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# **PHUMELELA LOCAL MUNICIPALITY 2017- 2018 ADJUSTMENT BUDGET**

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**Glossary**

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|------------------------------|---|
| <b>Adjustment Budget</b>     | <b>Prescribed In section 28 of the MFMA. The formal means by which a municipality revise its annual budget.</b>   |
| <b>Allocations</b>           | <b>Money received from Provincial or National Government or other municipalities</b>  |
| <b>Budget</b>                | <b>The financial plan of the municipality</b>   |
| <b>Budget Related Policy</b> | <b>Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit policy and debt collection policy.</b>        |
| <b>Capital Expenditure</b>   | <b>Spending on assets such as land, buildings and machinery. Any capital expenditure must reflect as an asset on the Municipality's balance sheet.</b>              |
| <b>Cash Flow</b>             | <b>A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings.</b> |



## **Chapter 1: PURPOSE, INTRODUCTION AND EXECUTIVE SUMMARY**

### **1.1 Executive Summary**

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The application of sound financial management principles for the compilation of the municipal's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The adjustment budget is based on the consultation with various departments, expenditure trends for the past six months of the financial year.

### **1.2 Purpose of the report**

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To seek approval from the Council on the adjustments proposed to the 2017/2018 Original Operational Budget.

To set out the options available to Phumelela Local Municipality to fund the adjusted capital budget and to improve the municipality's cash flow position.

### **1.3 Legislative Background**

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Section 28 of the Municipal Finance Management Act, 2003 (MFMA) allows a municipality to revise its approved annual budget through an adjustments budget.

An adjustments budget –

- Must adjust the revenue and expenditure estimates downwards if there is a material under-collection of revenue during the current year;
- May appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- May, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- May authorise the utilisation of projected savings in one vote towards spending under another vote;
- May authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs where the annual budget for the current year was approved by the council;
- May correct any errors in the annual budget, and;
- May provide for any other expenditure within a prescribed framework.

Only the Mayor may table an adjustments budget in the municipal council. When an adjustments budget is so tabled it must be accompanied by-

- An explanation of how the adjustments budget affects the annual budget;
- A motivation of any material changes to the annual budget;
- An explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years;
- Any other supporting documentation that may be prescribed.



## **1.4 Recommendations**

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1. That the operational expenditure budget be adjusted from R 128 962m to R 126 745m
2. That the revenue budget be adjusted from R 129 038m to R 126 800m excluding capital transfers and contributions as attached in Annexure A (Schedule 1).
3. To implement and monitor the cash flow turnaround strategy to improve effective financial management.
4. To monitor collection levels during the remaining budget period to ensure that funding is available to finance expenditure.
5. That under no circumstances should expenditure be incurred that is not budgeted for.



# Phumelela Local Municipality 2017-2018 Adjustment Budget

## Chapter 2: Overview of the Adjustment Budget

FS195 Phumelela - Table B1 Adjustments Budget Summary - 27/02/2018

| Description  | Budget Year 2017/18 |                |              |                    |                  |                    |                |                |                 | Budget Year    | Budget Year    |
|--|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|----------------|----------------|
|  | Original Budget     | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | +1 2018/19     | +2 2019/20     |
| R thousands  | A                   | A1             | B            | C                  | D                | E                  | F              | G              | H               |                |                |
| <b>Financial Performance</b>   |                     |                |              |                    |                  |                    |                |                |                 |                |                |
| Property rates   | 12 628              | -              | -            | -                  | -                | -                  | (59)           | (59)           | 12 569          | 13 575         | 14 593         |
| Service charges  | 38 600              | -              | -            | -                  | -                | -                  | (5 089)        | (5 089)        | 33 511          | 35 071         | 38 246         |
| Investment revenue   | 220                 | -              | -            | -                  | -                | -                  | (14)           | (14)           | 206             | 234            | 249            |
| Transfers recognised - operational                                   | 64 948              | -              | -            | -                  | -                | -                  | 3 300          | 3 300          | 68 248          | 70 533         | 75 498         |
| Other own revenue  | 12 642              | -              | -            | -                  | -                | -                  | (376)          | (376)          | 12 266          | 12 572         | 13 533         |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>129 038</b>      | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(2 238)</b> | <b>(2 238)</b> | <b>126 800</b>  | <b>131 986</b> | <b>142 119</b> |
| Employee costs   | 61 732              | -              | -            | -                  | -                | -                  | (7 694)        | (7 694)        | 54 038          | 65 914         | 70 319         |
| Remuneration of councillors  | 5 723               | -              | -            | -                  | -                | -                  | -              | -              | 5 723           | 6 067          | 6 431          |
| Depreciation & asset impairment                                      | 4 460               | -              | -            | -                  | -                | -                  | (1 000)        | (1 000)        | 3 460           | 4 723          | 4 998          |
| Finance charges  | 2 388               | -              | -            | -                  | -                | -                  | 4 956          | 4 956          | 7 344           | 2 531          | 2 679          |
| Materials and bulk purchases   | 18 200              | -              | -            | -                  | -                | -                  | 1 150          | 1 150          | 19 350          | 15 851         | 18 042         |
| Transfers and grants   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Other expenditure  | 36 459              | -              | -            | -                  | -                | -                  | 371            | 371            | 36 830          | 36 734         | 39 285         |
| <b>Total Expenditure</b>   | <b>128 962</b>      | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(2 217)</b> | <b>(2 217)</b> | <b>126 745</b>  | <b>131 820</b> | <b>141 754</b> |
| <b>Surplus/(Deficit)</b>   | <b>76</b>           | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(21)</b>    | <b>(21)</b>    | <b>54</b>       | <b>166</b>     | <b>366</b>     |
| Transfers recognised - capital                                       | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Contributions recognised - capital & contributed a                   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>76</b>           | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(21)</b>    | <b>(21)</b>    | <b>54</b>       | <b>166</b>     | <b>366</b>     |
| Share of surplus/ (deficit) of associate                             | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| <b>Surplus/ (Deficit) for the year</b>                               | <b>76</b>           | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(21)</b>    | <b>(21)</b>    | <b>54</b>       | <b>166</b>     | <b>366</b>     |
| <b>Capital expenditure &amp; funds sources</b>                       |                     |                |              |                    |                  |                    |                |                |                 |                |                |
| <b>Capital expenditure</b>   | <b>84 454</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>(0)</b>     | <b>(0)</b>     | <b>84 454</b>   | <b>65 364</b>  | <b>51 434</b>  |
| Transfers recognised - capital                                       | 84 454              | -              | -            | -                  | -                | -                  | -              | -              | 84 454          | 65 364         | 51 434         |
| Public contributions & donations                                     | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Borrowing  | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Internally generated funds   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| <b>Total sources of capital funds</b>                                | <b>84 454</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>-</b>       | <b>-</b>       | <b>84 454</b>   | <b>65 364</b>  | <b>51 434</b>  |
| <b>Financial position</b>  |                     |                |              |                    |                  |                    |                |                |                 |                |                |
| Total current assets   | 186 426             | -              | -            | -                  | -                | -                  | -              | -              | 186 426         | 199 054        | 210 569        |
| Total non current assets   | 765 016             | -              | -            | -                  | -                | -                  | 7 704          | 7 704          | 772 719         | 826 487        | 871 095        |
| Total current liabilities  | 117 818             | -              | -            | -                  | -                | -                  | -              | -              | 117 818         | 124 887        | 132 380        |
| Total non current liabilities  | 33 725              | -              | -            | -                  | -                | -                  | -              | -              | 33 725          | 35 749         | 37 894         |
| <b>Community wealth/Equity</b>                                       | <b>799 899</b>      | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>7 704</b>   | <b>7 704</b>   | <b>807 602</b>  | <b>864 906</b> | <b>911 390</b> |
| <b>Cash flows</b>  |                     |                |              |                    |                  |                    |                |                |                 |                |                |
| Net cash from (used) operating                                       | 84 005              | -              | -            | -                  | -                | -                  | 300            | 300            | 84 305          | 61 991         | 43 287         |
| Net cash from (used) investing                                       | (84 454)            | -              | -            | -                  | -                | -                  | -              | -              | (84 454)        | (60 364)       | (43 434)       |
| Net cash from (used) financing                                       | (187)               | -              | -            | -                  | -                | -                  | -              | -              | (187)           | (199)          | (211)          |
| <b>Cash/cash equivalents at the year end</b>                         | <b>(147)</b>        | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>300</b>     | <b>300</b>     | <b>153</b>      | <b>1 281</b>   | <b>924</b>     |
| <b>Cash backing/surplus reconciliation</b>                           |                     |                |              |                    |                  |                    |                |                |                 |                |                |
| Cash and investments available                                       | (147)               | -              | -            | -                  | -                | -                  | -              | -              | (147)           | 1 281          | 924            |
| Application of cash and investments                                  | (20 180)            | -              | -            | -                  | -                | -                  | (12 895)       | (12 895)       | (33 075)        | (21 422)       | (31 897)       |
| <b>Balance - surplus (shortfall)</b>                                 | <b>20 034</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>12 895</b>  | <b>12 895</b>  | <b>32 928</b>   | <b>22 704</b>  | <b>32 820</b>  |
| <b>Asset Management</b>  |                     |                |              |                    |                  |                    |                |                |                 |                |                |
| Asset register summary (WDV)   | 765 016             | -              | -            | -                  | -                | -                  | 7 704          | 7 704          | 772 719         | 806 923        | 850 357        |
| Depreciation & asset impairment                                      | 4 460               | -              | -            | -                  | -                | -                  | -              | -              | 4 460           | 4 723          | 4 998          |
| Renewal of Existing Assets   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Repairs and Maintenance  | 3 543               | -              | -            | -                  | -                | -                  | -              | -              | 3 543           | 3 168          | 3 362          |
| <b>Free services</b>   |                     |                |              |                    |                  |                    |                |                |                 |                |                |
| Cost of Free Basic Services provided                                 | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Revenue cost of free services provided                               | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| <b>Households below minimum service level</b>                        |                     |                |              |                    |                  |                    |                |                |                 |                |                |
| Water:   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Sanitation/sewerage:   | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Energy:  | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |
| Refuse:  | -                   | -              | -            | -                  | -                | -                  | -              | -              | -               | -              | -              |



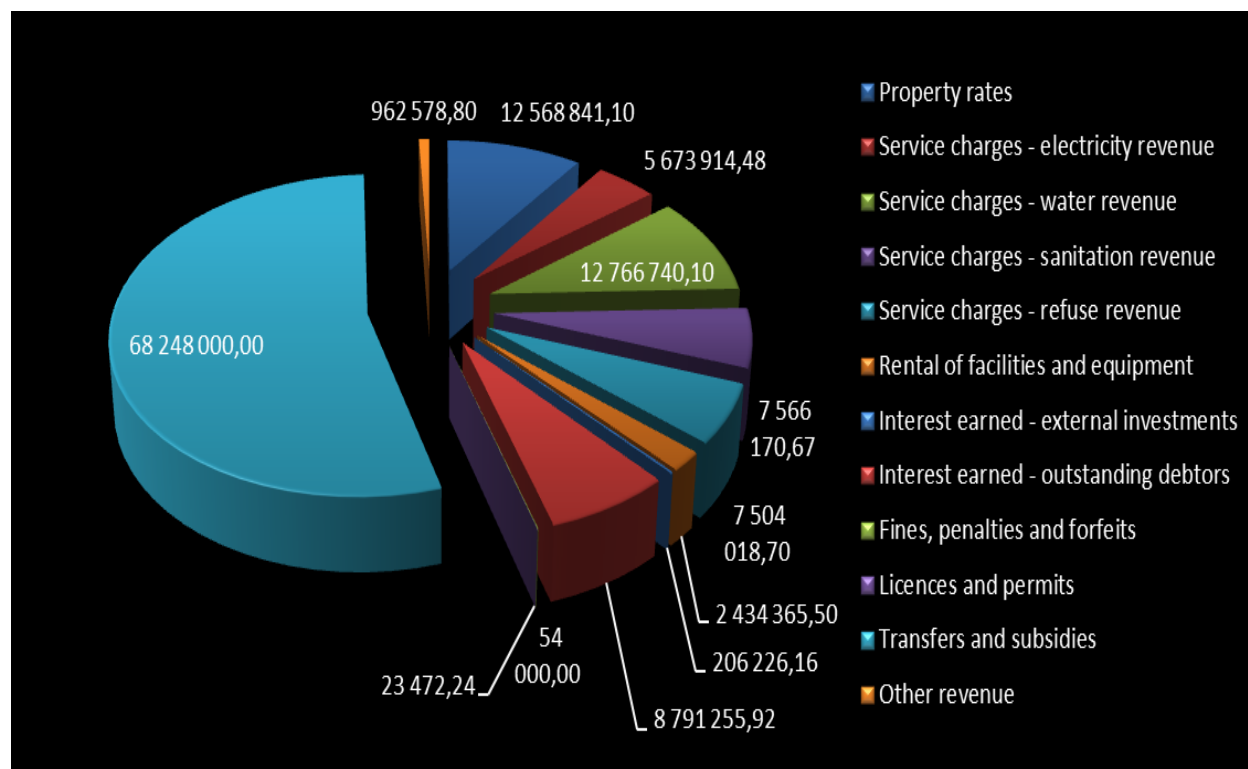
2.1 Consolidated Overview of the 2017-2018 Adjustment budget (Annexure A)

| Details                     | Original Budget<br>2017/18<br>R'000 | Adjustment<br>Budget<br>2017/18<br>R'000 | Variance<br>R'000 | Percentage<br>Increase/<br>(Decrease) |
|-----------------------------|-------------------------------------|--|-------------------|---------------------------------------|
| Total Operating Revenue     | 129 038                             | 126 800                                  | 2 238             | (1.7)%                                |
| Total Operating Expenditure | 128 962                             | 126 745                                  | 2 217             | (1.7)%                                |
| <b>(Deficit)/Surplus</b>    | <b>76</b>                           | <b>54</b>                                | <b>22</b>         | <b>(28)%</b>                          |

The Total Operating Revenue has decreased by 1.7% for the remainder of the six months of the financial year when compared to the original budget. The Total Operating Expenditure has also decreased by 1.7% and translates into an operating budget surplus of R 0,054m for the year.

The Municipality based the above figure in terms of Section 18 of the MFMA which states that the budget must be funded from realistically anticipated revenues to be collected; cash-backed accumulated funds from previous years' surplus not committed and borrowed funds but only for capital projects.

“Graphical Illustration of Adjustment Budget Main Operational Revenue By Categories”

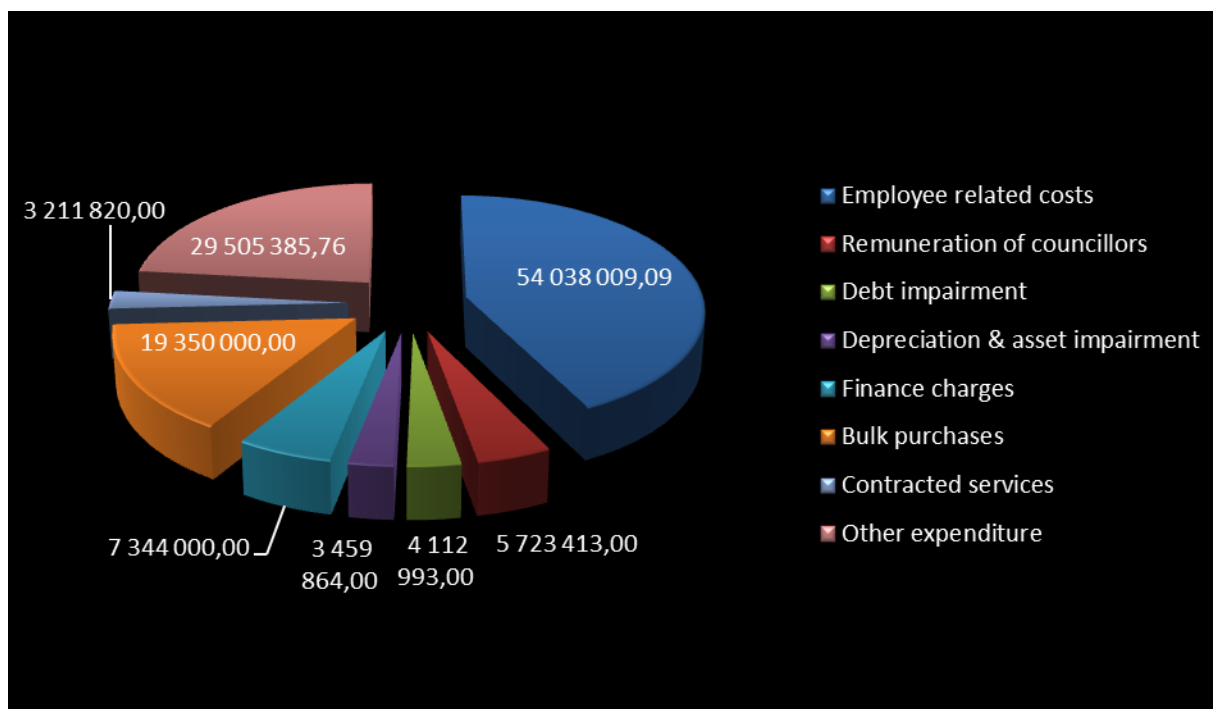




## Phumelela Local Municipality 2017-2018 Adjustment Budget

- As illustrated above operational grants from National Treasury contribute 54 % of the total operating revenue on the 2017/18 adjustment budget.
- The Municipality further received 2 grants from the province (R 1,800,000.00 from Provincial Treasury and R1,500,000.00 from COGTA) which resulted in an increase of revenue from Operational grants by 5%.
- Property rate contribute 9 % of the total revenue adjusted.
- Service charges (Electricity, Water, Sewer and Refuse) contribute 26% of the total revenue.
- .

Graphical Illustration of Adjustment Budget Main Operational Expenditure By Categories”



- The highest percentage on operational budget is Employee related cost, this is due to more employees taking more of benefits (Medical Aid) on their salaries, and the figure illustrated above on employee related cost also includes Social Contributions made by the Municipality to employee.
- Bulk purchases comes to an increase of 6.1% of the total adjustment this include a R 2,750m increase on Bulk Electricity and a decrease of R 1,600m of Bulk Water (This is due to the department of water and sanitation decreasing the municipal's bill during the 1<sup>st</sup> semester.
- Finance Charges remain a concern as the Municipality is facing major Financial Constraints and is unable to pay its creditors within 30 days, a budget of R 7,344m is strictly for interest to be paid to creditors including major creditors such as Eskom .





## Revenue Management

| Details            | Original Budget<br>R'000 | Adjustment<br>budget<br>R'000 | Variance<br>R'000 | Percentage<br>Increase/(Decrease) |
|--------------------|--------------------------|-------------------------------|-------------------|-----------------------------------|
| Operational Grants | 64 948                   | 68 248                        | 3 300             | 5%                                |
| Capital Budget     | 84 454                   | 84 454                        | -                 | -%                                |
| <b>Total</b>       | <b>149 402</b>           | <b>152 702</b>                | <b>3 300</b>      | <b>5%</b>                         |

- The Municipality received R 1,800,00.00 from Provincial Treasury to pay for Electricity split meters which will be installed in Warden where the Municipality provides electricity and also received R 1,300,000.00 from COGTA for auditor fees.

## Grant Expenditure (Annexure C)

All grant expenditure remains unchanged as the current spending levels indicate that the Municipality will fully spend on Both its operation and Capital expenditure grants will be fully spent by Year end (June 2018).

## Conclusion (Annexure D)

The Municipality managed to adjust the budget to a surplus of R 0,054m, which will require strict spending and policy implementation of debt collections to achieve this target. Based on this surplus Municipality's cash flow by year end has a surplus (cash and cash equivalent at year end) of R 0,153m by year end, which remains a concern for the Municipality.



Chapter 3: Quality Certificate

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MUNICIPAL MANAGER'S QUALITY CERTIFICATION

*Phumelela Local Municipality*  
CERTIFICATION

I \_\_\_\_\_, Acting Municipal Manager of Phumelela Local Municipality (FS195), hereby certify that the Adjustments Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustments Budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



# Phumelela Local Municipality 2017-2018 Adjustment Budget

## Chapter 4: Annexures A

FS195 Phumelela - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 27/02/2018

| Description  | Ref | Budget Year 2017/18 |          |          |            |          |            |                |                |                | Budget Year    | Budget Year    |
|--|-----|---------------------|----------|----------|------------|----------|------------|----------------|----------------|----------------|----------------|----------------|
|  |     | Original            | Prior    | Accum.   | Multi-year | Unfore.  | Nat. or    | Other          | Total          | Adjusted       | Adjusted       | Adjusted       |
|  |     | Budget              | Adjusted | Funds    | capital    | Unavoid. | Prov. Govt | Adjus.         | Adjus.         | Budget         | Budget         | Budget         |
| R thousands  | 1   | A                   | 3        | 4        | 5          | 6        | 7          | 8              | 9              | 10             |                |                |
|  |     | A1                  | B        | C        | D          | E        | F          | G              | H              |                |                |                |
| <b>Revenue By Source</b>   |     |                     |          |          |            |          |            |                |                |                |                |                |
| Property rates   | 2   | 12 628              | -        | -        | -          | -        | -          | (59)           | (59)           | 12 569         | 13 575         | 14 593         |
| Service charges - electricity revenue  | 2   | 13 926              | -        | -        | -          | -        | -          | (8 252)        | (8 252)        | 5 674          | 7 930          | 8 391          |
| Service charges - water revenue  | 2   | 11 230              | -        | -        | -          | -        | -          | 1 537          | 1 537          | 12 767         | 12 353         | 13 588         |
| Service charges - sanitation revenue   | 2   | 6 959               | -        | -        | -          | -        | -          | 608            | 608            | 7 566          | 7 654          | 8 420          |
| Service charges - refuse revenue   | 2   | 6 485               | -        | -        | -          | -        | -          | 1 019          | 1 019          | 7 504          | 7 134          | 7 847          |
| Service charges - other  |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| Rental of facilities and equipment   |     | 4 756               | -        | -        | -          | -        | -          | (2 322)        | (2 322)        | 2 434          | 5 040          | 5 337          |
| Interest earned - external investments   |     | 220                 | -        | -        | -          | -        | -          | (14)           | (14)           | 206            | 234            | 249            |
| Interest earned - outstanding debtors  |     | 5 896               | -        | -        | -          | -        | -          | 2 895          | 2 895          | 8 791          | 6 440          | 7 034          |
| Dividends received   |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| Fines, penalties and forfeits  |     | 54                  | -        | -        | -          | -        | -          | -              | -              | 54             | 58             | 62             |
| Licences and permits   |     | 27                  | -        | -        | -          | -        | -          | (4)            | (4)            | 23             | 29             | 31             |
| Agency services  |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| Transfers and subsidies  |     | 64 948              | -        | -        | -          | -        | -          | 3 300          | 3 300          | 68 248         | 70 533         | 75 498         |
| Other revenue  | 2   | 1 909               | -        | -        | -          | -        | -          | (946)          | (946)          | 963            | 1 005          | 1 069          |
| Gains on disposal of PPE   |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   |     | <b>129 038</b>      | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>(2 238)</b> | <b>(2 238)</b> | <b>126 800</b> | <b>131 986</b> | <b>142 119</b> |
| <b>Expenditure By Type</b>   |     |                     |          |          |            |          |            |                |                |                |                |                |
| Employee related costs   |     | 61 732              | -        | -        | -          | -        | -          | (7 694)        | (7 694)        | 54 038         | 65 914         | 70 319         |
| Remuneration of councillors  |     | 5 723               | -        | -        | -          | -        | -          | -              | -              | 5 723          | 6 067          | 6 431          |
| Debt impairment  |     | 5 113               | -        | -        | -          | -        | -          | (1 000)        | (1 000)        | 4 113          | 7 794          | 8 540          |
| Depreciation & asset impairment  |     | 4 460               | -        | -        | -          | -        | -          | (1 000)        | (1 000)        | 3 460          | 4 723          | 4 998          |
| Finance charges  |     | 2 388               | -        | -        | -          | -        | -          | 4 956          | 4 956          | 7 344          | 2 531          | 2 679          |
| Bulk purchases   |     | 18 200              | -        | -        | -          | -        | -          | 1 150          | 1 150          | 19 350         | 15 851         | 18 042         |
| Other materials  |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| Contracted services  |     | 2 382               | -        | -        | -          | -        | -          | 830            | 830            | 3 212          | 2 524          | 2 672          |
| Transfers and subsidies  |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| Other expenditure  |     | 28 964              | -        | -        | -          | -        | -          | 542            | 542            | 29 505         | 26 416         | 28 073         |
| Loss on disposal of PPE  |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| <b>Total Expenditure</b>   |     | <b>128 962</b>      | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>(2 217)</b> | <b>(2 217)</b> | <b>126 745</b> | <b>131 820</b> | <b>141 754</b> |
| <b>Surplus/(Deficit)</b>   |     | <b>76</b>           | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>(21)</b>    | <b>(21)</b>    | <b>54</b>      | <b>166</b>     | <b>366</b>     |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| Transfers and subsidies - capital (in-kind - all)  |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| <b>Surplus/(Deficit) before taxation</b>   |     | <b>76</b>           | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>(21)</b>    | <b>(21)</b>    | <b>54</b>      | <b>166</b>     | <b>366</b>     |
| Taxation   |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| <b>Surplus/(Deficit) after taxation</b>  |     | <b>76</b>           | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>(21)</b>    | <b>(21)</b>    | <b>54</b>      | <b>166</b>     | <b>366</b>     |
| Attributable to minorities   |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| <b>Surplus/(Deficit) attributable to municipality</b>  |     | <b>76</b>           | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>(21)</b>    | <b>(21)</b>    | <b>54</b>      | <b>166</b>     | <b>366</b>     |
| Share of surplus/ (deficit) of associate   |     | -                   | -        | -        | -          | -        | -          | -              | -              | -              | -              | -              |
| <b>Surplus/ (Deficit) for the year</b>   |     | <b>76</b>           | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b> | <b>-</b>   | <b>(21)</b>    | <b>(21)</b>    | <b>54</b>      | <b>166</b>     | <b>366</b>     |



# Phumelela Local Municipality 2017-2018 Adjustment Budget

## Annexure B

FS195 Phumelela - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 27/02/2018

| Description                                   | Ref | Budget Year 2017/18 |          |        |            |          |            |          |          |          |          | Budget Year | Budget Year |
|---|-----|---------------------|----------|--------|------------|----------|------------|----------|----------|----------|----------|-------------|-------------|
|   |     | Original            | Prior    | Accum. | Multi-year | Unfore.  | Nat. or    | Other    | Total    | Adjusted | Adjusted | Adjusted    | Adjusted    |
|   |     | Budget              | Adjusted | Funds  | capital    | Unavoid. | Prov. Govt | Adjusts. | Adjusts. | Budget   | Budget   | Budget      | Budget      |
| R thousands                                   | A   | 5<br>A1             | 6<br>B   | 7<br>C | 8<br>D     | 9<br>E   | 10<br>F    | 11<br>G  | 12<br>H  |          |          |             |             |
| <b>Total Capital Expenditure - Vote</b>       |     | 84 454              | -        | -      | -          | -        | -          | (0)      | (0)      | 84 454   | 65 364   | 51 434      |             |
| <b>Capital Expenditure - Functional</b>       |     |                     |          |        |            |          |            |          |          |          |          |             |             |
| <b>Governance and administration</b>          |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           | -           |
| Executive and council                         |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           | -           |
| Finance and administration                    |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           | -           |
| Internal audit                                |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           | -           |
| <b>Community and public safety</b>            |     | 11 220              | -        | -      | -          | -        | -          | 2 572    | 2 572    | 13 791   | 5 523    | 9 706       |             |
| Community and social services                 |     | 1 017               | -        | -      | -          | -        | -          | 2 408    | 2 408    | 3 425    | 3 358    | 4 459       |             |
| Sport and recreation                          |     | 10 203              | -        | -      | -          | -        | -          | 164      | 164      | 10 367   | 2 165    | 5 247       |             |
| Public safety                                 |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| Housing                                       |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| Health  |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| <b>Economic and environmental services</b>    |     | 2 105               | -        | -      | -          | -        | -          | 4 362    | 4 362    | 6 468    | 14 166   | 9 308       |             |
| Planning and development                      |     | 1 073               | -        | -      | -          | -        | -          | -        | -        | 1 073    | 1 118    | 1 124       |             |
| Road transport                                |     | 1 032               | -        | -      | -          | -        | -          | 4 362    | 4 362    | 5 395    | 13 048   | 8 184       |             |
| Environmental protection                      |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| <b>Trading services</b>                       |     | 69 929              | -        | -      | -          | -        | -          | (5 734)  | (5 734)  | 64 195   | 45 675   | 32 420      |             |
| Energy sources                                |     | -                   | -        | -      | -          | -        | -          | 3 240    | 3 240    | 3 240    | 6 199    | 11 000      |             |
| Water management                              |     | 68 693              | -        | -      | -          | -        | -          | (7 739)  | (7 739)  | 60 955   | 39 476   | 21 420      |             |
| Waste water management                        |     | 1 235               | -        | -      | -          | -        | -          | (1 235)  | (1 235)  | -        | -        | -           |             |
| Waste management                              |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| <b>Other</b>                                  |     | 1 200               | -        | -      | -          | -        | -          | (1 200)  | (1 200)  | -        | -        | -           |             |
| <b>Total Capital Expenditure - Functional</b> | 3   | 84 454              | -        | -      | -          | -        | -          | -        | -        | 84 454   | 65 364   | 51 434      |             |
| <b>Funded by:</b>                             |     |                     |          |        |            |          |            |          |          |          |          |             |             |
| National Government                           |     | 84 454              | -        | -      | -          | -        | -          | -        | -        | 84 454   | 65 364   | 51 434      |             |
| Provincial Government                         |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| District Municipality                         |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| Other transfers and grants                    |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| <b>Transfers recognised - capital</b>         | 4   | 84 454              | -        | -      | -          | -        | -          | -        | -        | 84 454   | 65 364   | 51 434      |             |
| Public contributions & donations              |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| Borrowing                                     |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| Internally generated funds                    |     | -                   | -        | -      | -          | -        | -          | -        | -        | -        | -        | -           |             |
| <b>Total Capital Funding</b>                  |     | 84 454              | -        | -      | -          | -        | -          | -        | -        | 84 454   | 65 364   | 51 434      |             |



# Phumelela Local Municipality 2017-2018 Adjustment Budget

## Annexure C

FS195 Phumelela - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 27/02/2018

| Description   | Ref  | Budget Year 2017/18 |                |                    |                    |                |                | Budget Year     | Budget Year     |            |
|---|------|---------------------|----------------|--------------------|--------------------|----------------|----------------|-----------------|-----------------|------------|
|   |      | Original Budget     | Prior Adjusted | Multi-year capital | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget |            |
|   |      | A                   | 7<br>A1        | 8<br>B             | 9<br>C             | 10<br>D        | 11<br>E        | 12<br>F         | +1 2018/19      | +2 2019/20 |
| <b>R thousands</b>                                  |      |                     |                |                    |                    |                |                |                 |                 |            |
| <b>RECEIPTS:</b>                                    | 1, 2 |                     |                |                    |                    |                |                |                 |                 |            |
| <b>Operating Transfers and Grants</b>               |      |                     |                |                    |                    |                |                |                 |                 |            |
| <b>National Government:</b>                         |      | 64 948              | -              | -                  | -                  | -              | -              | 64 948          | 70 533          | 75 498     |
| Local Government Equitable Share                    |      | 61 603              |                |                    |                    |                |                | 61 603          | 67 933          | 72 638     |
| Finance Management                                  | 3    | 2 345               |                |                    |                    |                |                | 2 345           | 2 600           | 2 860      |
| EPWP Incentive                                      |      | 1 000               |                |                    |                    |                |                | 1 000           | -               | -          |
| Other transfers and grants [insert description]     |      |                     |                |                    |                    |                |                |                 |                 |            |
| <b>Provincial Government:</b>                       |      | -                   | -              | -                  | -                  | 3 300          | 3 300          | 3 300           | -               | -          |
| COGTA Grant   | 4    |                     |                |                    |                    | 1 500          | 1 500          | 1 500           | -               | -          |
| Provincial Treasury Grant                           | 5    |                     |                |                    |                    | 1 800          | 1 800          | 1 800           | -               | -          |
| <b>District Municipality:</b>                       |      |                     |                |                    |                    |                |                |                 |                 |            |
| [insert description]                                |      |                     |                |                    |                    |                |                |                 |                 |            |
| <b>Other grant providers:</b>                       |      |                     |                |                    |                    |                |                |                 |                 |            |
| [insert description]                                |      |                     |                |                    |                    |                |                |                 |                 |            |
| <b>Total Operating Transfers and Grants</b>         | 6    | 64 948              | -              | -                  | -                  | 3 300          | 3 300          | 68 248          | 70 533          | 75 498     |
| <b>Capital Transfers and Grants</b>                 |      |                     |                |                    |                    |                |                |                 |                 |            |
| <b>National Government:</b>                         |      | 74 454              | -              | -                  | -                  | -              | -              | 74 454          | 50 364          | 31 434     |
| Municipal Infrastructure Grant (MIG)                |      | 30 954              |                |                    |                    |                |                | 30 954          | 22 364          | 23 434     |
| Regional Bulk Infrastructure                        |      | 43 500              |                |                    |                    |                |                | 43 500          | 23 000          | -          |
| Integrated Electrification Grants                   |      |                     |                |                    |                    |                |                |                 | 5 000           | 8 000      |
| <b>Provincial Government:</b>                       |      |                     |                |                    |                    |                |                |                 |                 |            |
| Other capital transfers/grants [insert description] |      |                     |                |                    |                    |                |                |                 |                 |            |
| <b>District Municipality:</b>                       |      |                     |                |                    |                    |                |                |                 |                 |            |
| [insert description]                                |      |                     |                |                    |                    |                |                |                 |                 |            |
| <b>Other grant providers:</b>                       |      | 10 000              | -              | -                  | -                  | -              | -              | 10 000          | 15 000          | 20 000     |
| Water Services Infrastructure Grant                 |      | 10 000              |                |                    |                    |                |                | 10 000          | 15 000          | 20 000     |
| <b>Total Capital Transfers and Grants</b>           | 6    | 84 454              | -              | -                  | -                  | -              | -              | 84 454          | 65 364          | 51 434     |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>     |      | 149 402             | -              | -                  | -                  | 3 300          | 3 300          | 152 702         | 135 897         | 126 932    |



# Phumelela Local Municipality 2017-2018 Adjustment Budget

## Annexure D

FS195 Phumelela - Table B7 Adjustments Budget Cash Flows - 27/02/2018

| Description                                       | Ref | Budget Year 2017/18 |                |              |                    |                  |                    |                |                |                 | Budget Year     | Budget Year     |
|---|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|-----------------|-----------------|
|   |     | Original Budget     | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
|   |     | A                   | A1             | B            | C                  | D                | E                  | F              | G              | H               | +1 2018/19      | +2 2019/20      |
| <b>R thousands</b>                                |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| <b>Receipts</b>                                   |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| Property rates                                    |     | 10 103              |                |              |                    |                  |                    | -              | -              | 10 103          | 10 860          | 11 674          |
| Service charges                                   |     | 30 880              |                |              |                    |                  |                    | -              | -              | 30 880          | 28 057          | 33 582          |
| Other revenue                                     |     | 5 780               |                |              |                    |                  |                    | -              | -              | 5 780           | 5 914           | 6 267           |
| Government - operating                            | 1   | 64 948              |                |              |                    |                  |                    | 3 300          | 3 300          | 68 248          | 70 533          | 75 498          |
| Government - capital                              | 1   | 84 454              |                |              |                    |                  |                    | -              | -              | 84 454          | 60 364          | 43 434          |
| Interest  |     | 4 937               |                |              |                    |                  |                    | -              | -              | 4 937           | 5 339           | 5 827           |
| Dividends   |     | -                   |                |              |                    |                  |                    | -              | -              | -               | -               | -               |
| <b>Payments</b>                                   |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| Suppliers and employees                           |     | (114 709)           |                |              |                    |                  |                    | (3 000)        | (3 000)        | (117 709)       | (116 051)       | (129 395)       |
| Finance charges                                   |     | (2 388)             |                |              |                    |                  |                    | -              | -              | (2 388)         | (3 025)         | (3 600)         |
| Transfers and Grants                              | 1   | -                   |                |              |                    |                  |                    | -              | -              | -               | -               | -               |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |     | <b>84 005</b>       | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>300</b>     | <b>300</b>     | <b>84 305</b>   | <b>61 991</b>   | <b>43 287</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| <b>Receipts</b>                                   |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| Proceeds on disposal of PPE                       |     | -                   |                |              |                    |                  |                    | -              | -              | -               | -               | -               |
| Decrease (increase) in non-current debtors        |     | -                   |                |              |                    |                  |                    | -              | -              | -               | -               | -               |
| Decrease (increase) other non-current receivables |     | -                   |                |              |                    |                  |                    | -              | -              | -               | -               | -               |
| Decrease (increase) in non-current investments    |     | -                   |                |              |                    |                  |                    | -              | -              | -               | -               | -               |
| <b>Payments</b>                                   |     |                     |                |              |                    |                  |                    |                |                |                 |                 |                 |
| Capital assets                                    |     | (84 454)            |                |              |                    |                  |                    | -              | -              | (84 454)        | (60 364)        | (43 434)        |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |     | <b>(84 454)</b>     | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>-</b>       | <b>-</b>       | <b>(84 454)</b> | <b>(60 364)</b> | <b>(43 434)</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                            |     | (187)               |                |              |                    |                  |                    | -              | -              | (187)           | (199)           | (211)           |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |     | <b>(187)</b>        | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>-</b>       | <b>-</b>       | <b>(187)</b>    | <b>(199)</b>    | <b>(211)</b>    |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      |     | <b>(636)</b>        | <b>-</b>       | <b>-</b>     | <b>-</b>           | <b>-</b>         | <b>-</b>           | <b>300</b>     | <b>300</b>     | <b>(336)</b>    | <b>1 428</b>    | <b>(358)</b>    |
| Cash/cash equivalents at the year begin:          | 2   | 489                 |                |              |                    |                  |                    | -              | -              | 489             | (147)           | 1 281           |
| Cash/cash equivalents at the year end:            | 2   | (147)               |                |              |                    |                  |                    | 300            | 300            | 153             | 1 281           | 924             |



**Chapter 5: (B-Schedule) As Prescribed by MFMA**



**Chapter 6: Adjustment Budget Line Item**