288								26 288		
Lease amortisation										-		
Capital asset impairment										-		
Depreciation resulting from revaluation of PPE										-		
Total Depreciation & asset impairment	1	26 288	-	-	-	-	-	-	-	26 288	-	-
<b>Bulk purchases</b>												
Electricity Bulk Purchases		54 383						(14 572)	(14 572)	39 821		
Water Bulk Purchases		24 714						(12 357)	(12 357)	12 357		
Total bulk purchases	1	79 107	-	-	-	-	-	(26 929)	(26 929)	52 178	-	-
<b>Transfers and grants</b>												
Cash transfers and grants										-		
Non-cash transfers and grants										-		
Total transfers and grants		-	-	-	-	-	-	-	-	-	-	-
<b>Contracted services</b>												
List services provided by contract		1 952						7 632	7 632	9 584		
Big time		6 428						(76)	(76)	6 352		
Pay day		83								-		
sub-total	1	9 330	-	-	-	-	-	7 556	7 556	10 000	-	-
<b>Allocations to organs of state:</b>												
Electricity										-		
Water										-		
Sanitation										-		
Other										-		
Total contracted services??		9 330	-	-	-	-	-	7 556	7 556	10 000	-	-
<b>Other Expenditure By Type</b>												
Collection costs										-		
Contributions to 'other' provisions										-		
Consultant fees										-		
Audit fees		3 231								-		
General expenses		17 662						51 576	51 576	69 238		
Infrastructure - Road transport										-		
Infrastructure - Electricity										-		
Infrastructure - Water										-		
Infrastructure - Sanitation										-		
Infrastructure - Other										-		
Community										-		
Other assets										-		
Total Other Expenditure	1	20 893	-	-	-	-	-	51 576	51 576	72 469	-	-

## 2.3 Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28 February 2018

LIN361 Thabazimbi - Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28/02/2018

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												
<b>ASSETS</b>												
<u>Call investment deposits</u>												
Call deposits < 90 days									-	-		
Other current investments > 90 days		280							-	280		
<b>Total Call Investment deposits</b>	1	280	-	-	-	-	-	-	-	280	-	-
<u>Consumer debtors</u>												
Consumer debtors		280 525							-	280 525		
Less: provision for debt impairment		21 712	-	-	-	-	-	-	-	21 712	-	-
<b>Total Consumer debtors</b>	1	258 813	-	-	-	-	-	-	-	258 813	-	-
<u>Debt impairment provision</u>												
Balance at the beginning of the year		21 712							-	21 712	-	-
Contributions to the provision									-	-		
Bad debts written off									-	-		
<b>Balance at end of year</b>		21 712	-	-	-	-	-	-	-	21 712	-	-
<u>Property, plant &amp; equipment</u>												
PPE at cost valuation (excl. finance leases)		1 500 391							-	1 500 391		
Leases recognised as PPE									-	-		
<u>Less: Accumulated depreciation</u>									-	-		
<b>Total Property, plant &amp; equipment</b>	1	1 500 391	-	-	-	-	-	-	-	1 500 391	-	-
<b>LIABILITIES</b>												
<u>Current liabilities - Borrowing</u>												
Short term loans (other than bank overdraft)		5 852							-	5 852		
Current portion of long-term liabilities									-	-		
<b>Total Current liabilities - Borrowing</b>		5 852	-	-	-	-	-	-	-	5 852	-	-
<u>Trade and other payables</u>												
Creditors		223 095						(20 000)	(20 000)	203 095		
Unapplied conditional grants and receipts									-	-		
VAT									-	-		
<b>Total Trade and other payables</b>	1	223 095	-	-	-	-	-	(20 000)	(20 000)	203 095	-	-
<u>Non current liabilities - Borrowing</u>												
Borrowing	3	6 121							-	6 121		
Finance leases (including PPP asset element)									-	-		
<b>Total Non current liabilities - Borrowing</b>		6 121	-	-	-	-	-	-	-	6 121	-	-
<u>Provisions - non current</u>												
Retirement benefits		24 110							-	24 110		
List other major items									-	-		
Refuse landfill site rehabilitation		57 292							-	57 292		
Other									-	-		
<b>Total Provisions - non current</b>		81 402	-	-	-	-	-	-	-	81 402	-	-
<b>CHANGES IN NET ASSETS</b>												
<u>Accumulated surplus/(Deficit)</u>												
Accumulated surplus/(Deficit) - opening balance		1 342 929							-	1 342 929		
Appropriations to Reserves									-	-		
Transfers from Reserves									-	-		
Depreciation offsets									-	-		
Other adjustments									-	-		
<b>Accumulated Surplus/(Deficit)</b>	1	1 342 929	-	-	-	-	-	-	-	1 342 929	-	-
<u>Reserves</u>												
Housing Development Fund									-	-		
Capital replacement									-	-		
Self-insurance									-	-		
Other reserves (list)									-	-		
Revaluation									-	-		
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	1 342 929	-	-	-	-	-	-	-	1 342 929	-	-

## 2.4 Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 28 February 2018

LIM361 Thabazimbi - Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 28/02/2018

Credit Maximiser - Supporting Table 03-7-Adjustments to budgeted performance indicators and benchmarks - 2002/2018									
Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Budget Year 2017/18			Budget Year +1 2018/19	Budget Year +2 2019/20
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b><u>Borrowing Management</u></b>									
Credit Rating	Short term/long term rating								
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3,5%	4,5%		3,2%	0,0%	5,0%	0,0%	0,0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	9,1%	9,1%		0,0%	0,0%	0,0%	0,0%	0,0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Safety of Capital</u></b>									
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%		0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Liquidity</u></b>									
Current Ratio	Current assets/current liabilities	79,5%	70,3%		42,9%	0,0%	38,5%	0,0%	0,0%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities	79,5%	70,3%		42,9%	0,0%	0,0%	0,0%	0,0%
Liquidity Ratio	Monetary Assets/Current Liabilities	1,3%	1,2%		-0,5	0,0	-0,6	0,0	0,0
<b><u>Revenue Management</u></b>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing	88,5%	92,0%						
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		92,2%	104,4%						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	97,7%	83,1%		91,1%	0,0%	89,1%	0,0%	0,0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	75,0%			0,0%	0,0%	0,0%	0,0%	0,0%
<b><u>Creditors Management</u></b>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	50,0%							
Creditors to Cash and Investments		7682,9%	8326,3%		-158,3%	0,0%	-151,1%	0,0%	0,0%
<b><u>Other Indicators</u></b>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)		20,0%						
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Water Distribution Losses (2)	Total Volume Losses (kℓ)		30,0%						
	Total Cost of Losses (Rand '000)	0							
	% Volume (units purchased and generated less units sold)/units purchased and generated								
Employee costs	Employee costs/(Total Revenue - capital revenue)	48,8%	44,1%		40,8%	0,0%	42,7%	0,0%	0,0%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	54,5%	44,1%						
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	15,3%	3,5%		0,0%	0,0%	0,0%	0,0%	0,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	39,0%	25,4%		11,9%	0,0%	14,2%	0,0%	0,0%
<b><u>IDP regulation financial viability indicators</u></b>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	1064,3%	2168,7%		0,0%	0,0%	0,0%	0,0%	0,0%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	191,6%	133,3%		91,1%	0,0%	89,1%	0,0%	0,0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	16,4%	15,2%		0,0	0,0	0,0	0,0	0,0

## 2.5 Supporting Table SB6 Adjustments Budget - funding measurement - 28 February 2018

LIM361 Thabazimbi - Supporting Table SB6 Adjustments Budget - funding measurement - 28/02/2018

Description			2014/15	2015/16	2016/17	Medium Term Revenue and Expenditure Framework				
Ref	MFMA section		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Funding measures										
1	18(1)b		3 324	2 707		(142 725)	-	(134 441)	-	-
2	18(1)b		(93 751)	75 955		(179 560)	-	(239 963)	-	-
3	18(1)b		0	0		-	-	-	-	-
4	18(1)		(106 912)	17 054		44 436	-	1 772	-	-
5	18(1)a,(2)		0,331164728	48,7%	0,0%	0,0%	0,0%	0,0%	-106,0%	0,0%
6	18(1)a,(2)		0,0%	0,0%	0,0%	71,9%	0,0%	48,5%	0,0%	0,0%
7	18(1)a,(2)		28,8%	4,4%		3,3%	0,0%	4,1%	0,0%	0,0%
8	18(1)c; 19		227,5%	32,1%		100,0%	0,0%	0,0%	0,0%	0,0%
9	18(1)c		0,0%	0,0%		0,0%	0,0%	0,0%	0,0%	0,0%
10	18(1)a					0,0%	0,0%	0,0%	0,0%	0,0%
11	18(1)a		-3,8%	28,7%		28,7%	-8,5%		-100,0%	0,0%
12	18(1)a		0,0%	0,0%		0,0%	0,0%		0,0%	0,0%
13	20(1)(vi)		0,9%	2,7%		0,0%	0,0%	0,0%	0,0%	0,0%
14	20(1)(vi)		0,0%	0,0%		21,8%	0,0%	21,8%	0,0%	0,0%

## 2.6 Supporting Table SB7 Adjustments Budget - transfers and grants receipts - 28 February 2018

LIM361 Thabazimbi - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28/02/2018

LIM301 Inbaziwini - Supporting Table SB1 Adjustments Budget - transfers and grant receipts - 2016/17										
Description	Ref	Budget Year 2017/18							Budget Year	Budget Year
		Original	Prior	Multi-year	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	capital	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		7	8	9	10	11	12			
R thousands		A	A1	B	C	D	E	F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		72 129	-	-	-	-	-	72 129	-	-
Local Government Equitable Share		68 976					-	68 976		
Finance Management	3	2 145					-	2 145		
EPWP Incentive		1 008					-	1 008		
Municipal Systems Improvement							-	-		
Energy Efficiency and Demand Management							-	-		
Provincial Government:		22 200	-	-	-	-	-	22 200	-	-
Housing		22 200					-	22 200		
LG SETA							-	-		
District Municipality:		1 650	-	-	-	-	-	1 650	-	-
							-	-		
Fire		1 650					-	1 650		
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	6	95 979	-	-	-	-	-	95 979	-	-
Capital Transfers and Grants										
National Government:		33 759	-	-	-	-	-	33 759	-	-
Municipal Infrastructure Grant (MIG)		33 759					-	33 759		
Integrated National Electricity Grant (INEP)							-	-		
Water Service Infrastructure Grant (WSIG)							-	-		
Electrification Grant (SANEDI)							-	-		
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	6	33 759	-	-	-	-	-	33 759	-	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS		129 738	-	-	-	-	-	129 738	-	-

## 2.7 Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28 February 2018

LIM381 Thabazimbi - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28/02/2018

Description	Ref	Budget Year 2017/18						Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	<b>1</b>								
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>		72 129	-	-	-	-	-	72 129	-
Local Government Equitable Share		68 978					-	68 978	
Finance Management		2 145					-	2 145	
EPWP Incentive		1 008					-	1 008	
Municipal Systems Improvement							-	-	
Energy Efficiency and Demand Management							-	-	
<b>Provincial Government:</b>		22 200	-	-	-	-	-	22 200	-
Housing		22 200					-	22 200	
LG SETA							-	-	
<b>District Municipality:</b>		1 650	-	-	-	-	-	1 650	-
Fire		1 650					-	1 650	
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		95 979	-	-	-	-	-	95 979	-
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>		33 759	-	-	-	-	-	33 759	-
Municipal Infrastructure Grant (MIG)		33 759					-	33 759	
Integrated National Electricity Grant (INEP)							-	-	
Water Service Infrastructure Grant (WSIG)							-	-	
Electrification Grant (SANEDI)		-					-	-	
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		33 759	-	-	-	-	-	33 759	-
<b>Total capital expenditure of Transfers and Grants</b>		129 738	-	-	-	-	-	129 738	-

## 3 Adjustment to Service Delivery and Budget Implementation Plan (SDBIP)

The Municipal Manager will submit for approval by the Mayor revised SDBIP's based on the adjustments being approved.

The Mid-Year Budget and Performance Assessment Report which was tabled at the end of January 2018 highlighted the need to adjust Key Performance Indicators for certain departments. This shall be done together with the results of the effects of this adjustments budget before submission to the Mayor for approval.

**Quality certificate**

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I, TG Ramagaga, the Municipal Manager of Thabazimbi Local Municipality, hereby certify that the Adjustments budget for the 2017/18 budget year has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**MR. T. G RAMAGAGA**

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Municipal Manager of Thabazimbi Local Municipality (LIM361)

Signature.....

Date.....13/03/2018.....