

GREATER GIYANI MUNICIPALITY



ADJUSTED MTREF BUDGET

2011/2012 FINANCIAL YEAR

[AND 2 OUTER YEARS]

APPROVED 28 FEBRUARY 2012

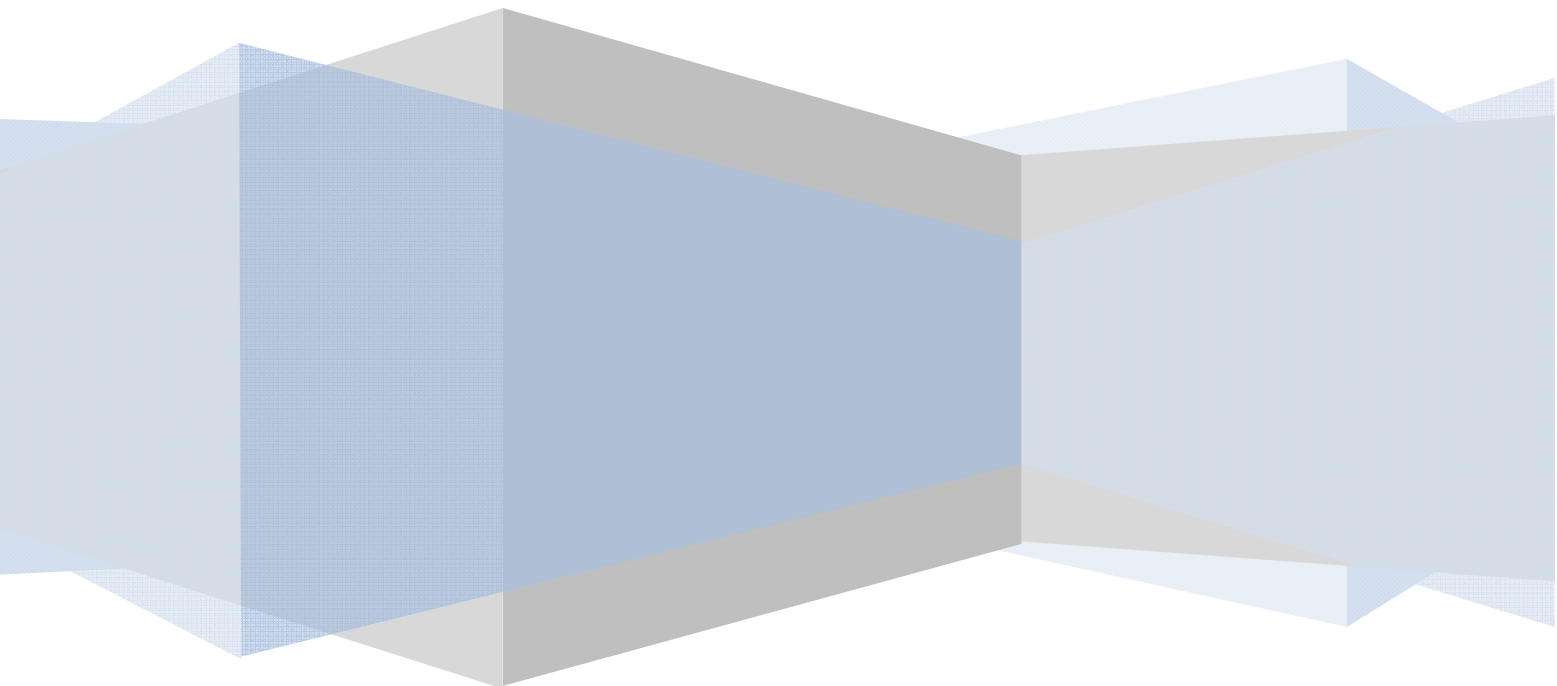


TABLE OF CONTENTS

PART 1: ANNUAL BUDGETS	Page 3
Mayor's Report	Page 4
Resolutions	Page 5
Executive Summary	Page 6
Annual Budget Tables	Page 8
PART 2: SUPPORTING DOCUMENTATION	Page 10
Budget assumptions	Page 10
Budget funding	Page 10
Expenditure on allocations and grant programmes	Page 10
Councillor allowances and employee benefits	Page 10
Service delivery and budget implementation plan	Page 10
Capital expenditure	Page 10
Other supporting documents	Page 11
Supporting tables	Page 12
Municipal manager's quality certification	Page 13

PART 1:

**ADJUSTMENT
BUDGETS**

MAYOR'S REPORT

1. INTRODUCTION

According to Local Government: Municipal Finance Management Act no 56 of 2003 Section 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 toward 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 the council;

f) may correct any errors in the annual budget: and

g) may provide for any other expenditure within a prescribed framework.

Furthermore, Regulation 23 of the Municipal Budget and Reporting Regulations (MBRR) point out that the Mid-Year budget adjustment be tabled by the Mayor of a municipality before council for adoption not later than 28 February of the current year.

The adjustment budget being tabled does not bring new plans which were not in the IDP for the current MTREF period, but based on the performance of the first half of the year.

1 BUDGET RESOLUTION

RESOLUTION FOR THE ADOPTION OF THE MID YEAR ADJUSTMENT BUDGET: COUNCIL RESOLUTION SR 33-21/02/12SP

In the meeting on 28 February 2012 at the Mopani Legislative Chamber of Giyani, the Council of Greater Giyani Municipality resolved that the adjusted MTREF Budget for the financial year 2011/2012 and the medium term period to 2013/2014 be adopted as set out in the following tables—

Table B1 - Budget Summary.

Table B2 - Budgeted Financial Performance (Revenue and Expenditure by Standard Classification).

Table B3 - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote).

Table B4 - Budgeted Financial Performance (Revenue and Expenditure).

Table B5 - Budgeted Capital Expenditure by Vote, Standard Classification and Funding.

Table B6 - Budgeted Financial Position.

Table B7 - Budgeted Cash flows.

Table B8 - Cash backed Reserves/ Accumulated Surplus Reconciliation.

Table B9 – Asset Management

SIGNED FOR AND ON BEHALF OF THE GREATER GIYANI MUNICIPAL COUNCIL

SPEAKER

28/02/2012

CLLR N M MASWANGANYI

DATE

MAYOR

28/02/2012

CLLR M P HLUNGWANI

DATE

COUNCILLOR FOR FINANCE

28/02/2012

CLLR M R RIKHOTSO

DATE

2 EXECUTIVE SUMMARY.

After the assessment of the performance of the municipality during the first half of the financial year, in terms of section 72 of the MFMA taking into consideration-

- (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,

The budget of the municipality was adjusted in terms of section 28 of the MFMA as follows.

REVENUE

a. Municipal Own Revenue

Property rates

The budget for property rates increased from R13, 5M to R24M, because there is almost 90% upward increase on property rates and is caused by positive increase of market values of mostly government properties. At the time of adoption of the original budget (2011 /2012), the supplementary valuation roll was not yet finalized and there was substantial increase of market values.

There was an average of R400 000-00 monthly billing for government rates in 2010/2011 compared to an increase of an average billing of R1, 2M for government rates in the first 6 months of 2011/2012.

Other own revenue sources have increased slightly and others decreased slightly but the one with a huge amount is property rates.

(b) GRANTS & TRANSFERS

The budgeted income from grants increased from R153, 2m to R166, 5m because of roll over of R13, 3m for 2010/2011 Financial Year. On the 20th of December 2011 we wrote a letter to treasury for approval of roll over, the response was sent on the 16th of February 2012 approving a roll over amount of R13.3M.

EXPENDITURE

CAPITAL PROJECTS(FUNDED BY GRANTS)

MIG budget has increased from R29.9mil to R41.9mil due to the approved roll over amount totalling to R12mil. Only 95% of the original allocation of R29.9mil has been committed to projects funded by MIG, as 5% of it as per legislation should be committed to administration of the PMU unit.

All MIG funded projects that have been implemented from the 10/11 financial year has a budget increase, because the projects could not spend the total budget last financial year, and the unspent funds had to be rolled over to this financial year, which increases the project budget and the project costs in some projects.

The electrification Grant also has a rollover of R1.3 m, which will be put back to the projects affected.

CAPITAL PROJECTS (OWN FUNDING)

1. CIVIC CENTRE BUILDING

The budget increases from R4M to R11M because of the increase in own funding mainly property rates.

2. MARKET STALLS

The budget increases from R100 000 to R2M because of the increase in own funding mainly property rates.

3. ANNUAL BUDGET TABLES

The annual budget is laid out in the following budget tables:

Table B1- Annual Budget Summary

Table B2- Annual Budget Financial Performance (Standard Classification)

Table B3- Annual Budget Financial Performance (Revenue and Expenditure by Municipal Vote)

Table B3- Annual Budget Financial Performance (Revenue and Expenditure by Municipal Vote) B

Table B4- Annual Budget Financial Performance (Revenue and Expenditure)

Table B5- Annual Capital Expenditure Budget by Vote and Funding

Table B5- Annual Capital Expenditure Budget by Vote and Funding – B

Table B6- Annual Budget Financial Position

Table B7 - Annual Budget Cash Flows

Table B8- Cash-backed Reserves/ Accumulated Surplus Reconciliation

Table B9- Asset Management

Table B10- Basic Service Delivery Measurement

PART 2:

**SUPPORTING
DOCUMENTATION**

4. SUPPORTING DOCUMENTATION

BUDGET ASSUMPTIONS

Industry-related rates are used as a baseline for raising estimates for all goods and services to be procured.

The budget takes into consideration national headline inflation estimates and trends that emerged while implementing the original budget.

BUDGET FUNDING

The balance of cash and cash equivalents on hand as at 31 December 2011 has been taken into account. The anticipated revenue from municipal tariffs and current collection rate justify the anticipated revenue targets.

Only gazetted grants and transfers from national government were factored into the funding envelope. This is to ensure that the budget is based on realistically anticipated revenue.

EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

The municipality makes no transfers in the form grants to other institutions.

Specific purpose transfers received by the municipality are allocated to capital programmes implemented by the municipality in accordance with grant conditions. The other grants, including LGES, are allocated to operational programmes, such as the provision of free basic services, and operating costs.

COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Employment costs of S71 Managers, Officials and Councillors are budgeted for in line with CPIX, SALGBC agreements and upper limits of Public Office Bearers promulgated by the Minister of CoGTA.

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

As already mentioned in the introduction and further highlighted under the executive summary, this budget does not introduce new priorities only improves the alignment of priorities with anticipated funding.

CAPITAL EXPENDITURE

Grants received from other spheres of government provided funding for capital programmes. The balance of capital funding is drawn from to LGES.

OTHER SUPPORTING DOCUMENTS

Supporting details to budget are contained in supporting tables SB1 to SB20.

SUPPORTING TABLES

6 MUNICIPAL MANAGER'S QUALITY CERTIFICATION



TO: Provincial Treasury, Limpopo
National Treasury, South Africa

QUALITY CERTIFICATE ON THE ADJUSTED MTREF BUDGET

I, GEZANI ISAAC MASINGI, municipal manager of GREATER GIYANI MUNICIPALITY, hereby certify that the adjusted budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and the regulations made under the Act, and the adjusted budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

GI Masingi

Municipal Manager:

Greater Giyani Municipality

LP331

Date

