

Cape Agulhas Municipality

Adjustment Budget 2010/11 - 2012/13

Adjusted Medium Term Revenue
and Expenditure Framework

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Glossary

Adjustments Budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Budget - The financial plan of the Municipality.

Budget Related Policy - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable Share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality

KPI's - Key Performance Indicators. Measures of service output and/or outcome.

MFMA - The Municipal Finance Management Act - No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Net Assets - Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure - Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - Generally, spending without, or in excess of, an approved budget.

Virement - A transfer of budget.

Vote - One of the main segments of a budget. In Cape Agulhas Municipality this means at function level.

PART 1 - ANNUAL BUDGET

Section 1 - Mayor's Report

It is with great pleasure that I present the 2010/2011 Adjustment Budget to the Council for approval.

I am specifically pleased to announce that our budget now materially complies with the latest budget regulations as well as the requirements of the National Treasury, for which I must thank the Chief Financial Officer and his staff for the tremendous effort.

The Council's strategic objective of service delivery includes the continuation of the acceptable levels of service as well as the improvement in those areas where it lacks acceptable levels. The balancing act is to achieve these objectives with available financial resources, and to always consider the effect of tariff adjustments on the community at large, and specifically the poor.

Councillors will recall that actual cash-flows for the 2010 financial year as well as the original budget for 2011 and beyond indicated a significant decline in the cash position of the municipality. Unfortunately this situation still exists and with current expected expenditure the municipality will run in serious cash-flow problems midway in the 2012/2013 financial year. It is expected that the municipality will have an overdraft of R14,8m by 30 June 2013 and no reserves such as the Capital Replacement Reserve.

Obviously this cannot happen, and the Council will have to relook at strategies to improve this situation. The main indicators for this negative cashflow are employee related costs and capital expenditure and should be the first to be investigated. The municipality is in the fortunate position that it has hardly any external loans and the effect of possibly raising external loans must also be investigated.

Following the final set of financial statements for 2010 the Council was informed that the budget structure will change significantly in order to make it more "Grap Compliant", and this adjustments budget provides for such changes. This will also ensure that the next MTREF budget will be based on better historical patterns and comparability.

The main adjustments proposed in this adjustment budget are:

Operating Budget

- 1) An increase of 10,54% in employee related costs, mostly as a result of the GRAP requirement for the provision of post employment benefits;
- 2) Recognition of expenditure on housing top-structures of R 7m;
- 3) Additional depreciation of R 4,68m m on PPE identified for the first time.

The nett effect from these adjustments is that the projected surplus for the year, before capital grants revenue, decreased from R 0.005 m to a deficit of 8,674m. However, this deficit does not reflect cash-flows, as especially the increased depreciation charges do not represent cash transactions. The nett deficit, after capital grants revenue, is estimated to be R2,227m.

Capital Budget

The expected investment in infrastructure remains high, to such an extent that current cash-flows cannot sustain it and are we forced to utilise previously accumulated cash reserves to fund part of the projects.

The main changes to the capital budget are as follows:

- 1) Reduction in planned expenditure on infrastructure of R1,655m;
- 2) Increase in the cost of land and buildings of R2,569m;
- 3) Decrease in administrative equipment of R1,417m.

The revised forecasted expenditure can be summarised as follows: (R 000)

| TYPE | 2010/2011 | 2011/2012 | 2012/2013 |
|--------------|----------------|----------------|----------------|
| Operating | 166 837 | 168 616 | 182 426 |
| Capital | 31 410 | 28 428 | 34 993 |
| TOTAL | 198 247 | 197 044 | 217 419 |

Funding and Cashflows

The budget for 2010/2011 is cash-funded, but only because of the use of previous years' cash surpluses.

The expected Cashflows for the MTREF period is as follows - R,000

| Source | 2010/2011 | 2011/2012 | 2012/2013 |
|--|-----------------|-----------------|-----------------|
| Generated Operating inflows/(outflows) | (8 997) | (490) | (3 609) |
| Capital Grants inflows | 6 447 | 8 478 | 10 308 |
| Other inflows | 27 | 40 | 37 |
| Nett Financing inflows | 223 | (284) | 104 |
| Net cash inflows | (2 300) | 7 744 | 6 840 |
| Outflows - Investment in Assets | (31 410) | (28 428) | (34 993) |
| Net inflows / (outflows) | (33 710) | (20 684) | (28 153) |
| Balance 30 June | 33 998 | 13 314 | (14 839) |

As can be seen from the above the municipality's cash resources will decline by R 82,547 million over the MTREF period and by 2012/2013 the municipality will not be able to meet its commitments. There is no other way than to plan accordingly and embark on strategies to stabilise the cash-flow position.

I believe we have done all in our power to address service delivery requirements within our financial means and would like to thank our community for their inputs into the I.D.P. process, my fellow Councillors for their continued hard work and support as well as the Municipal Manager and his staff for all their efforts.

Unforeseen and unavoidable expenditure

There was no unforeseen expenditure approved by the Mayor and incorporated into this adjustment budget since the original approved budget.

Changes to allocations and grant adjustments

Changes to allocations and grant adjustments are reflected in the attached budget supporting documentation forms SB7 and SB8.

The adjustments for the financial year are as follows:

| Description | Budget Year 2010/11 | | | Budget Year +1 2011/12 | Budget Year +2 2012/13 |
|---|---------------------|----------------|-----------------|---------------------------|---------------------------|
| | Original Budget | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | |
| RECEIPTS: | | | | | |
| - | | | | | |
| <u>Operating Transfers and Grants</u> | | | | | |
| National Government: | 15 494 | 380 | 15 874 | 15 110 | 16 644 |
| Equitable share | 13 494 | - | 13 494 | 12 965 | 14 216 |
| Finance Management | 1 250 | - | 1 250 | 1 000 | 1 250 |
| Municipal Systems Improvement | 750 | - | 750 | 735 | 735 |
| Seta Training | - | 380 | 380 | 410 | 443 |
| Other transfers and grants [insert description] | | - | - | | |
| Provincial Government: | 9 535 | 8 549 | 18 084 | 10 609 | 10 887 |
| Housing | 3 969 | 7 000 | 10 969 | 4 598 | 4 395 |
| Community Development Workers | 50 | 25 | 75 | 54 | 58 |
| Subsidy Main Roads | 5 171 | - | 5 171 | 5 585 | 6 031 |
| Subsidy Libraries | 345 | - | 345 | 373 | 402 |
| Mobility strategy | - | 1 100 | 1 100 | - | - |
| Feeding Scheme | - | 424 | 424 | - | - |
| Total Operating Transfers and Grants | 25 029 | 8 929 | 33 958 | 25 720 | 27 531 |
| <u>Capital Transfers and Grants</u> | | | | | |
| National Government: | 7 049 | (602) | 6 447 | 8 478 | 10 308 |
| Municipal Infrastructure (MIG) | 7 049 | (602) | 6 447 | 8 478 | 10 308 |
| Total Capital Transfers and Grants | 7 049 | (602) | 6 447 | 8 478 | 10 308 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 32 078 | 8 327 | 40 405 | 34 198 | 37 839 |

Recommendations

It is recommended:

- (i) that the Council approves the adjustments budget.

Section 2 - Budget Related Resolutions

Cape Agulhas Municipality

MTREF 2010/2011

These are the resolutions that must be approved by Council with the final adoption of the adjustments budget:

RESOLVED:

- [a]. That the adjustments budget, inclusive of changes in terms of section 28(2) of the MFMA, of Cape Agulhas Municipality for the financial year 2010/2011; and indicative for the two projected years 2011/12 and 2012/13, as set-out in the schedules contained in Section 4, be approved:
 - 1.1 Table B2: Budgeted Financial Performance (expenditure by standard classification)
 - 1.2 Table B3: Budgeted Financial Performance (expenditure by municipal vote)
 - 1.3 Table B4: Budgeted Financial Performance (revenue by source)
 - 1.4 Table B5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.

- [b]. That the amended performance objectives as contained in the SDBIP be approved (Attached supporting documentation form SB 3).

- [c]. That it be noted that there are no changes to any budget related policies.

- [d]. That Council notes the projected cash shortfall for 2012/2013 and that the Municipal Manager be tasked to arrange for a strategic workshop where Council can determine strategies to overcome the problem areas.

Section 3 - Executive Summary

Introduction

The budget is the first adjustments budget of the municipality which is in the formats prescribed in the new Budget Regulations and is therefore significantly different from prior year's budgets formats.

Full budgetary compliance in all aspects of the regulations and GRAP will take time, as systems, and especially obtaining statistical information, needs to be adapted.

Effect of the adjustment budget

A key consideration for the compilation of the adjustments budget was long term financial sustainability and especially stabilising the cashflow position, while also ensuring continued service delivery and improved service delivery. In addition, the Council planned and budgeted for the expected growth in the near future and the effect it will have on bulk services provision.

The Council also started to benchmark itself against other local governments in terms of service delivery and tariff structures and started a process to establish strategies to deal with powers and functions, capital requirements, maintenance of assets, tariffs and the identification of other sources of revenue.

The new projected forecasts for the MTREF are as follows:

OPERATING BUDGET (R' 000)

| Type | 2010/11 | 2011/12 | 2012/13 |
|--|---------|----------|----------|
| Revenue | 164 610 | 166 695 | 180 936 |
| Expenditure | 166 837 | 168 616 | 182 426 |
| Surplus/(Deficit) | (2 227) | (1 921) | (1 490) |
| Less: Capital Grants | (6 447) | (8 478) | (10 308) |
| Surplus/(Deficit) excluding capital grants | (8 674) | (10 399) | (11 798) |

CAPITAL BUDGET (R' 000)

| Objective | 2010/11 | 2011/12 | 2012/13 |
|-------------------------------|----------------|----------------|----------------|
| Governance and Admin | 4 444 | 500 | 500 |
| Community and Safety Services | 2 647 | 1 860 | 700 |
| Economic Services | 13 602 | 5 270 | 6 045 |
| Trading Services | 10 717 | 20 798 | 27 748 |
| Total | 31 410 | 28 428 | 34 993 |

The projected funding of the capital budget is as follows: (R 000)

| Funding Source | 2010/11 | 2011/12 | 2012/13 |
|-----------------------|----------------|----------------|----------------|
| National Government | 6 447 | 8 478 | 10 308 |
| Own Funds | 24 963 | 19 950 | 24 685 |
| Total | 31 410 | 28 428 | 34 993 |

| Description | Budget Year 2010/11 | | | | Budget Year +1 2011/12 | Budget Year +2 2012/13 |
|--|---------------------|----------------|----------------|-----------------|---------------------------|---------------------------|
| | Original Budget | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | |
| <u>Financial Performance</u> | | | | | | |
| Property rates | 28 586 | 600 | 600 | 29 186 | 30 873 | 33 343 |
| Service charges | 75 318 | 1 875 | 1 875 | 77 193 | 80 644 | 87 095 |
| Investment revenue | 4 850 | - | - | 4 850 | 5 238 | 5 657 |
| Transfers recognised - operational | 25 409 | 10 647 | 10 647 | 36 056 | 25 720 | 27 531 |
| Other own revenue | 14 576 | (3 698) | (3 698) | 10 878 | 15 742 | 17 001 |
| Total Revenue (excluding capital transfers and contributions) | 148 739 | 9 424 | 9 424 | 158 163 | 158 217 | 170 628 |
| Employee costs | 53 148 | 5 605 | 5 605 | 58 753 | 60 527 | 65 375 |
| Remuneration of councillors | 3 163 | - | - | 3 163 | 3 416 | 3 689 |
| Depreciation & asset impairment | 3 033 | 4 268 | 4 268 | 7 301 | 7 885 | 8 516 |
| Finance charges | 5 367 | (635) | (635) | 4 732 | 5 796 | 6 260 |
| Materials and bulk purchases | 32 312 | 750 | 750 | 33 062 | 34 897 | 37 389 |
| Other expenditure | 51 711 | 8 114 | 8 114 | 59 825 | 56 093 | 61 196 |
| Total Expenditure | 148 735 | 18 102 | 18 102 | 166 837 | 168 616 | 182 426 |
| Surplus/(Deficit) | 5 | (8 678) | (8 678) | (8 674) | (10 399) | (11 798) |
| Transfers recognised - capital | 7 049 | (602) | (602) | 6 447 | 8 478 | 10 308 |
| Surplus/ (Deficit) for the year | 7 054 | (9 281) | (9 281) | (2 227) | (1 921) | (1 490) |
| | | | | | | |
| <u>Capital expenditure & funds sources</u> | | | | | | |
| Capital expenditure | 32 012 | (602) | (602) | 31 410 | 28 428 | 34 993 |
| Transfers recognised - capital | 7 049 | (602) | (602) | 6 447 | 8 478 | 10 308 |
| Internally generated funds | 24 963 | - | - | 24 963 | 19 950 | 24 685 |
| Total sources of capital funds | 32 012 | (602) | (602) | 31 410 | 28 428 | 34 993 |

| Description | Budget Year 2010/11 | | | | Budget Year +1 2011/12 | Budget Year +2 2012/13 |
|---|---------------------|----------------|----------------|--------------------|---------------------------|---------------------------|
| | Original Budget | Other Adjusts. | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
| R thousands | | | | | | |
| <u>Financial position</u> | | | | | | |
| Total current assets | 49 083 | (6 421) | (6 421) | 42 662 | 23 295 | 11 434 |
| Total non current assets | 345 811 | (110 117) | (110 117) | 235 693 | 256 195 | 282 636 |
| Total current liabilities | 24 524 | (7 140) | (7 140) | 17 385 | 18 520 | 34 687 |
| Total non current liabilities | 841 | 20 648 | 20 648 | 21 489 | 23 410 | 23 311 |
| Community wealth/Equity | 369 527 | (130 046) | (130 046) | 239 481 | 237 560 | 236 071 |
| <u>Cash flows</u> | | | | | | |
| Net cash from (used) operating | 15 494 | (18 044) | (18 044) | (2 550) | 7 988 | 6 699 |
| Net cash from (used) investing | (31 985) | 602 | 602 | (31 383) | (28 388) | (34 956) |
| Net cash from (used) financing | - | 223 | 223 | 223 | (284) | 104 |
| Cash/cash equivalents at the year end | 33 959 | 39 | 39 | 33 998 | 13 314 | (14 839) |
| <u>Cash backing/surplus reconciliation</u> | | | | | | |
| Cash and investments available | 33 959 | 39 | 39 | 33 998 | 13 314 | (14 839) |
| Application of cash and investments | 8 041 | 25 380 | 25 380 | 33 421 | 13 396 | 14 469 |
| Balance - surplus (shortfall) | 25 918 | (25 341) | (25 341) | 577 | (82) | (29 308) |
| <u>Asset Management</u> | | | | | | |
| Asset register summary (WDV) | 345 386 | (110 137) | (110 137) | 235 248 | 255 791 | 282 268 |
| Depreciation & asset impairment | 3 033 | 4 268 | 4 268 | 7 301 | 7 885 | 8 516 |
| Renewal of Existing Assets | 7 600 | 4 | 4 | 7 604 | 14 828 | 15 478 |
| Repairs and Maintenance | 10 054 | (353) | (353) | 9 700 | 10 761 | 11 621 |
| <u>Free services</u> | | | | | | |
| Revenue cost of free services provided | 9 122 | - | - | 9 122 | 9 122 | 9 122 |

Section 4 - Adjustment budget tables

The adjustments budget tables are attached to this document as Tables B1 to B 10.

The Budget tables are:

Table B1 - Adjustments Budget Summary

Table B2 - Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

Table B3 - Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B4 - Adjustments Budgeted Financial Performance (revenue and expenditure)

Table B5 - Adjustments Budgeted Capital Expenditure by vote, standard classification and funding

Table B6 - Adjustments Budgeted Financial Position

Table B7 - Adjustments Budgeted Cash Flows

Table B8 - Adjustments Cash backed reserves/accumulated surplus reconciliation

Table B9 - Adjustments Budget Asset Management

Table B10 - Adjustments Budget Basic service delivery measurement

The municipality does not have any entities for which adjustments budgets must be prepared.

PART 2 - SUPPORTING DOCUMENTATION

Section 5 - Measurable performance objectives and indicators

Changes to measurable performance objectives and indicators are included in the supporting tables attached as Appendix "A". These indicators are part of the indicators contained in the Service Delivery and Budget Implementation Plan, which again forms the basis of the performance contracts of the Municipal Manager and Senior Management.

Section 6 - Budget related policies

There are no changes to the budget related policies proposed in the adjustments budget.

Section 7 - Overview of budget assumptions

Budget Assumptions

There are no changes to the budget assumptions proposed in the adjustments budget.

Section 8 - Funding compliance

The adjustments budget is cash - funded which is first indicator of a "credible" budget. However, it is only because of the use of prior year surpluses and the budget for the 2012/2013 financial year is not cash funded.

Section 9 - Overview of budget funding

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

Fiscal Overview of Cape Agulhas Municipality

Over the past financial years via sound and strong financial management, Cape Agulhas Municipality has moved internally to a position of relative financial stability. There is also a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management.

Long term financial planning

The municipality's financial position is still sound but this budget is a start of reducing surpluses. Long-term borrowing might be an option if the near future, but the council also resolved in the current year to utilise accumulated cash surpluses for capital development.

The municipality plans to continue exercising strict financial management and ensuring a cash flow which meets the requirements.

Due to the fact that the majority of capital expenditure from own sources be funded by way of own cash, the municipality must ensure that the principle of “the user pays for the use of the assets” be applied in its long-term financial strategy. It is for this reason that the municipality will in future provide for cash - backed reserves, which consist of Employee Benefits provisions, the cost of replacing the existing valuation roll and contributions to the Capital Replacement Reserve with the idea being a contribution at least equal to the depreciation charges on those assets being used.

Sources of funding

Interest earned from investments is applied to the income and expenditure account to help fund the operating budget.

| R '000 | 2010/11 | 2011/12 | 2012/13 |
|---------------------|---------|---------|---------|
| Investment Interest | 4 850 | 5 238 | 5 657 |

Contributions and donations

The Municipality can receive contributions from developers to provide infrastructure and other works as part of the conditions of agreeing planning permission.

Sale of assets

The Municipality is in the process of reviewing its land and asset holdings as part of its longer term financial strategy. No asset sales are already included in the MTREF at this stage, but in terms of the Council policies the proceeds of the sales are being transferred to the Capital Replacement Reserve to assist with future capital development.

Borrowing

The MFMA prescribes the conditions within which municipalities may borrow through either short or long term debt.

The Act stipulates that short term debt can be used to meet immediate cash flow needs but that it must be fully repaid within the financial year in which it was incurred. Long term debt can only be incurred for capital expenditure or to re-finance existing long term debt. Proposals to incur long term debt must go through a public consultation process.

The cash flow projections will determine the likely need to borrow short term. It is not projected that any short term borrowing will be required over the next two financial years.

The ratios as set out in the Cash and Management Investment policy are used to establish prudential levels of borrowing in terms of affordability and the overall indebtedness of the Municipality.

Based on these measures of affordability, the Municipality has made the following budgeted provisions for new borrowing for capital expenditure over the MTREF.

| R '000 | 2010/11 | 2011/12 | 2012/13 |
|---------------------|---------|---------|---------|
| Long-term borrowing | 0 | 0 | 0 |

Section 10 - Expenditure on allocations and grant programmes

Grant allocations

Details of each grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report.

Section 11 - Allocations and grants made by the Municipality

Allocations Made by the Municipality

Refer to supporting schedule SB10 for allocations made. Total allocations are as follows:

| R '000 | 2010/11 | 2011/12 | 2012/13 |
|-------------------|---------|---------|---------|
| External Entities | 0 | 0 | 0 |

Any allocation made to an outside body must comply with the requirements of section 67 of the MFMA. This stipulates that before transferring funds to an outside organisation the Municipal Manager, as Accounting Officer, must be satisfied that the organisation or body has the capacity to comply with the agreement and has adequate financial management and other systems in place.

National Treasury further indicated in MFMA circular 51 that "discretionary" funds should not be appropriated in the budget due to such funds not being transparent during the consultation process.

Section 12 - Councillor allowances and employee benefits

Salaries, Allowances and Benefits

There are no changes proposed for Councillor Allowances.

Details of Councillor Allowances and employee benefits are included in supporting table SB11 attached.

Section 13 - Monthly targets for revenue, expenditure and cash flow

Monthly Cash Flows by source

Supporting tables SB 12 to SB 17 show the adjusted monthly cash flows.

Section 14 - Adjustments to the quarterly service delivery and budget implementation plans - internal departments

The changes are as follows:

Increase the extension of the building planning process from R500 000 to R3 100 000,

Change the Kragstreet lights to electrify the informal areas R500 000

Increase the Josephstreet project from R700 000 to R1 250 000

Stop the new reservoir project in Struisbaai.

Section 15 - Annual budgets and service delivery agreements - municipal entities and other external mechanisms

ENTITIES

The municipality does not have any entities.

OTHER SERVICE DELIVERY MECHANISMS

The municipality has no service delivery agreements with external parties for the delivery of the Municipality's services.

Section 16 - Contracts having future budgetary implications

The municipality does not have any roll - over contracts with budget implications.

Section 17 - Capital expenditure details

Capital expenditure details are listed in Supporting Table SB 18(B) to SB 19.

Section 18 - Municipal Manager's quality certification

I, R Stevens, Municipal Manager of Cape Agulhas Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

R Stevens

Municipal Manager of Cape Agulhas Municipality (WC 015)

Signature

Date