



# **THABA CHWEU LOCAL MUNICIPALITY 2016/2017 ADJUSTMENT BUDGET**

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## Executive Summary

### 1. Purpose

The purpose of this adjustment budget is to comply with section 28 of the Municipal Finance Management Act (MFMA) and the Municipal budget and reporting regulation 23 that and “adjustment budget be tabled in the Municipal council at any time after the Mid –Year budget and performance assessment has been tabled in council, but not later than 28 February of each year”.

### 2. Background

In terms of **section 28** of the Municipal Finance Management Act (MFMA), the council of a municipality may revise an approved annual budget through an adjustment budget.

An adjustment budget –

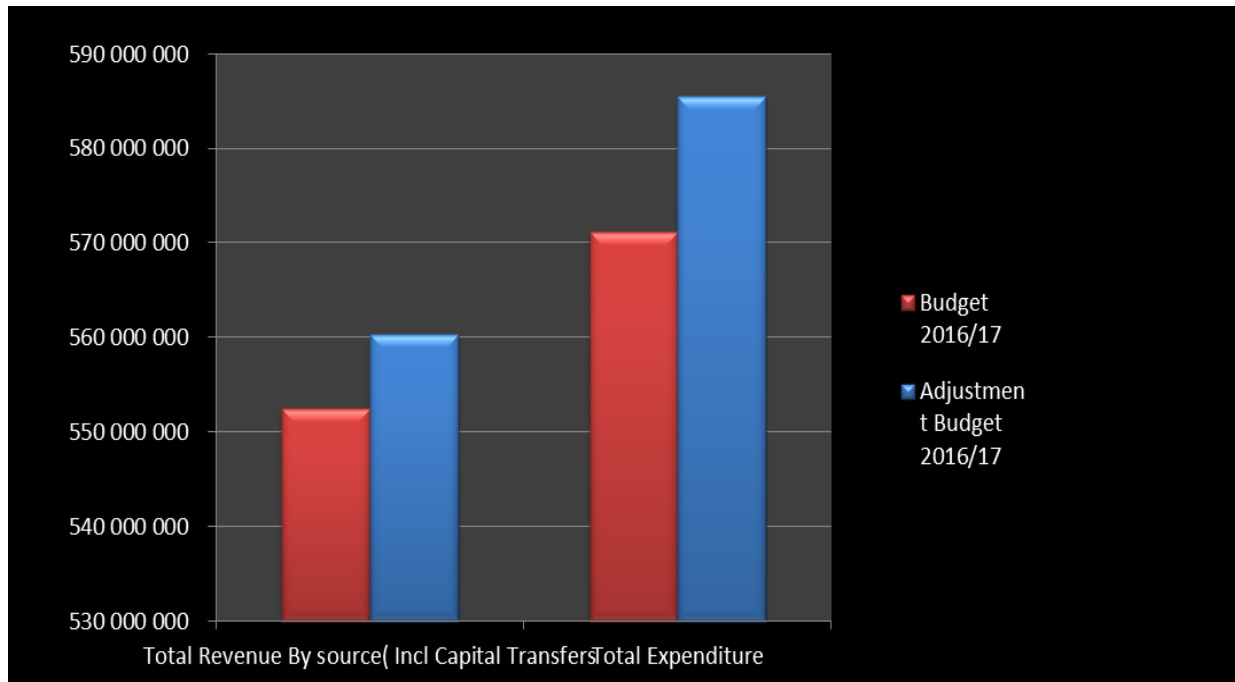
- (a) Must adjust the revenue and expenditure estimates downwards if there is material under collection of revenues during the current year;
- (b) may appropriate additional revenue that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for.
- (c) May within a prescribed framework, authorise unforeseeable and unavoidable expenditure and
- (d) May correct any errors in the annual budget.

The factors influencing preparation and adoption of an adjustment budget are tabled in the Mid-Year report **s72** noted by council on the 31 January 2017.

### 3. Summary Statement of Financial Performance

#### Statement of financial position

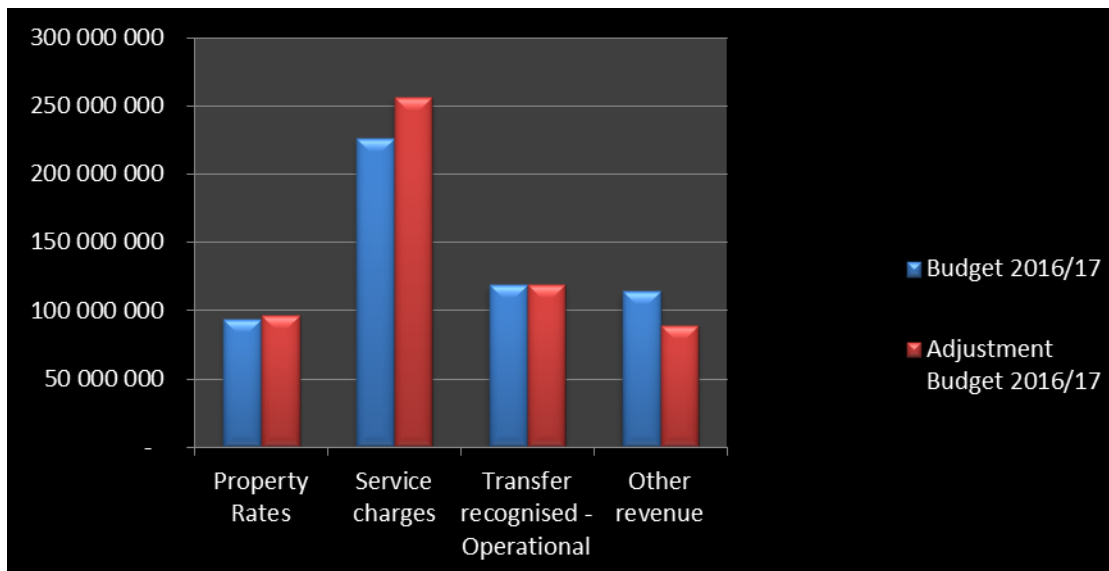
Description	Budget 2016/2017	Adjustment budget 2016/2017
	R'000	R'000
<b>Total Revenue</b>	R 552 526	R 560 326
<b>Total Expenditure</b>	(R 571 164)	(R585 499)
<b>Surplus( Deficit)</b>	(R 18 638)	(R 25 173 )



#### 3.1 Frequency table of Total Revenue by source

Revenue by Source	Budget 2016/17	Adjustment Budget 2016/17
Electricity	R 153,141,101.00	R 173,437,699.00
Operating Grants and Subsidies	R 118,547,000.00	R 118,547,000.00
Property Rates	R 96,796,360.00	R 96,610,000.00
Capital Grants	R 66,025,000.00	R 66,025,000.00
Water	R 35,656,161.00	R 47,414,501.00
Agency Fees	R 32,993,643.00	R 0.00
Collection Charges	R 0.00	R 0.00

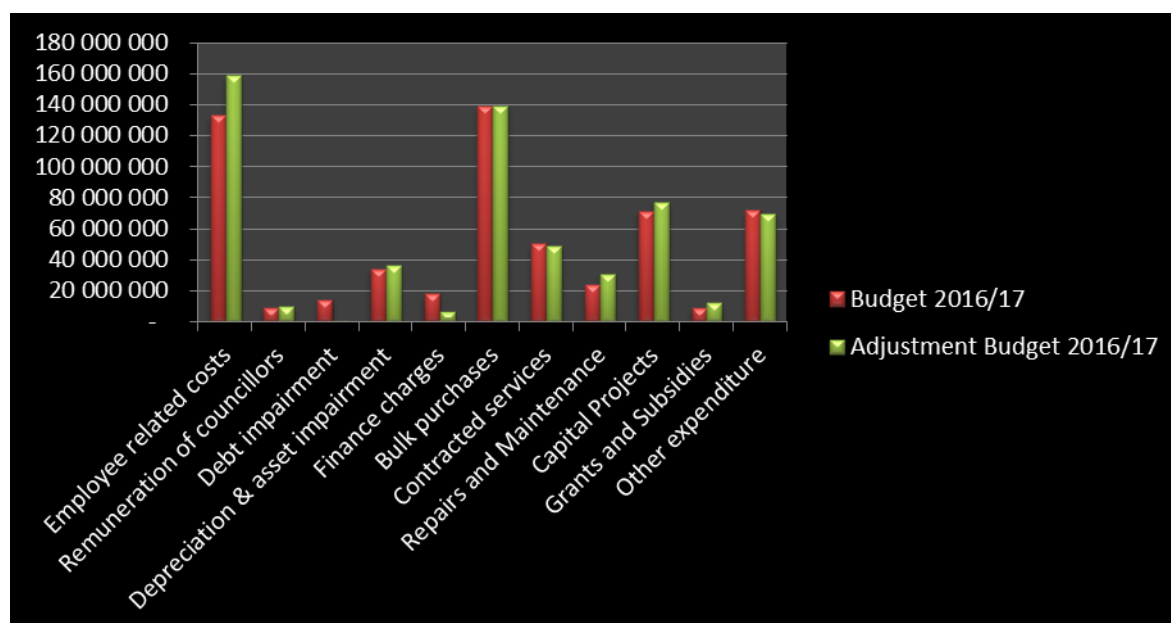
Gains on sale of PPE (Sale of Stand, Inventory)	R 0.00	R 0.00
Refuse	R 17,073,647.00	R 18,784,691.00
Interest on Consumer Acc	R 17,483,651.00	R 16,505,554.00
Sewer	R 14,263,065.00	R 16,870,777.00
Other Revenue	R 3,751,389.00	R 5,484,466.00
Revenue Forgone	R -11,769,995.00	R -4,113,850.00
Rental of facilities	R 3,040,732.00	R 3,042,463.00
Fines	R 2,524,400.00	R 1,748,559.00
<b>TOTAL</b>	<b>R 552,526,180.00</b>	<b>R 560,526,861.00</b>



### 3.2 Frequency Table of Cost Drivers by Source

Expenditure by Source	Budget 2016/17	Adjustment Budget 2016/17
Wages, Salaries and Third Parties	R 132,903,749.00	R 158,317,548.00
Bulk Purchases ( excl Small accounts)	R 138,1478,576.00	R 139,055,896.00
Other Expenses	R 71,496,356.00	R 68,972,959.00

Contracted Services	R 50,481,007.00	R 48,300,357.00
Capital Projects	R 71,173,750.00	R 76,340,750.00
Interest Expense	R 17,934,393.00	R 6,424,107.00
Depreciation	R 33,595,902.00	R 35,835,000.00
Repairs and Maintenance	R 23,322,257.00	R 30,598,937.00
Bad Debts	R 14,191,444.00	R 13,913.00
Grants and Subsidies	R 8,730,208.00	R 12,049,563.00
Remuneration of Councillors	R 8,730,208.00	R 9,589,990.00
<b>TOTAL</b>	<b>R 571,164,653.00</b>	<b>R 585,498,877.00</b>



#### 4. Capital Expenditure

The table below indicates capital expenditure

Description	Budget 2016/17	Adjustment Budget 2016/17
Total Transfer Government Grants	R66, 025,000.00	R 66,025, 000.00
Critical Infrastructure Projects Internally Funded	R 5,148,750.00	R10,315,750.00
<b>Total Source of Capital funds</b>	<b>R 71,173 750.00</b>	<b>R 76,340,750.00</b>

