



SPECIAL ADJUSTED BUDGET OF  
**MAKHUDUTHAMAGA LOCAL  
MUNICIPALITY**

**2017/18**

**NB. Copies of this document can be viewed/obtained:**

- **At the reception of our municipal buildings**
- **All public libraries of the municipality**
- **At [www.makhuduthamaga.gov.za](http://www.makhuduthamaga.gov.za)**

## Abbreviations and Acronyms

BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
IDP	Integrated Development Plan	PPP	Public Private Partnership
IT	Information Technology	RG	Restructuring Grant
km	kilometre	SALGA	South African Local Government Association
GFS	Government Financial Statistics	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	DOE	Department of Energy
LED	Local Economic Development		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act Programme		
MBRR	Municipal Budget and Reporting Regulations		

## TABLE OF CONTENTS

### PART 1 – Adjustment BUDGET

- 1.1 Mayor’s report*
- 1.2 Resolutions*
- 1.3 Executive summary*
- 1.4 Annual Budget Tables (B–schedule)*
  - 1.4.1 Table B1 – Budget Summary*
  - 1.4.2 Table B2 – Budgeted Financial Performance (Standard Classification)*
  - 1.4.3 Table B3 – Budgeted Financial Performance (Municipal Vote)*
  - 1.4.4 Table B4 – Budgeted Financial Performance (Operational Revenue and Expenditure)*
  - 1.4.5 Table B5 – Budgeted Capital Expenditure (By Vote & Standard Classification)*
  - 1.4.6 Table B6 – Budgeted Financial Position*
  - 1.4.7 Table B7 – Budgeted Cash Flows.*
  - 1.4.8 Table B8 – Cash backed reserves/Accumulated surplus reconciliation.*
  - 1.4.9 Table B9 – Asset Management.*
  - 1.4.10 Table B10 – Basic Service delivery measurement.*

### PART 2 – SUPPORTING DOCUMENTS

- 2.1. Adjustments to budget assumptions.*
- 2.2. Adjustments to budget funding.*
- 2.3. Adjustments to expenditure on allocations and grant programmes.*
- 2.4. Adjustments to allocations and grants made by the municipality.*
- 2.5. Adjustments to councillor Allowances and employee benefits.*
- 2.6. Adjustments to service delivery and budget implementation plan.*
- 2.7. Adjustments to capital expenditure.*
- 2.8. Other Supporting documents.*
- 2.9. Municipal Manager’s quality certification.*



## 1.1 Mayor's report.

Honourable speaker

The Executive committee

Our Traditional Leaders

Acting Municipal Manager

Honourable councillors

Senior Managers

Ladies and gentlemen

Allow me honourable speaker, to greet and welcome everyone present in this council seating of today. Let me also indicate that, as a Local Municipality, we are allowed by the municipal legislation in terms of section 28 subsection (1), (2)(a)(b)(c)(d)(e) of the Municipal Finance Management Act No 56 of 2003, to adjust the municipality's annual budget as it was approved in May 2017 and service delivery targets when necessary after considering the Municipality's half yearly performance in terms of section 72 of the MFMA reports. The municipality has reviewed its performance for the first six months of the 2017/18 budget year in terms of section 72 of MFMA and found it necessary to adjust the municipality's annual budget and Service Delivery and Implementation Plan for 2017/18 and the MTREF.

Allow me Honourable speaker to indicate that, as a Local Municipality and with reference to section 28 subsection (1), (2)b of the Municipal Finance Management Act No 56 of 2003, we are allowed to further adjust the municipality's adjusted budget as it was approved in February 2018 and service delivery targets when necessary after considering the Municipality 's half yearly performance in terms of section 72 of the MFMA reports. The Act allows the municipality to appropriate additional revenues that may have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending on programmes already budgeted for.

Honourable Speaker

The municipality's total budgeted revenue for 2017/18 is **R 392 million** and was adjusted to **R 405 million** during the first budget adjustment period and it is further adjusted to **R 410.5 million** after taking into consideration the **R 5.4 million** additional funding on the MIG projects for the 2017/18 financial year. The **R 410.5 million** adjusted revenue budget comprises of **R 87 million** from own sources of revenue and **R 324 million** from government grants. The municipality did allocate the cash backed reserves to the amount of **R 79.2 million** to fund the expenditure programmes in excess of the total budgeted revenue for 2017/18. The municipality's total funding for 2017/18 is **R 489.7 million** inclusive of the cash backed reserves.

There were no further adjustments on the municipality's own revenue for the 2017/18 financial year.



## Budgeted Expenditure

The municipality's total budgeted expenditure for 2017/18 is **R 414 million** and was adjusted to **R 476.5 million** during the first budget adjustment period and it is further adjusted to **R 487.9 million** after taking into consideration the **R 5.4 million** additional funding on the MIG projects and the additional **R 7.7 million**. The total budgeted expenditure is made of operational expenditure to the amount of **R 327.2 million** and capital expenditure to the amount of **R 160.7 million**.

## Adjustments on Operational Expenditure

No further adjustments were effected on the 2017/18 operational budget during the special adjustment period.

## Adjustments on Capital Expenditure

The municipality's total capital budget was adjusted from **R 145 million** to **R 149 million** for the 2017/18 financial year. The total capital budget of **R 149 million** was further adjusted to **R 160.7 million** after taking into consideration the **R 5.4 million** additional funding on the MIG and the **R 7.7 million** from the cash backed reserve funds for the 2017/18 financial year.

Below are the capital projects which were affected by the special budget adjustments:

Thabampshe Cross to Tswaing 2017/18 (MIG) – This project was originally budgeted at **R 14.4 million** and adjusted to **R 21.3 million** during the first adjustment period of the 2017/18. The budget on this project is further adjusted to **R 23.6 million** for 2017/18.

Glen Cowie Moloji access road 2017/18 (MIG) – This project was originally budgeted at **R 15.3 million** and adjusted to **R 32.1 million** during the first adjustment period of 2017/18. The budget on this project is further increased to **R 34.4 million** for the 2017/18 financial year.

Makgwabe to Mphane access road 2017/18 (MIG & Internally Generated Funds) – The budget on this project is being increased from **R 5.6 million** to **R 12.3 million** for the 2017/18 financial year.

No multi-year shifting of funds was done in relation to the capital expenditure budget and no further adjustments were effected on other capital projects funded the equitable share for 2017/18.

Honourable speaker

The municipality's special adjustment budget was presented to the executive committee of the municipality and the committee was satisfied with the adjustments made to the first adjustment budget for 2017/18 financial year. I am therefore hereby, in terms of section 28 of the MFMA Act no 56 of 2003 table the special adjustment to council for adoption and approval.

Thank You.

## 1.1 Executive Summary.

The Makhuduthamaga Local Municipality has prepared its special adjustment budget for 2017/18 in accordance with section 28 of the Municipal Finance Management Act and Chapter 2, part 4 of the Municipal Budget and Reporting Regulations as published under GN 393 in GG 32141 dated 17 April 2009. Where appropriate, forecasts for both revenue and expenditure for outer years 2018/19 and 2019/20 have been adjusted accordingly to incorporate changes brought forward by the mid-year budget and performance assessment to ensure a well-funded budget for the MTREF.

The municipality's financial management strategies and service delivery priorities were reviewed as part of the mid-year budget and performance assessment in terms of section 72 of the Municipal Finance Management Act. Where appropriate, funds were transferred from low- to high-priority programmes and funds not utilised as planned during the compilation of the annual budget were also re-allocated to other programmes to ensure services delivery and accurately satisfactory spending at the end of the financial year.

The Municipality is allowed, with reference to section 28 subsection (1), (2)b of the Municipal Finance Management Act No 56 of 2003, to further adjust the municipality's adjusted budget as it was approved in February 2018 and service delivery targets when necessary after considering the Municipality's half yearly performance in terms of section 72 of the MFMA reports. The Act allows the municipality to appropriate additional revenues that may have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending on programmes already budgeted for.

### ADJUSTMENTS ON REVENUE AND TOTAL MUNICIPAL FUNDING

#### Municipal Infrastructure Grant

The municipality did budget an amount of **R 63 million** for the infrastructure projects to be implemented during the 2017/18 financial year. This budget was increased to **R 69 million** during the first budget adjustment period after the approval of the roll over which has been applied for in the 2016/17 financial year.

The **R 69 million** adjusted budget is further increased to **R 74.6 million** for the 2017/18 after taking into consideration the **R 5.4 million** additional funding in a form of the municipal infrastructure grant which was granted to the municipality in March 2018.

No multi-year shifting of funds was done in relation to the capital expenditure budget and no further adjustments were effected on other capital projects funded the equitable share for 2017/18.

The municipality has, during the first budget adjustment period, included in the total municipal funding an amount of **R 28.5 million** in a form of the internally generated funds from the SARS VAT refunds received for the period started July 2017 till January 2018.

The **R 28.5 million** internally generated funding is being increased by **R 7.7 million** for the 2017/18 financial year having taken into consideration the **R 4.7 million** which has already been received from SARS since February 2018 to-date.

The total internally generated funding of the municipality is for the 2017/18 financial year is **R 36.2 million**.

### **ADJUSTMENT ON TOTAL BUDGETED EXPENDITURE**

The municipality has originally budgeted a total expenditure of **R 414 million** for the 2017/18 financial year and this budget has been adjusted to **R 476 million** as guided by Mid- year budget and performance assessment reports.

The **R 476 million** total adjusted budget is further adjusted to **R 488 million** after taking into consideration the **R 5.4 million** additional funding on the municipal infrastructure projects for 2017/18 financial year as well as the **R 7.7 million** budget on the internally generated funds for 2017/18 financial year.

#### **Adjustment on Operational Expense Budget.**

No further adjustments were effected on the municipality's operational budget for the 2017/18 financial year.

#### **Adjustment on Capital Expenditure**

The municipality's annual capital budget was adjusted from **R 145 million** to **R 149 million** for 2017/18 financial year during the first budget adjustment period.

The **R 149 million** total adjusted budgeted is further adjusted to **R 160.7 million** having taken into consideration the **R 5.4 million** additional funding on the municipality's capital infrastructure projects as well as the **R 7.7 million** from the cash backed reserve funds for the 2017/18 financial year.

Below are the capital projects which were affected by the special budget adjustments:

Thabampshe Cross to Tswaing 2017/18 (MIG) – This project was originally budgeted at **R 14.4 million** and adjusted to **R 21.3 million** during the first adjustment period of the 2017/18. The budget on this project is further adjusted to **R 23.6 million** for the 2017/18 financial year.

Glen Cowie Moloï access road 2017/18 (MIG) – This project was originally budgeted at **R 15.3 million** and adjusted to **R 32.1 million** during the first adjustment period of 2017/18. The budget on this project is further increased to **R 34.4 million** for the 2017/18 financial year.

Makgwabe to Mphane access road 2017/18 (MIG & Internally Generated Funds) – The budget on this project is being increased from **R 5.6 million** to **R 12.3 million** for the 2017/18 financial year.

No multi-year shifting of funds was done in relation to the capital expenditure budget and no further adjustments were effected on other capital projects funded the equitable share for 2017/18.

**Table 1 Consolidated Overview of the Adjusted 2017/18 MTREF:**

Description	Adjusted Budget 2016/17	Approved Budget 2017/18	Adjustments Increase/Decrease	Adjusted Budget 2017/18	Adjusted Budget 2018/19	Adjusted Budget 2019/20
Total Revenue	400 696 731,35	391 533 804,01	18 965 608,32	410 499 412,33	394 867 958,83	409 236 994,03
Total Operating Expenditure	273 005 740,51	268 816 552,58	58 333 485,78	327 150 038,36	263 748 664,74	284 087 996,40
Operating Surplus/Deficit for the year	127 690 990,84	122 717 251,43	- 39 367 877,46	83 349 373,97	131 119 294,09	125 148 997,63
Cash backed reserves	44 500 000,00	22 390 385,48	20 530 037,58	42 920 423,06	8 008 453,04	8 528 754,63
VAT Refunds 2017/18(July 2017 - June 2018)			36 290 772,29	36 290 772,29		
<b>Total Funding for Capital Expenditure</b>	<b>172 190 990,84</b>	<b>145 107 636,91</b>	<b>17 452 932,41</b>	<b>162 560 569,32</b>	<b>139 127 747,14</b>	<b>133 677 752,26</b>
Capital Expenditure	168 070 807,97	144 961 810,60	15 797 787,97	160 759 598,57	139 111 689,08	133 443 430,56
<b>Total Surplus/Deficit</b>	<b>4 120 182,88</b>	<b>145 826,31</b>	<b>1 655 144,44</b>	<b>1 800 970,74</b>	<b>16 058,06</b>	<b>234 321,70</b>

The total budgeted revenue was adjusted from **R 391 million** to **R 405 million** during the first adjustment period of the 2017/18 financial year. The total budgeted revenue is further adjusted to **R 410 million** for 2017/18. This reflects an increase of **R 19 million** or 5% as compared to the original budget. For the two outer years, total revenue will remain unchanged at **R 395 million** and **R 409 million** respectively, equating to a total revenue growth of **R 9 million** over the MTREF when compared to the 2016/17 financial year. The total revenue includes the grants allocations from the national treasury and conditional grants.

The municipality's internally generated funding has increased to **R 36.2 million** for the 2017/18 financial year.

No further adjustments were effected on the municipality's cash backed reserves for the 2017/18 financial year.

Total operating expenditure budget for the 2017/18 financial year was adjusted from **R 268 million** to **R 327 million** during the first adjustment period and there are no further budget adjustments for 2017/18 financial year which translates into an operating budgeted deficit of **R 4.3 million** as indicated in table B4. As compared to the 2016/17 Adjustments Budget, operational expenditure has increased by 20% in the 2017/18 adjusted budget, declined by 19% for 2018/19 and an increase of 8% per cent for 2019/20 financial year. The operating surplus for the two outer years steadily increases to **R 64 million** and then **R 55 million** respectively. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The total capital budget of **R 145 million** for 2017/18 was adjusted to **R 149 million** during the first adjustment period of the municipality. The total capital budget is further adjusted to **R 160.7 million** for the 2017/18 financial year.

The capital expenditure decreases to **R 139 million** in the 2018/19 financial year and increases to **R 133 million** in 2019/20. Of the **R 160.7 million** total capital budget for 2017/18, an amount of **R 74.4 million** is funded by MIG for roads and bridges. The rest of the capital projects and acquisitions of new assets is being funded from the equitable share budget, Cash backed reserves as well as the Internally Generated Funding of the municipality.



## Operating Revenue Framework

For Makhuduthamaga Local Municipality to continue improving the quality of services provided to its communities it needs to generate the required sustainable revenue to meet its funding requirements. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and high level of unemployment in our municipality. The expenditure required to address these challenges will always exceed available funding; hence difficult choices have to be made in relation to balancing expenditures against realistically anticipated revenues. The fact is, we cannot increase the property rates tariffs in the near future as we still have very low level of revenue collection for the property rates which makes 48% of the total own revenue. Property rates tariffs remain unchanged at 0.15 cents in a rand.

In an attempt to ensure a strong revenue base, the municipality has also reviewed its revenue enhancement strategy to improve revenue collection in the 2017/18 financial year and the two outer years.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs; (e.g. Waste collection project)
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the adjusted 2017/18 MTREF (classified by main revenue source)

**Table 2 Summary of revenue classified by main revenue source**

LIM473 Makhuduthamaga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	8	9	10		
R thousands	1	A	A1	F	G	H		
<b>Revenue By Source</b>								
Property rates	2	38 841	-	(1 113)	(1 113)	37 728	39 812	41 006
Service charges - other					-	-		
Rental of facilities and equipment		121		-	-	121	125	131
Interest earned - external investments		12 259		(3 231)	(3 231)	9 028	13 370	15 375
Interest earned - outstanding debtors		21 058		12 593	12 593	33 651	23 757	25 657
Dividends received					-	-		
Fines, penalties and forfeits		632		(367)	(367)	265	635	648
Licences and permits					-	-		
Agency services		5 169		-	-	5 169	6 526	7 831
Transfers and subsidies		236 226		-	-	236 226	242 778	246 865
Other revenue	2	1 032	-	(367)	(367)	665	1 061	1 111
Gains on disposal of PPE					-	-		
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>315 338</b>	<b>-</b>	<b>7 516</b>	<b>7 516</b>	<b>322 853</b>	<b>328 064</b>	<b>338 626</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		76 196		11 450	11 450	87 646	66 804	70 611
<b>Total Revenue (Including capital transfers and contributions)</b>		<b>391 534</b>	<b>-</b>	<b>18 966</b>	<b>18 966</b>	<b>410 499</b>	<b>394 868</b>	<b>409 237</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The total revenue for the municipality excluding capital transfers, as adjusted during the first adjustment period, is **R 323 million** for 2017/18, **R 328 million** for 2018/19 and **R 339 million** for 2019/20 and there are no further adjustments on the total operational revenue budget for 2017/18.

The annual budget on capital transfers and subsidies was adjusted from **R 76 million** to **R 82.2 million** during the first adjustment period of the municipality in February 2018. The budget on capital transfers and subsidies is further adjusted to **R 87.6 million** for the 2017/18 financial year having taken into consideration the **R 5.4 million** additional funding on the municipality's infrastructure projects for 2017/18.

## Operating Expenditure Framework

As indicated in the municipality's adjusted budget, the municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The infrastructure projects plan in the IDP to address the backlog and the repairs and maintenance plan;

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to backlog eradication plan;
- Operational gains/ surpluses will be directed to funding the capital budget.
- Funding was allocated to only projects which have projects implementation plans to guard against under spending.

The following table is a high level summary of the adjusted operational expenditure budget for 2017/18 and MTREF (classified per main type of operating expenditure):

**Table 3 Summary of operating expenditure by standard classification item**

LIM473 Makhuduthamaga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year	Budget Year
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2018/19	+2 2019/20
			3	8	9	10	Adjusted Budget	Adjusted Budget
<b>R thousands</b>	1	A	A1	F	G	H		
<b>Expenditure By Type</b>								
Employee related costs		72 815	-	(3 180)	(3 180)	69 635	74 301	79 205
Remuneration of councillors		22 040		(0)	(0)	22 040	23 517	25 069
Debt impairment		28 049		-	-	28 049	25 747	17 708
Depreciation & asset impairment		21 500	-	1 718	1 718	23 218	23 600	25 000
Finance charges					-	-		
Bulk purchases		-	-	-	-	-	-	-
Other materials					-	-		
Contracted services		35 647	-	78 008	78 008	113 655	60 159	66 236
Transfers and subsidies					-	-		
Other expenditure		88 766	-	(18 212)	(18 212)	70 554	56 425	70 871
Loss on disposal of PPE					-	-		
<b>Total Expenditure</b>		<b>268 817</b>	<b>-</b>	<b>58 333</b>	<b>58 333</b>	<b>327 150</b>	<b>263 749</b>	<b>284 088</b>

**Adjustment on employee related costs**

The budget for Employee related costs was reduced by **R 3.2 million** as a result of the following positions that were still vacant as at 31 December 2017 during the first budget adjustment period of the municipality.

There are no further budget adjustments on the municipality’s employee related costs for 2017/18 financial year.

Department	Post name
Executive Support	1. Manager x 1



	<ol style="list-style-type: none"><li>2. Council Secretary x 1</li><li>3. Secretary (Chief Whip) x 1</li><li>4. MPAC Secretary x 1</li><li>5. Training &amp; Council Welfare Officer x 1</li><li>6. MPAC Co-ordinator x 1</li></ol>
MM's Office	<ol style="list-style-type: none"><li>1. Manager in the MM's Office x 1</li></ol>
Corporate Services	<ol style="list-style-type: none"><li>1. HR Officer x 1</li><li>2. IT Technician x 1</li><li>3. Switchboard Operator x 1</li></ol>
Budget & Treasury	<ol style="list-style-type: none"><li>1. Personal Assistance in CFO's Office x 1</li><li>2. SCM Manager x 1</li><li>3. Accountant VAT &amp; Receivables x 1</li><li>4. SCM Accountant x 1</li><li>5. Cashier x 2</li><li>6. Bookkeeper (Budget) x 2</li></ol>
Community Services	<ol style="list-style-type: none"><li>1. Senior manager x 1</li><li>2. Admin Clerk x 2</li><li>3. Sports &amp; Recreation Officer x 1</li><li>4. General workers x 4</li><li>5. Land Fill Operator X 2</li><li>6. Compactor Operator x 1</li></ol>
Economic Development and Planning	<ol style="list-style-type: none"><li>1. Senior Manager x 1</li><li>2. PMS Officer x 1</li><li>3. Performance Management Officer x 1</li><li>4. LED Manager x 1</li></ol>

### Remuneration of councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's adjusted budget for 2017/18. The total amount of **R 22 million** was calculated on Grade 3 and includes budget for Councillors allowance, cell phone allowance, data cards,

pension and car allowance as contained in the circular received from the Minister of Co-operative Governance and Traditional Affairs.

There are no further budget adjustments on the remuneration of councillors for the 2017/18 financial year.

### **Debt impairment**

The provision of debt impairment for 2017/18 was determined based on the Debt Write-off Policy of the municipality. For the 2017/18 financial year this amount was originally budgeted at **R 28 million** and it remains unchanged for the remainder of the financial year.

### **Depreciation**

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy and GRAP 17. The original budget appropriations in this regard total **R 21.5 million** for the 2017/18 financial year and it was subsequently increased to **R 23 million** which amounts to 7% of the total budgeted operating expenditure.

There are no further budget adjustments on the annual depreciation expenditure budget for the 2017/18 financial year.

### **Finance charges**

The municipality is not planning to use borrowing funds to fund its projects in the near future due to revenue generation incapacity and collection challenges.

### **Contracted Services**

Contracted services comprises of security services, cleaning services, repairs and maintenance for infrastructure assets and operating leases for office equipment and machinery as well as waste management expenses. For the current year budget, contracted services has been increased from **R 35.6 million** to **R 78 million** to provide for the significant increase in the repairs and maintenance expenditure of the municipal infrastructure assets and to also effect some of the changes introduced by the mSCOA requirements where some items of expenditure are now being classified as contracted services.

No further budget adjustments on the contracted services budget for 2017/18 financial year.

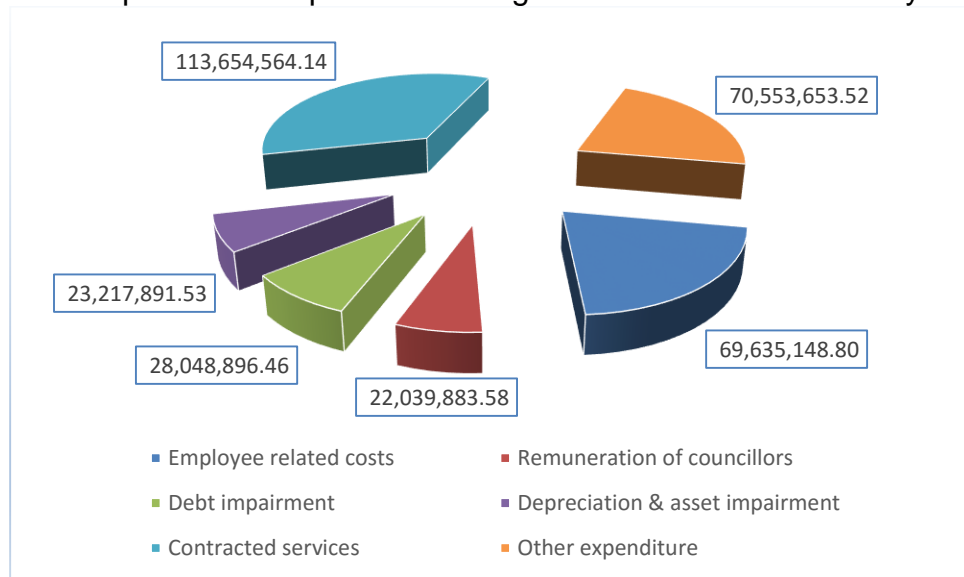
The budget for other expenditure was decreased from **R 88.7 million** to **R 70.5 million** to effect some of the changes introduced by the mSCOA where some items of expenditure which were previously classified as other expenditure are now being classified as contracted services. There was also increase in some operational programmes such as public participation, mayoral outreach programmes and solid waste collection.

There are no further budget adjustments on the other expenditure budget for 2017/18 financial year.

Further explanations and reasons for adjustments are provided under supporting documents of the adjustment budget under adjustments to Service Delivery and Implementation Plan.

The following bar chart gives a breakdown of the main expenditure categories for the 2017/18 financial year Adjustment Budget.

Main Operational Expenditure categories for 2017/18 financial year



### Adjustments on repairs and maintenance

Repairs and maintenance budget was adjusted by **R 49.80 million** for the repairs and maintenance of the municipal infrastructure assets during the first adjustment period of the municipality and there are no further adjustments for the 2017/18 financial year.

### Adjustments on Free Basic Services: Electricity tokens

There were no adjustments done on the budget for Free Basic Electricity for 2017/18.

### Capital expenditure

The following table provides a breakdown of adjustments on budgeted capital expenditure by vote:

**Table 4 Adjusted Capital budget per vote.**

LIM473 Makhuduthamaga - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			5	10	11	12		
<b>R thousands</b>		A	A1	F	G	H		
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be adjusted</b>	2							
Vote 4 - Infrastructure Development		113 462	–	18 498	18 498	131 960	121 312	126 843
<b>Capital multi-year expenditure sub-total</b>	3	<b>113 462</b>	<b>–</b>	<b>18 498</b>	<b>18 498</b>	<b>131 960</b>	<b>121 312</b>	<b>126 843</b>
<b>Single-year expenditure to be adjusted</b>								
Vote 1 - Executive Support		–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager		–	–	–	–	–	–	–
Vote 3 - Economic Development and Planning		2 000	–	(2 000)	(2 000)	–	–	–
Vote 4 - Infrastructure Development		13 000	–	–	–	13 000	–	–
Vote 5 - Community Services		6 500	–	(1 200)	(1 200)	5 300	9 200	6 000
Vote 6 - Corporate Services		5 000	–	500	500	5 500	1 900	600
Vote 7 - Budget and Treasury		5 000	–	–	–	5 000	6 700	–
<b>Capital single-year expenditure sub-total</b>		<b>31 500</b>	<b>–</b>	<b>(2 700)</b>	<b>(2 700)</b>	<b>28 800</b>	<b>17 800</b>	<b>6 600</b>
<b>Total Capital Expenditure - Vote</b>		<b>144 962</b>	<b>–</b>	<b>15 798</b>	<b>15 798</b>	<b>160 760</b>	<b>139 112</b>	<b>133 443</b>

For 2017/18 an amount of **R 144.9 million** was originally appropriated for the capital expenditure to be funded by MIG grant and equitable share. For 2018/19 and 2019/20 the budget has been appropriated at **R 139 million** and **R 133 million** respectively. The capital budget for 2017/18 was adjusted to **R 149 million** during the first budget adjustment period of the municipality. The **R 149 million** total capital budget for 2017/18 is further adjusted to **R 160.7 million** for the 2017/18 financial year.

Infrastructure development vote is appropriated the highest allocation of **R 144.9 million** for 2017/18 which equates to 90% of the total capital budget, followed by corporate services at **R 5.5 million** which makes about 3.4% of the total capital budget. The remaining 6.6% is allocated to budget & treasury at **R 5 million** which makes about 3.1% and community services at **R 5.3 million** which makes about 3.5% of the total capital budget of **R 160.7 million** for 2017/18.

No budget was allocated for the renewal of municipal assets during the 2017/18 financial year.

No budget was allocated for the renewal of municipal assets during the 2017/18 financial year.



## **1.4 ADJUSTMENT BUDGET TABLES (B1 to B10)**

The following are the ten main B schedule tables for the annual budget of Makhuduthamaga Local municipality for the 2017/18 MTREF.



### 1.4.1 Table 5 MBRR B1 – Annual Budget Summary

LIM473 Makhuduthamaga - Table B1 Adjustments Budget Summary - 28 February 2018							
Description	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
	Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	1	6	7	8		
	A1	F	G	H			
<b>Financial Performance</b>							
Property rates	38,841	–	(1,113)	(1,113)	37,728	39,812	41,006
Service charges	–	–	–	–	–	–	–
Investment revenue	12,259	–	(3,231)	(3,231)	9,028	13,370	15,375
Transfers recognised - operational	236,226	–	–	–	236,226	242,778	246,865
Other own revenue	28,011	–	11,860	11,860	39,871	32,104	35,379
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>315,338</b>	<b>–</b>	<b>7,516</b>	<b>7,516</b>	<b>322,853</b>	<b>328,064</b>	<b>338,626</b>
<b>Total Expenditure</b>							
Employee costs	72,815	–	(3,180)	(3,180)	69,635	74,301	79,205
Remuneration of councillors	22,040	–	(0)	(0)	22,040	23,517	25,069
Depreciation & asset impairment	21,500	–	1,718	1,718	23,218	23,600	25,000
Other expenditure	152,461	–	59,796	59,796	212,257	142,331	154,815
<b>Total Expenditure</b>	<b>268,817</b>	<b>–</b>	<b>58,333</b>	<b>58,333</b>	<b>327,150</b>	<b>263,749</b>	<b>284,088</b>
<b>Surplus/(Deficit)</b>	<b>46,521</b>	<b>–</b>	<b>(50,818)</b>	<b>(50,818)</b>	<b>(4,297)</b>	<b>64,315</b>	<b>54,538</b>
Transfers recognised - capital	76,196	–	11,450	11,450	87,646	66,804	70,611
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>122,717</b>	<b>–</b>	<b>(39,368)</b>	<b>(39,368)</b>	<b>83,349</b>	<b>131,119</b>	<b>125,149</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>122,717</b>	<b>–</b>	<b>(39,368)</b>	<b>(39,368)</b>	<b>83,349</b>	<b>131,119</b>	<b>125,149</b>
<b>Capital expenditure &amp; funds sources</b>							
<b>Capital expenditure</b>	<b>144,962</b>	<b>–</b>	<b>15,798</b>	<b>15,798</b>	<b>160,760</b>	<b>139,112</b>	<b>133,443</b>
Transfers recognised - capital	144,962	–	15,798	15,798	160,760	139,112	133,443
<b>Total sources of capital funds</b>	<b>144,962</b>	<b>–</b>	<b>15,798</b>	<b>15,798</b>	<b>160,760</b>	<b>139,112</b>	<b>133,443</b>
<b>Financial position</b>							
Total current assets	133,183	–	(6,604)	(6,604)	126,579	165,057	194,003
Total non current assets	521,519	–	–	–	521,519	621,680	733,049
Total current liabilities	33,613	–	–	–	33,613	17,726	18,896
Total non current liabilities	4,327	–	–	–	4,327	4,616	4,921
<b>Community wealth/Equity</b>	<b>616,763</b>	<b>–</b>	<b>(6,604)</b>	<b>(6,604)</b>	<b>610,158</b>	<b>764,395</b>	<b>903,234</b>
<b>Cash flows</b>							
Net cash from (used) operating	157,039	–	(19,811)	(19,811)	137,228	166,889	158,150
Net cash from (used) investing	(144,962)	–	(15,798)	(15,798)	(160,760)	(139,112)	(133,443)
Net cash from (used) financing	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>96,282</b>	<b>–</b>	<b>(35,609)</b>	<b>(35,609)</b>	<b>60,673</b>	<b>95,151</b>	<b>119,858</b>
<b>Cash backing/surplus reconciliation</b>							
Cash and investments available	73,977	–	(6,604)	(6,604)	67,373	101,860	126,562
Application of cash and investments	(11,760)	–	(15,360)	(15,360)	(27,120)	(33,130)	(39,442)
<b>Balance - surplus (shortfall)</b>	<b>85,737</b>	<b>–</b>	<b>8,756</b>	<b>8,756</b>	<b>94,493</b>	<b>134,990</b>	<b>166,004</b>
<b>Asset Management</b>							
Asset register summary (WDV)	521,519	–	–	–	521,519	621,680	733,049
Depreciation & asset impairment	21,500	–	1,718	1,718	23,218	23,600	25,000
Renewal of Existing Assets	–	–	–	–	–	–	–
Repairs and Maintenance	22,581	–	19,800	19,800	42,381	21,187	26,349
<b>Free services</b>							
Cost of Free Basic Services provided	–	–	–	–	–	–	–
Revenue cost of free services provided	605	–	–	–	605	605	605
<b>Households below minimum service level</b>							
Water:	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–

### 1.4.2 Table 6 MBRR B2 – Budgeted Financial Performance (Standard Classification)

**LIM473 Makhuduthamaga - Table B2 Adjustments Budget Financial Performance (functional classification) - 28 February 2018**

Standard Description	Ref	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		5	10	11	12			
R thousands	1, 4	A	A1	F	G	H		
<b>Revenue - Functional</b>								
<b>Governance and administration</b>		391,534	–	18,966	18,966	410,499	394,868	409,237
Executive and council		–	–	–	–	–	–	–
Finance and administration		391,534	–	18,966	18,966	410,499	394,868	409,237
Internal audit		–	–	–	–	–	–	–
<b>Community and public safety</b>		–	–	–	–	–	–	–
Community and social services		–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–
<b>Economic and environmental services</b>		–	–	–	–	–	–	–
Planning and development		–	–	–	–	–	–	–
Road transport		–	–	–	–	–	–	–
Environmental protection		–	–	–	–	–	–	–
<b>Trading services</b>		–	–	–	–	–	–	–
Energy sources		–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–
<b>Other</b>		–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	2	391,534	–	18,966	18,966	410,499	394,868	409,237
<b>Expenditure - Functional</b>								
<b>Governance and administration</b>		189,446	–	21,950	21,950	211,396	187,824	197,561
Executive and council		62,803	–	14,646	14,646	77,449	61,354	69,605
Finance and administration		126,643	–	6,984	6,984	133,628	126,103	127,589
Internal audit		–	–	319	319	319	367	367
<b>Community and public safety</b>		23,607	–	(5,072)	(5,072)	18,535	18,725	20,308
Community and social services		6,937	–	1,963	1,963	8,900	7,325	7,858
Sport and recreation		3,135	–	–	–	3,135	1,800	1,950
Public safety		13,535	–	(13,535)	(13,535)	0	–	–
Housing		–	–	6,500	6,500	6,500	9,600	10,500
Health		–	–	–	–	–	–	–
<b>Economic and environmental services</b>		35,740	–	52,055	52,055	87,794	48,678	57,781
Planning and development		13,457	–	2,759	2,759	16,216	15,068	18,382
Road transport		22,283	–	24,395	24,395	46,678	24,660	30,057
Environmental protection		–	–	24,900	24,900	24,900	8,950	9,341
<b>Trading services</b>		20,024	–	(10,599)	(10,599)	9,425	8,522	8,439
Energy sources		7,902	–	0	0	7,902	6,897	6,707
Water management		–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–
Waste management		12,122	–	(10,599)	(10,599)	1,523	1,625	1,732
<b>Other</b>		–	–	–	–	–	–	–
<b>Total Expenditure - Functional</b>	3	268,817	–	58,333	58,333	327,150	263,749	284,088
<b>Surplus/ (Deficit) for the year</b>		122,717	–	(39,368)	(39,368)	83,349	131,119	125,149

### 1.4.3 Table 7 MBRR B3 – Budgeted Financial Performance (Municipal Vote)

**LIM473 Makhuduthamaga - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28 February 2018**

Vote Description	Ref	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	8	9	10		
<i>[Insert departmental structure etc]</i>								
<b>R thousands</b>		A	A1	F	G	H		
<b>Revenue by Vote</b>	1							
Vote 1 - Executive Support		-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-
Vote 3 - Economic Development and Planning		-	-	-	-	-	-	-
Vote 4 - Infrastructure Development		-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-
Vote 6 - Corporate Services		-	-	-	-	-	-	-
Vote 7 - Budget and Treasury		391,534	-	18,966	18,966	410,499	394,868	409,237
<b>Total Revenue by Vote</b>	2	<b>391,534</b>	<b>-</b>	<b>18,966</b>	<b>18,966</b>	<b>410,499</b>	<b>394,868</b>	<b>409,237</b>
<b>Expenditure by Vote</b>	1							
Vote 1 - Executive Support		52,670	-	14,815	14,815	67,484	51,306	59,202
Vote 2 - Office of the Municipal Manager		10,133	-	(168)	(168)	9,965	10,048	10,403
Vote 3 - Economic Development and Planning		13,457	-	237	237	13,694	12,555	15,680
Vote 4 - Infrastructure Development		30,185	-	19,882	19,882	50,067	29,468	34,754
Vote 5 - Community Services		35,729	-	16,264	16,264	51,993	33,902	36,094
Vote 6 - Corporate Services		25,218	-	1,300	1,300	26,518	23,035	23,608
Vote 7 - Budget and Treasury		101,425	-	6,004	6,004	107,429	103,435	104,348
<b>Total Expenditure by Vote</b>	2	<b>268,817</b>	<b>-</b>	<b>58,333</b>	<b>58,333</b>	<b>327,150</b>	<b>263,749</b>	<b>284,088</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>122,717</b>	<b>-</b>	<b>(39,368)</b>	<b>(39,368)</b>	<b>83,349</b>	<b>131,119</b>	<b>125,149</b>

### 1.4.4 Table 8 MBRR B4 – Budgeted Financial Performance (Operational Revenue and Expenditure)

LIM473 Makhuduthamaga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3	8	9	10		
R thousands	1	A	A1	F	G	H		
<b>Revenue By Source</b>								
Property rates	2	38,841	-	(1,113)	(1,113)	37,728	39,812	41,006
Service charges - other					-	-		
Rental of facilities and equipment		121		-	-	121	125	131
Interest earned - external investments		12,259		(3,231)	(3,231)	9,028	13,370	15,375
Interest earned - outstanding debtors		21,058		12,593	12,593	33,651	23,757	25,657
Dividends received					-	-		
Fines, penalties and forfeits		632		(367)	(367)	265	635	648
Licences and permits					-	-		
Agency services		5,169		-	-	5,169	6,526	7,831
Transfers and subsidies		236,226		-	-	236,226	242,778	246,865
Other revenue	2	1,032	-	(367)	(367)	665	1,061	1,111
Gains on disposal of PPE					-	-		
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>315,338</b>	<b>-</b>	<b>7,516</b>	<b>7,516</b>	<b>322,853</b>	<b>328,064</b>	<b>338,626</b>
<b>Expenditure By Type</b>								
Employee related costs		72,815	-	(3,180)	(3,180)	69,635	74,301	79,205
Remuneration of councillors		22,040		(0)	(0)	22,040	23,517	25,069
Debt impairment		28,049		-	-	28,049	25,747	17,708
Depreciation & asset impairment		21,500	-	1,718	1,718	23,218	23,600	25,000
Finance charges					-	-		
Bulk purchases		-	-	-	-	-	-	-
Other materials					-	-		
Contracted services		35,647	-	78,008	78,008	113,655	60,159	66,236
Transfers and subsidies					-	-		
Other expenditure		88,766	-	(18,212)	(18,212)	70,554	56,425	70,871
Loss on disposal of PPE					-	-		
<b>Total Expenditure</b>		<b>268,817</b>	<b>-</b>	<b>58,333</b>	<b>58,333</b>	<b>327,150</b>	<b>263,749</b>	<b>284,088</b>
<b>Surplus/(Deficit)</b>		<b>46,521</b>	<b>-</b>	<b>(50,818)</b>	<b>(50,818)</b>	<b>(4,297)</b>	<b>64,315</b>	<b>54,538</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		76,196		11,450	11,450	87,646	66,804	70,611
<b>Surplus/ (Deficit) for the year</b>		<b>122,717</b>	<b>-</b>	<b>(39,368)</b>	<b>(39,368)</b>	<b>83,349</b>	<b>131,119</b>	<b>125,149</b>

### 1.4.5 Table 9 MBRR B5 – Budgeted Capital Expenditure (By Vote & Standard Classification)

LIM473 Makhuduthamaga - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	2018/19	2019/20
		A	5 A1	10 F	11 G	12 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>		A	A1	F	G	H		
<b>Capital expenditure - Vote</b>								
<b>Multi-year expenditure to be adjusted</b>	2							
Vote 4 - Infrastructure Development		113,462	–	18,498	18,498	131,960	121,312	126,843
<b>Capital multi-year expenditure sub-total</b>	3	<b>113,462</b>	<b>–</b>	<b>18,498</b>	<b>18,498</b>	<b>131,960</b>	<b>121,312</b>	<b>126,843</b>
<b>Single-year expenditure to be adjusted</b>	2							
Vote 1 - Executive Support		–	–	–	–	–	–	–
Vote 2 - Office of the Municipal Manager		–	–	–	–	–	–	–
Vote 3 - Economic Development and Planning		2,000	–	(2,000)	(2,000)	–	–	–
Vote 4 - Infrastructure Development		13,000	–	–	–	13,000	–	–
Vote 5 - Community Services		6,500	–	(1,200)	(1,200)	5,300	9,200	6,000
Vote 6 - Corporate Services		5,000	–	500	500	5,500	1,900	600
Vote 7 - Budget and Treasury		5,000	–	–	–	5,000	6,700	–
<b>Capital single-year expenditure sub-total</b>		<b>31,500</b>	<b>–</b>	<b>(2,700)</b>	<b>(2,700)</b>	<b>28,800</b>	<b>17,800</b>	<b>6,600</b>
<b>Total Capital Expenditure - Vote</b>		<b>144,962</b>	<b>–</b>	<b>15,798</b>	<b>15,798</b>	<b>160,760</b>	<b>139,112</b>	<b>133,443</b>
<b>Capital Expenditure - Functional</b>								
<b>Governance and administration</b>		<b>10,000</b>	<b>–</b>	<b>500</b>	<b>500</b>	<b>10,500</b>	<b>8,600</b>	<b>600</b>
Executive and council					–	–		
Finance and administration		10,000		500	500	10,500	8,600	600
Internal audit					–	–		
<b>Community and public safety</b>		<b>1,200</b>	<b>–</b>	<b>(1,200)</b>	<b>(1,200)</b>	<b>–</b>	<b>–</b>	<b>–</b>
Community and social services					–	–		
Sport and recreation					–	–		
Public safety		1,200		(1,200)	(1,200)	–	–	–
Housing					–	–		
Health					–	–		
<b>Economic and environmental services</b>		<b>115,462</b>	<b>–</b>	<b>16,498</b>	<b>16,498</b>	<b>131,960</b>	<b>121,312</b>	<b>126,843</b>
Planning and development		2,000		(2,000)	(2,000)	–	–	–
Road transport		113,462		18,498	18,498	131,960	121,312	126,843
Environmental protection					–	–		
<b>Trading services</b>		<b>18,300</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>18,300</b>	<b>9,200</b>	<b>6,000</b>
Energy sources		13,000		–	–	13,000	–	–
Water management					–	–		
Waste water management					–	–		
Waste management		5,300		–	–	5,300	9,200	6,000
<b>Other</b>					–	–		
<b>Total Capital Expenditure - Functional</b>	3	<b>144,962</b>	<b>–</b>	<b>15,798</b>	<b>15,798</b>	<b>160,760</b>	<b>139,112</b>	<b>133,443</b>
<b>Funded by:</b>								
National Government		144,962		15,798	15,798	160,760	139,112	133,443
<b>Transfers recognised - capital</b>	4	<b>144,962</b>	<b>–</b>	<b>15,798</b>	<b>15,798</b>	<b>160,760</b>	<b>139,112</b>	<b>133,443</b>
<b>Public contributions &amp; donations</b>					–	–		
<b>Borrowing</b>					–	–		
<b>Internally generated funds</b>					–	–		
<b>Total Capital Funding</b>		<b>144,962</b>	<b>–</b>	<b>15,798</b>	<b>15,798</b>	<b>160,760</b>	<b>139,112</b>	<b>133,443</b>

### 1.4.6 Table 10 MBRR B6 – Budgeted Financial Position

LIM473 Makhuduthamaga - Table B6 Adjustments Budget Financial Position - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	8 F	9 G	10 H		
<b>ASSETS</b>								
<b>Current assets</b>								
Cash		73,977		(13,304)	(13,304)	60,673	101,860	126,562
Call investment deposits	1	–	–	–	–	–	–	–
Consumer debtors	1	49,526	–	–	–	49,526	52,844	56,331
Other debtors		9,230			–	9,230	9,849	10,499
Current portion of long-term receivables		–			–	–	–	–
Inventory		450			–	450	505	610
<b>Total current assets</b>		<b>133,183</b>	<b>–</b>	<b>(13,304)</b>	<b>(13,304)</b>	<b>119,879</b>	<b>165,057</b>	<b>194,003</b>
<b>Non current assets</b>								
Long-term receivables					–	–		
Investments					–	–		
Investment property		1,252			–	1,252	1,252	1,252
Investment in Associate					–	–		
Property, plant and equipment	1	518,817	–	–	–	518,817	619,129	730,737
Agricultural					–	–		
Biological					–	–		
Intangible		1,451			–	1,451	1,300	1,060
Other non-current assets					–	–		
<b>Total non current assets</b>		<b>521,519</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>521,519</b>	<b>621,680</b>	<b>733,049</b>
<b>TOTAL ASSETS</b>		<b>654,702</b>	<b>–</b>	<b>(13,304)</b>	<b>(13,304)</b>	<b>641,398</b>	<b>786,738</b>	<b>927,052</b>
<b>LIABILITIES</b>								
<b>Current liabilities</b>								
Bank overdraft					–	–		
Borrowing		–	–	–	–	–	–	–
Consumer deposits					–	–		
Trade and other payables		33,613	–	–	–	33,613	17,726	18,896
Provisions					–	–		
<b>Total current liabilities</b>		<b>33,613</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>33,613</b>	<b>17,726</b>	<b>18,896</b>
<b>Non current liabilities</b>								
Borrowing	1	–	–	–	–	–	–	–
Provisions	1	4,327	–	–	–	4,327	4,616	4,921
<b>Total non current liabilities</b>		<b>4,327</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,327</b>	<b>4,616</b>	<b>4,921</b>
<b>TOTAL LIABILITIES</b>		<b>37,940</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>37,940</b>	<b>22,343</b>	<b>23,817</b>
<b>NET ASSETS</b>	2	<b>616,763</b>	<b>–</b>	<b>(13,304)</b>	<b>(13,304)</b>	<b>603,458</b>	<b>764,395</b>	<b>903,234</b>
<b>COMMUNITY WEALTH/EQUITY</b>								
Accumulated Surplus/(Deficit)		616,763	–	(13,304)	(13,304)	603,458	764,395	903,234
Reserves		–	–	–	–	–	–	–
Minorities' interests					–	–		
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>616,763</b>	<b>–</b>	<b>(13,304)</b>	<b>(13,304)</b>	<b>603,458</b>	<b>764,395</b>	<b>903,234</b>

### 1.4.7 Table 11 MBRR B7 – Budgeted Cash Flows

LIM473 Makhuduthamaga - Table B7 Adjustments Budget Cash Flows - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year	Budget Year
		Original	Prior	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Adjusts.	Adjusts.	Budget	Budget	Budget
		3	8	9	10			
		A	A1	F	G	H		
<b>R thousands</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates		25,245			-	25,245	29,936	34,912
Service charges					-	-		
Other revenue		26,381		28,585	28,585	54,966	28,402	31,767
Government - operating	1	236,226			-	236,226	242,778	246,865
Government - capital	1	76,196		11,450	11,450	87,646	66,804	70,611
Interest		12,259		(3,231)	(3,231)	9,028	13,370	15,375
Dividends					-	-		
<b>Payments</b>								
Suppliers and employees		(219,268)		(56,616)	(56,616)	(275,883)	(214,401)	(241,380)
Finance charges					-	-		
Transfers and Grants	1				-	-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>157,039</b>	<b>-</b>	<b>(19,811)</b>	<b>(19,811)</b>	<b>137,228</b>	<b>166,889</b>	<b>158,150</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		(144,962)		(15,798)	(15,798)	(160,760)	(139,112)	(133,443)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(144,962)</b>	<b>-</b>	<b>(15,798)</b>	<b>(15,798)</b>	<b>(160,760)</b>	<b>(139,112)</b>	<b>(133,443)</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					-	-		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>12,078</b>	<b>-</b>	<b>(35,609)</b>	<b>(35,609)</b>	<b>(23,532)</b>	<b>27,778</b>	<b>24,707</b>
Cash/cash equivalents at the year begin:	2	84,204			-	84,204	67,373	95,151
Cash/cash equivalents at the year end:	2	96,282		(35,609)	(35,609)	60,673	95,151	119,858

**1.4.8 Table 12 MBRR B8 – Cash backed reserves/Accumulated surplus reconciliation**

LIM473 Makhuduthamaga - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year	Budget Year
		Original	Prior	Other	Total	Adjusted	+1 2018/19	+2 2019/20
		Budget	Adjusted	Adjusts.	Adjusts.	Budget	Adjusted	Adjusted
			3	8	9	10		
		A	A1	F	G	H		
<b>R thousands</b>								
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	1	96,282	–	(35,609)	(35,609)	60,673	95,151	119,858
Other current investments > 90 days		(22,305)	–	22,305	22,305	(0)	6,709	6,704
Non current assets - Investments	1	–	–	–	–	–	–	–
<b>Cash and investments available:</b>		<b>73,977</b>	<b>–</b>	<b>(13,304)</b>	<b>(13,304)</b>	<b>60,673</b>	<b>101,860</b>	<b>126,562</b>
<b>Applications of cash and investments</b>								
Unspent conditional transfers		–	–	–	–	–	–	–
Unspent borrowing					–	–		
Statutory requirements					–	–		
Other working capital requirements	2	–	–	–	–	–	–	–
Other provisions		(22,390)		(56,821)	(56,821)	(79,211)		
Long term investments committed		–	–	–	–	–	–	–
Reserves to be backed by cash/investments		–	–	–	–	–	–	–
<b>Total Application of cash and investments:</b>		<b>(22,390)</b>	<b>–</b>	<b>(56,821)</b>	<b>(56,821)</b>	<b>(79,211)</b>	<b>–</b>	<b>–</b>
<b>Surplus(shortfall)</b>		<b>96,367</b>	<b>–</b>	<b>43,517</b>	<b>43,517</b>	<b>139,884</b>	<b>101,860</b>	<b>126,562</b>





**1.4.9 Table 13 MBRR table B9 – Asset Management**

LIM473 Makhuduthamaga - Table B9 Asset Management - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year	Budget Year
		Original	Prior	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Adjusts.	Adjusts.	Budget	Budget	Budget
		7	12	13	14			
		A	A1	F	G	H		
<b>R thousands</b>								
<b>CAPITAL EXPENDITURE</b>								
<b>Total New Assets to be adjusted</b>	1	144,962	–	15,798	15,798	160,760	139,112	133,443
Roads Infrastructure		113,462	–	18,498	18,498	131,960	121,312	126,843
Electrical Infrastructure		13,000	–	–	–	13,000	–	–
Solid Waste Infrastructure		5,300	–	–	–	5,300	9,200	6,000
Infrastructure		131,762	–	18,498	18,498	150,260	130,512	132,843
Community Facilities		3,200	–	(3,200)	(3,200)	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–
Community Assets		3,200	–	(3,200)	(3,200)	–	–	–
Computer Equipment		5,000	–	500	500	5,500	1,900	600
Machinery and Equipment		5,000	–	–	–	5,000	6,700	–
<b>Total Capital Expenditure to be adjusted</b>	4	113,462	–	18,498	18,498	131,960	121,312	126,843
Roads Infrastructure		113,462	–	18,498	18,498	131,960	121,312	126,843
Electrical Infrastructure		13,000	–	–	–	13,000	–	–
Solid Waste Infrastructure		5,300	–	–	–	5,300	9,200	6,000
Infrastructure		131,762	–	18,498	18,498	150,260	130,512	132,843
Community Facilities		3,200	–	(3,200)	(3,200)	–	–	–
Community Assets		3,200	–	(3,200)	(3,200)	–	–	–
Intangible Assets		–	–	–	–	–	–	–
Computer Equipment		5,000	–	500	500	5,500	1,900	600
Machinery and Equipment		5,000	–	–	–	5,000	6,700	–
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	4	144,962	–	15,798	15,798	160,760	139,112	133,443
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>								
Roads Infrastructure	5	450,578	–	–	–	450,578	537,696	634,625
Electrical Infrastructure		8,582	–	–	–	8,582	10,241	12,088
Infrastructure		459,161	–	–	–	459,161	547,938	646,713
Non-revenue Generating		1,252	–	–	–	1,252	1,252	1,252
Investment properties		1,252	–	–	–	1,252	1,252	1,252
Operational Buildings		59,657	–	–	–	59,657	71,191	84,025
Other Assets		59,657	–	–	–	59,657	71,191	84,025
Licences and Rights		1,451	–	–	–	1,451	1,300	1,060
Intangible Assets		1,451	–	–	–	1,451	1,300	1,060
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	521,519	–	–	–	521,519	621,680	733,049
<b>EXPENDITURE OTHER ITEMS</b>								
Depreciation & asset impairment		21,500	–	1,718	1,718	23,218	23,600	25,000
Repairs and Maintenance by asset class	3	22,581	–	19,800	19,800	42,381	21,187	26,349
Roads Infrastructure		2,000	–	20,000	20,000	22,000	7,100	11,800
Electrical Infrastructure		3,500	–	(500)	(500)	3,000	1,600	1,700
Infrastructure		5,500	–	19,500	19,500	25,000	8,700	13,500
Sport and Recreation Facilities		–	–	2,100	2,100	2,100	700	550
Community Assets		–	–	2,100	2,100	2,100	700	550
Operational Buildings		12,000	–	(5,500)	(5,500)	6,500	9,600	10,500
Other Assets		12,000	–	(5,500)	(5,500)	6,500	9,600	10,500
Computer Equipment		2,900	–	3,100	3,100	6,000	427	455
Transport Assets		2,181	–	600	600	2,781	1,761	1,344
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>		44,081	–	21,518	21,518	65,599	44,787	51,349

**1.4.10 Table 14 MBRR table A10 – Basic Service Delivery Measurement**

LIM473 Makhuduthamaga - Table B10 Basic service delivery measurement - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year +1 2018/19	Budget Year +2 2019/20
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7	12	13	14		
		A1	F	G	H			
<b>Household service targets</b>	1							
<b>Water:</b>								
Piped water inside dwelling					-	-		
Piped water inside yard (but not in dwelling)					-	-		
Using public tap (at least min.service level)	2				-	-		
Other water supply (at least min.service level)					-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	
Using public tap (< min.service level)	3				-	-		
Other water supply (< min.service level)	3,4				-	-		
No water supply					-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	
<b>Total number of households</b>	5	-	-	-	-	-	-	
<b>Sanitation/sewerage:</b>								
Other toilet provisions (> min.service level)					-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	
Other toilet provisions (< min.service level)					-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	
<b>Total number of households</b>	5	-	-	-	-	-	-	
<b>Energy:</b>								
Electricity (at least min. service level)					-	-		
Electricity - prepaid (> min.service level)					-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	
Other energy sources					-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	
<b>Total number of households</b>	5	-	-	-	-	-	-	
<b>Refuse:</b>								
Removed at least once a week (min.service)					-	-		
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	
Removed less frequently than once a week					-	-		
Using communal refuse dump					-	-		
Using own refuse dump					-	-		
Other rubbish disposal					-	-		
No rubbish disposal					-	-		
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	
<b>Total number of households</b>	5	-	-	-	-	-	-	
<b>Households receiving Free Basic Service</b>	15							
Electricity/other energy (50kwh per household per month)		9981			-	9 981	9981	
<b>Cost of Free Basic Services provided (R'000)</b>	16							
Water (6 kilolitres per household per month)					-	-		
Sanitation (free sanitation service)					-	-		
Electricity/other energy (50kwh per household per month)					-	-		
Refuse (removed once a week)					-	-		
<b>Total cost of FBS provided (minimum social package)</b>		-	-	-	-	-	-	
<b>Highest level of free service provided</b>								
Electricity (kw per household per month)		50			-	50	50	
Refuse (average litres per week)					-	-		
<b>Revenue cost of free services provided (R'000)</b>	17							
Property rates (R15 000 threshold rebate)		605			-	605	605	
<b>Total revenue cost of free services provided (total social package)</b>		<b>605</b>	-	-	-	<b>605</b>	<b>605</b>	

## PART 2 – SUPPORTING DOCUMENTS

### 3.1. *Adjustments to budget assumptions.*

#### 2.1.1 External factors

- The municipality's operational revenue and cash inflows has been adjusted down to ensure credibility of the budget and to avoid cash flow problems and the total expenditure budget together with the total cash outflow has been adjusted accordingly to be within the municipality's available cash due to the following factors:
  - ✚ Debtor's accounts are not paid on time, and affect the cash inflow of the municipality negatively.
    - Government departments owe the municipality for Property Rates to the amount of **R 335 million**. Though the municipality is in the process of collecting the outstanding debts through the use of debt collector and the Department of Public Works' intervention, the total provision for doubtful debts had to be increased as there is no certainty that the outstanding amounts will be received with the 2017/18 financial year.

#### 2.1.2 General inflation outlook and its impact on the municipal activities

- There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:
  - National Government macro-economic targets;
  - The general inflationary outlook and the impact on municipality's residents and businesses
  - The impact of municipal cost drivers;
  - The increase in prices for electricity and water; and
  - The increase in the cost of remuneration.
- No adjustment has been done to the assumptions as per the original budget.

#### 2.1.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The municipality is not planning to use borrowing to fund its capital projects due to collection problems and therefore no interests are to be paid.

### 2.2 *Adjustments to budget funding*

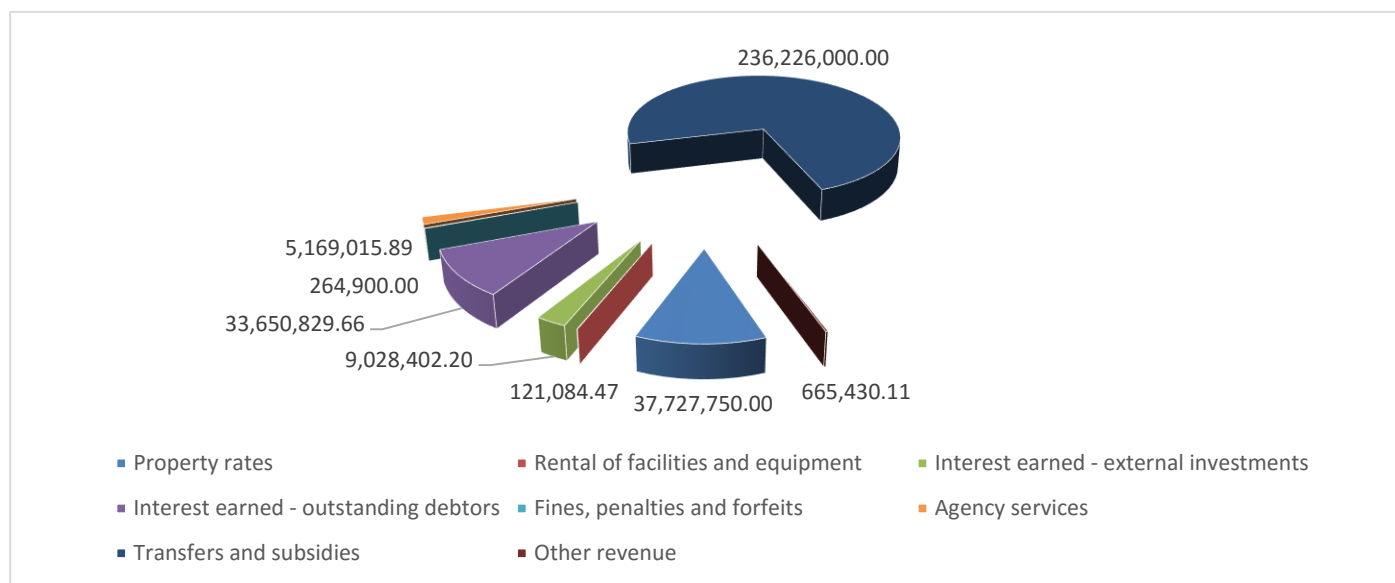
#### 2.2.1 Medium-term outlook: operating revenue

The following table is a breakdown of the adjusted operating revenue over the medium-term:

**Table 15 Breakdown of the adjusted operating revenue over the medium-term**

LIM473 Makhuduthamaga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	8	9	10	2018/19	2019/20	
R thousands	1	A	A1	F	G	H		
<b>Revenue By Source</b>								
Property rates	2	38,841	-	(1,113)	(1,113)	37,728	39,812	41,006
Service charges - other					-	-		
Rental of facilities and equipment		121		-	-	121	125	131
Interest earned - external investments		12,259		(3,231)	(3,231)	9,028	13,370	15,375
Interest earned - outstanding debtors		21,058		12,593	12,593	33,651	23,757	25,657
Dividends received					-	-		
Fines, penalties and forfeits		632		(367)	(367)	265	635	648
Licences and permits					-	-		
Agency services		5,169		-	-	5,169	6,526	7,831
Transfers and subsidies		236,226		-	-	236,226	242,778	246,865
Other revenue	2	1,032	-	(367)	(367)	665	1,061	1,111
Gains on disposal of PPE					-	-		
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>315,338</b>	<b>-</b>	<b>7,516</b>	<b>7,516</b>	<b>322,853</b>	<b>328,064</b>	<b>338,626</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		76,196		11,450	11,450	87,646	66,804	70,611
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>391,534</b>	<b>-</b>	<b>18,966</b>	<b>18,966</b>	<b>410,499</b>	<b>394,868</b>	<b>409,237</b>

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year as adjusted.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue

from the transfers recognised – operational (government grants), Property rates, capital grants from organs of state and other minor charges (such as licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- National Treasury guidelines;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase/decrease in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The approved tariff rates for the 2017/18 MTREF for Property rates remain unadjusted and can be shown as follows:

**Table 16 Approved tariff reduction over the medium-term**

Revenue Category	Approved tariff 2015/16	Proposed tariff 2016/17	Proposed tariff 2017/18	Proposed tariff 2018/19
Property rates	2 cents	2 cents	2 cents	2 cents

Revenue to be generated from property rates was originally budgeted at **R 38.8 million** for the 2017/18 financial year and decreases to **R 37.7 million** which represents 12% of the operating revenue base of the municipality. It estimated to be around **R 39.5 million** on average over the medium term.

Operational grants and subsidies amount to **R 236 million**, **R 243 million** and **R 247 million** for 2017/18, 2018/19 and 2019/20 respectively. No adjustment has been done to operational grants and subsidies received from national government.

Investment revenue contributes marginally to the revenue base of the municipality with a budget allocation of **R 9 million**, **R 13 million** and **R 15 million** for the respective three financial years of the 2017/18 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget was carefully monitored and adjustment was found necessary on the investment revenue for 2017/18 adjustment budget and investment revenue for the two outer years remain unadjusted. Investment revenue is reduced by **R 3 million** to **R 9 million** for 2017/18 budget year as the municipality had received lower interests than the budgeted interest amounts.

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF after adjustments therefore provides for a budgeted operating deficit of **R 4 million** and surpluses of **R 64 million** and **R 55 million** in each of the MTREF financial years. This surplus is intended to partly fund capital expenditure as well as ensure adequate cash backing of reserves and funds for the two outer years.

## 2.2.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2017/18 medium-term capital programme:

**Table 17 Sources of capital revenue over the MTREF**

LIM473 Makhuduthamaga - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year	Budget Year
		Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2018/19	+2 2019/20
			5	10	11	12		
<b>R thousands</b>		A	A1	F	G	H		
<b>Funded by:</b>								
National Government		144 962		4 358	4 358	149 320	139 112	133 443
Provincial Government					-	-		
District Municipality					-	-		
Other transfers and grants					-	-		
<b>Transfers recognised - capital</b>	4	<b>144 962</b>	<b>-</b>	<b>4 358</b>	<b>4 358</b>	<b>149 320</b>	<b>139 112</b>	<b>133 443</b>
<b>Public contributions &amp; donations</b>					-	-		
<b>Borrowing</b>					-	-		
<b>Internally generated funds</b>					-	-		
<b>Total Capital Funding</b>		<b>144 962</b>	<b>-</b>	<b>4 358</b>	<b>4 358</b>	<b>149 320</b>	<b>139 112</b>	<b>133 443</b>

The total adjusted capital budget of **R 149 million** is funded by government grants in a form of MIG **R 69 million**, INEG **R 13 million** and Equitable share **R 67 million** for 2017/18 financial year.

No adjustments were made to the equitable share for 2017/18.

The MIG allocation was increased by **R 6 million** of the approved roll over from the previous year.

**NB: Details of the capital projects and adjustments are in table SB 19 (List of capital programmes and projects affected by adjustments)**

## 2.2.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management of the municipality. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue and other own sources of revenue

**Table 18 MBRR Table B7 – Adjusted Budget cash flow statement**

LIM473 Makhuduthamaga - Table B7 Adjustments Budget Cash Flows - 28 February 2018									
Description	Ref	Budget Year 2017/18					Budget Year	Budget Year	
		Original	Prior	Other	Total	Adjusted	Adjusted	Adjusted	
		Budget	Adjusted	Adjusts.	Adjusts.	Budget	Budget	Budget	
		3	8	9	10				
<b>R thousands</b>		A	A1	F	G	H			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates		25,245			–	25,245	29,936	34,912	
Service charges					–	–			
Other revenue		26,381		28,585	28,585	54,966	28,402	31,767	
Government - operating	1	236,226			–	236,226	242,778	246,865	
Government - capital	1	76,196		11,450	11,450	87,646	66,804	70,611	
Interest		12,259		(3,231)	(3,231)	9,028	13,370	15,375	
Dividends					–	–			
<b>Payments</b>									
Suppliers and employees		(219,268)		(56,616)	(56,616)	(275,883)	(214,401)	(241,380)	
Finance charges					–	–			
Transfers and Grants	1				–	–			
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>157,039</b>	<b>–</b>	<b>(19,811)</b>	<b>(19,811)</b>	<b>137,228</b>	<b>166,889</b>	<b>158,150</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		(144,962)		(15,798)	(15,798)	(160,760)	(139,112)	(133,443)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(144,962)</b>	<b>–</b>	<b>(15,798)</b>	<b>(15,798)</b>	<b>(160,760)</b>	<b>(139,112)</b>	<b>(133,443)</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					–	–			
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>12,078</b>	<b>–</b>	<b>(35,609)</b>	<b>(35,609)</b>	<b>(23,532)</b>	<b>27,778</b>	<b>24,707</b>	
Cash/cash equivalents at the year begin:	2	84,204			–	84,204	67,373	95,151	
Cash/cash equivalents at the year end:	2	96,282	–	(35,609)	(35,609)	60,673	95,151	119,858	

The above table shows a net decrease in cash held for 2017/18 MTREF and is boosted by the positive opening balance of the municipality's bank account, the municipality's cash flow position improves over the next two outer years with increasing net increases in the cash flow.

Cash inflow from interests on investment is adjusted downwards by **R 3 million** due to the reduction in the amount of money to be invested in the last six months of the financial year.

Cash outflow from Suppliers and employees is increased by **R 57 million** as a result of an increase in the repairs and maintenance expenses for infrastructure assets, publications, and other operational expenses for 2017/18.

Cash outflow from the acquisition of capital assets is increased by **R 6 million** for 2017/18 financial year.

#### **2.2.4 Cash Backed Reserves/Accumulated Surplus Reconciliation.**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.



**Table 19 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

LIM473 Makhuduthamaga - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28 February 2018								
Description	Ref	Budget Year 2017/18					Budget Year	Budget Year
		Original	Prior	Other	Total	Adjusted	+1 2018/19	+2 2019/20
		Budget	Adjusted	Adjusts.	Adjusts.	Budget	Adjusted Budget	Adjusted Budget
		3	8	9	10			
R thousands		A	A1	F	G	H		
<b>Cash and investments available</b>								
Cash/cash equivalents at the year end	1	96,282	-	(35,609)	(35,609)	60,673	95,151	119,858
Other current investments > 90 days		(22,305)	-	22,305	22,305	(0)	6,709	6,704
Non current assets - Investments	1	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>73,977</b>	<b>-</b>	<b>(13,304)</b>	<b>(13,304)</b>	<b>60,673</b>	<b>101,860</b>	<b>126,562</b>
<b>Applications of cash and investments</b>								
Unspent conditional transfers		-	-	-	-	-	-	-
Unspent borrowing					-	-		
Statutory requirements					-	-		
Other working capital requirements	2	-	-	-	-	-	-	-
Other provisions		(22,390)		(56,821)	(56,821)	(79,211)		
Long term investments committed		-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(22,390)</b>	<b>-</b>	<b>(56,821)</b>	<b>(56,821)</b>	<b>(79,211)</b>	<b>-</b>	<b>-</b>
<b>Surplus(shortfall)</b>		<b>96,367</b>	<b>-</b>	<b>43,517</b>	<b>43,517</b>	<b>139,884</b>	<b>101,860</b>	<b>126,562</b>

From the above table it can be seen that the cash and investments available was adjusted downwards from **R 96 million** to **R 60 million** for 2017/18 financial year.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. Any underperformance in relation to collections could place upward pressure on the ability of the municipality to meet its creditor obligations.

It can be concluded that the municipality has a surplus against the cash backed and accumulated surpluses reconciliation.

### Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the adjusted budget statement of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA.

**Table 20 MBRR SB6 – Funding compliance measurement**

LIM473 Makhuduthamaga - Supporting Table SB6 Adjustments Budget - funding measurement - 28 February 2018										
Description	Ref	MFMA section	2014/15	2015/16	2016/17	Medium Term Revenue and Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	1	18(1)b	112,117	115,720	65,338	96,282	–	60,673	95,151	119,858
Cash + investments at the yr end less applications - R'000	2	18(1)b	88,556	124,872	93,289	85,737	–	87,793	134,990	166,004
Cash year end/monthly employee/supplier payments	3	18(1)b	0	0	0	0	–	–	0	0
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)	7,830	37,375	127,691	122,717	–	83,349	131,119	125,149
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)	-38.2%	0.7%	7.4%	0.0%	0.0%	0.0%	-0.5%	-3.0%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	0.0%	0.0%	0.0%	77.2%	0.0%	103.4%	81.1%	87.3%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)	93.8%	94.2%	82.9%	72.0%	0.0%	74.1%	64.5%	43.0%
Capital payments % of capital expenditure	8	18(1)c;19	101.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	9	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	10	18(1)a				0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a	56.4%	4.0%	14.6%	7.4%			6.7%	6.6%
Long term receivables % change - incr(decr)	12	18(1)a	0.0%	0.0%	0.0%	0.0%			0.0%	0.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)	10.4%	16.7%	10.0%	4.3%	0.0%	8.1%	3.4%	3.6%
Asset renewal % of capital budget	14	20(1)(vi)	5.3%	0.0%	11.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Macro CPIX target</i>						6%	6%	6%	6%	6%
Total service charge revenue						38,841	–	37,728	39,812	41,006
Total service charge revenue - previous year								–	37,728	39,812
Provincial government gazetted allocations										
National government DoRA allocations										
Cash receipts from ratepayers						51,626	–	80,211	58,338	66,679
Ratepayer & Other revenue						66,852	–	77,599	71,916	76,386
Change in debtors									3,937	4,138

### 2.3. Adjustments to expenditure on allocations and grant programmes.

- No adjustments were made on expenditure for FMG.
- Budget for PWPG expenditure has been increase by **R 500 thousands** to be funded by the municipality's own revenue to sustain the public works programmes implemented in 2017/18 which were initially funded by **R 1.5 million** from EPWP grant.
- MIG was initially increased by **R 6 million** from the approved roll-over from 2016/17 and further increased by **R 5.4 million** additional funding.

### 2.4. Adjustments to allocations and grants made by the municipality.

Our municipality does not have any allocations or any grants transferred to other municipalities or entities.

### 2.5. Adjustments to councillor Allowances and employee benefits.

The following tables indicate the adjustments done on employee related costs and councillor allowances.

**Table: 21**

LIM473 Makhuduthamaga - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 28 February 2018								
Summary of remuneration	Ref	Budget Year 2017/18						% change
		Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5	9	10	11	12	
		A	A1	E	F	G	H	
<b>Councillors (Political Office Bearers plus Other)</b>								
Basic Salaries and Wages		12 180				–	12 180	0,0%
Pension and UIF Contributions		3 045				–	3 045	0,0%
Medical Aid Contributions						–	–	
Motor Vehicle Allowance		5 075				–	5 075	0,0%
Cellphone Allowance		1 484				–	1 484	
Housing Allowances						–	–	
Other benefits and allowances		256				–	256	
<b>Sub Total - Councillors</b>		<b>22 040</b>	<b>–</b>		<b>–</b>	<b>–</b>	<b>22 040</b>	<b>0,0%</b>
<b>% increase</b>			<b>(0)</b>				<b>–</b>	
<b>Senior Managers of the Municipality</b>								
Basic Salaries and Wages		4 230			(998)	(998)	3 231	-23,6%
Pension and UIF Contributions		154			(416)	(416)	(262)	-270,2%
Medical Aid Contributions		305			(64)	(64)	241	-21,0%
Overtime		–			(167)	(167)	(167)	#DIV/0!
Performance Bonus		–			–	–	–	
Motor Vehicle Allowance		1 211			–	–	1 211	0,0%
Cellphone Allowance		170			–	–	170	0,0%
Housing Allowances		508			–	–	508	
Other benefits and allowances		74			(15)	(15)	59	
Payments in lieu of leave		–			–	–	–	
Long service awards		–			–	–	–	
Post-retirement benefit obligations	5	–			–	–	–	
<b>Sub Total - Senior Managers of Municipality</b>		<b>6 651</b>	<b>–</b>		<b>(1 660)</b>	<b>(1 660)</b>	<b>4 991</b>	<b>-25,0%</b>
<b>% increase</b>			<b>(0)</b>				<b>(0)</b>	
<b>Other Municipal Staff</b>								
Basic Salaries and Wages		33 309			(1 204)	(1 204)	32 105	-3,6%
Pension and UIF Contributions		7 646			253	253	7 899	3,3%
Medical Aid Contributions		6 154			19	19	6 173	0,3%
Overtime		1 788			196	196	1 984	10,9%
Performance Bonus		–			–	–	–	
Motor Vehicle Allowance		8 738			(423)	(423)	8 315	-4,8%
Cellphone Allowance		1 377			(69)	(69)	1 308	-5,0%
Housing Allowances		3 321			(254)	(254)	3 067	
Other benefits and allowances		3 832			(38)	(38)	3 794	
Payments in lieu of leave		–			–	–	–	
Long service awards		–			–	–	–	
Post-retirement benefit obligations	5	–			–	–	–	
<b>Sub Total - Other Municipal Staff</b>		<b>66 164</b>	<b>–</b>	<b>–</b>	<b>(1 520)</b>	<b>(1 520)</b>	<b>64 644</b>	<b>-2,3%</b>
<b>% increase</b>								
<b>Total Parent Municipality</b>		<b>94 855</b>	<b>–</b>	<b>–</b>	<b>(3 180)</b>	<b>(3 180)</b>	<b>91 675</b>	<b>-3,4%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>94 855</b>	<b>–</b>	<b>–</b>	<b>(3 180)</b>	<b>(3 180)</b>	<b>91 675</b>	<b>-3,4%</b>
<b>% increase</b>								
<b>TOTAL MANAGERS AND STAFF</b>		<b>72 815</b>	<b>–</b>	<b>–</b>	<b>(3 180)</b>	<b>(3 180)</b>	<b>69 635</b>	<b>-4,4%</b>

**2.6. Adjustments to service delivery and budget implementation plan.**

- SDBIP for the municipality was reviewed taking in to account the actual performance in the budget and the mid-year budget and assessment for 2017/18.

**2.7. Adjustments to capital expenditure.**

- ***The following table indicates the adjustments on capital projects for 2017/18 MTREF***  
**Table 25:**

**Other Supporting documents.**
**2.8.1 Table 26: SB1**

LIM473 Makhuduthamaga - Supporting Table SB1 Supporting detail to 'Budgeted Financial Performance' - 28 February 2018									
Description	Ref	Budget Year 2017/18						Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2018/19 Adjusted Budget	+2 2019/20 Adjusted Budget
R thousands		A	6	7	11	12	13		
			A1	B	F	G	H		
<b>REVENUE ITEMS</b>									
<b>Property rates</b>									
Total Property Rates		38,841			(1,113)	(1,113)	37,728	39,812	41,006
less Revenue Foregone									
<b>Net Property Rates</b>		<b>38,841</b>	<b>-</b>	<b>-</b>	<b>(1,113)</b>	<b>(1,113)</b>	<b>37,728</b>	<b>39,812</b>	<b>41,006</b>
<b>Other Revenue By Source</b>									
Tender Documents		821			(266)	(266)	555	850	879
Other Revenue		211			(101)	(101)	110	211	233
<b>Total 'Other' Revenue</b>	<b>1</b>	<b>1,032</b>	<b>-</b>	<b>-</b>	<b>(367)</b>	<b>(367)</b>	<b>665</b>	<b>1,061</b>	<b>1,111</b>
<b>EXPENDITURE ITEMS</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages		37,538			(2,202)	(2,202)	35,336	37,704	40,192
Pension and UIF Contributions		7,800			(163)	(163)	7,637	8,149	8,687
Medical Aid Contributions		6,459			(45)	(45)	6,414	6,844	7,296
Overtime		1,788			29	29	1,817	1,939	2,067
Performance Bonus		-			-	-	-	-	-
Motor Vehicle Allowance		9,948			(423)	(423)	9,525	10,164	10,834
Cellphone Allowance		1,547			(69)	(69)	1,478	1,577	1,681
Housing Allowances		3,829			(254)	(254)	3,574	3,814	4,065
Other benefits and allowances		3,906			(53)	(53)	3,853	4,111	4,382
<b>sub-total</b>		<b>72,815</b>	<b>-</b>	<b>-</b>	<b>(3,180)</b>	<b>(3,180)</b>	<b>69,635</b>	<b>74,301</b>	<b>79,205</b>
Less: Employees costs capitalised to PPE									
<b>Total Employee related costs</b>	<b>1</b>	<b>72,815</b>	<b>-</b>	<b>-</b>	<b>(3,180)</b>	<b>(3,180)</b>	<b>69,635</b>	<b>74,301</b>	<b>79,205</b>
<b>Contributions recognised - capital</b>									
List contributions by contract									
<b>Total Contributions recognised - capital</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant & Equipment		21,500			1,718	1,718	23,218	23,600	25,000
<b>Total Depreciation &amp; asset impairment</b>	<b>1</b>	<b>21,500</b>	<b>-</b>	<b>-</b>	<b>1,718</b>	<b>1,718</b>	<b>23,218</b>	<b>23,600</b>	<b>25,000</b>
<b>Contracted services</b>									
Repairs and Maintenance		22,581			23,100	23,100	45,681	20,487	25,799
Security Services and Cleaning Services		12,147			18,447	18,447	30,594	12,960	13,816
Other Contracted Services		919			36,461	36,461	37,380	26,711	26,622
<b>sub-total</b>	<b>1</b>	<b>35,647</b>	<b>-</b>	<b>-</b>	<b>78,008</b>	<b>78,008</b>	<b>113,655</b>	<b>60,159</b>	<b>66,236</b>
<b>Allocations to organs of state:</b>									
Other									
<b>Total contracted services??</b>		<b>35,647</b>	<b>-</b>	<b>-</b>	<b>78,008</b>	<b>78,008</b>	<b>113,655</b>	<b>60,159</b>	<b>66,236</b>
<b>Other Expenditure By Type</b>									
Audit fees		3,200			(500)	(500)	2,700	1,955	1,955
General expenses	3,5	85,566			(17,712)	(17,712)	67,854	54,470	68,916
<b>Total Other Expenditure</b>	<b>1</b>	<b>88,766</b>	<b>-</b>	<b>-</b>	<b>(18,212)</b>	<b>(18,212)</b>	<b>70,554</b>	<b>56,425</b>	<b>70,871</b>
<b>Repairs and Maintenance by Expenditure Item</b>									
Employee related costs	14								
Other materials									
Contracted Services									
Other Expenditure									
<b>Total Repairs and Maintenance Expenditure</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**2.8.2 Table 27: SB2**

LIM473 Makhuduthamaga - Supporting Table SB2 Supporting detail to 'Financial Position Budget' - 28 February 2018							
Description	Ref	Budget Year 2017/18				Budget Year	Budget Year
		Original Budget	Prior Adjusted	Total Adjusts.	Adjusted Budget	+1 2018/19	+2 2019/20
		A	4	10	11	Adjusted Budget	Adjusted Budget
<b>R thousands</b>							
<b>ASSETS</b>							
<b>Call investment deposits</b>							
Call deposits				-	-		
Other current investments				-	-		
<b>Total Call investment deposits</b>	1	-	-	-	-	-	-
<b>Consumer debtors</b>							
Consumer debtors		49,526		-	49,526	52,844	56,331
Less: provision for debt impairment		-	-	-	-	-	-
<b>Total Consumer debtors</b>	1	<b>49,526</b>	<b>-</b>	<b>-</b>	<b>49,526</b>	<b>52,844</b>	<b>56,331</b>
<b>Debt impairment provision</b>							
Balance at the beginning of the year				-	-	-	-
Contributions to the provision				-	-		
Bad debts written off				-	-		
<b>Balance at end of year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property, plant &amp; equipment</b>							
PPE at cost/valuation (ex cl. finance leases)		518,817		-	518,817	619,129	730,737
Leases recognised as PPE	2			-	-		
Less: Accumulated depreciation				-	-		
<b>Total Property, plant &amp; equipment</b>	1	<b>518,817</b>	<b>-</b>	<b>-</b>	<b>518,817</b>	<b>619,129</b>	<b>730,737</b>
<b>LIABILITIES</b>							
<b>Current liabilities - Borrowing</b>							
Short term loans (other than bank overdraft)				-	-		
Current portion of long-term liabilities				-	-		
<b>Total Current liabilities - Borrowing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Trade and other payables</b>							
Creditors		33,613		-	33,613	17,726	18,896
Unspent conditional grants and receipts				-	-		
VAT				-	-		
<b>Total Trade and other payables</b>	1	<b>33,613</b>	<b>-</b>	<b>-</b>	<b>33,613</b>	<b>17,726</b>	<b>18,896</b>
<b>Non current liabilities - Borrowing</b>							
Borrowing	3			-	-		
Finance leases (including PPP asset element)				-	-		
<b>Total Non current liabilities - Borrowing</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provisions - non current</b>							
Other		4,327		-	4,327	4,616	4,921
<b>Total Provisions - non current</b>		<b>4,327</b>	<b>-</b>	<b>-</b>	<b>4,327</b>	<b>4,616</b>	<b>4,921</b>
<b>CHANGES IN NET ASSETS</b>							
<b>Accumulated surplus/(Deficit)</b>							
Accumulated surplus/(Deficit) - opening balance				-	-		
Appropriations to Reserves		616,763		(13,304)	603,458	764,395	903,234
<b>Accumulated Surplus/(Deficit)</b>	1	<b>616,763</b>	<b>-</b>	<b>(13,304)</b>	<b>603,458</b>	<b>764,395</b>	<b>903,234</b>
<b>Reserves</b>							
Housing Development Fund				-	-		
Capital replacement				-	-		
Self-insurance				-	-		
Other reserves (list)				-	-		
Revaluation				-	-		
<b>Total Reserves</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>616,763</b>	<b>-</b>	<b>(13,304)</b>	<b>603,458</b>	<b>764,395</b>	<b>903,234</b>



**2.8.3 Table 28: SB6**

LIM473 Makhuduthamaga - Supporting Table SB6 Adjustments Budget - funding measurement - 28 February 2018										
Description	Ref	MFMA section	2014/15	2015/16	2016/17	Medium Term Revenue and Expenditure Framework				
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Prior Adjusted	Adjusted Budget	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Funding measures</b>										
Cash/cash equivalents at the year end - R'000	1	18(1)b	112,117	115,720	65,338	96,282	-	60,673	95,151	119,858
Cash + investments at the yr end less applications - R'000	2	18(1)b	88,556	124,872	93,289	85,737	-	87,793	134,990	166,004
Cash year end/monthly employee/supplier payments	3	18(1)b	0	0	0	0	-	-	0	0
Surplus/(Deficit) excluding depreciation offsets: R'000	4	18(1)	7,830	37,375	127,691	122,717	-	83,349	131,119	125,149
Service charge rev % change - macro CPIX target exclusive	5	18(1)a,(2)	-38.2%	0.7%	7.4%	0.0%	0.0%	0.0%	-0.5%	-3.0%
Cash receipts % of Ratepayer & Other revenue	6	18(1)a,(2)	0.0%	0.0%	0.0%	77.2%	0.0%	103.4%	81.1%	87.3%
Debt impairment expense as a % of total billable revenue	7	18(1)a,(2)	93.8%	94.2%	82.9%	72.0%	0.0%	74.1%	64.5%	43.0%
Capital payments % of capital expenditure	8	18(1)c;19	101.0%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	9	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	10	18(1)a				0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	11	18(1)a	56.4%	4.0%	14.6%	7.4%			6.7%	6.6%
Long term receivables % change - incr(decr)	12	18(1)a	0.0%	0.0%	0.0%	0.0%			0.0%	0.0%
R&M % of Property Plant & Equipment	13	20(1)(vi)	10.4%	16.7%	10.0%	4.3%	0.0%	8.1%	3.4%	3.6%
Asset renewal % of capital budget	14	20(1)(vi)	5.3%	0.0%	11.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Macro CPIX target</i>						6%	6%	6%	6%	6%
Total service charge revenue						38,841	-	37,728	39,812	41,006
Total service charge revenue - previous year								-	37,728	39,812
Provincial government gazetted allocations										
National government DoRA allocations										
Cash receipts from ratepayers						51,626	-	80,211	58,338	66,679
Ratepayer & Other revenue						66,852	-	77,599	71,916	76,386
Change in debtors									3,937	4,138

**2.8.4 Table 29: SB7**

LIM473 Makhuduthamaga - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 28 February 2018									
Description	Ref	Budget Year 2017/18						Budget Year	Budget Year
		Original Budget	Prior Adjusted	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2018/19 Adjusted Budget	+2 2019/20 Adjusted Budget
R thousands		A	7 A1	9 C	10 D	11 E	12 F		
<b>RECEIPTS:</b>	1, 2								
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>		249,226	–	–	–	–	249,226	242,778	246,865
Local Government Equitable Share		233,368				–	233,368	240,823	244,910
Finance Management	3	1,700				–	1,700	1,955	1,955
Municipal Systems Improvement		–				–	–	–	–
EPWP Incentive		1,158				–	1,158	–	–
Integrated National Electrification Programme		13,000				–	13,000	–	–
		–				–	–		
<b>Total Operating Transfers and Grants</b>	6	249,226	–	–	–	–	249,226	242,778	246,865
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>		63,196	–	–	11,450	11,450	74,646	66,804	70,611
Municipal Infrastructure Grant (MIG)		63,196			11,450	11,450	74,646	66,804	70,611
<b>Total Capital Transfers and Grants</b>	6	63,196	–	–	11,450	11,450	74,646	66,804	70,611
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		312,422	–	–	11,450	11,450	323,872	309,582	317,476



**2.8.5 Table 29: SB8**

LIM473 Makhuduthamaga - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 28 February 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	
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F		
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1									
<b><u>Operating expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		236,226	-	-	-	-	-	236,226	242,778	246,865
Local Government Equitable Share		233,368					-	233,368	240,823	244,910
Finance Management		1,700					-	1,700	1,955	1,955
Municipal Systems Improvement		-					-	-	-	-
EPWP Incentive		1,158					-	1,158	-	-
Integrated National Electrification Programme		-					-	-	-	-
0							-	-		
<b>Total operating expenditure of Transfers and Grants:</b>		236,226	-	-	-	-	-	236,226	242,778	246,865
<b><u>Capital expenditure of Transfers and Grants</u></b>										
<b>National Government:</b>		63,196	-	-	-	11,450	11,450	74,646	66,804	70,611
Municipal Infrastructure Grant (MIG)		63,196				11,450	11,450	74,646	66,804	70,611
<b>Total capital expenditure of Transfers and Grants</b>		63,196	-	-	-	11,450	11,450	74,646	66,804	70,611
<b>Total capital expenditure of Transfers and Grants</b>		299,422	-	-	-	11,450	11,450	310,872	309,582	317,476



**2.8.6 Table 30: SB9**

**LIM473 Makhuduthamaga - Supporting Table SB9 Adjustments Budget - reconciliation of transfers, grant receipts, and unspent funds - 28 February 2018**

Description	Ref	Budget Year 2017/18						Budget Year	Budget Year	
		Original	Prior	Multi-year	Nat. or	Other	Total	Adjusted	Adjusted	
		Budget	Adjusted	capital	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	
		2	3	4	5	6	7			
R thousands		A	A1	B	C	D	E	F		
<b>Operating transfers and grants:</b>										
<b>National Government:</b>										
Balance unspent at beginning of the year							-	-		
Current year receipts		236,226					-	236,226	242,778	246,865
<b>Conditions met - transferred to revenue</b>		<b>236,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236,226</b>	<b>242,778</b>	<b>246,865</b>
<b>Other grant providers:</b>										
Balance unspent at beginning of the year							-	-		
Current year receipts							-	-		
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities							-	-		
<b>Total operating transfers and grants revenue</b>		<b>236,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>236,226</b>	<b>242,778</b>	<b>246,865</b>
<b>Total operating transfers and grants - CTBM</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>										
<b>National Government:</b>										
Balance unspent at beginning of the year		17,000					(10,991)	(10,991)	6,009	
Current year receipts		63,196					11,450	11,450	74,646	70,611
<b>Conditions met - transferred to revenue</b>		<b>80,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459</b>	<b>459</b>	<b>80,655</b>	<b>66,804</b>
Conditions still to be met - transferred to liabilities							-	-		
<b>Other grant providers:</b>										
Balance unspent at beginning of the year							-	-		
Current year receipts							-	-		
<b>Conditions met - transferred to revenue</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities							-	-		
<b>Total capital transfers and grants revenue</b>		<b>80,196</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459</b>	<b>459</b>	<b>80,655</b>	<b>66,804</b>
<b>Total capital transfers and grants - CTBM</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>316,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459</b>	<b>459</b>	<b>316,881</b>	<b>317,476</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**2.8.7 Table 31: SB12**

LIM473 Makhuduthamaga - Supporting Table SB12 Adjustments Budget - monthly revenue and expenditure (municipal vote) - 28 February 2018																	
Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Full year budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget		Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Revenue by Vote</b>																	
Vote 1 - Executive Support														-	-	-	-
Vote 2 - Office of the Municipal Manager														-	-	-	-
Vote 3 - Economic Development and Planning														-	-	-	-
Vote 4 - Infrastructure Development														-	-	-	-
Vote 5 - Community Services														-	-	-	-
Vote 6 - Corporate Services														-	-	-	-
Vote 7 - Budget and Treasury		108,518	18,644	15,891	16,277	16,054	92,214	16,365	13,963	69,030	7,523	16,174	19,847	410,499	410,499	394,868	409,237
<b>Total Revenue by Vote</b>		<b>108,518</b>	<b>18,644</b>	<b>15,891</b>	<b>16,277</b>	<b>16,054</b>	<b>92,214</b>	<b>16,365</b>	<b>13,963</b>	<b>69,030</b>	<b>7,523</b>	<b>16,174</b>	<b>19,847</b>	<b>410,499</b>	<b>410,499</b>	<b>394,868</b>	<b>409,237</b>
<b>Expenditure by Vote</b>																	
Vote 1 - Executive Support		4,357	6,270	4,104	3,317	6,659	3,329	3,443	6,027	10,644	6,733	8,089	4,512	67,484	67,484	51,306	59,202
Vote 2 - Office of the Municipal Manager		650	1,230	672	860	567	705	980	590	896	1,210	747	860	9,965	9,965	10,048	10,403
Vote 3 - Economic Development and Planning		1,865	664	1,904	715	1,933	820	1,538	715	875	1,494	705	465	13,694	13,694	12,555	15,680
Vote 4 - Infrastructure Development		4,378	1,569	2,180	883	2,750	2,625	8,051	7,632	5,112	6,129	7,314	1,444	50,067	50,067	29,468	34,754
Vote 5 - Community Services		1,933	4,307	2,313	3,916	2,911	4,326	2,049	6,606	6,595	5,747	6,099	5,191	51,993	51,993	33,902	36,094
Vote 6 - Corporate Services		1,383	3,474	1,277	2,090	1,239	1,993	3,362	3,314	2,566	2,294	1,922	1,604	26,518	26,518	23,035	23,608
Vote 7 - Budget and Treasury		5,242	6,037	6,536	5,437	6,906	5,699	5,432	9,713	7,204	7,548	6,807	34,868	107,429	107,429	103,435	104,348
<b>Total Expenditure by Vote</b>		<b>19,808</b>	<b>23,552</b>	<b>18,986</b>	<b>17,218</b>	<b>22,965</b>	<b>19,497</b>	<b>24,856</b>	<b>34,597</b>	<b>33,892</b>	<b>31,154</b>	<b>31,682</b>	<b>48,943</b>	<b>327,150</b>	<b>327,150</b>	<b>263,749</b>	<b>284,088</b>
<b>Surplus/ (Deficit)</b>		<b>88,710</b>	<b>(4,908)</b>	<b>(3,095)</b>	<b>(941)</b>	<b>(6,912)</b>	<b>72,717</b>	<b>(8,490)</b>	<b>(20,634)</b>	<b>35,138</b>	<b>(23,632)</b>	<b>(15,508)</b>	<b>(29,096)</b>	<b>83,349</b>	<b>83,349</b>	<b>131,119</b>	<b>125,149</b>

**2.8.7 Table 32: SB13**

LIM473 Makhuduthamaga - Supporting Table SB13 Adjustments Budget - monthly revenue and expenditure (functional classification) - 28 February 2018																	
Description - Standard classification	Ref	Budget Year 2017/18												Full year budget	Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget		Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Revenue - Functional</b>																	
<b>Governance and administration</b>		108,518	18,644	15,891	16,277	16,054	92,214	16,365	13,963	69,030	7,523	16,174	19,847	410,499	410,499	394,868	409,237
Executive and council														-	-	-	-
Finance and administration		108,518	18,644	15,891	16,277	16,054	92,214	16,365	13,963	69,030	7,523	16,174	19,847	410,499	410,499	394,868	409,237
Other														-	-	-	-
<b>Total Revenue - Functional</b>		<b>108,518</b>	<b>18,644</b>	<b>15,891</b>	<b>16,277</b>	<b>16,054</b>	<b>92,214</b>	<b>16,365</b>	<b>13,963</b>	<b>69,030</b>	<b>7,523</b>	<b>16,174</b>	<b>19,847</b>	<b>410,499</b>	<b>410,499</b>	<b>394,868</b>	<b>409,237</b>
<b>Expenditure - Functional</b>																	
<b>Governance and administration</b>		11,632	17,011	12,589	11,704	15,371	11,725	13,217	19,644	21,310	17,784	17,564	41,843	211,396	211,396	187,824	197,561
Executive and council		4,980	7,486	4,762	4,163	7,212	4,020	4,409	6,462	11,527	7,929	8,822	5,677	77,449	77,449	61,354	69,605
Finance and administration		6,626	9,512	7,812	7,527	8,145	7,692	8,794	13,027	9,769	9,842	8,729	36,152	133,628	133,628	126,103	127,589
Internal audit		27	14	14	14	14	14	14	156	14	14	14	14	319	319	367	367
<b>Community and public safety</b>		4,008	2,862	2,438	1,991	4,086	1,574	1,924	3,681	2,651	1,822	3,624	(12,126)	18,535	18,535	18,725	20,308
Community and social services		1,808	2,062	1,484	1,991	2,046	1,574	1,924	1,681	2,651	1,822	1,984	(12,126)	8,900	8,900	7,325	7,858
Sport and recreation		-	800	504	-	740	-	-	900	-	-	190	(0)	3,135	3,135	1,800	1,950
Public safety													0	0	0	-	-
Housing		2,200	-	450	-	1,300	-	-	1,100	-	-	1,450	-	6,500	6,500	9,600	10,500
Health													-	-	-	-	-
<b>Economic and environmental services</b>		3,028	3,168	2,969	3,033	2,999	4,630	8,975	10,782	9,421	10,957	10,004	17,829	87,794	87,794	48,678	57,781
Planning and development		1,865	664	1,904	715	1,933	820	1,538	715	875	1,494	705	2,987	16,216	15,068	18,382	
Road transport		1,163	1,204	865	518	1,065	1,210	7,436	6,167	4,746	5,663	5,499	11,142	46,678	24,660	30,057	
Environmental protection		-	1,300	200	1,800	-	2,600	-	3,900	3,800	3,800	3,800	3,700	24,900	8,950	9,341	
<b>Trading services</b>		1,140	510	990	490	510	1,568	740	490	510	590	490	1,397	9,425	9,425	8,522	8,439
Energy sources		1,015	365	865	365	385	1,415	615	365	365	465	365	1,315	7,902	7,902	6,897	6,707
Water management													-	-	-	-	
Waste water management													-	-	-	-	
Waste management		125	145	125	125	125	153	125	125	145	125	125	82	1,523	1,625	1,732	
Other													-	-	-	-	
<b>Total Expenditure - Functional</b>		<b>19,808</b>	<b>23,552</b>	<b>18,986</b>	<b>17,218</b>	<b>22,965</b>	<b>19,497</b>	<b>24,856</b>	<b>34,597</b>	<b>33,892</b>	<b>31,154</b>	<b>31,682</b>	<b>48,943</b>	<b>239,356</b>	<b>327,150</b>	<b>263,749</b>	<b>284,088</b>
<b>Surplus/ (Deficit) 1.</b>		<b>88,710</b>	<b>(4,908)</b>	<b>(3,095)</b>	<b>(941)</b>	<b>(6,912)</b>	<b>72,717</b>	<b>(8,490)</b>	<b>(20,634)</b>	<b>35,138</b>	<b>(23,632)</b>	<b>(15,508)</b>	<b>(29,096)</b>	<b>171,144</b>	<b>83,349</b>	<b>131,119</b>	<b>125,149</b>

**2.8.8 Table 33: SB18a**

LIM473 Makhuduthamaga - Supporting Table SB18a Adjustments Budget - capital expenditure on new assets by asset class - 28 February 2018									
Description	Ref	Budget Year 2017/18						Budget Year	Budget Year
		Original	Prior	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		7	11	12	13	14			
R thousands		A	A1	E	F	G	H		
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>		131,762	-	-	18,498	18,498	150,260	130,512	132,843
Roads Infrastructure		113,462	-	-	18,498	18,498	131,960	121,312	126,843
<i>Roads</i>		113,462			18,498	18,498	131,960	121,312	126,843
Electrical Infrastructure		13,000	-	-	-	-	13,000	-	-
<i>LV Networks</i>		13,000			-	-	13,000	-	-
Solid Waste Infrastructure		5,300	-	-	-	-	5,300	9,200	6,000
<i>Waste Processing Facilities</i>		5,300			-	-	5,300	9,200	6,000
<b>Community Assets</b>		3,200	-	-	(3,200)	(3,200)	-	-	-
Community Facilities		3,200	-	-	(3,200)	(3,200)	-	-	-
<i>Police</i>		1,200			(1,200)	(1,200)	-	-	-
<i>Markets</i>		2,000			(2,000)	(2,000)	-	-	-
<b>Computer Equipment</b>		5,000	-	-	500	500	5,500	1,900	600
Computer Equipment		5,000			500	500	5,500	1,900	600
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-
Furniture and Office Equipment									
<b>Machinery and Equipment</b>		5,000	-	-	-	-	5,000	6,700	-
Machinery and Equipment		5,000			-	-	5,000	6,700	-
<b>Transport Assets</b>		-	-	-	-	-	-	-	-
Transport Assets									
<b>Libraries</b>		-	-	-	-	-	-	-	-
Libraries									
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
<b>Total Capital Expenditure on new assets to be adjusted</b>	1	144,962	-	-	15,798	15,798	160,760	139,112	133,443

**2.8.10 Table 35: SB18c**
**LIM473 Makhuduthamaga - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class - 28 February 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	
R thousands		A	7	9	11	12	13	14		
		A	A1	C	E	F	G	H		
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		5,500	-	-	-	19,500	19,500	25,000	8,700	13,500
Roads Infrastructure		2,000	-	-	-	20,000	20,000	22,000	7,100	11,800
<i>Roads</i>		2,000				20,000	20,000	22,000	7,100	11,800
Electrical Infrastructure		3,500	-	-	-	(500)	(500)	3,000	1,600	1,700
<i>LV Networks</i>		3,500				(500)	(500)	3,000	1,600	1,700
<i>Capital Spares</i>										
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	2,100	2,100	2,100	700	550
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	2,100	2,100	2,100	700	550
<i>Indoor Facilities</i>										
<i>Outdoor Facilities</i>						2,100	2,100	2,100	700	550
<i>Capital Spares</i>										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		12,000	-	-	-	(5,500)	(5,500)	6,500	9,600	10,500
Operational Buildings		12,000	-	-	-	(5,500)	(5,500)	6,500	9,600	10,500
<i>Municipal Offices</i>		12,000				(5,500)	(5,500)	6,500	9,600	10,500
<b>Computer Equipment</b>		2,900	-	-	-	3,100	3,100	6,000	427	455
Computer Equipment		2,900				3,100	3,100	6,000	427	455
<b>Furniture and Office Equipment</b>		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment										
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
Machinery and Equipment										
<b>Transport Assets</b>		2,181	-	-	-	600	600	2,781	1,761	1,344
Transport Assets		2,181				600	600	2,781	1,761	1,344
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
<b>Total Repairs and Maintenance Expenditure to be adjusted</b>	1	22,581	-	-	-	19,800	19,800	42,381	21,187	26,349



**2.8.9 Table 36: SB19**

LIM473 Makhuduthamaga - Supporting Table SB19 List of capital programmes and projects affected by Adjustments Budget - 28 February 2018

Municipal Vote/Capital project	Program/Project description	Medium Term Revenue and Expenditure Framework					
		Budget Year 2017/18		Budget Year +1 2018/19		Budget Year +2 2019/20	
		Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
R thousand							
<b>Parent municipality:</b>							
Vote 4 - Infrastructure Development	Construction of Makgwabe to Mphane Access Road (10km)	13,158	5,579	25,212	25,212	-	14,448
Vote 4 - Infrastructure Development	Construction of Thabampshe Cross To Tswaing Access Road	14,421	23,671	-	-	9,500	9,500
Vote 4 - Infrastructure Development	Construction of Access Road from Glen Cowie to Moloi (5km)	15,351	34,474	12,000	12,000	20,500	20,500