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4/10/15

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**TO : THE EXECUTIVE MAYOR**  
**FROM : ACTING MUNICIPAL MANAGER**  
**DATE : 28 FEBRUARY 2012**  
**SUBJECT : SUBMISSION OF REPORT - ADJUSTMENTS BUDGET 2011/2014**

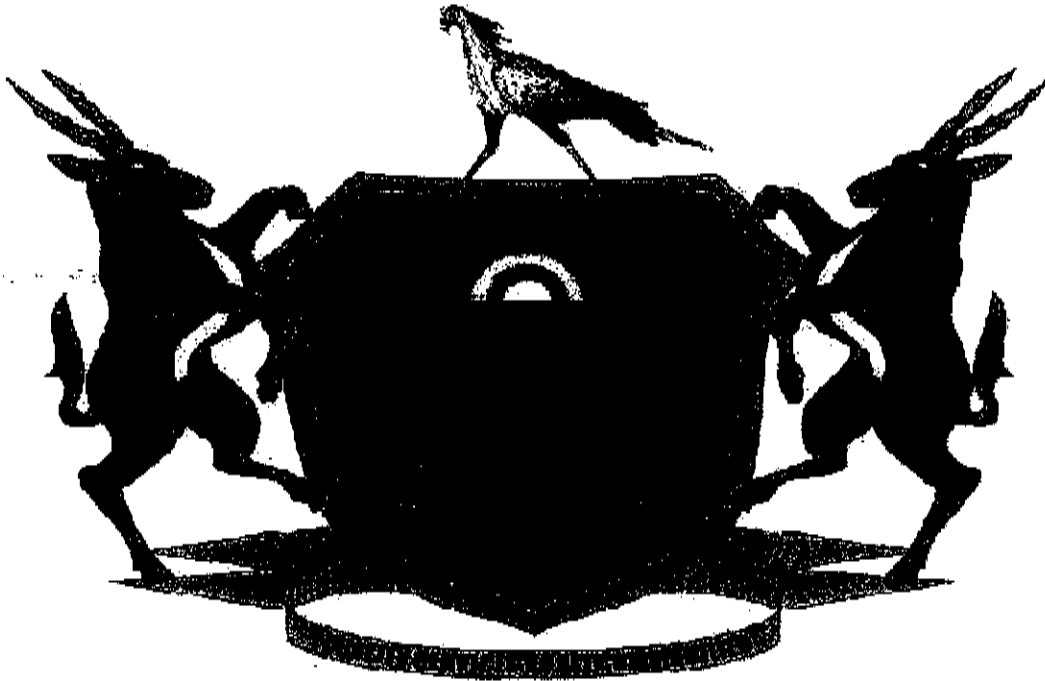
This office herein submits the reports as above. This submission comprises of the:

- ⇒ Discussions on the Adjustment budget
- ⇒ Grant funding schedules
- ⇒ Budgeted cash flow statement
- ⇒ Municipal Manager's Quality certification

Thanking you,

  
**M.L. MBANA**  
**ACTING MUNICIPAL MANAGER**

**KING SABATA DALINDYEBO LOCAL MUNICIPALITY**



**ADJUSTMENTS BUDGET 2011 – 2014**

**28 FEBRUARY 2012**

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**2. MAYORAL SPEECH ON THE ADJUSTMENTS BUDGET**

PLEASE NOTE THAT THE EXECUTIVE MAYORS'S SPEACH TO BE PREPARED  
SUBMITTED IN THE COUNCIL ON THE DATE OF THE SITTING.

### **3. ADJUSTMENTS BUDGET RELATED RESOLUTIONS**

#### **Adjustment Budget for 2011/12**

3.1 Council resolves that the adjustment budget of the KSD Local Municipality for the financial year 2011/12; and indicative for the two projected outer years 2012/13 and 2013/14 be approved as set-out in the following schedules:-

- 1.1. Operating revenue by source reflected in Schedule 1
- 1.2. Operating expenditure by vote reflected in Schedule 2.
- 1.3. Operating expenditure by GFS classification reflected in schedule 2(a).
- 1.4. Capital expenditure by vote reflected in schedule 3.
- 1.5. Capital expenditure by GFS classification reflected in Schedule 3(a).
- 1.6. Capital funding by source reflected in Schedule 4.

#### **Multi-year Capital Budget**

3.2 Council resolves that multi-year capital appropriations by vote and associated funding reflected in Schedules 3 and 4 be approved.

#### **Property Rates and other Municipal Tax**

3.3 Council resolves that property rates and any other municipal tax remain unchanged for the budget year 2011/12.

#### **Tariffs and Charges**

3.4 Council resolves that tariffs and charges remain unchanged for the budget year 2011/12.

#### **Measurable Performance Objectives**

3.5 Council resolves that the measurable performance objectives for revenue and expenditure from each source and for each vote reflect the budget adjustments for the 2011/12 financial year be approved.

#### **Integrated Development Plan**

3.6 Council resolves to continue the implementation of the approved Integrated Development Plan.

#### **Budget Related Polices**

3.7 Council resolves that the Budget related polices approved during the annual budget process remain unchanged.

#### **4. DISCUSSION OF THE ADJUSTMENTS BUDGET**

This section contains an Executive Summary of the adjustment budget, highlighting the processes which lead to the compilation of the adjustment budget.

##### **4.1 Executive Summary**

###### **4.1.1 Strategic Focus Areas and Municipal Priority Issues**

The following are strategic focus areas for the 2011/12 financial year:-

- Service delivery under conditions of good governance
- Financial Discipline and Viability
- Institutional Development and Transformation
- Local Economic Development
- Good governance and public participation

###### **4.1.2 Key Performance Indicators**

The following Key performance indicators still remain for the 2011/12 financial year:-

- Municipal transformation and organisational development;
- Basic service delivery;
- Local economic development;
- Municipal financial viability and management; and
- Good governance and public participation

##### **Administration**

- Increase the revenue base.
- Improve the debt collection rate to 95%.
- Recover all collectable debt arrears and write off the uncollectable balance.
- Improve controls over the cash flow and expenditure functions.
- Implement the indigent policy.
- Empowering employee through training and build capacity.

##### **Infrastructure**

- Project Management Unit - Develop the capital infrastructure within KSD.
- Engineering Services - Maintain roads within KSD to promote LED and improve standard of living.
- Development Planning Services - Promote the development of sustainable human settlements using order and standard development. Ensure compliance with building standards.
- Electrical Services – Maintain and achieve a consistent and safe supply of electricity to KSD.

- Community Participation.
- Provide community services such refuse removal to the community.

#### **4.2 Section 72 Mid-year Performance Assessment Report**

##### **Introduction**

Section 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates that :-

- (1) The accounting officer of a municipality must by 25 January of each year—
  - (a) assess the performance of the municipality during the first half of the financial year, taking into account—
    - (i) the monthly statements referred to in section 71 for the first half of the financial year;
    - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
    - (iii) the past year's annual report, and progress on resolving problems identified in the annual report; and
    - (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
  - (b) submit a report on such assessment to—
    - (i) the mayor of the municipality;
    - (ii) the National Treasury; and
    - (iii) the relevant provincial treasury.
- (2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.
- (3) The accounting officer must, as part of the review—
  - (a) make recommendations as to whether an adjustments budget is necessary; and
  - (b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

##### **4.2.1 Preparation of the Mid-year Assessment Report**

A mid-year assessment was carried out in terms of section 72 of the MFMA and a report submitted to the Executive Mayor and Council during January 2012. Set out below is a summary of the report and findings submitted by the Municipal Manager.

#### 4.2.2. Operating Revenue Assessment

| Revenue by source for the period ended 31 December 2011 |                     |                     |                     |                     |                    |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|
| Number  | Actual Revenue      | YTD Budget          | Annual Budget       | Annual Difference   | Midterm variance   |
| Property Rates  | -129 472 795        | -128 764 727        | -128 764 727        | 708 068             | 708 068            |
| Electricity Sales                                       | -99 216 692         | -111 963 384        | -223 985 729        | -134 723 976        | -12 746 692        |
| Refuse Removal Charges                                  | -19 262 712         | -19 612 458         | -21 356 528         | -2 093 816          | -349 746           |
| Service Charges   | -3 413 327          | -1 825 770          | -3 651 674          | -300 600            | 1 587 557          |
| Rent of Facilities and Equipment                        | -6 608 678          | -7 389 324          | -14 779 237         | -9 211 501          | -780 646           |
| Interest Earned - External Investments                  | -1 708 866          | -1 224 606          | -2 449 306          | -773 550            | 479 260            |
| Interest Earned - Outstanding debtors                   | -11 140 272         | -9 157 584          | -18 315 899         | -9 314 012          | 1 982 688          |
| Fines   | -713 050            | -970 818            | -1 941 710          | -1 228 660          | -257 768           |
| Licenses and Permits                                    | -6 306 236          | -6 472 746          | -12 946 016         | -6 639 780          | -166 510           |
| Donations   | -20 000             | 0                   | 0                   | 0                   | 20 000             |
| Grants & Subsidies Received -                           | -62 951 179         | -93 937 722         | -187 882 960        | -124 904 191        |                    |
| Other Revenue   | -13 046 921         | -3 543 972          | -7 088 225          | 5 958 696           | -9 502 949         |
| Gains on Disposal Of Property & Equipment               | 0                   | -264 990            | -530 000            | -530 000            | 264 990            |
| <b>Total</b>  | <b>-353 855 728</b> | <b>-385 128 101</b> | <b>-623 642 011</b> | <b>-288 053 322</b> | <b>-18 761 748</b> |

#### 4.2.3 Analysis of operating revenue and the resulting shortfall

##### Property Rates

Property rates are billed annually. To date there is no expected change to the annual budget.

**An adjustment of R708 000 is recommended.**

##### Electricity

Electricity revenue reflects a shortfall of R14.25 million in the first 6 months. This could worsen in the next 6 months as the demand for electricity will decrease significantly during the first 4 months of the period remaining. It is therefore projected that the shortfall might be around R28.5 million for the whole year.

This shortfall might be as a result of:

1. Theft – illegal connections.
2. Distribution losses.
3. Incorrect reading of the meters or faulty meters.
4. The effects newly implemented Inclining Block Tariff system by NERSA affecting prepaid electricity sales estimated to R14.25 million in the first six months.

It is therefore recommended that a meter audit be carried out.

**A reduction of the budgeted for electricity prepaid sales by R28 million is recommended.**

**An increase of R4 million on the budget for conventional electricity is recommended.**



**The net adjustment should be a reduction of the electricity income by R24 million**

#### **Refuse Removal**

Refuse is billed annually. Removal of skips is billed on monthly basis and under-collection of R1 million has been noted in the first six months. It is projected that at the end of the year this might result to a R2 million shortfall on skips.

**An increase of R694 000 on refuse removal budget is recommended.**

**It is recommended that no adjustment be made to the refuse removal as there is an indication that the municipality will recover losses in the next 6 months.**

#### **Rental of facilities and equipment**

A shortfall of R0.78m has been noted in the first six months. This is projected to result in a shortfall of R1.56 million at the end of the financial year.

**A reduction of the budget by R1.56 million is recommended.**

#### **Interest on short term investments**

Interest earned on external investments exceeds the budgeted for the year by R451 150. This is expected to increase to R1.5million by the end of the year.

**An adjustment of R1.5 million is recommended.**

#### **Interest on outstanding debtors**

This is interest levied on outstanding debt and is breaking even as at 31<sup>st</sup> December 2011.

**It has however emerged during the review that the interest is increasing at about R2 million a month and as a result of this an adjustment of R4 million is recommended.**

**An increase of R4 million on the budget for interest on outstanding debtors is recommended.**

#### **Revenue from agency services**

##### **Health Services**

The municipality had budgeted for the grant income amounting to R15 million from the Department of Health to cover costs incurred by the municipality on the provision of health services. The expenditure to date on health services amounts to R11.9 million. Based on the ongoing discussion between the municipality and the Department of Health there are hopes that expenditure incurred from January 2011 to January 2012 will be refunded. The refunds are estimated to be around R11 million.

## **Other services**

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There are no indications that the municipality will receive any grant or aid with regards to the provision of library services, disaster Management and fire management services. These revenues were not budgeted for.

**No adjustments should be made on this line item.**

### ***Revenue from License Fees, vehicle registration and examination.***

No change foreseen on this line item as budget equals actual.

**January 2012 reports reflected a slight increase in the revenue and an increase on the budget of R543 000 is recommended.**

### ***VAT Refunds***

Refunds on VAT amounting to R11.3 million has been received, this exceeded the budgeted by R6 million. The municipality expects to receive refunds amounting to R5 million in the next six months.

**In January 2012 the municipality received R10 million from SARS being VAT refunds. The municipality still projects to receive the R7 million in addition to the actual receipts of R21 million.**

**Ad adjustment of R23 million is recommended**

### **Other income**

There is an improvement in the direct income as per reports in January 2012 reflecting an increase of R650 000. This is projected to result in a surplus of R2.5 million.

**An adjustment of R2.5 million is recommended.**

#### **4.2.4 Steps to be taken to address shortfall on operating revenue**

The following steps to address the shortfalls are recommended:

- Conduct an audit of conventional electricity meters.
- An extensive analysis of the properties billed made to ensure all properties where refuse is collected is billed should be performed.
- Review all lease agreements to ascertain whether annual increases have been processed in the system.
- Review billing of skips and trolley bins.
- Improve collection on direct income such as traffic fines and business licenses.
- Engage NERSA in an attempt to establish the implementation of the basic charge on all consumers on prepaid.

**The overall revenue surplus of R10.5 million is projected.**

#### 4.2.5 Operating Expenditure

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| EXPENDITURE SUMMARY FOR THE PERIOD ENDING 31 DECEMBER 2011 |                    |                    |                    |                    |                   |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|
| Number   | Actual Exp         | YTD Budget         | Annual Budget      | Difference         | Mid term variance |
| Employee related costs                                     | 118 876 728        | 119 781 306        | 239 572 235        | 120 695 507        | 904 578           |
| General Expenses - Bulk Purchases                          | 80 245 295         | 68 678 328         | 137 362 154        | 57 116 859         | -11 565 967       |
| Collection of arrear debt                                  | 272 781            | 1 499 940          | 3 000 000          | 2 727 219          | 1 227 159         |
| Agency Payments- Security Services                         | 3 092 668          | 1 515 804          | 3 081 754          | -60 914            | -1 576 864        |
| Management Fees  | 1 658 097          | 1 732 428          | 3 465 000          | 1 806 908          | 74 331            |
| General Expenses - Other                                   | 70 914 954         | 70 655 136         | 141 315 767        | 70 400 813         | -259 818          |
| Repairs & Maintenance - Municip                            | 11 213 431         | 21 109 992         | 42 221 662         | 31 008 231         | 9 896 561         |
| Depreciation - Property, Plant                             | 9 221 419          | 14 427 474         | 28 856 100         | 19 634 681         | 5 206 055         |
| Contributions From Operating To capital                    | 2 485 089          | 3 761 274          | 7 522 775          | 5 037 706          | 1 276 205         |
| Contributions To/ From Provis                              | 1 678 809          | 8 646 936          | 17 294 564         | 15 615 755         | 6 968 127         |
|  | <b>299 659 251</b> | <b>311 808 618</b> | <b>623 642 011</b> | <b>323 982 760</b> | <b>12 149 367</b> |

#### 4.2.6 Analysis of Operating Expenditure

##### Employee related costs

The actual year to date reflects that the municipality is at 50% of the budget. This might look fine at glance as the municipality is in the halfway mark. This is actually misleading as the following pending appointments should be considered.

- Appointments of about five HODS that might cost the municipality more than R1.5 million for the next 5 months.
- Pending appointments of middle managers and staff that might also cost the municipality more than R2.5 million.

The projected overspending might be due to appointments during the first six months that were not budgeted for as evidenced in the departmental assessments.

**An overall shortfall of R4 million is projected.**

##### Bulk Purchases

Actual to date reflects an overspending of 16% being R21 million of the budgeted figures. The pattern might slightly change in the next five as a result of less demand for electricity.

This might be as a result of number of factors such as:

- The difference in the timing of increases between Eskom and municipalities that is 01<sup>st</sup> April and 01<sup>st</sup> July respectively.
- Different Eskom tariffs that is peak and off peak.

**An additional R12 million is needed if Eskom tariffs remain unchanged and the municipality maintains an average cost of R11 million a month.**

Interrogation of the system used by the municipality revealed that there is a commitment of R10 million which should have been removed from the system as this was paid, this then reduced the shortfall to R12 million.

**An additional R12 million will be needed to fund this service.**

**General Expenses contracted services.**

To date the annual budget is exceeded R460 655 before considering the December 2011 expenditure. This is due to the appointment of additional security personnel that was not budgeted for.

**An additional R4 million will be needed to fund this service.**

**General Expenses**

There are savings as well as overspending on some line items within the general expenditure. As at end of the period the expenditure is breaking even.

**It is recommended that shortfall on some line items with the general expenditure be utilised to cater for the shortfall.**

***Repairs and maintenance.***

There is an under-spending of about R9.8 million in the first six months.

**Department concerned should put measures in place to ensure that funds are fully utilised at the end of the year.**

***Depreciation Property Plant and Equipment.***

This is a non-cash item that is utilised at the end of the year. Depreciation for the first seven months has been calculated and there is an indication that a savings of R5.9 million is anticipated.

**A saving of R5.9 million is projected.**

***Contributions from operating to capital outlay.***

There is a saving of R1.2 million that could be projected to R3 million at the end of the financial year.

**4.2.7. Capital Budget**

Other than rollover of unspent grants, inclusion of ISUP grants, new allocations DOE and new submission there are no projected adjustments.

**4.2.8 Step to address the shortcomings / overspending on expenditure budget.**

The following steps should be implemented to address expenditure budget shortfalls.

- Identification of expenditure items that are not going to adversely affect service delivery and shifting of funds to core functions of the municipality.

- Implement drastic measures to controls on spending of the municipality.
- Expenditure to be approved by the Budget and Treasury office for all expenditure to ensure that expenditure is within the budget.
- Suspend the purchase of office furniture and fittings.
- Prepare a detailed plan for the spending on repairs and maintenance.

### **Conclusion on the Mid-year Performance Assessment**

Based on the analysis above, an Adjustments budget is necessary to effect the changes in the estimates and bring in line the expenditure budget to the revenue that can be collected.

## **4.3 Proposed Adjustments Budget for 2011/12 Financial Year**

### **4.3.1 Introduction**

Section 28 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:-

Municipal adjustments budgets

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

Section 23 of the Municipal Finance Management Act, 2003 (56/2003): Municipal budget and reporting regulations 393 of 2009 stipulates as follows:-

Timeframes for tabling of adjustments budgets

23. (1) An adjustments budget referred to in section 28 (2) (b), (d) and (f) of the Act may 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 the current year.

## 4.3.2 Revenue

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A summary of the revenue adjustments can be read in par 4.4.1 Schedule One – Revenue by Source Detail on significant adjustments is discussed below.

### 4.3.2.1 Own Revenue

The amendments in revenue are in the following categories:-

#### **Property Rates**

Adjust revenue by R708 000.

#### **Electricity**

Reduce electricity budget by R24 million.

#### **Refuse Removal**

Increase annually refuse removal budget R694 000

#### **Rent of facility and equipment.**

Reduce the budget by R1.56 million

#### **Licenses and Permits**

Increase the revenue by R543 000.

#### **Agency Services**

No need to adjust this line item income.

#### **Interest on Debtors**

Increase the budget by R 4 million.

#### **Vat Refunds**

Increase the budget by R23 million.

#### **Other Income**

Increase the revenue by R2.5 million.

#### **Interest on external investments**

Increase the budget by R1.5 million.

#### 4.3.2.2 Grants and Subsidies

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A summary of grant budget per schedule 5.1.

#### Rollovers of unspent grants as at 30 June 2011.

##### Operational grants

|                                       |              |
|---------------------------------------|--------------|
| • Finance Management Grant            | R1.4 million |
| • KSD Intervention Fund               | R1 million   |
| • Grant Admin Development             | R430 000     |
| • KSD Road Elections Maintenance      | R540 650     |
| • Municipal Systems Improvement Grant | R47 000      |
| • Performance Management Systems      | R80 000      |
| • Municipal Finance Assistance Grant  | R711 000     |

##### Capital project.

|                       |               |
|-----------------------|---------------|
| • Urban Renewal Grant | R14.7 million |
| • 2010 Stadium Grant  | R10.9 million |
| • Housing Projects    | R2.5 million  |
| • DOE Projects        | R17.1 million |

#### Additional grants.

Grants contracted for but confirmed after the approval of the 2011/12 budget.

|  |             |
|--|-------------|
| • ISUP- Joe Slovo, Chris Hani and Mandela Park | R44 million |
| • ISUP- Phola Park                             | R18 million |
| • ISUP Ngangelizwe                             | R24 million |

Total **R86 million**

#### Additional allocations published in December 2011.

DOE Electricity grant **R7.4 million**

Unspent grant rolled-over to the current

#### 4.3.3 Expenditure

A summary of the expenditure adjustments can be read in par 4.4.2 Schedule 2 – Operating Expenditure.

##### 4.3.3.1 Operating expenditure adjustments.

|                                     |               |
|-------------------------------------|---------------|
| • Employee related costs            | R1.7 million  |
| • Depreciation and asset impairment | -R5.9 million |
| • Finance charges                   | -R7.8 million |
| • Bulk purchases                    | R12 million   |
| • Contracted services               | R1.4 million  |
| • Other general expenditure         | R6.7 million  |
| • Contributions to capital outlay   | R2.3 million  |
| <b>Total</b>                        | <b>R10.4</b>  |

**4.3.4 Capital Expenditure**

Other than rollovers mentioned capital expenditure budget and adjustments are reflected in Schedules 3, 3(a) and 3(b)



## 4.4 BUDGET SCHEDULES

## 4.4.1 Schedule One – Revenue by Source

| Description  | Budget Year 2011/12          |                          |                              | Budget Year +1<br>2012/13 |                           | Budget Year +2<br>2013/14 |  |
|--|------------------------------|--------------------------|------------------------------|---------------------------|---------------------------|---------------------------|--|
|  | Original<br>Budget<br>R' 000 | Total Adjusts.<br>R' 000 | Adjusted<br>Budget<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 |  |
| <b>Revenue By Source</b>   |                              |                          |                              |                           |                           |                           |  |
| Property rates   | 128 765                      | 708                      | 129 473                      |                           | 141 641                   | 148 775                   |  |
| Property rates - penalties & collection charges                      |                              | -                        | -                            |                           |                           |                           |  |
| Service charges - electricity revenue                                | 223 936                      | (24 000)                 | 199 936                      |                           | 257 526                   | 296 155                   |  |
| Service charges - refuse revenue                                     | 21 357                       | 694                      | 22 051                       |                           | 22 638                    | 23 996                    |  |
| Service charges – other  | 3 649                        | 311                      | 3 960                        |                           | 4 167                     | 4 114                     |  |
| Rental of facilities and equipment                                   | 14 779                       | (1 560)                  | 13 219                       |                           | 15 666                    | 16 606                    |  |
| Interest earned - external investments                               | 2 449                        | 1 500                    | 3 949                        |                           | 2 596                     | 2 752                     |  |
| Interest earned - outstanding debtors                                | 18 316                       | 4 000                    | 22 316                       |                           | 19 415                    | 20 580                    |  |
| Dividends received   |                              | -                        | -                            |                           |                           |                           |  |
| Fines  | 1 942                        | 30                       | 1 972                        |                           | 2 058                     | 2 182                     |  |
| Licences and permits   | 12 946                       | 543                      | 13 489                       |                           | 14 603                    | 14 546                    |  |
| Agency services  |                              | 2                        | 2                            |                           |                           |                           |  |
| Transfers recognised – operating                                     | 187 883                      | 3 191                    | 191 074                      |                           | 189 327                   | 201 584                   |  |
| Other revenue  | 7 091                        | 25 070                   | 32 161                       |                           | 7 517                     | 7 968                     |  |
| Gains on disposal of PPE   | 530                          | -                        | 530                          |                           | 567                       | 601                       |  |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>623 642</b>               | <b>10 490</b>            | <b>634 132</b>               |                           | <b>677 722</b>            | <b>739 858</b>            |  |

4.4.2 Schedule 1(a) – Operating Revenue by Vote / Department

| Vote Description                        | Budget Year 2011/12       |                          |                           | Budget Year +1            | Budget Year +2            |
|---|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
|   | Original Budget<br>R' 000 | Total Adjusts.<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 |
| <b>Revenue by Vote</b>                  |                           |                          |                           |                           |                           |
| Corporate Services                      | 420                       | 579                      | 998                       | 445                       | 471                       |
| Human Settlement                        | 775                       | 500                      | 1 275                     | 822                       | 871                       |
| Community Services                      | 22 014                    | 942                      | 22 955                    | 23 334                    | 24 734                    |
| Executive and Council                   | 4 896                     | (3 597)                  | 1 300                     | 235                       | 249                       |
| Finance and Asset Management            | 342 723                   | 30 024                   | 372 747                   | 371 104                   | 392 881                   |
| Infrastructure                          | 225 789                   | (23 368)                 | 202 421                   | 259 790                   | 298 251                   |
| Planning, Social & Economic Development | 2 151                     | 4 834                    | 6 985                     | 2 300                     | 2 461                     |
| Public Safety                           | 24 874                    | 576                      | 25 450                    | 19 691                    | 19 939                    |
| <b>Total Revenue by Vote</b>            | <b>623 642</b>            | <b>10 490</b>            | <b>634 132</b>            | <b>677 721</b>            | <b>739 858</b>            |

## 4.4.3 Schedule 1(b)- Operating revenue by Standard Classification.

| Standard Classification Description            | Budget Year 2011/12          |                          |                              | Budget Year +1<br>2012/13 | Budget Year +2<br>2013/14 |
|--|------------------------------|--------------------------|------------------------------|---------------------------|---------------------------|
|  | Original<br>Budget<br>R '000 | Total Adjusts.<br>R '000 | Adjusted<br>Budget<br>R '000 | Adjusted Budget<br>R '000 | Adjusted Budget<br>R '000 |
| <b>Revenue - Standard</b>                      |                              |                          |                              |                           |                           |
| <b>Municipal governance and administration</b> | 333 306                      | 33 781                   | 367 087                      | 361 112                   | 382 289                   |
| Executive and council                          | 9                            | 827                      | 836                          | -                         | -                         |
| Municipal Manager                              | 9                            | 827                      | 836                          |                           |                           |
| Budget and treasury office                     | 332 985                      | 31 883                   | 364 868                      | 360 782                   | 381 939                   |
| Corporate services                             | 312                          | 1 070                    | 1 382                        | 331                       | 350                       |
| Human Resources                                | 222                          | 754                      | 976                          | 235                       | 249                       |
| Other Admin                                    | 90                           | 316                      | 406                          | 95                        | 101                       |
| <b>Community and public safety</b>             | 22 488                       | (1 884)                  | 20 605                       | 16 281                    | 17 258                    |
| Community and social services                  | 431                          | (69)                     | 362                          | 457                       | 484                       |
| Libraries and Archives                         | 12                           | (15)                     | (3)                          | 12                        | 13                        |
| Community halls and Facilities                 | 420                          | (54)                     | 365                          | 445                       | 471                       |
| Sport and recreation                           | 218                          | -                        | 218                          | 231                       | 245                       |
| Public safety                                  | 12 101                       | 45                       | 12 146                       | 5 270                     | 5 587                     |
| Police   | 2 073                        | 10                       | 2 083                        | 2 197                     | 2 329                     |
| Fire   | 6 247                        | 35                       | 6 282                        | 3 073                     | 3 258                     |
| Civil Defence                                  | 3 781                        | -                        | 3 781                        |                           |                           |
| Housing  | 9 738                        | (1 859)                  | 7 879                        | 10 323                    | 10 942                    |
| <b>Economic and environmental services</b>     | 20 135                       | 1 227                    | 21 362                       | 17 299                    | 17 426                    |
| Planning and development                       | 7 361                        | 696                      | 8 058                        | 2 879                     | 3 074                     |
| Economic Development/Planning                  | 6 731                        | 181                      | 6 913                        | 2 211                     | 2 366                     |
| Town Planning/Building enforcement             | 581                          | 500                      | 1 081                        | 616                       | 653                       |
| Licensing & Regulation                         | 49                           | 15                       | 64                           | 52                        | 55                        |

|                               |         |          |         |         |         |
|-------------------------------|---------|----------|---------|---------|---------|
| Road transport                | 12 774  | 531      | 13 304  | 14 421  | 14 352  |
| Vehicle Licensing and Testing | 12 774  | 531      | 13 304  | 14 421  | 14 352  |
| Trading services              | 247 712 | (22 635) | 225 078 | 283 029 | 322 885 |
| Electricity                   | 225 699 | (23 549) | 202 150 | 259 694 | 298 150 |
| Electricity Distribution      | 225 699 | (23 549) | 202 150 | 259 694 | 298 150 |
| Waste management              | 22 014  | 914      | 22 928  | 23 334  | 24 734  |
| Solid Waste                   | 22 014  | 914      | 22 928  | 23 334  | 24 734  |
| Total Revenue – Standard      | 623 642 | 10 490   | 634 132 | 677 722 | 739 858 |

## 4.4.4 Schedule 2 – Operating Expenditure by type.

| Description                            | Budget Year 2011/12         |                         | Budget Year +1<br>2012/13 | Budget Year<br>+2 2013/14 |
|--|-----------------------------|-------------------------|---------------------------|---------------------------|
|  | Original<br>Budget<br>R'000 | Total Adjusts.<br>R'000 |                           |                           |
| <b>Expenditure By Type</b>             |                             |                         |                           |                           |
| Employee related costs                 | 222 783                     | 1721                    | 236 933                   | 251 974                   |
| Remuneration of councillors            | 16 813                      | -                       | 17 990                    | 19 250                    |
| Debt impairment                        | 16 655                      | -                       | 17 654                    | 18 714                    |
| Depreciation & asset impairment        | 28 856                      | (5 927)                 | 30 299                    | 31 814                    |
| Finance charges                        | 14 986                      | (7 836)                 | 16 241                    | 17 211                    |
| Bulk purchases                         | 137 320                     | 12 042                  | 164 784                   | 197 741                   |
| Contracted services                    | 9 397                       | 1 440                   | 9 009                     | 6 105                     |
| Transfers and grants                   | 4 400                       | -                       | 4 664                     | 4 944                     |
| Other expenditure                      | 164 565                     | 6 733                   | 172 191                   | 183 745                   |
| <b>Total Expenditure</b>               | <b>615 776</b>              | <b>8 173</b>            | <b>669 765</b>            | <b>731 497</b>            |
| <b>Surplus/(Deficit)</b>               | <b>7 866</b>                | <b>2 317</b>            | <b>7 956</b>              | <b>8 361</b>              |
| Transfers recognised – capital         | (7 228)                     | (2 317)                 | (7 279)                   | (7 642)                   |
| Contributed assets                     | (639)                       | -                       | (678)                     | (719)                     |
| <b>Surplus/ (Deficit) for the year</b> | <b>-</b>                    | <b>(0)</b>              | <b>(0)</b>                | <b>0</b>                  |

4.4.5. Schedule 2(a)- Operating Expenditure by Vote / Department

| Vote Description                        | Budget Year 2011/12       |                          |                           | Budget Year +1            | Budget Year +2            |
|---|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
|   | Original Budget<br>R' 000 | Total Adjusts.<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 |
| <b>Expenditure by Vote</b>              |                           |                          |                           |                           |                           |
| Corporate Services                      | 27 781                    | 2 162                    | 29 943                    | 29 380                    | 31 086                    |
| Human Settlement                        | 13 620                    | 43                       | 13 662                    | 14 476                    | 15 387                    |
| Community Services                      | 70 862                    | (511)                    | 70 352                    | 74 424                    | 78 944                    |
| Executive and Council                   | 61 623                    | (3 882)                  | 57 742                    | 65 284                    | 69 163                    |
| Finance and Asset Management            | 142 492                   | (8 026)                  | 134 466                   | 149 572                   | 154 376                   |
| Infrastructure                          | 218 188                   | 10 003                   | 228 191                   | 250 172                   | 290 828                   |
| Planning, Social & Economic Development | 20 870                    | 9 700                    | 30 570                    | 22 080                    | 23 380                    |
| Public Safety                           | 68 205                    | 1 001                    | 69 207                    | 72 333                    | 76 715                    |
| <b>Total Expenditure by Vote</b>        | <b>623 642</b>            | <b>10 490</b>            | <b>634 132</b>            | <b>677 722</b>            | <b>739 858</b>            |

4.4.6 Schedule 2(b)- Operating Expenditure by Standard Classification.

| Standard Classification Description            | Budget Year 2011/12      |                         |                          |                          | Budget Year +1<br>2012/13 |                          | Budget Year +2<br>2013/14 |  |
|--|--------------------------|-------------------------|--------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--|
|  | Original Budget<br>R'000 | Total Adjusts.<br>R'000 | Adjusted Budget<br>R'000 | Adjusted Budget<br>R'000 | Adjusted Budget<br>R'000  | Adjusted Budget<br>R'000 | Adjusted Budget<br>R'000  |  |
| Expenditure -- Standard                        | -                        |                         |                          |                          |                           |                          |                           |  |
| <b>Municipal governance and administration</b> | -                        | (738)                   | 222 876                  | 235 577                  | 245 559                   |                          |                           |  |
| Executive and council                          | -                        | 5 935                   | 43 350                   | 39 728                   | 42 183                    |                          |                           |  |
| Mayor and Council                              | -                        | 3 320                   | 32 362                   | 30 885                   | 32 843                    |                          |                           |  |
| Municipal Manager                              | -                        | 2 615                   | 10 989                   | 8 843                    | 9 340                     |                          |                           |  |
| Budget and treasury office                     | -                        | (7 060)                 | 122 796                  | 136 220                  | 140 268                   |                          |                           |  |
| Corporate services                             | -                        | 387                     | 56 730                   | 59 629                   | 63 108                    |                          |                           |  |
| Human Resources                                | -                        | (20 473)                | 14 087                   | 36 569                   | 38 696                    |                          |                           |  |
| Information Technology                         | -                        | 91                      | 5 613                    | 5 827                    | 6 148                     |                          |                           |  |
| Property Services                              | -                        | 1 289                   | 8 456                    | 7 610                    | 8 081                     |                          |                           |  |
| Other Admin                                    | -                        | 19 480                  | 28 573                   | 9 622                    | 10 183                    |                          |                           |  |
| <b>Community and public safety</b>             | -                        | (3 868)                 | 108 182                  | 118 108                  | 125 289                   |                          |                           |  |
| Community and social services                  | -                        | (154)                   | 8 014                    | 8 660                    | 9 194                     |                          |                           |  |
| Libraries and Archives                         | -                        | 79                      | 3 452                    | 3 581                    | 3 802                     |                          |                           |  |
| Community halls and Facilities                 | -                        | (233)                   | 4 562                    | 5 078                    | 5 391                     |                          |                           |  |
| Sport and recreation                           | -                        | (971)                   | 12 434                   | 14 208                   | 15 059                    |                          |                           |  |
| Public safety                                  | -                        | (1 314)                 | 58 738                   | 63 697                   | 67 565                    |                          |                           |  |
| Police   | -                        | (958)                   | 36 641                   | 39 945                   | 42 437                    |                          |                           |  |
| Fire   | -                        | 4                       | 11 823                   | 12 516                   | 13 255                    |                          |                           |  |
| Civil Defence                                  | -                        | (296)                   | 8 003                    | 8 764                    | 9 256                     |                          |                           |  |
| Street Lighting                                | -                        | (64)                    | 2 271                    | 2 472                    | 2 617                     |                          |                           |  |
| Housing  | -                        | (716)                   | 3 470                    | 4 421                    | 4 670                     |                          |                           |  |
| Health   | -                        | (713)                   | 25 525                   | 27 123                   | 28 802                    |                          |                           |  |
| Clinics  | -                        | (3 239)                 | 13 996                   | 17 908                   | 19 032                    |                          |                           |  |

|  |          |                |               |                |                |               |
|--|----------|----------------|---------------|----------------|----------------|---------------|
| Other                                      | -        | 9 003          | 2 526         | 11 529         | 9 215          | 9 770         |
| <b>Economic and environmental services</b> | -        | <b>70 126</b>  | <b>2 584</b>  | <b>72 710</b>  | <b>74 008</b>  | <b>81 031</b> |
| Planning and development                   | -        | 26 572         | (462)         | 26 111         | 28 045         | 29 600        |
| Economic Development/Planning              | -        | 22 589         | (440)         | 22 150         | 23 811         | 25 100        |
| Town Planning/Building enforcement         | -        | 3 941          | (22)          | 3 919          | 4 190          | 4 454         |
| Licensing & Regulation                     | -        | 42             | -             | 42             | 44             | 46            |
| Road transport                             | -        | 43 554         | 3 045         | 46 600         | 45 963         | 51 431        |
| Roads                                      | -        | 33 066         | 4 323         | 37 390         | 34 855         | 39 664        |
| Vehicle Licensing and Testing              | -        | 10 488         | (1 278)       | 9 210          | 11 108         | 11 767        |
| Trading services                           | -        | 217 852        | 12 512        | 230 364        | 250 029        | 287 979       |
| Electricity                                | -        | 171 438        | 12 264        | 183 702        | 200 824        | 235 813       |
| Electricity Distribution                   | -        | 171 438        | 12 264        | 183 702        | 200 824        | 235 813       |
| Waste water management                     | -        | 1 217          | 301           | 1 518          | 1 293          | 1 374         |
| Public Toilets                             | -        | 1 217          | 301           | 1 518          | 1 293          | 1 374         |
| Waste management                           | -        | 45 197         | (53)          | 45 144         | 47 912         | 50 792        |
| Solid Waste                                | -        | 45 197         | (53)          | 45 144         | 47 912         | 50 792        |
| Other                                      | -        | -              | -             | -              | -              | -             |
| <b>Total Expenditure - Standard</b>        | <b>3</b> | <b>623 642</b> | <b>10 490</b> | <b>634 132</b> | <b>677 722</b> | <b>739 8</b>  |



4.4.7 Schedule 3- Capital Expenditure by Vote/ Department

| Description                                     | Budget Year 2011/12          |                          | Budget Year +1<br>2012/13 | Budget Year +2<br>2013/14 |
|---|------------------------------|--------------------------|---------------------------|---------------------------|
|   | Original<br>Budget<br>R' 000 | Total Adjusts.<br>R' 000 |                           |                           |
| <b>Capital expenditure – Vote</b>               |                              |                          |                           |                           |
| <b>Multi-year expenditure to be adjusted</b>    |                              |                          |                           |                           |
| Corporate Services                              | 17                           | -                        | 18                        | 19                        |
| Human Settlement                                | 64                           | 86 306                   | 67                        | 71                        |
| Community Services                              | 1 720                        | (285)                    | 1 806                     | 1 896                     |
| Executive and Council                           | 805                          | 842                      | 848                       | 891                       |
| Finance and Asset Management                    | 2 631                        | (439)                    | 2 763                     | 2 901                     |
| Infrastructure                                  | 108 609                      | 24 695                   | 66 617                    | 67 729                    |
| Planning, Social & Economic Development         | 1 444                        | 25 639                   | -                         | -                         |
| Public Safety                                   | 573                          | (31)                     | 601                       | 631                       |
| <b>Capital multi-year expenditure sub-total</b> | <b>115 862</b>               | <b>136 728</b>           | <b>73 553</b>             | <b>75 011</b>             |

4.4.8. Schedule 3(a) – Capital Expenditure by GFS

| Description                                 | Budget Year 2011/12       |                          |                           | Budget Year +1            | Budget Year +2            |
|---|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
|   | Original Budget<br>R' 000 | Total Adjusts.<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 |
| <b>Capital Expenditure – Standard</b>       | R' 000                    | R' 000                   | R' 000                    | R' 000                    | R' 000                    |
| <b>Governance and administration</b>        | 3 454                     | 384                      | 3 839                     | 3 631                     | 3 812                     |
| Executive and council                       | 249                       | 1 058                    | 1 307                     | 265                       | 278                       |
| Budget and treasury office                  | 1 781                     | (243)                    | 1 539                     | 1 870                     | 1 964                     |
| Corporate services                          | 1 424                     | (431)                    | 993                       | 1 495                     | 1 570                     |
| <b>Community and public safety</b>          | 1 656                     | 96 939                   | 98 594                    | 1 738                     | 1 825                     |
| Community and social services               | 303                       | -                        | 303                       | 318                       | 334                       |
| Sport and recreation                        | 265                       | 10 936                   | 11 201                    | 278                       | 292                       |
| Public safety                               | 497                       | (13)                     | 484                       | 522                       | 548                       |
| Housing                                     | 29                        | 86 301                   | 86 330                    | 30                        | 32                        |
| Health                                      | 561                       | (285)                    | 276                       | 589                       | 619                       |
| <b>Economic and environmental services</b>  | 55 499                    | 17 794                   | 73 293                    | 56 868                    | 59 992                    |
| Planning and development                    | 984                       | 14 649                   | 15 634                    | 350                       | 367                       |
| Road transport                              | 54 515                    | 3 144                    | 57 659                    | 56 519                    | 59 625                    |
| Environmental protection                    | -                         | -                        | -                         | -                         | -                         |
| <b>Trading services</b>                     | 55 253                    | 21 611                   | 76 864                    | 11 316                    | 9 382                     |
| Electricity                                 | 54 092                    | 21 611                   | 75 703                    | 10 096                    | 8 101                     |
| Waste management                            | 1 162                     | -                        | 1 162                     | 1 220                     | 1 281                     |
| <b>Total Capital Expenditure – Standard</b> | 115 862                   | 136 728                  | 252 590                   | 73 553                    | 75 011                    |

4.4.9. Schedule 3(b) – Capital Funding by Source

| Description                               | Budget Year 2011/12          |                          |                              | Budget Year +1<br>2012/13 |                           | Budget Year +2<br>2013/14 |  |
|---|------------------------------|--------------------------|------------------------------|---------------------------|---------------------------|---------------------------|--|
|   | Original<br>Budget<br>R' 000 | Total Adjusts.<br>R' 000 | Adjusted<br>Budget<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 | Adjusted Budget<br>R' 000 |  |
| <b>Funded by:</b>                         |                              |                          |                              |                           |                           |                           |  |
| National Government                       | 42 000                       | 122 205                  | 164 205                      | 10 000                    | 8 000                     |                           |  |
| Provincial Government                     | 46 279                       |                          | 46 279                       | 56 271                    | 59 365                    |                           |  |
| District Municipality                     |                              |                          |                              |                           |                           |                           |  |
| Other transfers and grants                | 651                          |                          | 651                          |                           |                           |                           |  |
| <b>Total Capital transfers recognised</b> | <b>88 930</b>                | <b>122 205</b>           | <b>211 135</b>               | <b>66 271</b>             | <b>67 365</b>             |                           |  |
| Public contributions & donations          |                              |                          |                              |                           |                           |                           |  |
| Borrowing                                 | 20 000                       | 13 711                   | 33 711                       |                           |                           |                           |  |
| Internally generated funds                | 6 932                        | 812                      | 7 744                        | 7 282                     | 7 646                     |                           |  |
| <b>Total Capital Funding</b>              | <b>115 862</b>               | <b>136 728</b>           | <b>252 590</b>               | <b>73 553</b>             | <b>75 011</b>             |                           |  |

**SUPPORTING SCHEDULES**

**5.1 Grant funding**

| Description   | Budget Year 2011/12 |                |                 | Budget Year +1  | Budget Year +2  |
|---|---------------------|----------------|-----------------|-----------------|-----------------|
|   | Original Budget     | Total Adjusts. | Adjusted Budget | Adjusted Budget | Adjusted Budget |
|   | R '000              | R '000         | R '000          | R '000          | R '000          |
| <b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>          |                     |                |                 |                 |                 |
| <b>Operating expenditure of Transfers and Grants</b>        |                     |                |                 |                 |                 |
| <b>National Government:</b>                                 | 156 602             | (418)          | 156 185         | 173 296         | 184 591         |
| Equitable share   | 153 086             | -              | 153 086         | 169 585         | 180 725         |
| Finance Management  | 1 450               | 1 495          | 2 945           | 1 500           | 1 500           |
| Municipal Systems Improvement                               | 2 066               | (1 913)        | 153             | 2 211           | 2 366           |
| <b>Provincial Government:</b>                               | 31 281              | 3 609          | 34 890          | 16 031          | 16 993          |
| Health  | 15 124              | -              | 15 124          | 16 031          | 16 993          |
| Other transfers and grants [insert description]             | 16 157              | 3 609          | 19 766          |                 |                 |
| <b>Total operating expenditure of Transfers and Grants:</b> | 187 883             | 3 191          | 191 074         | 189 327         | 201 584         |
| <b>Capital expenditure of Transfers and Grants</b>          |                     |                |                 |                 |                 |
| <b>National Government:</b>                                 | 42 651              | 14 563         | 57 215          | 10 000          | 8 000           |
| Municipal Infrastructure (MIG)                              | 42 651              | 3 628          | 46 279          | 10 000          | 8 000           |
| Sport and Recreation  |                     | 10 936         | 10 936          |                 |                 |
| <b>Provincial Government:</b>                               | 46 279              | 107 641        | 153 920         | 56 271          | 59 365          |
| Other capital grants (insert description)                   | 46 279              | 107 641        | 153 920         | 56 271          | 59 365          |
| <b>Total capital expenditure of Transfers and Grants</b>    | 88 930              | 122 205        | 211 135         | 66 271          | 67 365          |
| <b>Total capital expenditure of Transfers and Grants</b>    | 276 814             | 125 396        | 402 209         | 255 598         | 268 949         |

## 5.2 Cash Flow projections.

| Description                                      | Budget Year 2011/12 |                  |                  | Budget Year +1  | Budget Year +2  |
|--|---------------------|------------------|------------------|-----------------|-----------------|
|  | Original Budget     | Total Adjusts.   | Adjusted Budget  | Adjusted Budget | Adjusted Budget |
|  | R' 000              | R' 000           | R' 000           | R' 000          | R' 000          |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>       |                     |                  |                  |                 |                 |
| <b>Receipts</b>                                  |                     |                  |                  |                 |                 |
| Ratepayers and other                             | 410 728             | (12 338)         | 398 390          | 447 365         | 494 801         |
| Government - operating                           | 187 883             | 3 191            | 191 074          | 189 327         | 201 584         |
| Government - capital                             | 88 930              | 94 689           | 183 620          | 66 271          | 67 365          |
| Interest   | 20 765              | 5 500            | 26 265           | 22 011          | 23 332          |
| <b>Payments</b>                                  |                     |                  |                  |                 |                 |
| Suppliers and employees                          | (556 533)           | (11 800)         | (568 333)        | (594 910)       | (652 104)       |
| Finance charges                                  | (15 381)            | 8 231            | (7 150)          | (16 241)        | (17 211)        |
| Transfers and Grants                             |                     | -                | -                |                 |                 |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b> | <b>136 393</b>      | <b>87 474</b>    | <b>223 867</b>   | <b>113 823</b>  | <b>117 768</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |                     |                  |                  |                 |                 |
| <b>Receipts</b>                                  |                     |                  |                  |                 |                 |
| Proceeds on disposal of PPE                      | 530                 | -                | 530              | 567             | 601             |
| Decrease (increase) in non-current debtors       | (10)                | 1                | (9)              | (8)             | (9)             |
| Capital assets                                   | (115 862)           | (136 728)        | (252 590)        | (73 553)        | (75 011)        |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b> | <b>(115 343)</b>    | <b>(136 727)</b> | <b>(252 069)</b> | <b>(72 994)</b> | <b>(74 419)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |                     |                  |                  |                 |                 |
| <b>Receipts</b>                                  |                     |                  |                  |                 |                 |
| Borrowing long term/refinancing                  | 20 000              | 13 711           | 33 711           | 13 711          | 13 711          |
| Increase (decrease) in consumer deposits         | 57                  | 21               | 78               | 21              | 21              |
| <b>Payments</b>                                  |                     |                  |                  |                 |                 |
| Repayment of borrowing                           | (7 130)             | 51               | (7 079)          | 51              | 51              |

|   |               |                 |                |               |               |
|---|---------------|-----------------|----------------|---------------|---------------|
| <b>NET CASH FROM(USED) FINANCING ACTIVITIES</b> | <b>12 927</b> | <b>13 782</b>   | <b>26 709</b>  | <b>13 782</b> | <b>13 782</b> |
| <b>NET INCREASE( DECREASE) IN CASH HELD</b>     | <b>33 977</b> | <b>(35 470)</b> | <b>(1 493)</b> | <b>54 611</b> | <b>57 131</b> |
| Cash/cash equivalents at the year begin:        | 73 052        | (44 754)        | 28 298         | 6 524         | 41 319        |
| Cash/cash equivalents at the year end:          | 107 030       | 26 805          | 61 135         | 98 450        |               |

## 5.3. Budgeted Financial Position

| Description                              | Budget Year 2011/12          |                          |                              | Budget Year +1<br>2012/13 | Budget Year +2<br>2013/14 |
|--|------------------------------|--------------------------|------------------------------|---------------------------|---------------------------|
|  | Original<br>Budget<br>R' 000 | Total Adjusts.<br>R' 000 | Adjusted<br>Budget<br>R' 000 |                           |                           |
| <b>ASSETS</b>                            |                              |                          |                              |                           |                           |
| <b>Current assets</b>                    |                              |                          |                              |                           |                           |
| Cash                                     | 107 030                      | (80 225)                 | 26 805                       | 61 135                    | 98 450                    |
| Call investment deposits                 | 151 314                      | 8 497                    | 159 811                      | 159 811                   | 159 811                   |
| Consumer debtors                         | 138 825                      | (57 698)                 | 81 127                       | 81 127                    | 81 127                    |
| Other debtors                            | 48 027                       | (4 278)                  | 43 749                       | 44 546                    | 45 372                    |
| Current portion of long-term receivables |                              | -                        | -                            |                           |                           |
| Inventory                                | 35 087                       | 44 865                   | 79 952                       | 83 949                    | 88 230                    |
| <b>Total current assets</b>              | <b>480 283</b>               | <b>(88 840)</b>          | <b>391 443</b>               | <b>430 567</b>            | <b>472 989</b>            |
| <b>Non-current assets</b>                |                              |                          |                              |                           |                           |
| Long-term receivables                    | 180                          | (14)                     | 166                          | 174                       | 183                       |
| Investments                              |                              | -                        | -                            |                           |                           |
| Investment property                      | 31 783                       | 10 068                   | 41 851                       | 41 851                    | 41 851                    |
| Investment in Associate                  |                              | -                        | -                            |                           |                           |
| Property, plant and equipment            | 871 444                      | 240 677                  | 1 112 121                    | 1 155 375                 | 1 198 572                 |
| Agricultural                             |                              | -                        | -                            |                           |                           |
| Biological                               |                              | -                        | -                            |                           |                           |
| Intangible                               | 569                          | (179)                    | 390                          | 390                       | 390                       |
| Other non-current assets                 |                              | -                        | -                            |                           |                           |
| <b>Total non-current assets</b>          | <b>903 976</b>               | <b>250 552</b>           | <b>1 154 528</b>             | <b>1 197 791</b>          | <b>1 240 997</b>          |
| <b>TOTAL ASSETS</b>                      | <b>1 384 258</b>             | <b>161 713</b>           | <b>1 545 971</b>             | <b>1 628 358</b>          | <b>1 713 986</b>          |

| <b>LIABILITIES</b>                   |                  |                |                  |                  |                  |  |  |
|--------------------------------------|------------------|----------------|------------------|------------------|------------------|--|--|
| <b>Current liabilities</b>           |                  |                |                  |                  |                  |  |  |
| Bank overdraft                       |                  | -              |                  |                  |                  |  |  |
| Borrowing                            | 8 134            | (1 472)        | 6 661            | 6 201            | 5 433            |  |  |
| Consumer deposits                    | 1 059            | 313            | 1 372            | 1 440            | 1 514            |  |  |
| Trade and other payables             | 186 722          | (7 466)        | 179 256          | 191 367          | 204 642          |  |  |
| Provisions                           | 11 737           | (778)          | 10 959           | 11 770           | 12 618           |  |  |
| <b>Total current liabilities</b>     | <b>207 652</b>   | <b>(9 404)</b> | <b>198 248</b>   | <b>210 779</b>   | <b>224 207</b>   |  |  |
| <b>Non-current liabilities</b>       |                  |                |                  |                  |                  |  |  |
| Borrowing                            | 96 162           | (18 606)       | 77 556           | 71 449           | 66 109           |  |  |
| Provisions                           | -                | 23 454         | 23 454           | 25 189           | 27 003           |  |  |
| <b>Total non-current liabilities</b> | <b>96 162</b>    | <b>4 848</b>   | <b>101 010</b>   | <b>96 638</b>    | <b>93 112</b>    |  |  |
| <b>TOTAL LIABILITIES</b>             | <b>303 814</b>   | <b>(4 556)</b> | <b>299 258</b>   | <b>307 417</b>   | <b>317 319</b>   |  |  |
| <b>NET ASSETS</b>                    |                  |                |                  |                  |                  |  |  |
|                                      | 1 080 444        | 166 269        | 1 246 713        | 1 320 941        | 1 396 667        |  |  |
| <b>COMMUNITY WEALTH/EQUITY</b>       |                  |                |                  |                  |                  |  |  |
| Accumulated Surplus/(Deficit)        | 991 617          | 106 072        | 1 097 689        | 1 171 916        | 1 247 642        |  |  |
| Reserves                             | 88 828           | 60 197         | 149 024          | 149 024          | 149 024          |  |  |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b> | <b>1 080 444</b> | <b>166 269</b> | <b>1 246 713</b> | <b>1 320 941</b> | <b>1 396 667</b> |  |  |



**5.4. Municipal Manager's Quality Certification.**

I Thozamile Tyala, Municipal Manager of the King Sabata Dalindyebo Municipality hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature



\_\_\_\_\_  
Thozamile Tyala  
Acting Municipal Manager  
King Sabata Dalindyebo Municipality (EC157)

Date:

22 / 02 / 2012