

# Adjustments Budget 2015/16



## Thabazimbi Local Municipality LIM (361)

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LIM (361)

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## **1 Part 1 – Adjustment 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 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, this is truly a difficult period that the Municipality is striving under as the Municipal council has just adopted and accepted the decision of the MEC of Coghsta acting within her legislated powers to place the Municipality under section 139 (1)b of the Constitution of the Republic of South Africa. I am pleased to advise that as envisaged in 2015/16 Original budget, operational spending has been very conservative during the first half of the year, citing 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. We have seen our vehicles fleet being auctioned by long unpaid creditors and our primary bank accounts garnished during the first half of the year.

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 free of charge 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 reflects that, water losses are 42% and Electricity losses are 25%, this is of great concern.

It is against this background that the Municipality is proposing the adjustments in this document. No capital projects have commenced during the first half of the year and non are expected to be successfully implemented and completed during the second half of the year, citing poor financial performance as highlighted below and the need to service our long outstanding creditors. In the interim emphasis must only be given to revenue enhancing projects and that would enable that the Municipality manages to pick the low lying fruits in terms of service delivery and return on capital invested. The Municipal Infrastructure Grant programme will be implemented and administered by Waterberg District Municipality due to consistent low spending in the past years and poor management of the programme.

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 subject to them being of priority.

The Service Delivery and Budget Implementation Plan (SDBIP) has to be adjusted due to the realignment that 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 to council for consideration.

The total revised budget of the Municipality for the year is R 238 million exclusive of capital receipts from MIG, contributes assets and stakeholder funded projects.

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

- Decrease in total municipal revenue from operations by 22% from R305 million to R238 million, due to the electricity and water losses being incurred ie Regorogile Ext 2 and 5.
- Upward adjustment on Employee benefits of 6.2% to cover the financial impact of the difference of 1.1% adjustment based on the 7.1% awarded at the bargaining council compared to the rate applied during budgeting of 6%.
- Depreciation, amortisation were deliberately not adjusted citing lack of concrete and reliable base upon which the estimates could be drawn. The audited Fixed Asset Register was disclaimed by the Auditor General due to incorrect valuation methodology, which resulted in misstated asset and depreciation estimates.
- Shifting of funds between projects as indicated on B5 and SB19

## **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 2014-2015 be approved as contained in the Tables B1 óB10 listed below:
  - a. Table B1 Adjustments Budget Summary (Page 6)
  - b. Table B2 Adjustments Budgeted Financial Performance (Revenue and Expenditure by Standard Classification) (Page 7)
  - c. Table B3 Adjustments Budgeted Financial Performance ( Revenue and Expenditure by municipal vote) (Page 8)
  - d. Table B4 Adjustments Budgeted Financial Performance (Revenue and Expenditure) (Page 9)
  - e. Table B5 Adjustments Budgeted Capital Expenditure by Vote, Standard Classification and Funding (Page 10)
  - f. Table B6 Adjustments Budgeted Statement of Financial Position (Page 11)
  - g. Table B7 Adjustments Budgeted Statement of Cash flows (Page 12)
  - h. Table B8 Adjustments Budgeted Cash backed reserves/ Accumulated surplus reconciliation (Page 12)
  - i. Table B9 Adjustments Budgeted Asset Management (Page 13)
  - j. Table B10 Adjustments Budgeted Basic Service Delivery measurement (Page 14)
2. The SDBIP will be adjusted 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 2015/16 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 September 2014 in compliance with the Municipal Finance Management Act. This document outlined the process of compilation of the Adjustments Budget for 2015/16. 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 financed by the Department of Energy through SANEDI is yet to commence with the project being approved and scope finalised, implementation is set to commence as soon as procurement process is concluded.

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

The property rates revenue has been adjusted upwards to reflect the correction of errors made on implementation ie rebates were given to companies not eligible for such relief mechanisms. In addition the court case between the Municipality and the Mines is almost finalised with a possible out of court settlement. A proposed revision downwards of the mining Tariff from R0.99 to R0.0224 has been by the mines and the Municipal council is advised to accept this paving way for future budgetary processes.

### **Operational Expenditure**

Overall operating expenditure has gone up by 12.5%. This is primarily constituted by R21.9 million upward adjustment on depreciation, a R6.7million employee related costs and impairment of receivables. 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 given towards 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 external sources of revenue anticipated during the second half of the year.

#### 1.4 Adjustment budget tables

**Table B1 Adjustments Budget Summary - 28 February 2016**

Description	Budget Year 2015/16									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 2016/17 Adjusted Budget	+2 2017/18 Adjusted Budget
R thousands	A	1	2	3	4	5	6	7	8		
<b>Financial Performance</b>											
Property rates	28,392	-	-	-	-	-	5,587	5,587	33,979	35,882	38,034
Service charges	188,996	-	-	-	-	-	(63,072)	(63,072)	125,925	132,976	140,955
Investment revenue	6,250	-	-	-	-	-	-	-	6,250	6,600	6,996
Transfers recognised - operational	64,841	-	-	-	-	-	-	-	64,841	68,564	77,540
Other own revenue	17,231	-	-	-	-	-	(9,562)	(9,562)	7,669	8,094	8,571
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>305,709</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(67,047)</b>	<b>(67,047)</b>	<b>238,663</b>	<b>252,116</b>	<b>272,097</b>
Employee costs	100,461	-	-	-	-	-	6,718	6,718	107,179	105,482	111,811
Remuneration of councillors	8,398	-	-	-	-	-	-	-	8,398	8,868	9,400
Depreciation & asset impairment	22,500	-	-	-	-	-	21,381	21,381	43,881	46,339	49,119
Finance charges	838	-	-	-	-	-	-	-	838	885	938
Materials and bulk purchases	69,908	-	-	-	-	-	-	-	69,908	73,823	78,252
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	66,280	-	-	-	-	-	5,500	5,500	71,780	59,928	63,524
<b>Total Expenditure</b>	<b>268,385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,599</b>	<b>33,599</b>	<b>301,985</b>	<b>295,325</b>	<b>313,044</b>
<b>Surplus/(Deficit)</b>	<b>37,324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,646)</b>	<b>(100,646)</b>	<b>(63,322)</b>	<b>(43,209)</b>	<b>(40,947)</b>
Transfers recognised - capital	29,172	-	-	-	-	-	-	-	29,172	29,423	30,601
Contributions recognised - capital & contributed a	27,000	-	-	-	-	-	-	-	27,000	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>93,496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,646)</b>	<b>(100,646)</b>	<b>(7,150)</b>	<b>(13,786)</b>	<b>(10,346)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>93,496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100,646)</b>	<b>(100,646)</b>	<b>(7,150)</b>	<b>(13,786)</b>	<b>(10,346)</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>91,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,950)</b>	<b>(29,950)</b>	<b>61,388</b>	<b>-</b>	<b>-</b>
Transfers recognised - capital	56,172	-	-	-	-	-	-	-	56,172	30,806	30,125
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	35,166	-	-	-	-	-	(29,950)	(29,950)	5,216	-	-
<b>Total sources of capital funds</b>	<b>91,338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,950)</b>	<b>(29,950)</b>	<b>61,388</b>	<b>30,806</b>	<b>30,125</b>
<b>Financial position</b>											
Total current assets	150,089	-	-	-	-	-	(21,709)	(21,709)	128,380	163,526	208,556
Total non current assets	1,311,446	-	-	-	-	-	1,058	1,058	1,312,504	1,377,018	1,459,639
Total current liabilities	198,653	-	-	-	-	-	135,200	135,200	333,853	309,379	328,754
Total non current liabilities	31,287	-	-	-	-	-	(2,500)	(2,500)	28,787	30,227	32,040
<b>Community wealth/Equity</b>	<b>1,231,594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(153,351)</b>	<b>(153,351)</b>	<b>1,078,243</b>	<b>-</b>	<b>-</b>
<b>Cash flows</b>											
Net cash from (used) operating	13,712	-	-	-	-	-	(37,139)	(37,139)	(23,427)	(13,270)	(13,031)
Net cash from (used) investing	(13,858)	-	-	-	-	-	35,272	35,272	21,414	-	-
Net cash from (used) financing	(2,014)	-	-	-	-	-	-	-	(2,014)	-	-
<b>Cash/cash equivalents at the year end</b>	<b>1,940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(927)</b>	<b>(927)</b>	<b>1,013</b>	<b>(13,270)</b>	<b>(13,031)</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	1,959	-	-	-	-	-	(460)	(460)	1,499	3,208	5,460
Application of cash and investments	(6,878)	-	-	-	-	-	269,580	269,580	262,702	252,199	267,331
<b>Balance - surplus (shortfall)</b>	<b>8,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(270,040)</b>	<b>(270,040)</b>	<b>(261,203)</b>	<b>(248,990)</b>	<b>(261,871)</b>
<b>Asset Management</b>											
Asset register summary (WDV)	1,311,446	-	-	-	-	-	-	-	1,311,446	1,472,040	1,473,301
Depreciation & asset impairment	22,500	-	-	-	-	-	21,381	21,381	43,881	46,339	49,119
Renewal of Existing Assets	5,963	-	-	-	-	-	-	-	5,963	5,505	5,813
Repairs and Maintenance	35,639	-	-	-	-	-	-	-	35,639	-	-
<b>Free services</b>											
Cost of Free Basic Services provided	33,793	-	-	-	-	-	-	-	33,793	35,821	37,612
Revenue cost of free services provided	43,027	-	-	-	-	-	-	-	43,027	47,330	52,063
<b>Households below minimum service level</b>											
Water:	9	-	-	-	-	-	-	-	9	10	11
Sanitation/sewage:	9	-	-	-	-	-	-	-	9	10	11
Energy:	1	-	-	-	-	-	-	-	1	1	1
Refuse:	14	-	-	-	-	-	-	-	14	14	14

**Table B2 Adjustments Budget Financial Performance (standard classification) - 28 February 2016**

Standard Description	Ref	Budget Year 2015/16										Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2016/17	+2 2017/18	
<b>Revenue - Standard</b>													
<b>Governance and administration</b>		108,101	-	-	-	-	-	(2,653)	(2,653)	105,448	111,353	118,034	
Executive and council		70,670	-	-	-	-	-	-	-	70,670	74,628	79,105	
Budget and treasury office		34,778	-	-	-	-	-	-	-	34,778	36,726	38,929	
Corporate services		2,653	-	-	-	-	-	(2,653)	(2,653)	-	-	-	
<b>Community and public safety</b>		8,428	-	-	-	-	-	(6,909)	(6,909)	1,519	(1)	(1)	
Community and social services		304	-	-	-	-	-	-	-	304	(1)	(1)	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		8,124	-	-	-	-	-	(6,909)	(6,909)	1,215	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		56,356	-	-	-	-	-	-	-	56,356	-	-	
Planning and development		184	-	-	-	-	-	-	-	184	-	-	
Road transport		56,172	-	-	-	-	-	-	-	56,172	-	-	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		188,996	-	-	-	-	-	(63,072)	(63,072)	125,925	132,976	140,955	
Electricity		81,613	-	-	-	-	-	(19,072)	(19,072)	62,541	66,043	70,006	
Water		67,575	-	-	-	-	-	(39,500)	(39,500)	28,075	29,647	31,426	
Waste water management		29,617	-	-	-	-	-	(6,500)	(6,500)	23,117	24,411	25,876	
Waste management		10,192	-	-	-	-	-	2,000	2,000	12,192	12,875	13,647	
Other		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue - Standard</b>	2	361,881	-	-	-	-	-	(72,634)	(72,634)	289,247	244,328	258,988	
<b>Expenditure - Standard</b>													
<b>Governance and administration</b>		97,551	-	-	-	-	-	20,681	20,681	118,232	16,997	17,949	
Executive and council		26,891	-	-	-	-	-	494	494	27,385	-	-	
Budget and treasury office		56,351	-	-	-	-	-	18,400	18,400	74,751	-	-	
Corporate services		14,309	-	-	-	-	-	1,787	1,787	16,096	16,997	17,949	
<b>Community and public safety</b>		21,496	-	-	-	-	-	372	372	21,868	5,616	5,953	
Community and social services		4,745	-	-	-	-	-	142	142	4,887	-	-	
Sport and recreation		5,088	-	-	-	-	-	230	230	5,318	5,616	5,953	
Public safety		11,663	-	-	-	-	-	-	-	11,663	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		45,040	-	-	-	-	-	6,094	6,094	51,134	53,997	57,237	
Planning and development		7,598	-	-	-	-	-	28	28	7,626	8,054	8,537	
Road transport		37,442	-	-	-	-	-	6,066	6,066	43,508	45,944	48,701	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		104,298	-	-	-	-	-	867	867	105,165	111,054	117,717	
Electricity		56,045	-	-	-	-	-	-	-	56,045	59,184	62,735	
Water		31,033	-	-	-	-	-	-	-	31,033	32,771	34,737	
Waste water management		8,713	-	-	-	-	-	-	-	8,713	9,201	9,753	
Waste management		8,507	-	-	-	-	-	867	867	9,374	9,899	10,493	
Other		0	-	-	-	-	-	-	-	0	-	-	
<b>Total Expenditure - Standard</b>	3	268,385	-	-	-	-	-	28,013	28,013	296,398	187,665	198,857	
<b>Surplus/ (Deficit) for the year</b>		93,496	-	-	-	-	-	(100,647)	(100,647)	(7,151)	56,663	60,131	

**Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28 February 2016**

Vote Description  <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unavoid.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	A	A1	B	C	D	E	F	G	H			
<b>R thousands</b>												
<b>Revenue by Vote</b>	1											
Vote 1 - Organisational structure sub-votes (if required)		132,367	-	-	-	-	-	5,587	5,587	137,954	145,680	154,420
Vote 2 - 200 Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - 300 Budget & Treasury		6,386	-	-	-	-	-	-	-	6,386	6,600	6,996
Vote 4 - 400 Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - 500 Planning and Economic Development		186	-	-	-	-	-	-	-	186	196	208
Vote 6 - 600 Community Services		10,563	-	-	-	-	-	2,000	2,000	12,563	10,570	11,204
Vote 7 - 700 Technical Services		209,727	-	-	-	-	-	(73,635)	(73,635)	136,092	158,507	172,594
Vote 8 - 800 Public Safety and Protection Services		2,653	-	-	-	-	-	(1,000)	(1,000)	1,653	-	-
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	<b>361,881</b>	-	-	-	-	-	<b>(67,047)</b>	<b>(67,047)</b>	<b>294,833</b>	<b>321,553</b>	<b>345,423</b>
<b>Expenditure by Vote</b>	1											
Vote 1 - Organisational structure sub-votes (if required)		17,448	-	-	-	-	-	439	439	17,888	14,007	14,847
Vote 2 - 200 Municipal Manager		6,575	-	-	-	-	-	54	54	6,630	3,237	3,431
Vote 3 - 300 Budget & Treasury		34,374	-	-	-	-	-	23,987	23,987	58,361	9,890	10,483
Vote 4 - 400 Corporate Services		22,010	-	-	-	-	-	1,787	1,787	23,796	14,057	14,900
Vote 5 - 500 Planning and Economic Development		7,106	-	-	-	-	-	28	28	7,134	7,096	7,521
Vote 6 - 600 Community Services		14,815	-	-	-	-	-	3,239	3,239	18,054	34,845	36,936
Vote 7 - 700 Technical Services		146,543	-	-	-	-	-	3,701	3,701	150,244	179,445	190,157
Vote 8 - 800 Public Safety and Protection Services		19,513	-	-	-	-	-	364	364	19,877	-	-
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	<b>268,385</b>	-	-	-	-	-	<b>33,599</b>	<b>33,599</b>	<b>301,984</b>	<b>262,575</b>	<b>278,276</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>93,496</b>	-	-	-	-	-	<b>(100,647)</b>	<b>(100,647)</b>	<b>(7,151)</b>	<b>58,977</b>	<b>67,147</b>

**Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February 2016**



Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1	A	3	4	5	6	7	8	9	10	+1 2016/17	+2 2017/18
		A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	28,392	-	-	-	-	-	5,587	5,587	33,979	35,882	38,034
Property rates - penalties & collection charges		0	-	-	-	-	-	-	-	0	0	0
Service charges - electricity revenue	2	81,613	-	-	-	-	-	(19,072)	(19,072)	62,541	66,043	70,006
Service charges - water revenue	2	67,575	-	-	-	-	-	(39,500)	(39,500)	28,075	29,647	31,426
Service charges - sanitation revenue	2	29,617	-	-	-	-	-	(6,500)	(6,500)	23,117	24,411	25,876
Service charges - refuse revenue	2	10,192	-	-	-	-	-	2,000	2,000	12,192	12,875	13,647
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		1,219	-	-	-	-	-	-	-	1,219	1,287	1,364
Interest earned - external investments		-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors		6,250	-	-	-	-	-	-	-	6,250	6,600	6,996
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		904	-	-	-	-	-	-	-	904	955	1,012
Licences and permits		3,149	-	-	-	-	-	(500)	(500)	2,649	2,797	2,965
Agency services		2,653	-	-	-	-	-	(500)	(500)	2,153	2,274	2,410
Transfers recognised - operating		64,841	-	-	-	-	-	-	-	64,841	68,564	77,540
Other revenue	2	9,305	-	-	-	-	-	(8,562)	(8,562)	743	781	820
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>305,709</b>	-	-	-	-	-	<b>(67,047)</b>	<b>(67,047)</b>	<b>238,663</b>	<b>252,116</b>	<b>272,097</b>
<b>Expenditure By Type</b>												
Employee related costs		100,461	-	-	-	-	-	6,718	6,718	107,179	105,482	111,811
Remuneration of councillors		8,398	-	-	-	-	-	-	-	8,398	8,868	9,400
Debt impairment		9,530	-	-	-	-	-	5,500	5,500	15,030	-	-
Depreciation & asset impairment		22,500	-	-	-	-	-	21,381	21,381	43,881	46,339	49,119
Finance charges		838	-	-	-	-	-	-	-	838	885	938
Bulk purchases		69,908	-	-	-	-	-	-	-	69,908	73,823	78,252
Other materials		-	-	-	-	-	-	-	-	-	-	-
Contracted services		3,830	-	-	-	-	-	-	-	3,830	4,044	4,287
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Other expenditure		52,920	-	-	-	-	-	-	-	52,920	55,884	59,237
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>268,385</b>	-	-	-	-	-	<b>33,599</b>	<b>33,599</b>	<b>301,985</b>	<b>295,325</b>	<b>313,044</b>
<b>Surplus/(Deficit)</b>		<b>37,324</b>	-	-	-	-	-	<b>(100,646)</b>	<b>(100,646)</b>	<b>(63,322)</b>	<b>(43,209)</b>	<b>(40,947)</b>
Transfers recognised - capital		29,172	-	-	-	-	-	-	-	29,172	29,423	30,601
Contributions		-	-	-	-	-	-	-	-	-	-	-
Contributed assets		27,000	-	-	-	-	-	-	-	27,000	-	-
<b>Surplus/(Deficit) before taxation</b>		<b>93,496</b>	-	-	-	-	-	<b>(100,646)</b>	<b>(100,646)</b>	<b>(7,150)</b>	<b>(13,786)</b>	<b>(10,346)</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>93,496</b>	-	-	-	-	-	<b>(100,646)</b>	<b>(100,646)</b>	<b>(7,150)</b>	<b>(13,786)</b>	<b>(10,346)</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>93,496</b>	-	-	-	-	-	<b>(100,646)</b>	<b>(100,646)</b>	<b>(7,150)</b>	<b>(13,786)</b>	<b>(10,346)</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>93,496</b>	-	-	-	-	-	<b>(100,646)</b>	<b>(100,646)</b>	<b>(7,150)</b>	<b>(13,786)</b>	<b>(10,346)</b>

Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28 February 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H			
<b>R thousands</b>												
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>												
Vote 1 - Organisational structure sub-votes (if required)	2	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - 200 Municipal Manager		450	-	-	-	-	-	(450)	(450)	-	-	-
Vote 3 - 300 Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - 400 Corporate Services		4,716	-	-	-	-	-	-	-	4,716	-	-
Vote 5 - 500 Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - 600 Community Services		8,800	-	-	-	-	-	(8,800)	(8,800)	-	-	-
Vote 7 - 700 Technical Services		75,423	-	-	-	-	-	(19,250)	(19,250)	56,173	-	-
Vote 8 - 800 Public Safety and Protection Services		1,950	-	-	-	-	-	(1,450)	(1,450)	500	-	-
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	<b>91,338</b>	-	-	-	-	-	<b>(29,950)</b>	<b>(29,950)</b>	<b>61,388</b>	-	-
<b>Single-year expenditure to be adjusted</b>												
Vote 1 - Organisational structure sub-votes (if required)	2	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - 200 Municipal Manager		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - 300 Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - 400 Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - 500 Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - 600 Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - 700 Technical Services		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - 800 Public Safety and Protection Services		-	-	-	-	-	-	-	-	-	-	-
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>		<b>91,338</b>	-	-	-	-	-	<b>(29,950)</b>	<b>(29,950)</b>	<b>61,388</b>	-	-
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>		5,166	-	-	-	-	-	(450)	(450)	4,716	6,600	3,500
Executive and council		450	-	-	-	-	-	(450)	(450)	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	3,000	3,500
Corporate services		4,716	-	-	-	-	-	-	-	4,716	3,600	-
<b>Community and public safety</b>		9,261	-	-	-	-	-	(8,761)	(8,761)	500	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		4,300	-	-	-	-	-	(4,300)	(4,300)	-	-	-
Public safety		1,950	-	-	-	-	-	(1,450)	(1,450)	500	-	-
Housing		3,011	-	-	-	-	-	(3,011)	(3,011)	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		21,898	-	-	-	-	-	(21,898)	(21,898)	0	0	0
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		21,898	-	-	-	-	-	(21,898)	(21,898)	0	0	0
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		55,013	-	-	-	-	-	1,159	1,159	56,172	28,512	30,109
Electricity		32,800	-	-	-	-	-	(5,800)	(5,800)	27,000	28,512	30,109
Water		3,213	-	-	-	-	-	(3,213)	(3,213)	-	-	-
Waste water management		14,500	-	-	-	-	-	14,672	14,672	29,172	-	-
Waste management		4,500	-	-	-	-	-	(4,500)	(4,500)	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	<b>91,338</b>	-	-	-	-	-	<b>(29,950)</b>	<b>(29,950)</b>	<b>61,388</b>	<b>35,112</b>	<b>33,609</b>
<b>Funded by:</b>												
National Government		29,172	-	-	-	-	-	-	-	29,172	30,806	30,125
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		27,000	-	-	-	-	-	-	-	27,000	-	-
<b>Total Capital transfers recognised</b>	4	<b>56,172</b>	-	-	-	-	-	-	-	<b>56,172</b>	<b>30,806</b>	<b>30,125</b>
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		35,166	-	-	-	-	-	(29,950)	(29,950)	5,216	-	-
<b>Total Capital Funding</b>		<b>91,338</b>	-	-	-	-	-	<b>(29,950)</b>	<b>(29,950)</b>	<b>61,388</b>	<b>30,806</b>	<b>30,125</b>

**LIM361 Thabazimbi - Table B6 Adjustments Budget Financial Position - 28 February 2016**

Description	Ref	Budget Year 2015/16									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 2016/17 Adjusted Budget	+2 2017/18 Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>R thousands</b>												
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		1,709						(709)	(709)	1,000	3,209	5,460
Call investment deposits	1	250	-	-	-	-	-	-	-	250	-	-
Consumer debtors	1	146,351	-	-	-	-	-	(21,000)	(21,000)	125,351	158,168	201,138
Other debtors		-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Inventory		1,780	-	-	-	-	-	-	-	1,780	2,150	1,958
<b>Total current assets</b>		<b>150,089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,709)</b>	<b>(21,709)</b>	<b>128,380</b>	<b>163,526</b>	<b>208,556</b>
<b>Non current assets</b>												
Long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	249	249	249	-	-
Investment property		-	-	-	-	-	-	-	-	-	-	-
Investment in Associate		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	1,311,446	-	-	-	-	-	-	-	1,311,446	1,377,018	1,459,639
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	809	809	809	-	-
Intangible		-	-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>1,311,446</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,058</b>	<b>1,058</b>	<b>1,312,504</b>	<b>1,377,018</b>	<b>1,459,639</b>
<b>TOTAL ASSETS</b>		<b>1,461,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,651)</b>	<b>(20,651)</b>	<b>1,440,884</b>	<b>1,540,544</b>	<b>1,668,195</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Borrowing		9,350	-	-	-	-	-	(3,300)	(3,300)	6,050	6,353	6,670
Consumer deposits		3,824	-	-	-	-	-	-	-	3,824	3,254	2,895
Trade and other payables		137,950	-	-	-	-	-	138,500	138,500	276,450	290,273	307,689
Provisions		47,529	-	-	-	-	-	-	-	47,529	9,500	11,500
<b>Total current liabilities</b>		<b>198,653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,200</b>	<b>135,200</b>	<b>333,653</b>	<b>309,379</b>	<b>328,754</b>
<b>Non current liabilities</b>												
Borrowing	1	4,783	-	-	-	-	-	(2,500)	(2,500)	2,283	2,397	2,541
Provisions	1	26,505	-	-	-	-	-	-	-	26,505	27,830	29,500
<b>Total non current liabilities</b>		<b>31,287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,500)</b>	<b>(2,500)</b>	<b>28,787</b>	<b>30,227</b>	<b>32,040</b>
<b>TOTAL LIABILITIES</b>		<b>229,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,700</b>	<b>132,700</b>	<b>362,441</b>	<b>339,606</b>	<b>360,794</b>
<b>NET ASSETS</b>	2	<b>1,231,594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(153,351)</b>	<b>(153,351)</b>	<b>1,078,243</b>	<b>1,200,938</b>	<b>1,307,401</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		1,231,594	-	-	-	-	-	(153,351)	(153,351)	1,078,243	-	-
Reserves		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>1,231,594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(153,351)</b>	<b>(153,351)</b>	<b>1,078,243</b>	<b>-</b>	<b>-</b>

**Table B7 Adjustments Budget Cash Flows - 28 February 2016**

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Ratepayers and other		204,796					(40,987)	(40,987)	163,809	182,982	192,669	
Government - operating	1	64,841							64,841	68,472	72,306	
Government - capital	1	29,172					(29,172)	(29,172)				
Interest		5,625					(3,500)	(3,500)	2,125	2,244	2,370	
Dividends		-										
<b>Payments</b>												
Suppliers and employees		(290,283)					45,520	45,520	(244,763)	(257,002)	(269,852)	
Finance charges		(438)					(9,000)	(9,000)	(9,438)	(9,966)	(10,524)	
Transfers and Grants	1	-										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>13,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,139)</b>	<b>(37,139)</b>	<b>(23,427)</b>	<b>(13,270)</b>	<b>(13,031)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE		-										
Decrease (Increase) in non-current debtors		5,342					6,100	6,100	11,442			
Decrease (increase) other non-current receivables		9,972							9,972			
Decrease (increase) in non-current investments		-										
<b>Payments</b>												
Capital assets		(29,172)					29,172	29,172				
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(13,858)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,272</b>	<b>35,272</b>	<b>21,414</b>	<b>-</b>	<b>-</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans												
Borrowing long term/refinancing												
Increase (decrease) in consumer deposits												
<b>Payments</b>												
Repayment of borrowing		(2,014)							(2,014)			
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(2,014)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,014)</b>	<b>-</b>	<b>-</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(2,160)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,867)</b>	<b>(1,867)</b>	<b>(4,027)</b>	<b>(13,270)</b>	<b>(13,031)</b>	
Cash/cash equivalents at the year begin:	2	4,100					940	940	5,040			
Cash/cash equivalents at the year end:	2	1,940					(927)	(927)	1,013	(13,270)	(13,031)	

**Table B8 Cash Backed Reserves/Accumulated Surplus Reconciliation - 28 February 2016**

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end	1	1,940					(927)	(927)	1,013	(13,270)	(13,031)	
Other current investments > 90 days		19					218	218	237	16,478	16,491	
Non current assets - Investments	1	-					249	249	249			
<b>Cash and investments available:</b>		<b>1,959</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(460)</b>	<b>(460)</b>	<b>1,499</b>	<b>3,208</b>	<b>5,460</b>	
<b>Applications of cash and investments</b>												
Unspent conditional transfers		-										
Unspent borrowing		-										
Statutory requirements		-										
Other working capital requirements	2	6,870					269,580	269,580	276,450	290,273	307,689	
Other provisions		(13,748)							(13,748)	(38,074)	(40,358)	
Long term investments committed		-										
Reserves to be backed by cash/investments		-										
<b>Total Application of cash and investments:</b>		<b>(6,878)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>269,580</b>	<b>269,580</b>	<b>262,702</b>	<b>252,199</b>	<b>267,331</b>	
<b>Surplus(shortfall)</b>		<b>8,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(270,040)</b>	<b>(270,040)</b>	<b>(261,203)</b>	<b>(248,990)</b>	<b>(261,871)</b>	

## **2 Supporting documentation**

### **2.1 Adjustment budget assumptions**

- a. The approved tariffs did not change in the adjustments budget. However, the mining tariff will be reduced from R0.99 to R0.0224 Effective the 01<sup>st</sup> of July 2015.
- b. Trade payable and accruals by far outweighs 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.
- c. 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.
- d. 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..
- e. 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 provided by our consultants. The Auditor general disclaimed the Municipality mainly based on incorrect valuation of municipal assets due to wrong valuation methodologies being applied.
- f. 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.
- g. The required 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 2016**

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H	+1 2016/17	+2 2017/18
<b>R thousands</b>												
<b>REVENUE ITEMS</b>												
<b>Property rates</b>												
Total Property Rates		28,392						5,587	5,587	33,979	35,882	38,034
less Revenue Foregone												
<b>Net Property Rates</b>		<b>28,392</b>						<b>5,587</b>	<b>5,587</b>	<b>33,979</b>	<b>35,882</b>	<b>38,034</b>
<b>Service charges - electricity revenue</b>												
Total Service charges - electricity revenue		81,613						(19,072)	(19,072)	62,541	66,043	70,006
less Revenue Foregone												
<b>Net Service charges - electricity revenue</b>		<b>81,613</b>						<b>(19,072)</b>	<b>(19,072)</b>	<b>62,541</b>	<b>66,043</b>	<b>70,006</b>
<b>Service charges - water revenue</b>												
Total Service charges - water revenue		67,575						(39,500)	(39,500)	28,075	29,647	31,426
less Revenue Foregone												
<b>Net Service charges - water revenue</b>		<b>67,575</b>						<b>(39,500)</b>	<b>(39,500)</b>	<b>28,075</b>	<b>29,647</b>	<b>31,426</b>
<b>Service charges - sanitation revenue</b>												
Total Service charges - sanitation revenue		29,617						(6,500)	(6,500)	23,117	24,411	25,876
less Revenue Foregone												
<b>Net Service charges - sanitation revenue</b>		<b>29,617</b>						<b>(6,500)</b>	<b>(6,500)</b>	<b>23,117</b>	<b>24,411</b>	<b>25,876</b>
<b>Service charges - refuse revenue</b>												
Total refuse removal revenue		10,192						2,000	2,000	12,192	12,875	13,647
Total landfill revenue												
less Revenue Foregone												
<b>Net Service charges - refuse revenue</b>		<b>10,192</b>						<b>2,000</b>	<b>2,000</b>	<b>12,192</b>	<b>12,875</b>	<b>13,647</b>
<b>Other Revenue By Source</b>												
Bulk contribution												
service connection fees												
fees for graves		350								350	368	386
Building plan fees		125						20	20	145	152	160
Advertising fees		8,560						(8,500)	(8,500)	60	63	66
Meter reading fees								(82)	(82)	(82)	(86)	(90)
Tender Fees		97								97	101	106
Game farm admission fees												
Library fees		19								19	19	20
Hawkers and others fees		14								14	14	15
Fire services fees		17								17	17	18
Sale of refuse bins		125								125	132	138
<b>Total 'Other' Revenue</b>	1	<b>9,305</b>						<b>(8,562)</b>	<b>(8,562)</b>	<b>743</b>	<b>781</b>	<b>820</b>
<b>EXPENDITURE ITEMS</b>												
<b>Employee related costs</b>												
Basic Salaries and Wages		64,010						1,288	1,288	65,298	69,169	73,319
Pension and UIF Contributions		8,167						72	72	8,239	8,136	8,625
Medical Aid Contributions		5,167						719	719	5,886	5,148	5,456
Overtime		5,045						1,223	1,223	6,269	5,026	5,328
Performance Bonus												
Motor Vehicle Allowance		8,026						1,418	1,418	9,444	7,996	8,475
Cellphone Allowance		606						48	48	654	603	640
Housing Allowances		190						42	42	232	189	200
Other benefits and allowances		9,250						1,908	1,908	11,158	9,215	9,768
Payments in lieu of leave												
Long service awards												
Post-retirement benefit obligations												
<b>sub-total</b>	4	<b>100,461</b>						<b>6,718</b>	<b>6,718</b>	<b>107,179</b>	<b>105,482</b>	<b>111,811</b>
Less: Employees costs capitalised to PPE												
<b>Total Employee related costs</b>	1	<b>100,461</b>						<b>6,718</b>	<b>6,718</b>	<b>107,179</b>	<b>105,482</b>	<b>111,811</b>
<b>Contributions recognised - capital</b>												
Anglo American Platinum												
Kumba Iron ore												
<b>Total Contributions recognised - capital</b>												
<b>Depreciation &amp; asset impairment</b>												
Depreciation of Property, Plant & Equipment		22,500						21,381	21,381	43,881	46,339	49,119
Lease amortisation												
Capital asset impairment												
Depreciation resulting from revaluation of PPE												
<b>Total Depreciation &amp; asset impairment</b>	1	<b>22,500</b>						<b>21,381</b>	<b>21,381</b>	<b>43,881</b>	<b>46,339</b>	<b>49,119</b>
<b>Bulk purchases</b>												
Electricity		46,634								46,634	49,245	52,200
Water		23,274								23,274	24,578	26,052
<b>Total bulk purchases</b>	1	<b>69,908</b>								<b>69,908</b>	<b>73,823</b>	<b>78,252</b>
<b>Contracted services</b>												
List services provided by contract		3,830								3,830	4,044	4,287
<b>sub-total</b>	1	<b>3,830</b>								<b>3,830</b>	<b>4,044</b>	<b>4,287</b>
<b>Allocations to organs of state:</b>												
Electricity												
Water												
Sanitation												
Other												
<b>Total contracted services</b>		<b>3,830</b>								<b>3,830</b>	<b>4,044</b>	<b>4,287</b>
<b>Other Expenditure By Type</b>												
Repairs and maintenance												
Collection costs												
Contributions to 'other' provisions												
Consultant fees												
Audit fees												

**2.3 Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28 February 2016**

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget
	A	4	5	6	7	8	9	10	11			
		A1	B	C	D	E	F	G	H			
<b>R thousands</b>												
<b>ASSETS</b>												
<b>Call investment deposits</b>												
Call deposits < 90 days		250						-	250			
Other current investments > 90 days								-				
<b>Total Call investment deposits</b>	1	250	-	-	-	-	-	-	250	-	-	
<b>Consumer debtors</b>												
Consumer debtors		146,351						-	146,351	153,668	162,888	
Less: provision for debt impairment		-					21,000	21,000	21,000	(4,500)	(38,250)	
<b>Total Consumer debtors</b>	1	146,351	-	-	-	-	(21,000)	(21,000)	125,351	158,168	201,138	
<b>Debt impairment provision</b>												
Balance at the beginning of the year								-	-	21,000	(4,500)	
Contributions to the provision							(25,000)	(25,000)	(25,000)	(35,000)	(45,000)	
Bad debts written off							46,000	46,000	46,000	9,500	11,250	
<b>Balance at end of year</b>		-	-	-	-	-	21,000	21,000	21,000	(4,500)	(38,250)	
<b>Property, plant &amp; equipment</b>												
PPE at cost valuation (excl. finance leases)	2	1,311,446						-	1,311,446	1,377,018	1,459,639	
Leases recognised as PPE								-				
Less: Accumulated depreciation								-				
<b>Total Property, plant &amp; equipment</b>	1	1,311,446	-	-	-	-	-	-	1,311,446	1,377,018	1,459,639	
<b>LIABILITIES</b>												
<b>Current liabilities - Borrowing</b>												
Short term loans (other than bank overdraft)		9,350					(3,300)	(3,300)	6,050	6,353	6,670	
Current portion of long-term liabilities								-				
<b>Total Current liabilities - Borrowing</b>		9,350	-	-	-	-	(3,300)	(3,300)	6,050	6,353	6,670	
<b>Trade and other payables</b>												
Creditors		137,950					138,500	138,500	276,450	290,273	307,689	
Unspent conditional grants and receipts								-				
VAT								-				
<b>Total Trade and other payables</b>	1	137,950	-	-	-	-	138,500	138,500	276,450	290,273	307,689	
<b>Non current liabilities - Borrowing</b>												
Borrowing	3	4,783					(2,500)	(2,500)	2,283	2,397	2,541	
Finance leases (including PPP asset element)								-				
<b>Total Non current liabilities - Borrowing</b>		4,783	-	-	-	-	(2,500)	(2,500)	2,283	2,397	2,541	
<b>Provisions - non current</b>												
Retirement benefits		11,127						-	11,127	11,684	12,385	
List other major items								-				
Refuse landfill site rehabilitation		15,377						-	15,377	16,146	17,115	
Other								-				
<b>Total Provisions - non current</b>		26,505	-	-	-	-	-	-	26,505	27,830	29,500	
<b>CHANGES IN NET ASSETS</b>												
<b>Accumulated surplus/(Deficit)</b>												
Accumulated surplus/(Deficit) - opening balance		1,231,594					(153,351)	(153,351)	1,078,243			
Appropriations to Reserves								-				
Transfers from Reserves								-				
Depreciation offsets								-				
Other adjustments								-				
<b>Accumulated Surplus/(Deficit)</b>	1	1,231,594	-	-	-	-	(153,351)	(153,351)	1,078,243			
<b>Reserves</b>												
Housing Development Fund								-				
Capital replacement								-				
Self-insurance								-				
Other reserves (list)								-				
Revaluation								-				
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	1,231,594	-	-	-	-	(153,351)	(153,351)	1,078,243			

## 2.4 Supporting Table SB4 Adjustments to budgeted performance indicators and benchmarks - 28 February 2016

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Budget Year 2015/16			Budget Year +1 2016/17	Budget Year +2 2017/18
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Borrowing Management</b>									
Credit Rating	Short term/long term rating	TBA	TBA	TBA	TBA	TBA	TBA		
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	10.0%	7.9%	1.2%	1.1%	0.0%	0.9%	0.3%	0.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants	0.0%	441.1%	63.6%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>									
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	69.6%	29.8%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>									
Current Ratio	Current assets/current liabilities	55.4%	30.1%	24.2%	75.6%	0.0%	38.5%	52.9%	63.4%
Current Ratio adjusted for aged debtors	Current assets/current liabilities less debtors > 90 days/current liabilities	0.0%	0.0%	0.0%	653.1%	0.0%	0.0%	0.0%	0.0%
Liquidity Ratio	Monetary Assets/Current Liabilities	-13.6%	8.4%	8.4%	0.0	0.0	0.0	0.0	0.0
<b>Revenue Management</b>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing		98.3%	98.2%	86.0%		70.0%	80.0%	85.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	21.6%	10.6%	8.3%	47.9%	0.0%	52.5%	62.7%	73.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))	0.0%	86.0%	88.5%	45.0%	0.0%	75.0%	80.0%	85.0%
Creditors to Cash		1.0%	1.0%	1.0%	7110.8%	0.0%	27290.0%	-2187.4%	-2361.2%
<b>Other Indicators</b>									
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	8.3%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%	13.6%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	38.7%	38.7%	38.9%	32.9%	0.0%	44.9%	41.8%	41.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	8.2%	9.0%	11.7%	0.0%	14.9%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	1.6%	1.3%	1.9%	7.6%	0.0%	18.7%	18.7%	18.4%
<b>IDP regulation financial viability indicators</b>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	0.0%	118.7%	14973.8%	27219.0%	0.0%	19642.5%	19567.9%	20741.2%
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	81.9%	5.5%	47.9%	0.0%	52.5%	62.7%	73.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-1.7%	-38.6%	392.7%	0.0	0.0	0.0	-0.1	-0.1



## 2.5 Supporting Table SB6 Adjustments Budget - funding measurement - 28 February 2016

Description	Ref	MFMA section	2012/13	2013/14	2014/15	Medium Term Revenue and Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	1	18(1)b	34,046	3,137	3,105	1,940	-	1,013	(13,270)	(13,031)
Cash + investments at the yr end less applications - R'000	2	18(1)b	15,309	2,460	5,869	8,837	-	(261,203)	(248,990)	(261,871)
Cash year end/monthly employee/supplier payments	3	18(1)b	0	16%	0	0	-	0	(0)	(0)
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)	10,339	(93,209)		76,496	-	-	-	-
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)	0.063	162.0%		0.0%	0.0%	0.0%	-0.4%	0.0%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	0.0%	0.0%	0.0%	89.6%	0.0%	0.0%	0.0%	0.0%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)	29.7%	76.0%		4.4%	0.0%	9.3%	0.0%	0.0%
Capital payments % of capital expenditure	8	18(1)c:19	52.6%	12.2%		31.9%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c	0.0%	100.0%		0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	10	18(1)a	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a	73.0%	91.1%	35.0%	35.0%	0.0%	18.0%	26.2%	27.2%
Long term receivables % change - incr(decr)	12	18(1)a	0.0%	0.0%		20.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)	68.9%	2.8%	0.0%	2.7%	0.0%	2.7%	0.0%	0.0%
Asset renewal % of capital budget	14	20(1)(vi)	0.0%	0.0%	0.0%	10.0%	0.0%	10.0%	11.0%	11.0%

## 2.6 Supporting Table SB7 Adjustments Budget - transfers and grants receipts - 28 February 2016

Description	Ref	Budget Year 2015/16							Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F		
<b>R thousands</b>										
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>										
Equitable share		65,408	-	-	-	-	-	65,408	-	-
Finance Management	3	60,064						60,064		
Municipal Systems Improvement		934						934		
Public Works		1,675						1,675		
		2,735						2,735		
<b>Provincial Government:</b>										
L G SETA		1,500						1,500		
	4	1,500						1,500		
Other transfers and grants [insert description]	5									
<b>District Municipality:</b>										
Fire subsidy		29,172						29,172		
		29,172						29,172		
<b>Other grant providers:</b>										
[insert description]										
<b>Total Operating Transfers and Grants</b>	6	<b>96,080</b>						<b>96,080</b>		
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>										
Municipal Infrastructure Grant (MIG)										
Department of Energy										
Other capital transfers [insert description]										
<b>Provincial Government:</b>										
[insert description]										
<b>District Municipality:</b>										
[insert description]										
<b>Other grant providers:</b>										
Department of Energy SANEDI						27,000	27,000	27,000		
						27,000	27,000	27,000		
<b>Total Capital Transfers and Grants</b>	6	<b>-</b>				<b>27,000</b>	<b>27,000</b>	<b>27,000</b>		
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>96,080</b>				<b>27,000</b>	<b>27,000</b>	<b>123,080</b>		

**2.7 Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme  
- 28 February 2016**

Description	Ref	Budget Year 2015/16							Budget Year	Budget Year
		Original	Prior	Multi-year	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	capital	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		2	3	4	5	6	7			
		A	A1	B	C	D	E	F		
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		63,673	-	-	-	-	-	63,673	-	-
Equitable share		60,064						60,064		
Finance Management		934						934		
Municipal Systems Improvement		1,675						1,675		
Public Works		1,000						1,000		
<b>Provincial Government:</b>		1,500	-	-	-	-	-	1,500	-	-
L G SETA		1,500						1,500		
Other transfers and grants [insert description]										
<b>District Municipality:</b>		2,231	-	-	-	-	-	2,231	-	-
Fire subsidy		2,231						2,231		
<b>Other grant providers:</b>										
[insert description]										
<b>Total operating expenditure of Transfers and Grants:</b>		67,404	-	-	-	-	-	67,404	-	-
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		29,172	-	-	-	-	-	29,172	-	-
Municipal Infrastructure Grant (MIG)		29,172						29,172		
Department of Energy										
Other capital transfers [insert description]										
<b>Provincial Government:</b>										
[insert description]										
<b>District Municipality:</b>										
[insert description]										
<b>Other grant providers:</b>										
Department of Energy SANEDI										
<b>Total capital expenditure of Transfers and Grants</b>		29,172	-	-	-	-	-	29,172	-	-
<b>Total capital expenditure of Transfers and Grants</b>		96,576	-	-	-	-	-	96,576	-	-

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<b>THABAZIMBI LOCAL MUNICIPALITY</b>				
<b>2015/16 PROJECT LIST PER KEY PERFORMANCE AREA</b>			<b>60,337,527.00</b>	
<b>PROJECT NAME</b>	<b>DEPARTMENT</b>	<b>FUNDING SOURCE</b>	<b>2015-16 CAPITAL</b>	<b>STATUS</b>
<b>KPA : BASIC SERVICES DEVELOPMENT &amp; INFRASTRUCTURE DEVELOPMENT</b>				
Upgrading of Municipal Buildings.	Corporate Services	TLM	3,010,732.00	Defferred to next FY
Regorogile Paving of Internal streets Ward 9, 10 and 12	Technical Services	MIG	6,500,000.00	Funds Moved to TWWTW
Northam upgrading of internal streets Ext 7 and 8.	Technical Services	MIG	6,000,000.00	Defferred to next FY
Upgrading of sport and Recreation facilities	Technical services	MIG	3,500,000.00	Funds Moved to TWWTW
Development of Land fill sites, Thabazimbi Northam and R	Social Services	TLM	4,500,000.00	Defferred to next FY
Construction of VIP toilets ( Wards 1, 2,3,4 and 6).	Technical Services	MIG	3,213,400.00	Funds Moved to TWWTW
Upgrading of Existing Parks.	Social Services	TLM	800,000.00	Defferred to next FY
Upgrading of Electricity Switchgears.	Technical Services	TLM	3,000,000.00	Defferred to next FY
Thabazimbi construction of new Tarred Roads.	Technical Services	TLM	3,398,400.00	Defferred to next FY
Raphuti paving of internal streets (Ward 4)	Technical Services	MIG	6,000,000.00	Funds Moved to TWWTW
Installation of Highmast lights & Street Lights	Technical Services	MIG	2,800,000.00	Funds Moved to TWWTW
Installation of Smart Metering system (Electricity)	Technical Services	Dept of Energy	27,000,000.00	
Thabazimbi Upgrading of Waste Water Treatment works	Technical Services	TLM	27,172,000.00	
<b>Subtotal basic service delivery</b>			<b>54,172,000.00</b>	
<b>KPA : PUBLIC SAFETY</b>				
Upgrading of Thabazimbi Vehicle Testing Station.	Social Services	TLM	500,000.00	<b>TOTAL</b> 54,672,000.00

Prioritisation will be given to the Thabazimbi Waste Water Treatment Works project as progress has collapsed on the project.

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

The Administrator will submit for approval by the Mayor revised SDBIPs based on the adjustments being approved.

The Mid-Year Budget and Performance Assessment report that was tabled at the end of January 2016 highlighted the need to adjust Key Performance Indicators for certain departments. This shall be done together with the results of the effects of this adjustment budget before submission to the Mayor for approval.

**Quality certificate**

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I, N.S Mashamba, the Administrator of Thabazimbi Local Municipality, hereby certify that the Adjustment budget for the 201516 budget years has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

*MR. NS MASHAMBA*

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Administrator of Thabazimbi Local Municipality (LIM361)

**Signature**.....

**Date**.....