



# **ADJUSTMENT BUDGET SUMMARY REPORT 2017/18**

**19 FEBUARY 2018**

**CHIEF FINANCIAL OFFICER  
Mr. G. MNISI**



# ADJUSTMENT BUDGET 17/18 FINANCIAL YEAR

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# REASONS FOR AN ADJUSTMENT BUDGET

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Regulation 23 of the Municipal Budget AND Reporting Regulations provides, inter alia for the following: “An adjustment budget be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the council, but not later than 28 February of each year” .

The need for the preparation of an adjustment of the 2017/18 financial year is as follows:

- Appropriation of funds towards infrastructure repair and maintenance;
- Appropriation of funds towards under/over spent votes;
- Appropriation of additional revenues;
- Authorizing of unforeseeable and unavoidable expenditure;
- Reprioritizing underspending votes;

# REASONS FOR AN ADJUSTMENT BUDGET

Chief Albert Luthuli Local Municipality has embarked on a revision process of the approved annual budget through the compilation of an adjustment budget for the 2017/18 financial year.

This process began immediately after the finalisation of the Mid-year budget and performance assessment in compliance to section 72 of the MFMA.

In compiling the adjustment budget and after careful consideration of the submissions made by individual departments the following factors were key considerations which we have taken note of:

New projects will only be catered for in the event of additional revenue that has become available over and above the anticipation of the approved annual budget. These projects must be planned for in terms of the existing IDP and SDBIP.

The prospects of free for all will not be applicable. Realistically anticipated revenues will be utilized to fund projects while the concept of financial discipline in the form of stringent cost containment measures will not be negotiable.

Operational activities which do not form part of the key priorities of the IDP and SDBIP will not be entertained.

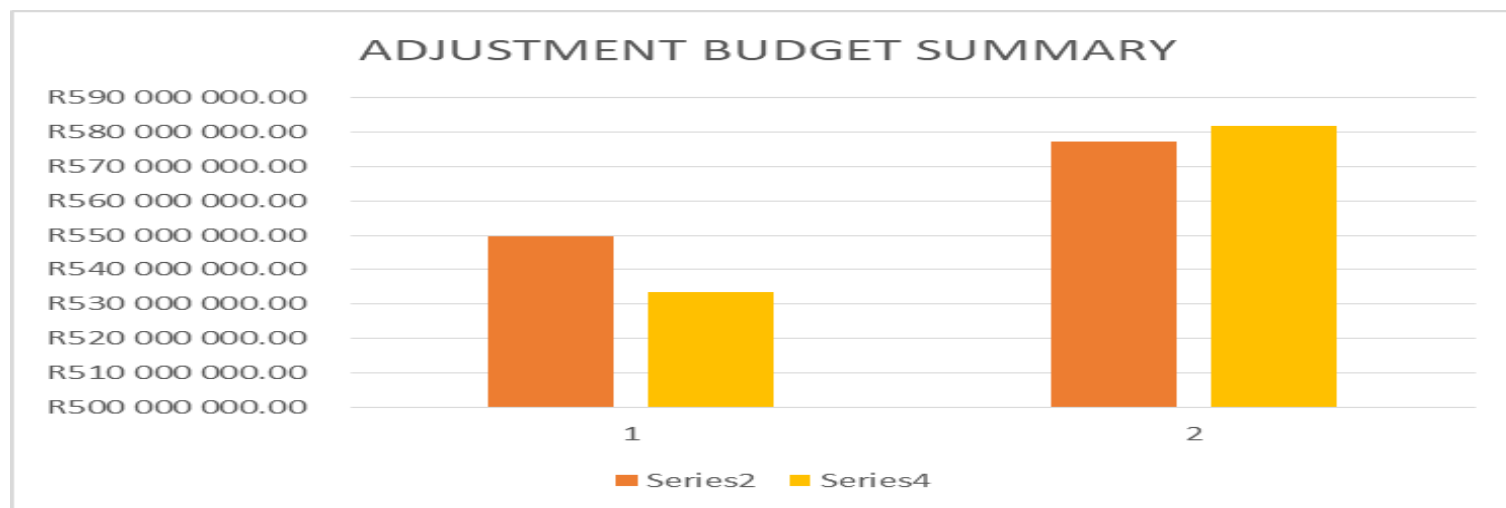
We have used this opportunity to utilize projected savings in some votes to cater for votes which were overspending.

# SUMMARY OF THE ADJUSTMENT BUDGET

## SUMMARY OF THE ADJUSTMENT BUDGET

# SUMMARY OF THE ADJUSTMENT BUDGET

Budget year 2017/18				
R thousands	Original Budget	Adjusted Budget	Variance Amount	Variance %
Total Revenue	R 549 756 463.00	R 577 150 761.59	R 27 394 298.59	5%
Total Expenditure	R 530 769 462.91	R 577 004 519.00	R 46 235 056.09	9%
Surplus/Deficit	R 18 987 000.09	R 146 242.59	R 73 629 354.68	



# SUMMARY OF THE ADJUSTMENT BUDGET

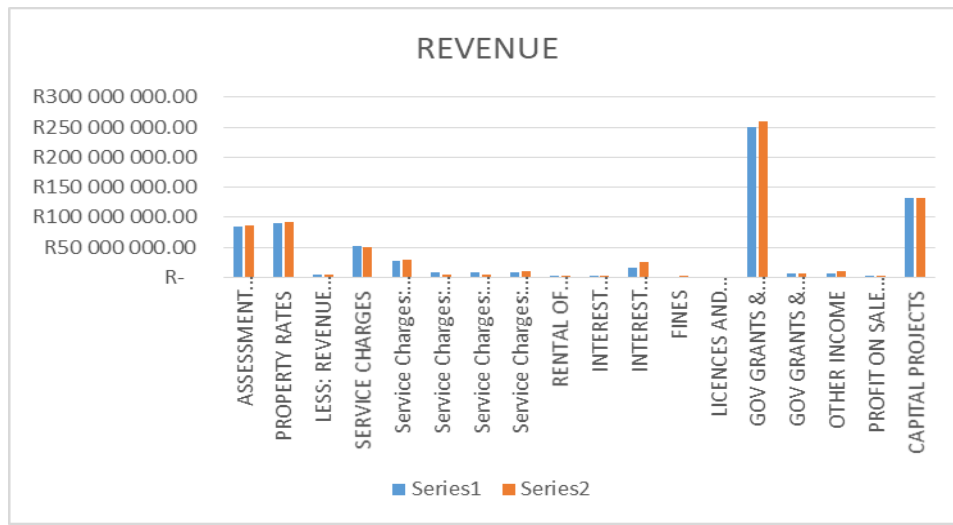
Executive Summary												
Sub Vote	Description	Budget Spreadsheet	EMS Budget Upload	EMS Project ID	Mun Adjustment	Approved Budget		Estimate Results	Deviation	% Deviation	Adjustment To made	Adjustment Budget
						2017/18	Actual Year to Date					
	REVENUE											
	ASSESSMENT RATES	(84 730 977)	5 400 000	48	(82 357 804)	(84 730 977)	(79 424 678)	(136 156 592)	(51 425 614)	444%	(1 363 823)	(86 094 800)
0201-0250	PROPERTY RATES	(90 130 977)	-	-	(87 757 804)	(90 130 977)	(91 244 443)	(156 419 046)	(66 288 068)	69%	(1 363 823)	(91 494 800)
0251-0299	LESS: REVENUE FORGONE	5 400 000	5 400 000	48	5 400 000	5 400 000	11 819 765	20 262 454	14 862 454	375%	-	5 400 000
	SERVICE CHARGES	(51 588 976)	(57 124 039)	1 165	(27 965 486)	(51 588 976)	(28 590 827)	(49 012 847)	2 576 129	565%	1 588 143	(50 000 833)
0401-0420	Service Charges: Electricity	(28 108 886)	(33 643 948)	680	(18 767 554)	(28 108 886)	(17 529 363)	(30 050 337)	(1 941 451)	456%	(2 006 070)	(30 114 956)
0421-0440	Service Charges: Water	(7 383 713)	(7 383 713)	184	(4 204 000)	(7 383 713)	(1 833 461)	(3 143 075)	4 240 637	43%	3 183 713	(4 200 000)
0441-0460	Service Charges: Sewerage	(8 213 611)	(8 213 612)	194	(4 984 000)	(8 213 611)	(3 215 846)	(5 512 879)	2 700 732	67%	2 828 500	(5 385 111)
0461-0480	Service Charges: Refuse	(7 882 766)	(7 882 766)	107	(9 932)	(7 882 766)	(6 012 157)	(10 306 556)	(2 423 790)	0%	(2 418 000)	(10 300 766)
0701-0799	RENTAL OF FACILITIES & EQUIPMENT	(1 997 026)	(1 977 018)	219	(1 470 927)	(1 997 026)	(1 453 096)	(2 491 022)	(493 995)	162%	(740 519)	(2 737 545)
0801-0899	INTEREST EARNED: EXTERNAL INVESTMENTS	(2 635 604)	(2 635 604)	37	(2 635 604)	(2 635 604)	(1 548 267)	(2 654 171)	(18 568)	101%	-	(2 635 604)
1001-1099	INTEREST EARNED: OUTSTANDING DEBTORS	(15 299 038)	(21 919 745)	50	(24 856 548)	(15 299 038)	(14 965 907)	(25 655 840)	(10 356 802)	168%	(11 000 000)	(26 299 038)
1301-1399	FINES	-	-	-	-	-	(58 700)	(100 629)	(100 629)	0%	(100 000)	(100 000)
1401-1499	LICENCES AND PERMITS	-	-	-	(1 098)	-	(1 647)	(2 823)	(2 823)	0%	(2 000)	(2 000)
1601-1640	GOV GRANTS & SUBSIDIES: UNCONDITIONAL	(249 995 579)	(255 138 202)	526	(250 031 815)	(249 995 579)	(200 969 692)	(344 519 471)	(94 523 892)	131%	(10 495 000)	(260 490 579)
1651-1699	GOV GRANTS & SUBSIDIES: CONDITIONAL	(6 130 800)	(6 130 800)	203	(1 700 970)	(6 130 800)	(970)	(1 663)	6 129 137	0%	-	(6 130 800)
1701-1799	OTHER INCOME	(5 621 663)	(4 486 604)	1 753	(25 625 855)	(5 621 663)	(5 319 460)	(9 119 075)	(3 497 412)	1259%	(4 930 800)	(10 552 463)
1941-1999	PROFIT ON SALE OF INVESTMENT PROPERTY/LAND	(140 798)	-	-	(264 526)	(140 798)	(521 256)	(893 582)	(752 784)	317%	(350 300)	(491 098)
	TOTAL REVENUE	(418 140 463)	(344 012 012)	4 001	(416 910 633)	(418 140 463)	(332 854 500)	(570 607 714)	(152 467 252)	3146%	(27 394 299)	(445 534 762)
Sub Vote	Description	Budget Spreadsheet	EMS Budget Upload	EMS Project ID	Mun Adjustments	Approved Budget		Estimate Results	Deviation	% Deviation	Adjustment To made	Adjustment Budget
						2017/18	Actual Year to Date					
	EXPENDITURE											
	EMPLOYEE RELATED COSTS	139 771 173	144 586 445	27 931	139 412 415	139 771 173	89 260 834	153 018 572	13 247 399	4736%	15 533 775	155 304 948
3001-3099	EMPLOYEE RELATED COSTS: REMUNERATION	114 574 474	119 408 971	12 984	114 567 568	114 574 474	72 584 121	124 429 922	9 855 448	3457%	12 007 296	126 581 770
3101-3199	EMPLOYEE RELATED COSTS: SOCIAL CONTRIBUTIONS	25 196 699	25 177 474	14 947	24 844 846	25 196 699	16 676 713	28 588 650	3 391 951	1279%	3 526 479	28 723 178
3401-3499	REMUNERATION OF COUNCILLORS	17 192 909	17 371 552	114	16 992 836	17 192 909	10 091 658	17 299 985	107 076	872%	157 800	17 350 709
3501-3599	IMPAIRMENT LOSSES	49 706 676	23 030 943	685	51 816 684	49 706 676	-	-	(49 706 676)	0%	2 110 008	51 816 684
3701-3799	DEPRECIATION	39 145 775	39 145 776	231	39 145 775	39 145 775	-	-	(39 145 775)	0%	-	39 145 775
3801-3899	REPAIRS AND MAINTENANCE	7 994 639	7 994 640	3 000	13 570 299	7 994 639	6 005 413	10 294 994	2 300 355	846%	4 671 276	12 665 915
4101-4199	BULK PURCHASES	61 570 000	61 570 000	340	61 570 000	61 570 000	15 375 829	26 358 564	(35 211 436)	43%	-	61 570 000
4201-4299	CONTRACTED SERVICES	33 719 066	15 815 976	2 685	46 425 896	33 719 066	28 530 672	48 909 724	15 190 657	1989%	21 861 656	55 580 722
4301-4320	GRANTS AND SUBSIDIES PAID: OPERATIONAL	21 600	21 600	23	141 600	21 600	14 999	25 713	4 113	119%	120 000	141 600
4321-4350	FREE BASIC SERVICES	9 212	9 213	88	9 212	9 212	(1 470)	(2 520)	(11 732)	86%	10 000	19 212
4351-4399	GRANTS AND SUBSIDIES PAID: CONDITIONAL	1 300 742	1 300 743	221	900 742	1 300 742	3 200	5 486	(1 295 257)	0%	(400 000)	900 742
4401-4799	GENERAL EXPENSES	34 844 313	(42 644 017)	15 859	43 430 550	34 844 313	18 432 155	31 597 980	(3 246 333)	2040%	5 710 063	40 554 376
	TOTAL EXPENDITURE	385 276 106	268 202 871	51 177	413 416 009	385 276 106	167 713 290	287 508 498	(97 767 608)	10731%	49 774 578	435 050 684
	OPERATIONAL SURPLUS/DEFICIT	(32 864 357)	(75 809 141)	55 178	(3 494 623)	(32 864 357)	(165 141 210)	(283 099 217)	(250 234 860)	13877%	22 380 279	(10 484 078)
6001-6299	CONTRIBUTIONS TO FUNDS & RESERVES	16 598 082	16 598 082	3 336	10 018 398	16 598 082	665 975	1 141 671	(15 456 411)	273%	(1 527 580)	15 070 502
	SURPLUS/DEFICIT AFTER APPROPRIATIONS	(16 266 275)	(59 211 059)	58 514	6 523 775	(16 266 275)	(164 475 235)	(281 957 546)	(265 691 271)	14149%	20 852 699	4 586 424



## REVENUE APPROPRIATIONS

# REVENUE APPROPRIATIONS

R thousands	Original Budget		Adjusted Budget		Variance Amount	Variance %
<b>REVENUE</b>						
<b>ASSESSMENT RATES</b>	R	84 730 977.39	R	86 094 800.39	R 1 363 823.00	2%
PROPERTY RATES	R	90 130 977.39	R	91 494 800.39	R 1 363 823.00	2%
LESS: REVENUE FORGONE	R	5 400 000.00	R	5 400 000.00	R -	0%
<b>SERVICE CHARGES</b>	R	51 588 975.70	R	50 000 832.70	-R 1 588 143.00	-3%
Service Charges: Electricity	R	28 108 886.35	R	30 114 956.35	R 2 006 070.00	7%
Service Charges: Water	R	7 383 712.68	R	4 199 999.68	-R 3 183 713.00	-43%
Service Charges: Sewerage	R	8 213 611.12	R	5 385 111.12	-R 2 828 500.00	-34%
Service Charges: Refuse	R	7 882 765.55	R	10 300 765.55	R 2 418 000.00	31%
RENTAL OF FACILITIES & EQUIPMENT	R	1 997 026.43	R	2 737 545.43	R 740 519.00	37%
INTEREST EARNED: EXTERNAL INVESTMENTS	R	2 635 603.80	R	2 635 603.80	R -	0%
INTEREST EARNED: OUTSTANDING DEBTORS	R	15 299 038.36	R	26 299 038.36	R 11 000 000.00	72%
FINES	R	-	R	100 000.00	R 100 000.00	100%
LICENCES AND PERMITS	R	-	R	-	R -	100%
GOV GRANTS & SUBSIDIES: UNCONDITIONAL	R	249 995 579.23	R	260 490 579.23	R 10 495 000.00	4%
GOV GRANTS & SUBSIDIES: CONDITIONAL	R	6 130 800.00	R	6 130 800.00	R -	0%
OTHER INCOME	R	5 621 663.24	R	10 552 463.24	R 4 930 800.00	88%
PROFIT ON SALE OF INVESTMENT PROPERTY/LAND	R	140 798.44	R	491 098.44	R 350 300.00	249%
CAPITAL PROJECTS	R	131 616 000.00	R	131 616 000.00	R -	0%
<b>TOTAL REVENUE</b>	-R	<b>549 756 462.59</b>	-R	<b>577 150 761.59</b>	-R <b>27 394 299.00</b>	<b>5%</b>



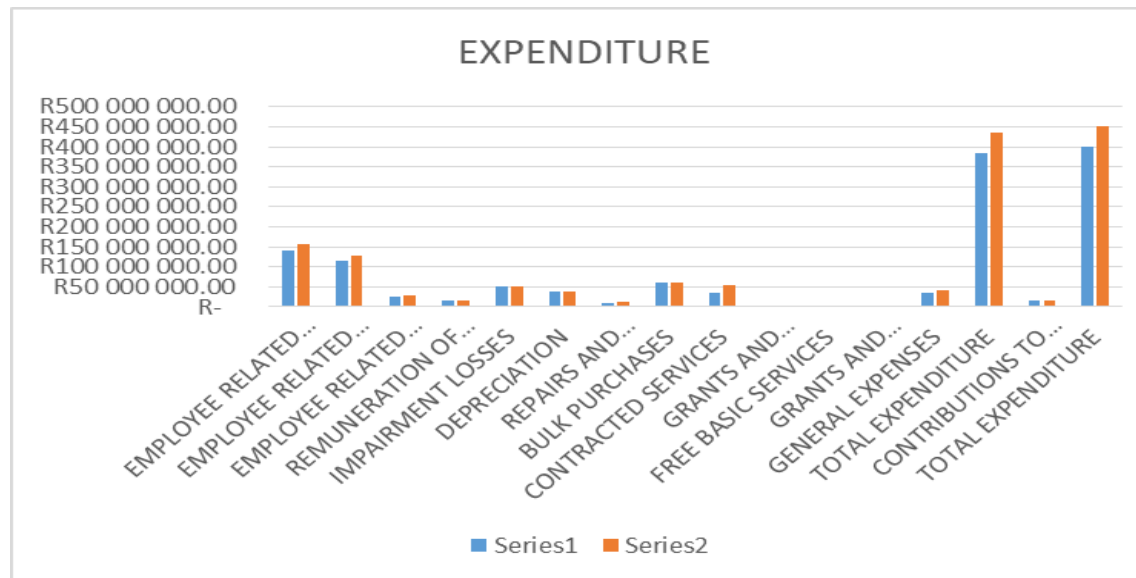
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Executive Summary												
						Approved Budget						
Sub Vote	Description	Budget Spreadshe	EMS Budget Uplo	EMS Project ID	Mun Adjustment	2017/18	Actual Year to Da	Estimate Results	Deviation	% Deviation	Adjustment To ma	Adjustment Budget
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0201-0250	PROPERTY RATES	(90 130 977)	-	-	(87 757 804)	(90 130 977)	(91 244 443)	(156 419 046)	(66 288 068)	69%	(1 363 823)	(91 494 800)
0251-0299	LESS: REVENUE FORGONE	5 400 000	5 400 000	48	5 400 000	5 400 000	11 819 765	20 262 454	14 862 454	375%	-	5 400 000
	SERVICE CHARGES	(51 588 976)	(57 124 039)	1 165	(27 965 486)	(51 588 976)	(28 590 827)	(49 012 847)	2 576 129	565%	1 588 143	(50 000 833)
0401-0420	Service Charges: Electricity	(28 108 886)	(33 643 948)	680	(18 767 554)	(28 108 886)	(17 529 363)	(30 050 337)	(1 941 451)	456%	(2 006 070)	(30 114 956)
0421-0440	Service Charges: Water	(7 383 713)	(7 383 713)	184	(4 204 000)	(7 383 713)	(1 833 461)	(3 143 075)	4 240 637	43%	3 183 713	(4 200 000)
0441-0460	Service Charges: Sewerage	(8 213 611)	(8 213 612)	194	(4 984 000)	(8 213 611)	(3 215 846)	(5 512 879)	2 700 732	67%	2 828 500	(5 385 111)
0461-0480	Service Charges: Refuse	(7 882 766)	(7 882 766)	107	(9 932)	(7 882 766)	(6 012 157)	(10 306 556)	(2 423 790)	0%	(2 418 000)	(10 300 766)
0701-0799	RENTAL OF FACILITIES & EQUIPMENT	(1 997 026)	(1 977 018)	219	(1 470 927)	(1 997 026)	(1 453 096)	(2 491 022)	(493 995)	162%	(740 519)	(2 737 545)
0801-0899	INTEREST EARNED: EXTERNAL INVESTMENTS	(2 635 604)	(2 635 604)	37	(2 635 604)	(2 635 604)	(1 548 267)	(2 654 171)	(18 568)	101%	-	(2 635 604)
1001-1099	INTEREST EARNED: OUTSTANDING DEBTORS	(15 299 038)	(21 919 745)	50	(24 856 548)	(15 299 038)	(14 965 907)	(25 655 840)	(10 356 802)	168%	(11 000 000)	(26 299 038)
1301-1399	FINES	-	-	-	-	-	(58 700)	(100 629)	(100 629)	0%	(100 000)	(100 000)
1401-1499	LICENCES AND PERMITS	-	-	-	(1 098)	-	(1 647)	(2 823)	(2 823)	0%	(2 000)	(2 000)
1601-1640	GOV GRANTS & SUBSIDIES: UNCONDITIONAL	(249 995 579)	(255 138 202)	526	(250 031 815)	(249 995 579)	(200 969 692)	(344 519 471)	(94 523 892)	131%	(10 495 000)	(260 490 579)
1651-1699	GOV GRANTS & SUBSIDIES: CONDITIONAL	(6 130 800)	(6 130 800)	203	(1 700 970)	(6 130 800)	(970)	(1 663)	6 129 137	0%	-	(6 130 800)
1701-1799	OTHER INCOME	(5 621 663)	(4 486 604)	1 753	(25 625 855)	(5 621 663)	(5 319 460)	(9 119 075)	(3 497 412)	1259%	(4 930 800)	(10 552 463)
1941-1999	PROFIT ON SALE OF INVESTMENT PROPERTY/LAND	(140 798)	-	-	(264 526)	(140 798)	(521 256)	(893 582)	(752 784)	317%	(350 300)	(491 098)
	TOTAL REVENUE	(418 140 463)	(344 012 012)	4 001	(416 910 633)	(418 140 463)	(332 854 500)	(570 607 714)	(152 467 252)	3146%	(27 394 299)	(445 534 762)

## EXPENDITURE APPROPRIATIONS

# EXPENDITURE APPROPRIATIONS

R thousands	Original Budget	Adjusted Budget	Variance Amount	Variance %
<b>EXPENDITURE</b>				
<b>EMPLOYEE RELATED COSTS</b>	R 139 771 172.85	R 155 872 280.75	R 16 101 107.90	12%
EMPLOYEE RELATED COSTS: REMUNERATION	R 114 574 473.67	R 127 149 102.57	R 12 574 628.90	11%
EMPLOYEE RELATED COSTS: SOCIAL CONTRIBUTIONS	R 25 196 699.18	R 28 723 178.18	R 3 526 479.00	14%
REMUNERATION OF COUNCILLORS	R 17 192 909.13	R 17 350 709.13	R 157 800.00	1%
IMPAIRMENT LOSSES	R 49 706 676.22	R 51 816 684.22	R 2 110 008.00	4%
DEPRECIATION	R 39 145 774.56	R 39 145 774.56	R -	0%
REPAIRS AND MAINTENANCE	R 7 994 638.82	R 12 365 914.82	R 4 371 276.00	55%
BULK PURCHASES	R 61 570 000.00	R 61 570 000.00	R -	0%
CONTRACTED SERVICES	R 30 998 341.64	R 55 580 722.34	R 24 582 380.70	79%
GRANTS AND SUBSIDIES PAID: OPERATIONAL	R 21 600.00	R 141 600.00	R 120 000.00	556%
FREE BASIC SERVICES	R 9 212.46	R 19 212.46	R 10 000.00	109%
GRANTS AND SUBSIDIES PAID: CONDITIONAL	R 1 300 742.40	R 900 742.40	-R 400 000.00	-31%
GENERAL EXPENSES	R 34 844 313.15	R 61 381 623.15	R 26 537 310.00	76%
CONTRIBUTIONS TO FUNDS & RESERVES	R 16 598 081.87	-R 10 756 744.75	-R 27 354 826.63	-165%
CAPITAL PROJECTS	R 131 616 000.00	R 131 616 000.00	R -	0%
<b>TOTAL EXPENDITURE</b>	<b>R 530 769 462.91</b>	<b>R 577 004 519.00</b>	<b>R 46 235 056.09</b>	<b>9%</b>



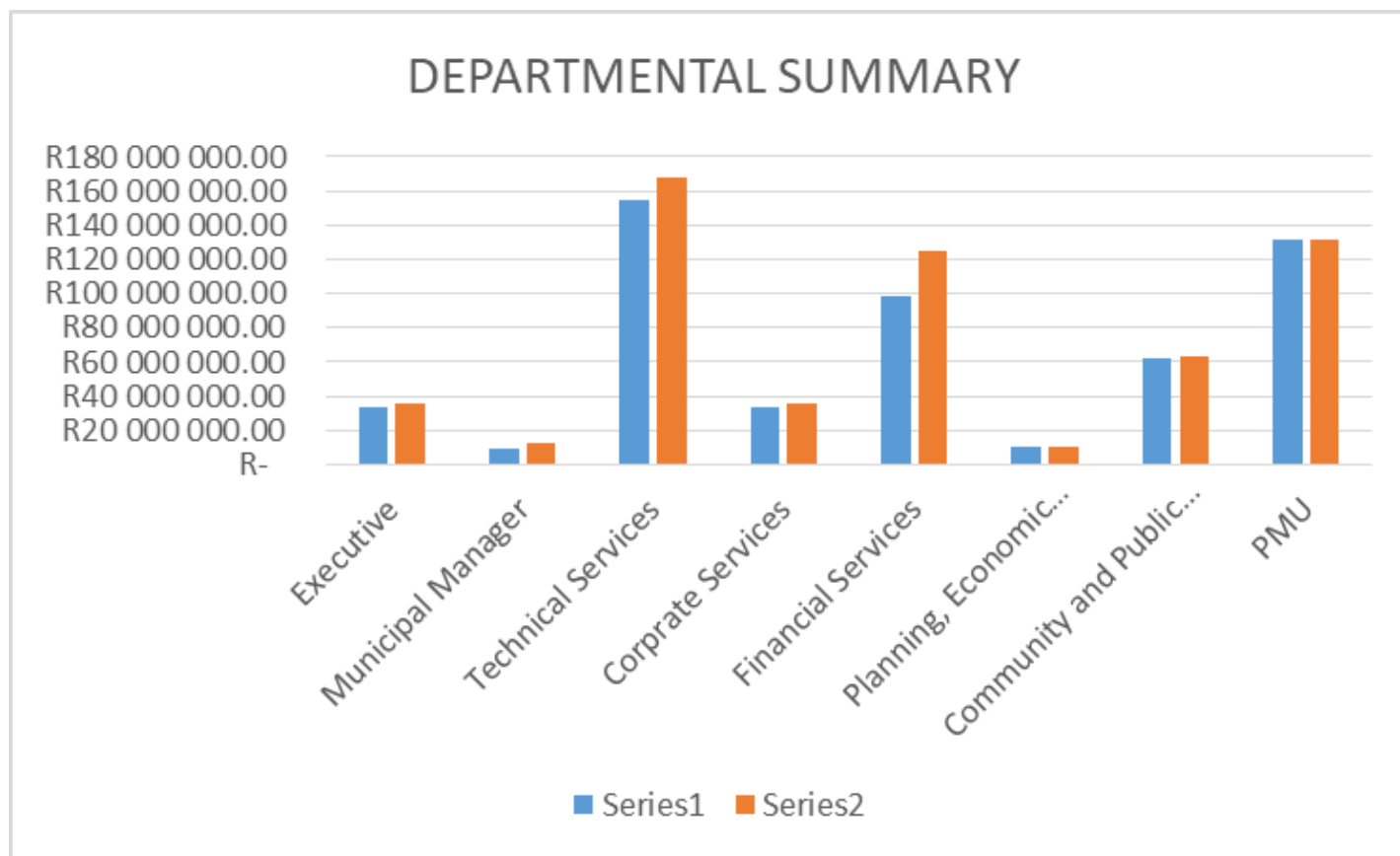
# EXPENDITURE APPROPRIATIONS

	EXPENDITURE											
	EMPLOYEE RELATED COSTS	139 771 173	144 586 445	27 931	139 412 415	139 771 173	89 260 834	153 018 572	13 247 399	4736%	16 101 108	155 872 281
3001-3099	EMPLOYEE RELATED COSTS: REMUNERATION	114 574 474	119 408 971	12 984	114 567 568	114 574 474	72 584 121	124 429 922	9 855 448	3457%	12 574 629	127 149 103
3101-3199	EMPLOYEE RELATED COSTS: SOCIAL CONTRIBUTIONS	25 196 699	25 177 474	14 947	24 844 846	25 196 699	16 676 713	28 588 650	3 391 951	1279%	3 526 479	28 723 178
3401-3499	REMUNERATION OF COUNCILLORS	17 192 909	17 371 552	114	16 992 836	17 192 909	10 091 658	17 299 985	107 076	872%	157 800	17 350 709
3501-3599	IMPAIRMENT LOSSES	49 706 676	23 030 943	685	51 816 684	49 706 676	-	-	(49 706 676)	0%	2 110 008	51 816 684
3701-3799	DEPRECIATION	39 145 775	39 145 776	231	39 145 775	39 145 775	-	-	(39 145 775)	0%	-	39 145 775
3801-3899	REPAIRS AND MAINTENANCE	7 994 639	7 994 640	3 000	13 570 299	7 994 639	6 005 413	10 294 994	2 300 355	846%	4 371 276	12 365 915
4101-4199	BULK PURCHASES	61 570 000	61 570 000	340	61 570 000	61 570 000	15 375 829	26 358 564	(35 211 436)	43%	-	61 570 000
4201-4299	CONTRACTED SERVICES	33 719 066	15 815 976	2 685	46 425 896	33 719 066	28 530 672	48 909 724	15 190 657	1989%	21 861 656	55 580 722
4301-4320	GRANTS AND SUBSIDIES PAID: OPERATIONAL	21 600	21 600	23	141 600	21 600	14 999	25 713	4 113	119%	120 000	141 600
4321-4350	FREE BASIC SERVICES	9 212	9 213	88	9 212	9 212	(1 470)	(2 520)	(11 732)	86%	10 000	19 212
4351-4399	GRANTS AND SUBSIDIES PAID: CONDITIONAL	1 300 742	1 300 743	221	900 742	1 300 742	3 200	5 486	(1 295 257)	0%	(400 000)	900 742
4401-4799	GENERAL EXPENSES	34 844 313	(42 644 017)	15 859	43 430 550	34 844 313	18 432 155	31 597 980	(3 246 333)	2040%	6 210 063	41 054 376
	TOTAL EXPENDITURE	385 276 106	268 202 871	51 177	413 416 009	385 276 106	167 713 290	287 508 498	(97 767 608)	10731%	50 541 911	435 818 017
	OPERATIONAL SURPLUS/DEFICIT	(32 864 357)	(75 809 141)	55 178	(3 494 623)	(32 864 357)	(165 141 210)	(283 099 217)	(250 234 860)	13877%	23 147 612	(9 716 745)
6001-6299	CONTRIBUTIONS TO FUNDS & RESERVES	16 598 082	16 598 082	3 336	10 018 398	16 598 082	665 975	1 141 671	(15 456 411)	273%	(7 027 580)	9 570 502
	SURPLUS/DEFICIT AFTER APPROPRIATIONS	(16 266 275)	(59 211 059)	58 514	6 523 775	(16 266 275)	(164 475 235)	(281 957 546)	(265 691 271)	14149%	16 120 032	(146 243)

## DEPARTMENTAL APPROPRIATIONS

# DEPARTMENTAL APPROPRIATIONS

R thousands	Original Budget	Adjusted Budget	Variance Amount	Variance %
Executive	R 33 146 381.06	R 35 531 981.06	R 2 385 600.00	6%
Municipal Manager	R 9 642 392.84	R 12 401 528.00	R 2 759 135.16	2%
Technical Services	R 154 283 967.00	R 167 817 360.00	R 13 533 393.00	29%
Corporate Services	R 33 503 193.00	R 35 899 533.00	R 2 396 340.00	6%
Financial Services	R 96 177 262.85	R 124 843 452.55	R 28 666 189.70	22%
Planning, Economic and Devel	R 10 301 787.95	R 10 827 347.95	R 525 560.00	2%
Community and Public Safety	R 62 098 478.20	R 62 799 983.20	R 701 505.00	11%
PMU	R 131 616 000.00	R 131 616 000.00	-	23%
<b>Total</b>	<b>R 530 769 462.91</b>	<b>R 577 004 519.00</b>	<b>R 46 235 056.09</b>	<b>100%</b>





**THANK YOU**