

# Senqu Municipality

## Adjustment Budget 2013/14 - 2015/16

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.

**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.

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

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

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

**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.

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

# PART 1 - ANNUAL BUDGET

## Section 1 - Mayor's Report

It is with great pleasure that I present the 2013/2014 Adjustment Budget to the Council for approval.

As can be seen later in this budget submission, the Senqu Municipality's financial position is sound and I must emphasise the discipline exercised by all in achieving and maintaining this position. In addition we have recently received our fifth consecutive unqualified audit opinion from the Auditor-General and I must thank all the staff involved in this exercise.

An adjustments budget may be considered by the Council under certain criteria set out in Section 28 of the Municipal Finance Management Act. The adjustments budgets tabled today is as a result of a review of the revenue and expenditure for the first six months of the year as well as changes to the budget structure.

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.

We are all aware of the continued unrest situation in Sterkspruit, mainly as a result of expectations for improved service delivery. The situation has stabilised to a degree, but management must remain vigilant to ensure that the situation is managed if it should occur again. The Revenue office in Sterkspruit which was burned down as a result of the unrest must also be rebuild to ensure increased revenue collection.

A further significant adjustment to the original budget had to be made in order to provide for expenditure from grants which were unspent as at 30 June 2013. These amounts, totalling R12,3m, could not be included in the original budget as at the time of compilation of the original budget, it was not known whether any grants would have been unspent at year end. Included in the unspent grants amount is MIG rollover funds of R11,7m which were allocated for additional capital projects in the 2013/14 adjustments budget. Refer to Table SB9 for more information.

The Municipality furthermore received Grant Funding from Provincial Government to the amount of R 1,5m for DEDEA Alien Vegetation. These allocations required adjustments to the original Budget to ensure that expenditure will not be unauthorised.

The municipality's financial position remains strong, mainly as a result of good financial management by Council and all responsible managers, but also due to the fact that the municipality receives its fair share of nationally raised revenue by way of the equitable share allocation. A major portion of the municipality's debt is greater than 365 days. As a result the municipality needs to enforce strict credit control measures in terms of its credit control policy and by- laws.

The main adjustments proposed in this adjustments budget are:

### Operating Budget

- 1) A decrease of R1,4m in operating expenditure, mainly due to the following:
  - a) A decrease in Employee related cost of R7,9m due to a more realistic amount according to actual expenditure up to Dec 2013, which is a result of vacant funded post not yet filled;
  - b) An additional R326 000 for depreciation due to higher capital expenditure for 2013/2014;
  - c) An increase of R5,9m for other expenditure which consist of
    - Expenditure on Unspent grants of R613 000;
    - An additional R1,5m grant allocation for DEDEA Alien Vegetation;
    - Other smaller items totalling R3,6m.
- 2) Projected revenue for the financial year increases by R2,3m, mainly due to the following:
  - a) Unspent grants recognised as revenue of R613 000;
  - b) An additional R1,5m grant allocation for DEDEA Alien Vegetation;
  - c) An increase in Agency fees of R300 000 for motor vehicle registrations and drivers licence renewals.
- 3) Capital Grants revenue increases with R11,7m due to MIG roll-over funds being utilised for Capital projects in the 2013/2014 financial year.

The net effect from these adjustments is that the projected surplus for the year, after capital grants revenue, increased from R17,6m to R33,1m. These adjustments also influence the projected cashflows, with the net cashflow reducing from a negative of R22,7m to a negative cashflow for the year of R48,8m, after capital expenditure of R70,5m have been incurred. However, the projected balance of the cash and cash equivalents increase from R101,6m to R154,3m, as a result of an adjustment of R52,6m in the opening balance carried forward from the prior financial year.

### Capital Budget

The expected investment in infrastructure remains high, to such an extent that current cashflows cannot sustain it and are we forced to utilise previously accumulated cash reserves to fund part of the projects. Out of our total capital expenditure of R70,5m, R28,4m is funded by way of internally generated funds. However, the municipality believes it is strategically important to invest timely in infrastructure to cater for the need to extend service delivery across the region.

The main changes to the capital budget are as follows:

- 1) An additional R3,6m for Surfaced Roads
- 2) An additional R6,2m for the construction of Access Roads in Wards 7,8,9 and 12 (Phase 4)
- 3) An additional R3,8m for the construction of Access Roads in Ward 15
- 4) An additional R3,5m for the construction of Access Roads in Ward 19
- 5) An additional R2m for Roads in Ward 1
- 6) A decrease of R8,8m for Access Roads due to transfer of funds to other projects for Roads (number 1 to 5 above). These additional projects are also funded by MIG rollover funds of R11,7m. An increase of R5m for additional offices in the municipal building
- 7) An additional R1,2m for the Sterkspruit Taxi Rank
- 8) A decrease of R1,5 for Community Halls
- 9) An additional R1m for the upgrading of sport facilities in Barkly East

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

TYPE	2013/2014 Original Budget	2013/2014 Adjustments Budget	2014/2015 Budget	2015/2016 Budget
Operating	157 465	156 024	163 131	170 493
Capital	56 480	70 490	46 725	54 019
<b>TOTAL</b>	<b>213 945</b>	<b>226 514</b>	<b>209 856</b>	<b>224 512</b>

### Funding and Cashflows

The budget indicates a net outflow of R48,8m after capital expenditure of R70,5m have been incurred. Provision for debt impairment of R4,3m and depreciation of R15,6m have been taken into account.

I am especially pleased to report that the municipality's cash position is sufficient to cover the requirements of the Funding and Reserves Policy, with the Employee Benefits Reserve being fully funded (R12,4m) as well as a contribution to the Valuation Roll Reserve of R0,58m. In line with the policy the contribution to- and balance of the Capital Replacement Reserve is also sufficiently funded to the amount of R101,1m. Included in Reserves is also the Revaluation Reserve of R2,1m which is not cash funded.

The expected Cash flows for the MTREF period are as follows - R,000

Source	2013/2014 Original Budget	2013/2014 Adjustments Budget	2014/2015 Budget	2015/2016 Budget
Generated Operating inflows	34 559	22 401	46 508	71 397
Net Financing outflows	(856)	(716)	(725)	(781)
<b>Net cash inflows</b>	<b>33 703</b>	<b>21 685</b>	<b>45 783</b>	<b>70 617</b>
Outflows - Investment in Assets	(56 480)	(70 490)	(46 725)	(54 019)
<b>Net inflows / (outflows)</b>	<b>(22 777)</b>	<b>(48 805)</b>	<b>(942)</b>	<b>(16 598)</b>



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 all his staff for 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**

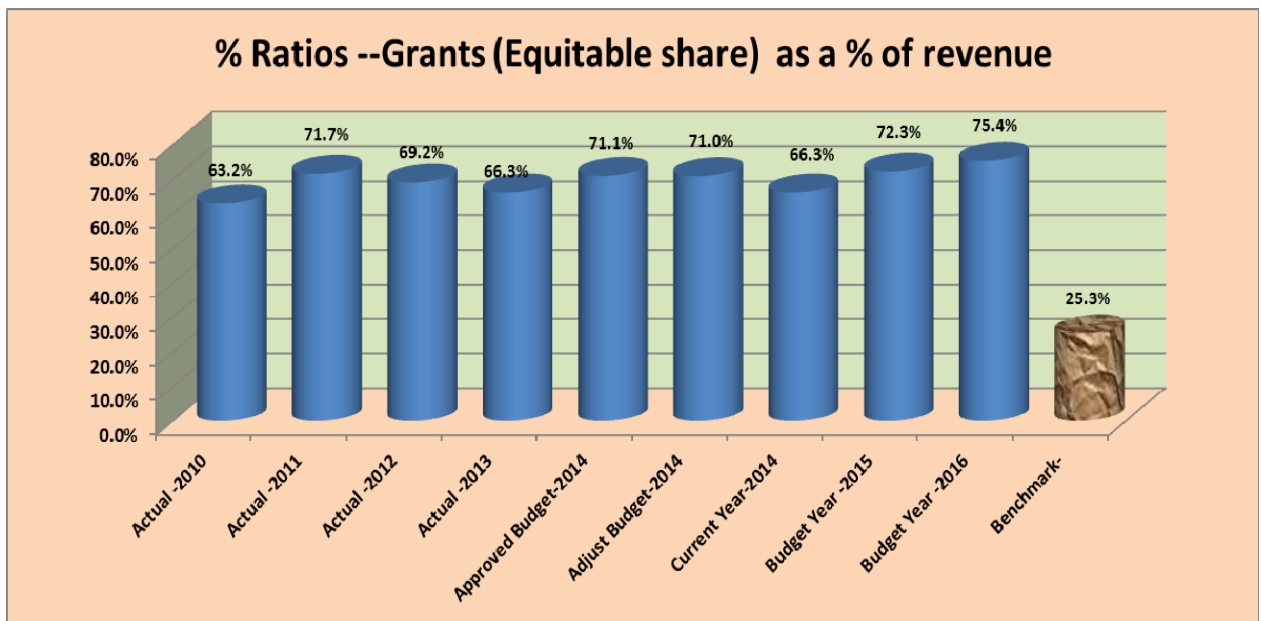
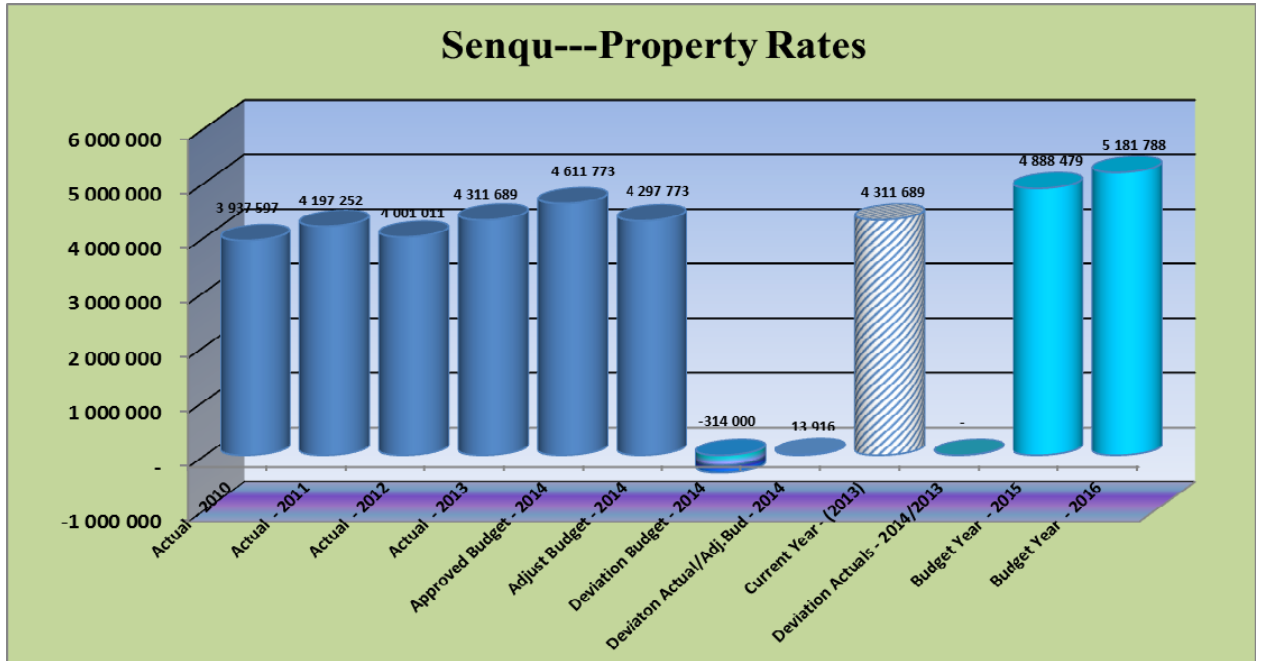
Changes to allocations and grant adjustments are reflected in the attached budget supporting documentation forms SB7 and SB8.

The adjustments for the financial year are as follows:

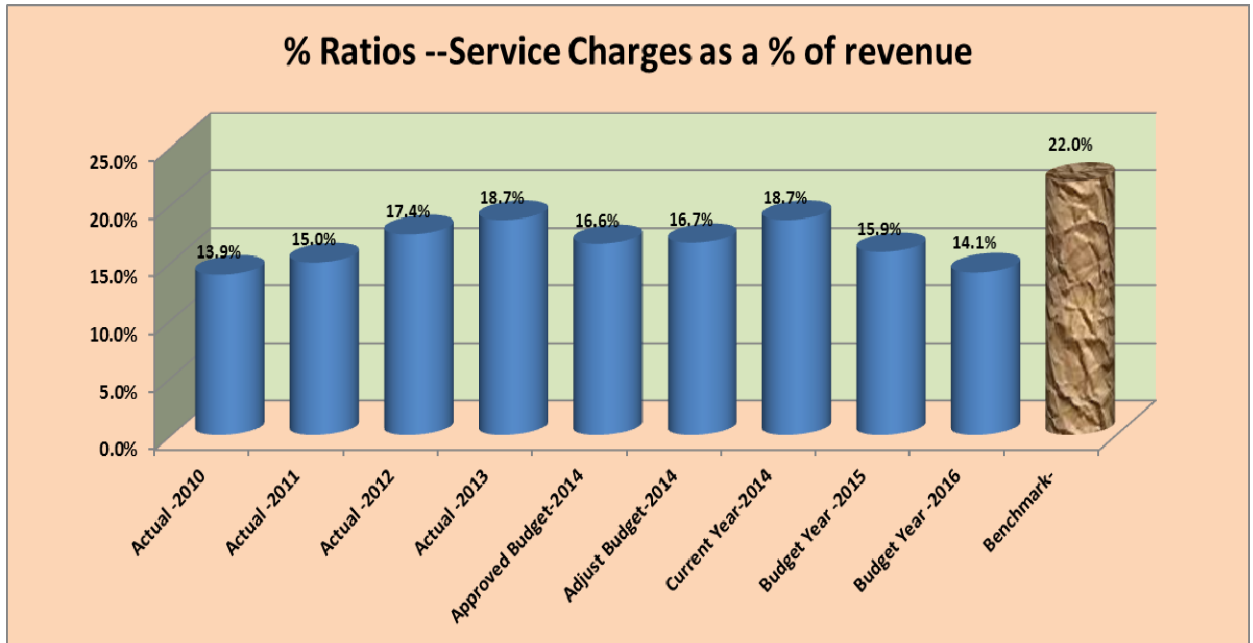
Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands				
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>				
<b>Operating expenditure of Transfers and Grants</b>				
<b>National Government:</b>	<b>105 618</b>	<b>105 831</b>	<b>115 467</b>	<b>141 529</b>
Local Government Equitable Share	93 052	93 052	104 728	130 337
Finance Management	1 550	1 550	1 600	1 650
Nat Gov: Neighbourhood Dev Partners	1 287	1 500	-	-
Nat Gov: Councillor Remuneration	5 081	5 081	6 412	6 654
Municipal Systems Improvement	890	890	934	967
Municipal Infrastructure (MIG)	1 598	1 598	1 793	1 921
Nat Gov: EPWP Incentive Grant	2 160	2 160	-	-
<b>Provincial Government:</b>	<b>1 315</b>	<b>3 247</b>	<b>1 393</b>	<b>1 477</b>
Libraries	1 315	1 315	1 393	1 477
DEDEAT - Alien Vegetation	-	1 532	-	-
Prov Gov - Housing (Hillside)	-	400	-	-
<b>Total operating expenditure of Transfers and Grants:</b>	<b>106 932</b>	<b>109 077</b>	<b>116 861</b>	<b>143 006</b>
<b>Capital expenditure of Transfers and Grants</b>				
<b>National Government:</b>	<b>30 355</b>	<b>42 089</b>	<b>34 070</b>	<b>36 499</b>
Municipal Infrastructure (MIG)	30 355	42 089	34 070	36 499
<b>Total capital expenditure of Transfers and Grants</b>	<b>30 355</b>	<b>42 089</b>	<b>34 070</b>	<b>36 499</b>
<b>Total capital expenditure of Transfers and Grants</b>	<b>137 288</b>	<b>151 166</b>	<b>150 930</b>	<b>179 505</b>

## Supporting Information

The results of the actual figures from 2010 to 2013, as well as the 2013/2014 adjustments budget figures with the projections for the next 2 years, are reflected in the graphs below:



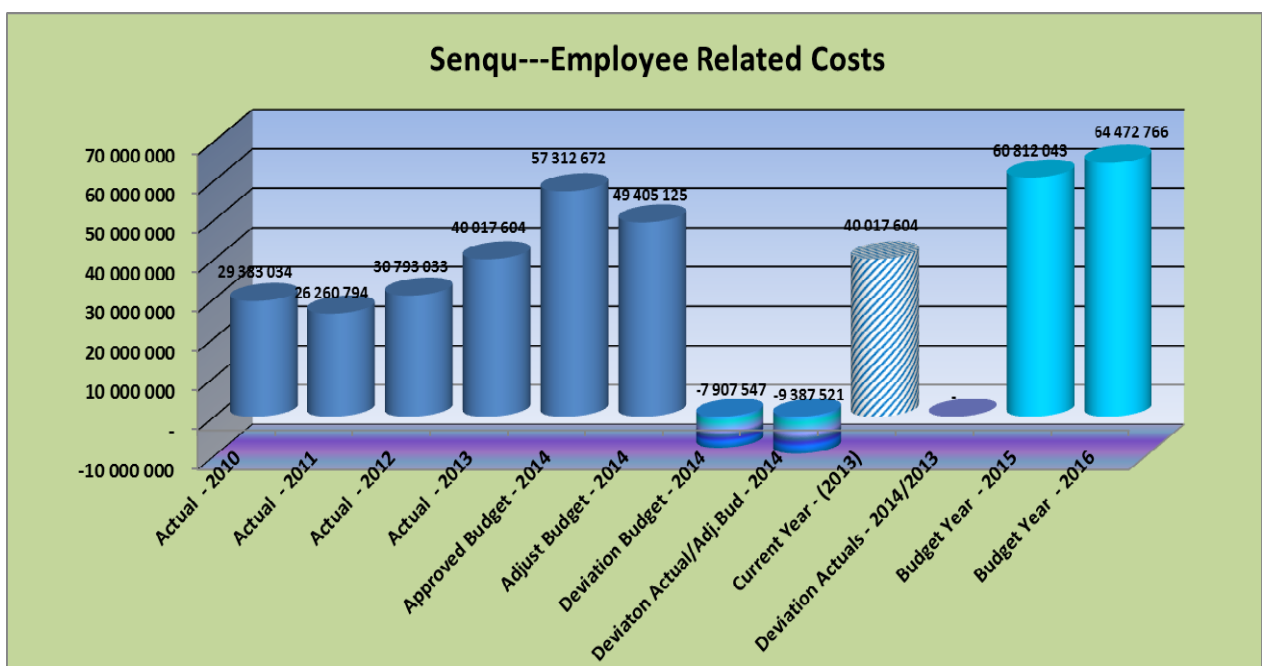
As can be seen from the graph above the municipality is to a very large degree dependent on grants (Equitable share) to sustain the budget. This is mainly as a result of the high unemployment rate in the area and focus on job creation should be a priority.



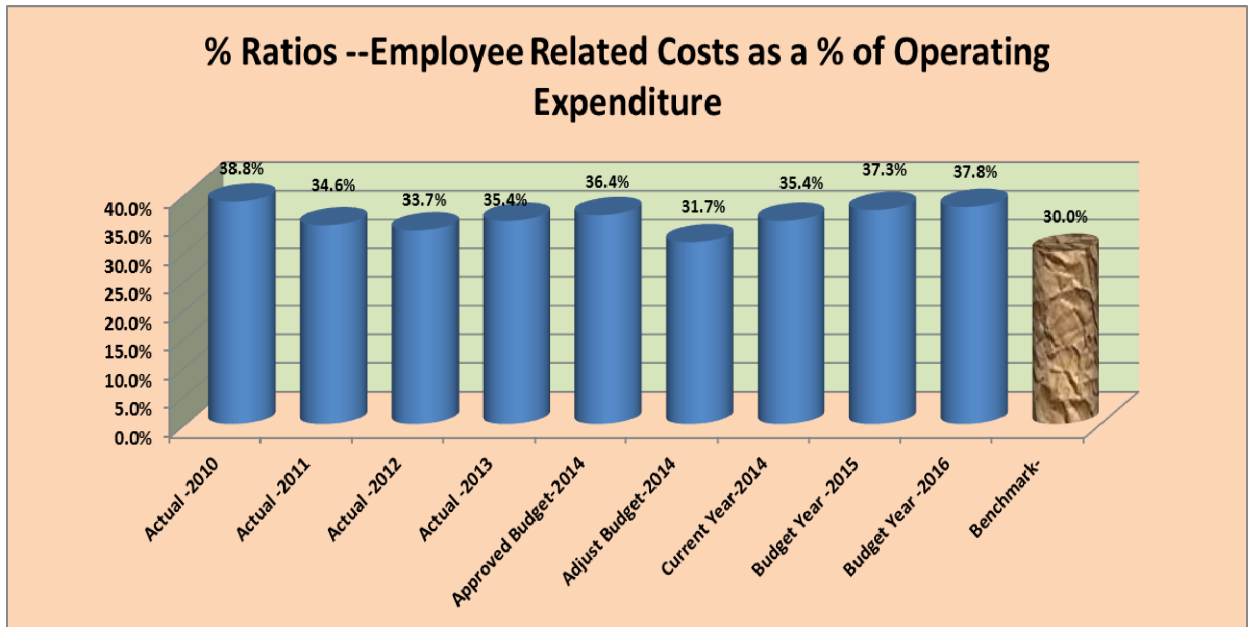
Water and sanitation services have been transferred to Joe Gqabi District municipality on 1 July 2012. I must also focus attention on the fact that revenue foregone, which is the municipality's contribution in providing free services, through assistance and rebates to the elderly and indigents amounts to R11,8m.

A concern is the inability of the municipality to read meters in the Sterkspruit area. Even though the situation has stabilised to a degree, this can still have a significant influence on projected revenue as well as cash flows.

### Significant expenditure items

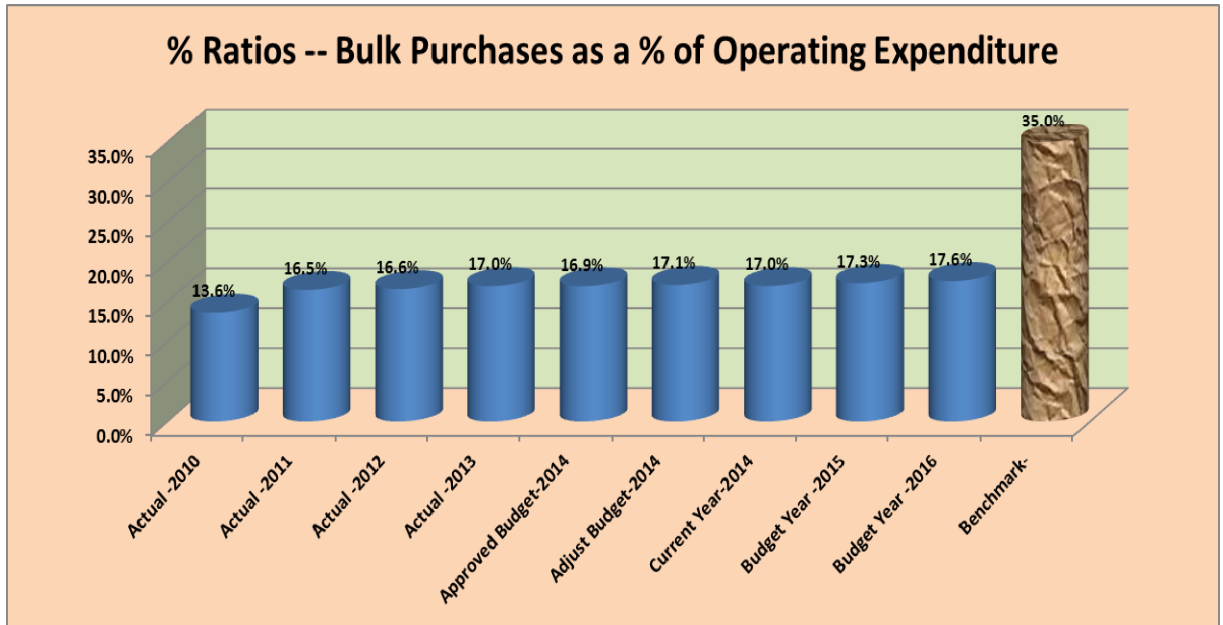


The employee related costs were under spent by 27% due to vacant funded posts that are not yet filled. Critical Posts have subsequently been filled and it is expected that expenditure relating to personnel will subsequently increase.



The percentage as indicated in the graph above compares favourably with that of other municipalities. I would, however, caution at randomly using this percentage as a benchmark or indicator as a lot of variables influence this percentage, for example the percentage will decrease dramatically if housing top structures are being built on contract or other operating grant expenditures increase. The percentage is also significantly influenced by the fact that the water and sanitation functions were transferred to the Joe Gqabi District Municipality, and can Senqu's ratio not directly be compared with other municipalities without taking that into consideration.

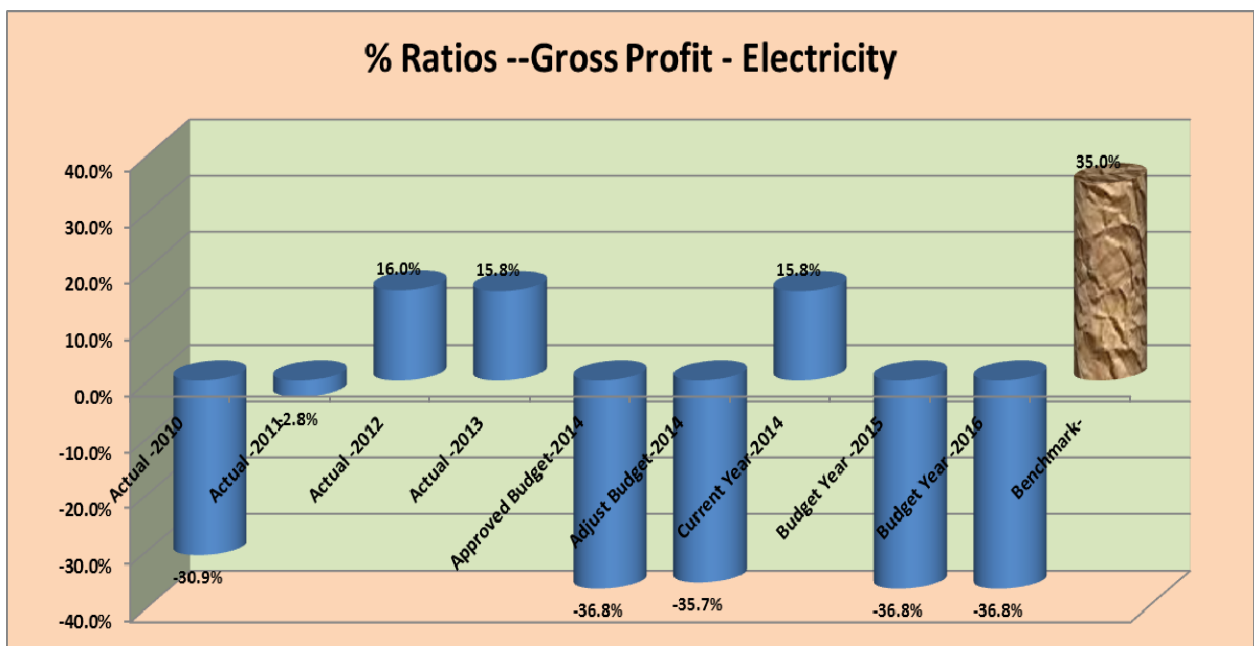
Should electricity bulk purchases and depreciation be excluded, in order to compare it with other municipalities on an more equal basis, the costs represent 43,4 per cent of the expenditure and increase to 51,2 and 52,2 per cent in the outer years. This compares favourably with a benchmark of 50%.

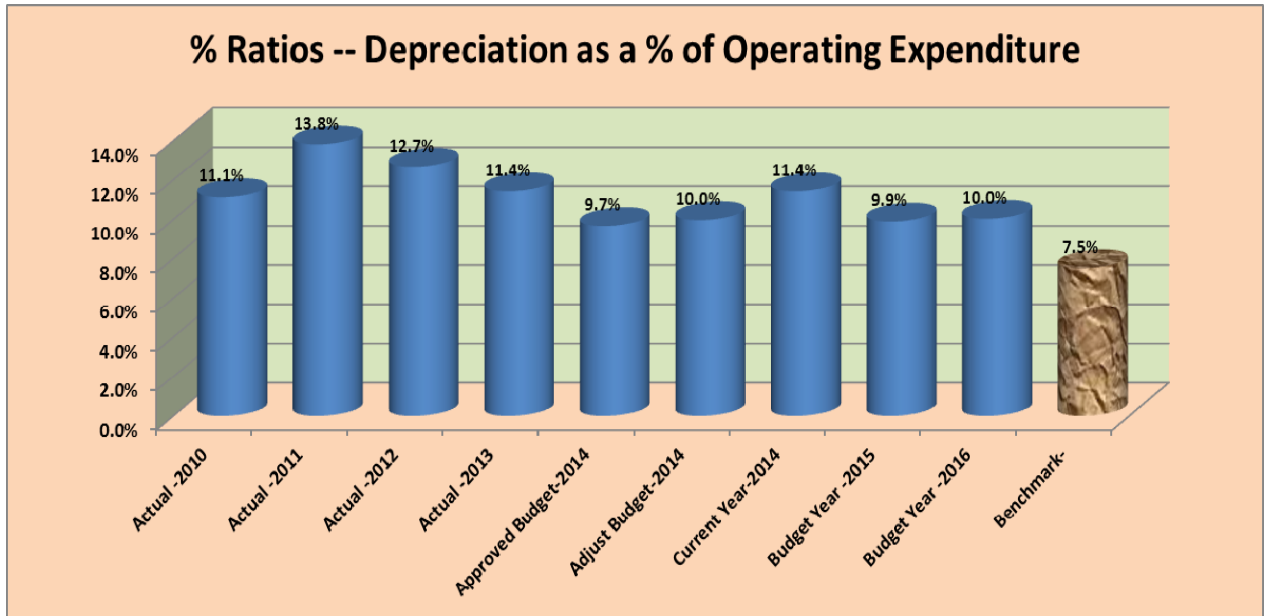


The graph above indicates that the cost of buying bulk electricity from ESCOM is much lower than for other municipalities. This is actually as a result of ESCOM providing the service to much of the municipality's households and not because of cost issues.

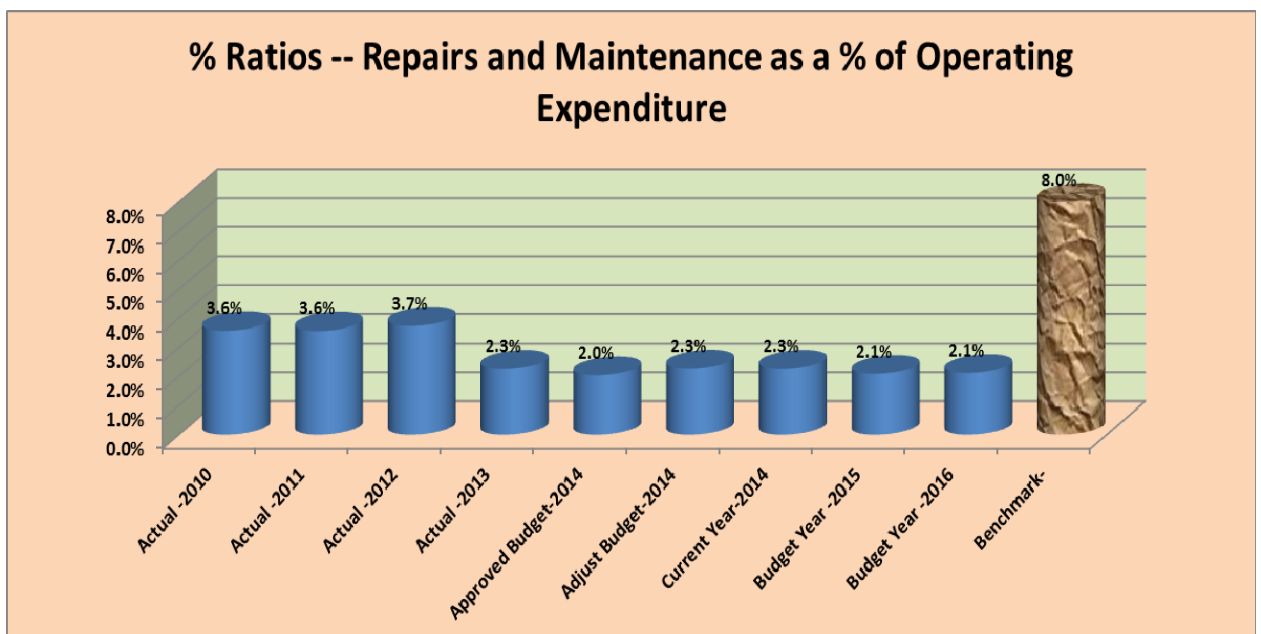
It is of serious concern though that the cost of purchasing electricity is actually higher than the revenue derived from electricity, after revenue foregone have been taken into account, as indicated below.

The general rule with trading services is that the user pays and that trading services should be self-sustaining. This is not the case in Senqu and must be rectified in future budgets.





Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations in this regard totals R15,5 million for the 2013/14 financial year and equates to 10 per cent of the total operating expenditure. In order to measure it against other municipalities, if electricity bulk purchases are eliminated, it represents 12 per cent of the expenditure. The average for local municipalities in a recent research document is 12,5 per cent, and this small difference indicates that the expected useful lives and depreciation rates for our assets are realistic.

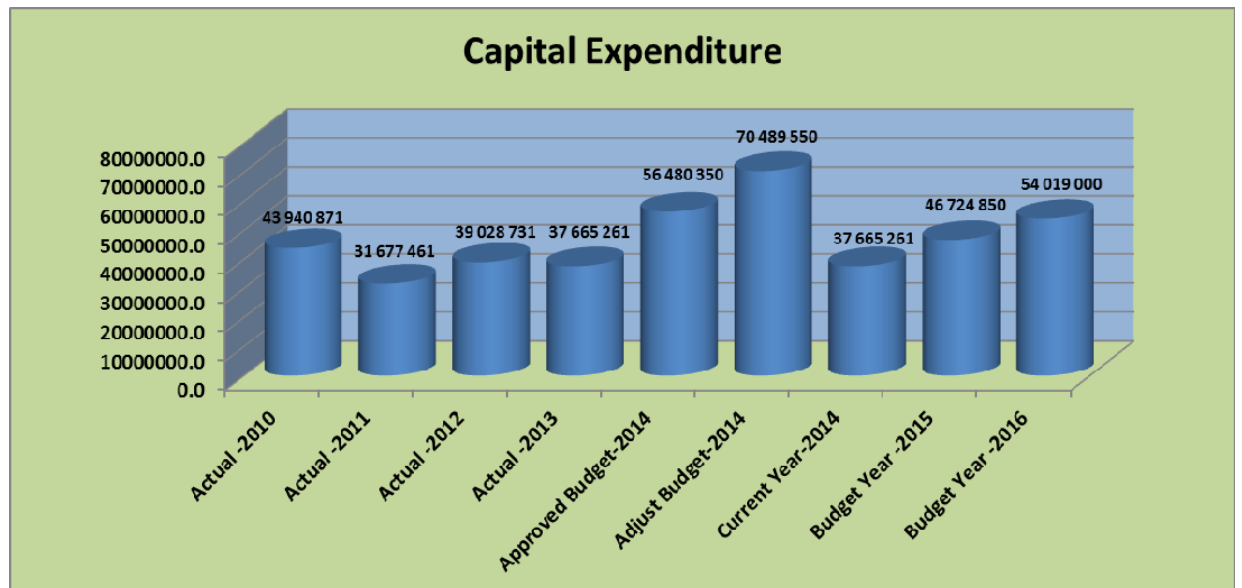
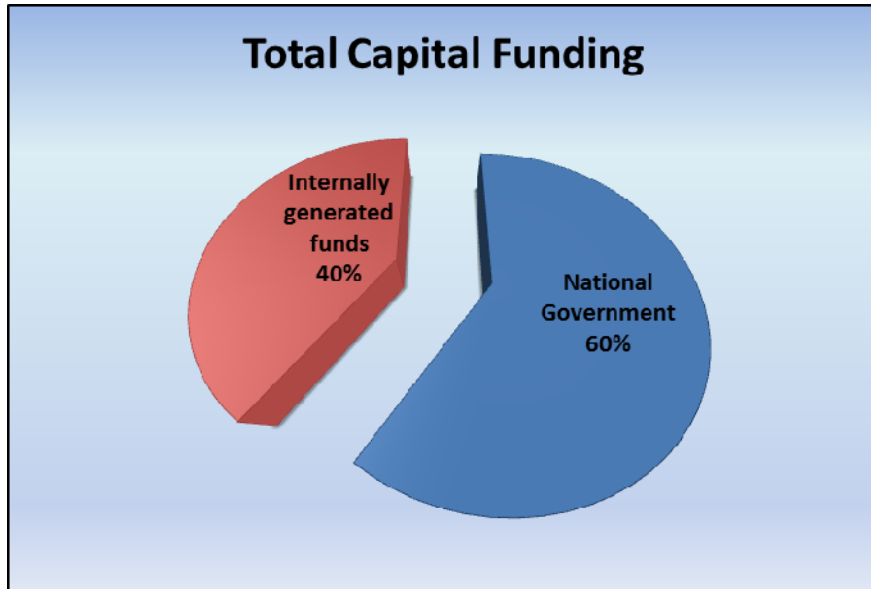


Repairs and maintenance as a percentage of operating expenditure is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only

be determined when a costing system, as well as the new Standard Chart of Accounts which is being rolled out by the National Treasury, is implemented.

**Property, Plant and Equipment (PPE)**

The municipality funds a large portion of the PPE from grants, as depicted below:



The capital budget of R56,5 million for 2013/14 further increases to R70,5 million in the 2013/14 Adjustments Budget. In the 2014/15 financial year the capital budget decrease to R46,7m and increase in 2015/16 to R54 million. Again, the main reason for the significant annual movement in expenditure, as indicated above, is the changes in operating and capital grants from National- and Provincial Departments.

Although only 34,01% of the capital budget was spent at 31 December 2013, it is expected that the full budget will be spent at the end of the financial year.

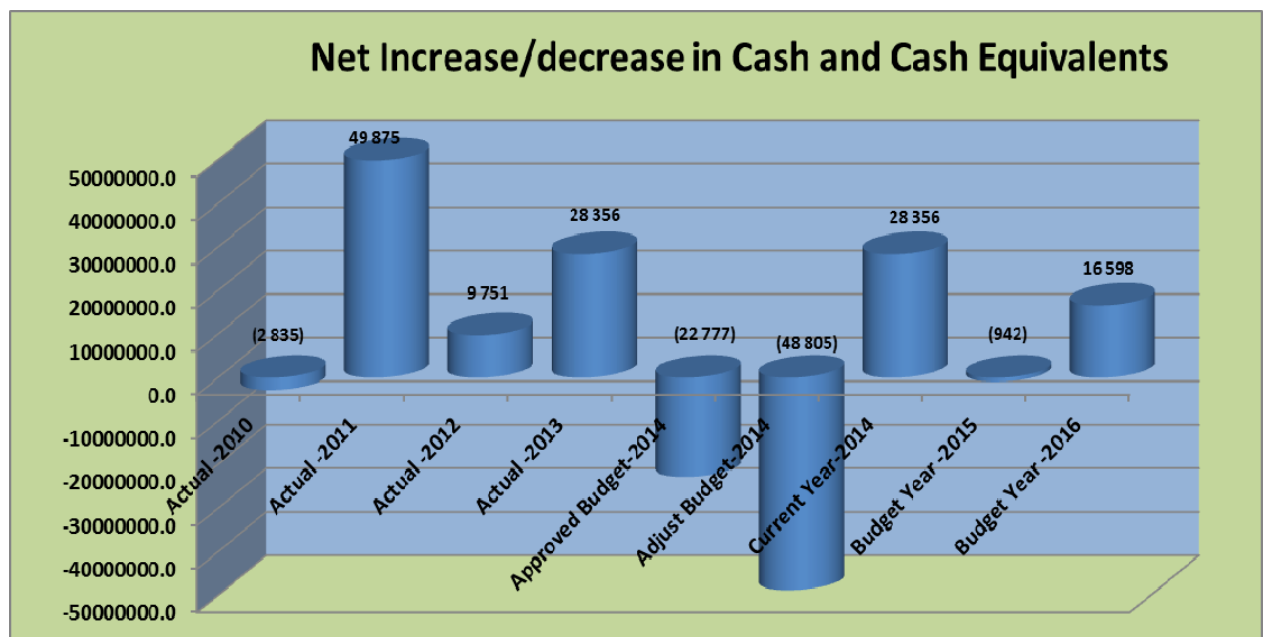
**Debtors Management**

Although the municipality applies strict credit control measures, it is also aware of the current negative economic climate and the effect on the local economy. The situation in Sterkspruit further complicates the debt collection issue. To this end the municipality has got an appropriate credit control and debt collection policy which guides the credit control measures, but also includes an appropriate write-off policy.

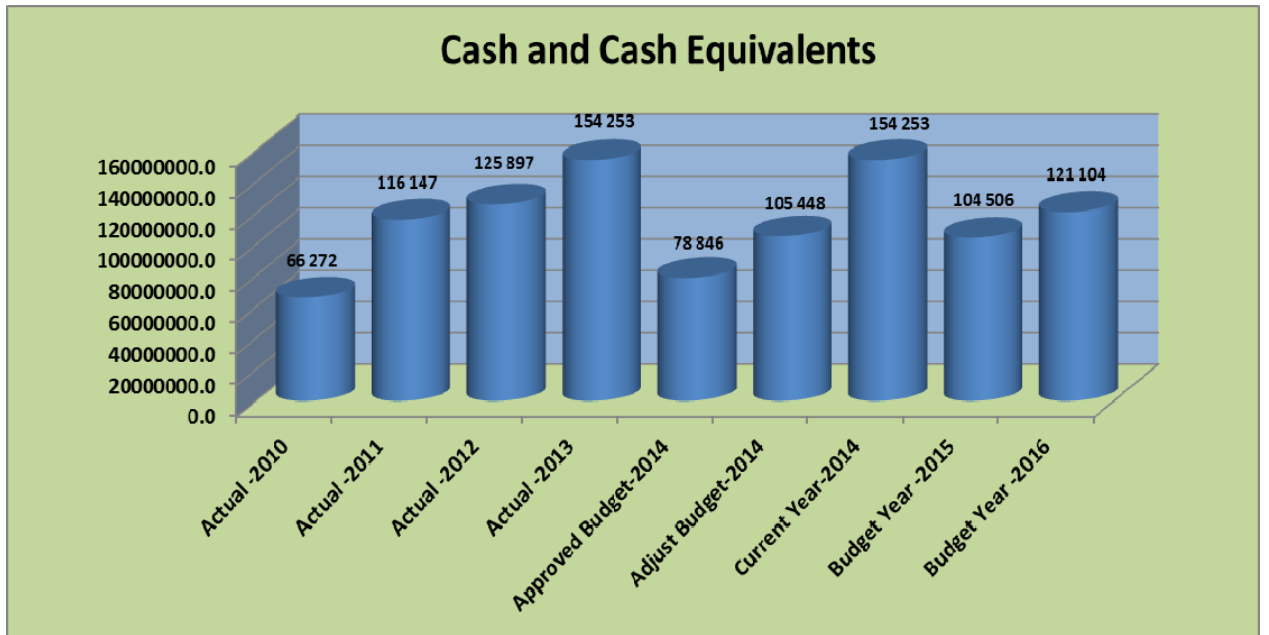
An amount of R4,2m has been budgeted for bad debts. We are confident that our debt collection measures will not necessitate this amount at year end, but we would rather budget conservatively than finding ourselves with cash flow problems at the end. This, again, is indicative of our approach to financial management.

**Cash and Cash Equivalents**

The original budget reflected a negative outflow of R22,8m, but after adjustments a shortfall of R48,8m is forecasted. This is mainly as a result of the unspent grants of R12,3m being utilised. However, the projected balance of the cash and cash equivalents increase from R101,6m to R154,3m, as a result of an adjustment of R52,6m in the opening balance carried forward from the prior financial year. The forecast is as follows: (R'000)



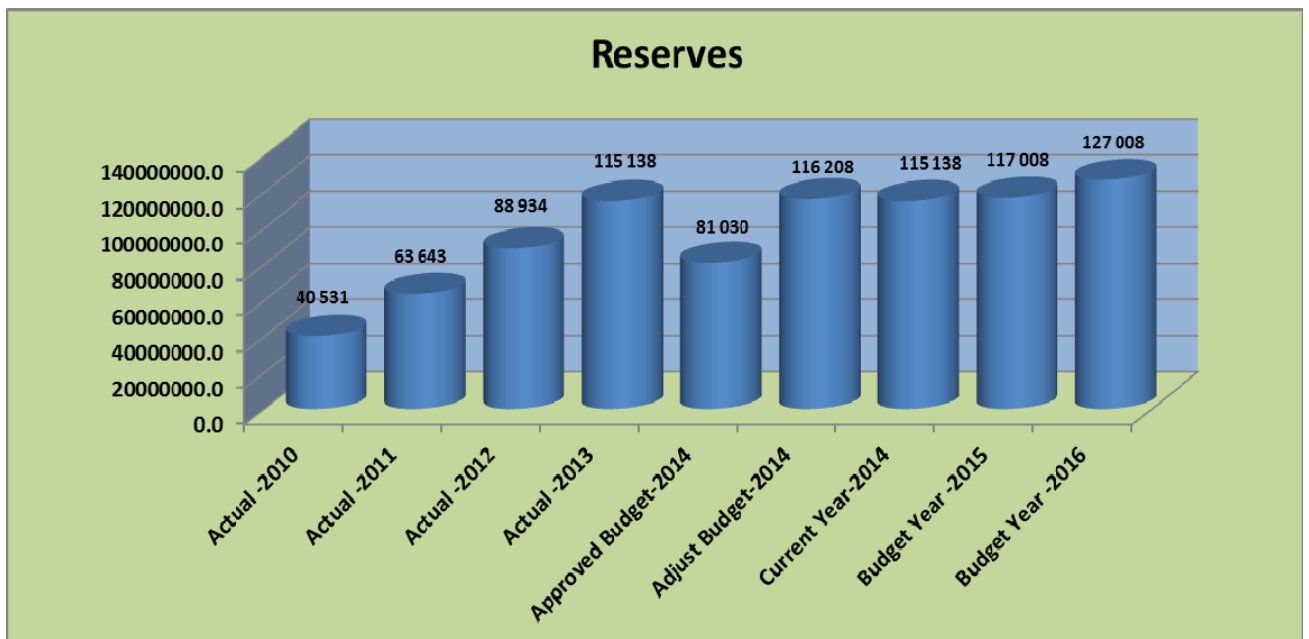




### Reserves

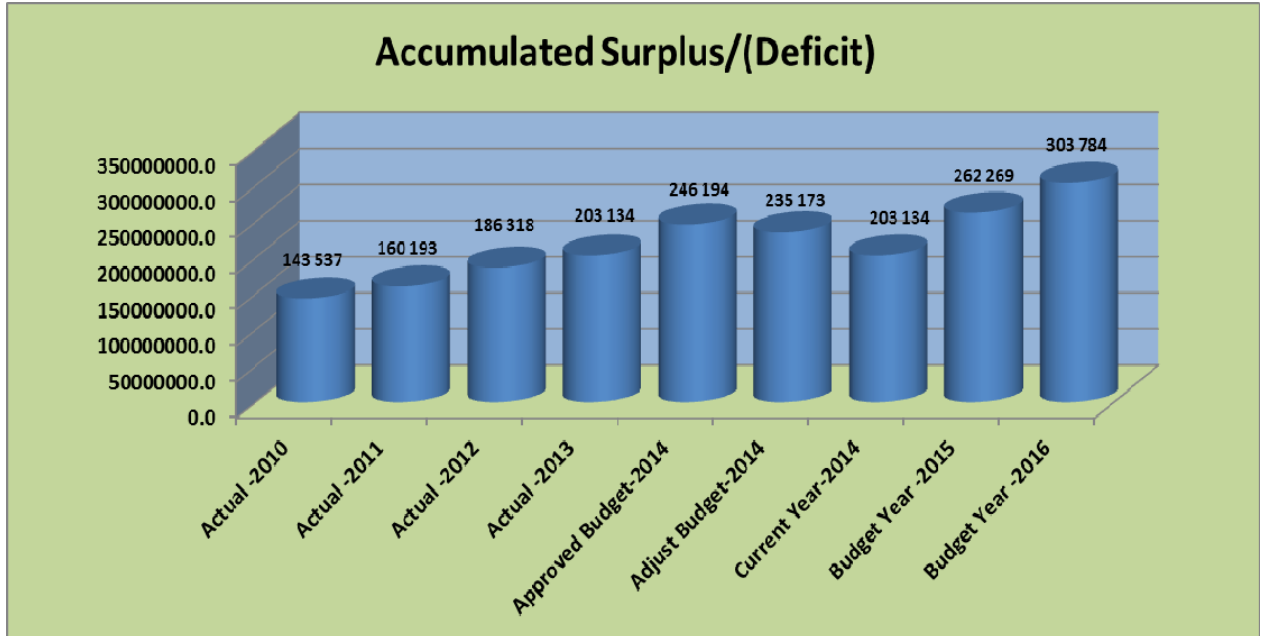
Reserves, which include the Capital Replacement Reserve, the Employee Benefits reserve and the Valuation Roll Reserve are cash-backed, after taking further working capital into account. In addition there is also a Revaluation Reserve of R2,1m as a result of the revaluation model being utilised for land and buildings.

The totals of these reserves are depicted below: (R'000)



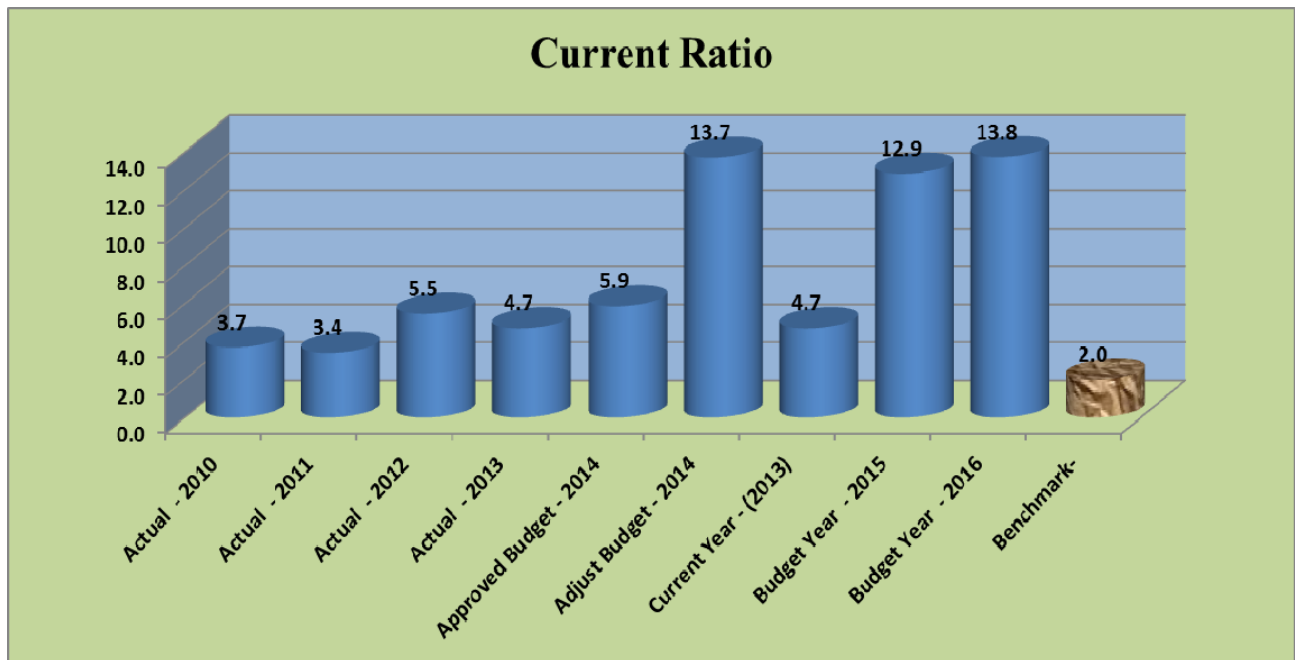
## Accumulated Surplus

The accumulated Surplus, after transfers to reserves, is projected to be as follows over the MTREF period: (R'000)



## Net Current Assets

Net current assets measures the ability of the municipality to honour its current commitments. An acceptable norm is 2:1. The municipality's net current asset position is depicted below, which shows that the municipality is in a healthy financial position.

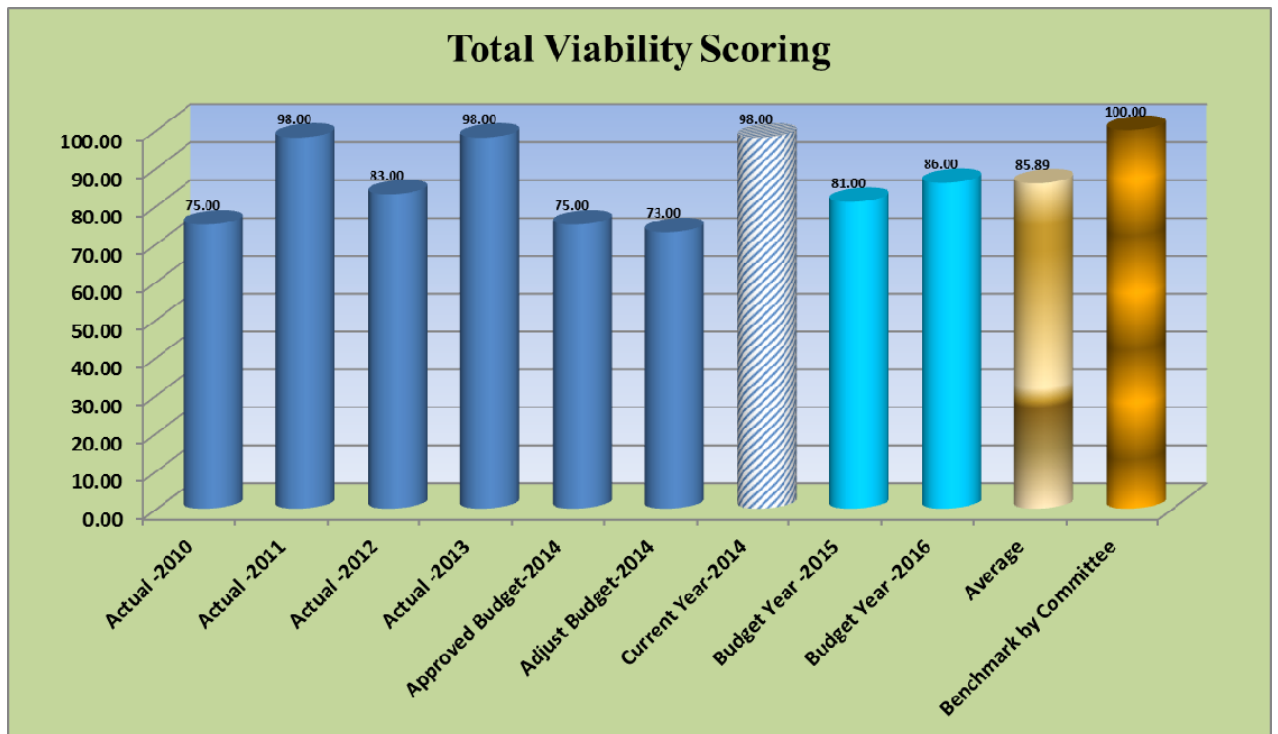


### Viability Measurement

The Western Cape Provincial Treasury developed a set of indicators to measure a municipality's financial viability over the MTREF period. These viability measurement indicators are purely of a financial nature as derived from the annual financial statements and various budgets and were developed in order to determine key areas which will assist the municipality in financial viability.

The table below shows the ten viability measurement indicators with the scoring for each indicator:

ITEM	Benchmark	Viability Weight	Standard 1	Measurement 1	Standard 2	Measurement 2	Standard 3	Measurement 3	Standard 4	Measurement 4	Standard 5	Measurement 5
Acid Test Ratio	200%	10	200%	10	150%	8	100%	5	50%	2	0%	0
Payment Level (Excluding write-off of bad debts)	> 95%	15	95%	15	90%	11	85%	6	80%	3	75%	0
Cash Generated from Operations as % of Revenue	> 20%	8	20%	8	15%	6	10%	4	5%	2	0%	0
Purchase of PPE as % of Cash Generated	< 100%	8	100%	8	110%	6	120%	4	135%	2	150%	0
Cost Coverage (Excluding Unspent Grants)	4	15	4	15	4	10	3	5	2	2	1	0
Debtors Turnover (days) (Before impairment)	< 45 days	2	75	2	90	1	110	0	130	0	150	0
Longterm debt as % of Revenue	< 40%	5	40%	5	50%	4	75%	3	95%	2	100%	0
Debt servicing cost to Revenue	< 7,5%	8	5%	8	7.50%	6	10%	4	12.50%	2	15%	0
Short-term debt as % of Cash	< 100%	4	50%	4	70%	3	80%	2	100%	1	125%	0
Cash Funded Budget over MTREF	> R0	25	Yes	25	No	0	0	0	0	0	0	0



The total viability of Senqu municipality is extremely sound and compares with the best of the municipalities in the Western Cape (Unfortunately the Eastern Cape does not have similar benchmarks as yet and for that reason it is being compared to the Western Cape). The only problem area is debtors which have a negative impact on the scoring for “Debtors turnover days” as well as “Payment level scoring”. The ability of the municipality not to collect outstanding debt will have a direct effect on the cash flow of the Municipality and its ability to fully meet its future financial obligations as well as to fund its own capital infrastructure program.

### Recommendations

It is recommended:

- 1) that the Council approves the adjustments budget and take the resolutions listed in Section 2 below; and
- 2) That the Council approves the changes to the service delivery and budget implementation plan.

## Section 2 - Budget Related Resolutions

Senqu Municipality

MTREF 2013/2014

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 Senqu Municipality for the financial year 2013/2014; and indicative for the two projected years 2014/15 and 2015/16, 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.

## Section 3 - Executive Summary

### Introduction

The budget is the fourth adjustments budget of the municipality which is in the National Treasury formats as prescribed in the new Budget Regulations.

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, but this budget to a large degree complies with all necessary requirements.

### Effect of the adjustment budget

A key consideration for the compilation of the adjustments budget was long term financial sustainability and ensuring continued service delivery and improved service delivery. In addition, the Council planned and budgeted for the extension of services to areas not sufficiently serviced in the past as well as redirecting funds for capital projects in order to complete projects where costs increased over the period of time.

The new projected forecasts for the MTREF are as follows:

#### **OPERATING BUDGET**

Type	2013/2014 Original Budget	2013/2014 Adjustments Budget	2014/2015 Budget	2015/2016 Budget
Revenue	175 115	189 133	191 028	222 008
Expenditure	157 465	156 024	163 131	170 493
<b>Surplus/(Deficit)</b>	<b>17 650</b>	<b>33 108</b>	<b>27 897</b>	<b>51 515</b>
Less: Capital Grants	(30 355)	(42 089)	(34 070)	(36 499)
<b>Surplus/(Deficit) excluding capital grants</b>	<b>(12 705)</b>	<b>(8 981)</b>	<b>(6 173)</b>	<b>15 016</b>

**CAPITAL BUDGET (R'000)**

<b>Objective</b>	<b>2013/2014 Original Budget</b>	<b>2013/2014 Adjustments Budget</b>	<b>2014/2015 Budget</b>	<b>2015/2016 Budget</b>
Governance and Admin	6 525	11 025	-	-
Community and Safety Services	13 743	12 521	12 939	22 570
Economic Services	25 814	38 064	27 013	23 049
Trading Services	10 398	8 880	6 772	8 400
<b>Total</b>	<b>56 480</b>	<b>70 490</b>	<b>46 725</b>	<b>54 019</b>

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

<b>Funding Source</b>	<b>2013/2014 Original Budget</b>	<b>2013/2014 Adjustments Budget</b>	<b>2014/2015 Budget</b>	<b>2015/2016 Budget</b>
National Government	30 355	42 089	34 070	36 499
Own Funds	26 125	28 401	12 655	17 520
<b>Total</b>	<b>56 480</b>	<b>70 490</b>	<b>46 725</b>	<b>54 019</b>

A summary of the revised budget is included in Section 4 of this report.

## Section 4 - Adjustment budget tables

The Budget tables are:

Table B1 - Adjustments Budget Summary

Description	Budget Year 2013/14		Budget Year	Budget Year
	2013/14 Original Budget	Total Adjts.	#1 2014/15 2014/15 Adjusted Budget	#2 2015/16 2015/16 Adjusted Budget
<b>R. the waste</b>				
<b>Financial Performance</b>				
Property rates	4 472	1315	4 253	4 222
Service charges	21 721	195	21 220	21 025
Investment revenue	7 000	-	7 000	7 420
Transfers recognised - operations	105 522	2 145	105 077	115 251
Other own revenue	4 494	294	4 722	4 754
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>144 709</b>	<b>2 264</b>	<b>147 043</b>	<b>156 956</b>
Employee costs	57 219	17 502	45 405	50 212
Remuneration of councillors	5 422	202	5 243	10 219
Depreciation & asset maintenance	15 224	225	15 590	15 132
Finance charges	1 235	-	1 235	541
Materials and consumables	25 577	-	25 577	25 272
Transfers and grants	234	-	234	-
Other expenditure	45 543	5 534	52 575	47 150
<b>Total Expenditure</b>	<b>137 409</b>	<b>(1 440)</b>	<b>136 824</b>	<b>169 131</b>
<b>Surplus(Deficit)</b>	<b>7 300</b>	<b>3 704</b>	<b>10 219</b>	<b>(10 015)</b>
Transfers recognised - capital	20 222	11 734	42 025	24 070
<b>Surplus (Deficit) for the year</b>	<b>17 522</b>	<b>15 438</b>	<b>33 195</b>	<b>31 319</b>
<b>Capital expenditure &amp; funds sources</b>				
Capital expenditure	55 430	14 005	70 430	45 723
Transfers recognised - capital	20 222	11 734	42 025	24 070
Income generated from	25 125	2 275	22 401	12 622
<b>Total sources of capital funds</b>	<b>96 800</b>	<b>14 009</b>	<b>79 456</b>	<b>94 919</b>
<b>Financial position</b>				
Total current assets	102 022	22 751	125 840	125 122
Total non-current assets	272 951	15 915	285 642	257 225
Total current liabilities	17 535	12 270	5 155	5 752
Total non-current liabilities	31 224	95	31 540	24 222
<b>Community wealth/Equity</b>	<b>327 214</b>	<b>24 137</b>	<b>331 350</b>	<b>430 732</b>



Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	2013/14 Original Budget	Total Adjusts.	2013/14 Adjusted Budget	2014/15 Adjusted Budget	2015/16 Adjusted Budget
<b>R thousands</b>					
<b><u>Cash flows</u></b>					
Net cash from (used) operating	34 559	(12 158)	22 401	46 508	71 397
Net cash from (used) investing	(56 480)	(14 009)	(70 490)	(46 725)	(54 019)
Net cash from (used) financing	(856)	140	(716)	(725)	(781)
<b>Cash/cash equivalents at the year end</b>	<b>78 846</b>	<b>26 602</b>	<b>105 448</b>	<b>104 506</b>	<b>121 104</b>
<b><u>Cash backing/surplus reconciliation</u></b>					
Cash and investments available	78 846	26 602	105 448	104 506	121 104
Application of cash and investments	65 608	37 002	102 610	102 910	112 243
<b>Balance - surplus (shortfall)</b>	<b>13 238</b>	<b>(10 400)</b>	<b>2 838</b>	<b>1 596</b>	<b>8 861</b>
<b><u>Asset Management</u></b>					
Asset register summary (WDV)	271 832	(5 190)	266 642	297 229	334 142
Depreciation & asset impairment	15 224	326	15 550	16 138	17 106
Renewal of Existing Assets	3 500	(500)	3 000	2 500	3 000
Repairs and Maintenance	3 212	326	3 537	3 404	3 609
<b><u>Free services</u></b>					
Cost of Free Basic Services provided	12 021	12 021	24 043	12 743	13 507
Revenue cost of free services provided	13 439	13 439	26 879	14 246	15 101
<b><u>Households below minimum service level</u></b>					
Energy:	7	7	14	7	7
Refuse:	33	33	67	33	33

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

Standard Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>				
<b>Revenue - Standard</b>				
<i><b>Governance and administration</b></i>	<b>101 730</b>	<b>101 416</b>	<b>114 900</b>	<b>140 908</b>
Executive and council	5 571	5 571	6 946	7 171
Budget and treasury office	96 102	95 788	107 894	133 673
Corporate services	56	56	60	63
<i><b>Community and public safety</b></i>	<b>11 229</b>	<b>11 303</b>	<b>13 860</b>	<b>22 695</b>
Community and social services	5 382	4 797	4 730	8 434
Sport and recreation	4 793	5 366	5 379	11 910
Public safety	1 033	725	3 728	2 328
Housing	21	415	22	24
<i><b>Economic and environmental services</b></i>	<b>26 499</b>	<b>41 018</b>	<b>25 796</b>	<b>19 745</b>
Planning and development	1 287	3 032	-	-
Road transport	25 212	37 986	25 796	19 745
<i><b>Trading services</b></i>	<b>35 657</b>	<b>35 396</b>	<b>36 472</b>	<b>38 660</b>
Electricity	27 753	27 912	29 418	31 183
Waste management	7 904	7 484	7 053	7 476
<b>Total Revenue - Standard</b>	<b>175 115</b>	<b>189 133</b>	<b>191 028</b>	<b>222 008</b>
<b>Expenditure - Standard</b>				
<i><b>Governance and administration</b></i>	<b>47 788</b>	<b>52 726</b>	<b>48 887</b>	<b>51 282</b>
Executive and council	20 442	22 759	21 729	23 044
Budget and treasury office	15 707	16 325	16 582	17 557
Corporate services	11 639	13 642	10 576	10 681
<i><b>Community and public safety</b></i>	<b>13 125</b>	<b>11 214</b>	<b>13 913</b>	<b>14 748</b>
Community and social services	10 182	8 133	10 793	11 441
Sport and recreation	348	528	368	390
Public safety	637	717	676	716
Housing	1 958	1 835	2 076	2 200
<i><b>Economic and environmental services</b></i>	<b>45 454</b>	<b>42 278</b>	<b>46 667</b>	<b>47 579</b>
Planning and development	12 479	12 712	9 814	10 403
Road transport	32 975	29 566	36 853	37 176
<i><b>Trading services</b></i>	<b>51 098</b>	<b>49 805</b>	<b>53 664</b>	<b>56 884</b>
Electricity	35 883	36 344	37 537	39 789
Waste water management	827	827	877	930
Waste management	14 387	12 634	15 250	16 165
<b>Total Expenditure - Standard</b>	<b>157 465</b>	<b>156 024</b>	<b>163 131</b>	<b>170 493</b>
<b>Surplus/ (Deficit) for the year</b>	<b>17 650</b>	<b>33 108</b>	<b>27 897</b>	<b>51 515</b>

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

Vote Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>				
<b>Revenue by Vote</b>				
Vote 1 - Executive & Council	5 571	5 571	6 946	7 171
Vote 2 - Planning & Development	1 287	3 032	-	-
Vote 3 - Corporate Services	56	56	60	63
Vote 4 - Budget & Treasury	96 102	95 788	107 894	133 673
Vote 5 - Road Transport	25 212	37 986	25 796	19 745
Vote 7 - Housing	21	415	22	24
Vote 9 - Community & Social Services	5 382	4 797	4 730	8 434
Vote 10 - Sport & Recreation	4 793	5 366	5 379	11 910
Vote 11 - Public Safety	25	25	26	28
Vote 12 - Electricity	28 761	28 612	33 120	33 483
Vote 13 - Waste Management	7 904	7 484	7 053	7 476
<b>Total Revenue by Vote</b>	<b>175 115</b>	<b>189 133</b>	<b>191 028</b>	<b>222 008</b>
<b>Expenditure by Vote</b>				
Vote 1 - Executive & Council	20 442	22 759	21 729	23 044
Vote 2 - Planning & Development	12 479	12 712	9 814	10 403
Vote 3 - Corporate Services	11 639	13 642	10 576	10 681
Vote 4 - Budget & Treasury	15 707	16 325	16 582	17 557
Vote 5 - Road Transport	32 975	29 566	36 853	37 176
Vote 6 - Waste Water Management	827	827	877	930
Vote 7 - Housing	1 958	1 835	2 076	2 200
Vote 9 - Community & Social Services	10 182	8 133	10 793	11 441
Vote 10 - Sport & Recreation	348	528	368	390
Vote 11 - Public Safety	67	67	71	75
Vote 12 - Electricity	36 454	36 994	38 142	40 430
Vote 13 - Waste Management	14 387	12 634	15 250	16 165
<b>Total Expenditure by Vote</b>	<b>157 465</b>	<b>156 024</b>	<b>163 131</b>	<b>170 493</b>
<b>Surplus/ (Deficit) for the year</b>	<b>17 650</b>	<b>33 108</b>	<b>27 897</b>	<b>51 515</b>

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

Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	2013/14 Original Budget	2013/14 Adjusted Budget	2014/15 Adjusted Budget	2015/16 Adjusted Budget
<b>R thousands</b>				
<b>Revenue By Source</b>				
Property rates	4 612	4 298	4 888	5 182
Service charges - electricity revenue	19 499	19 658	20 669	21 909
Service charges - refuse revenue	2 223	2 223	2 356	2 497
Rental of facilities and equipment	278	278	295	312
Interest earned - external investments	7 000	7 000	7 420	7 865
Interest earned - outstanding debtors	843	843	894	948
Fines	60	60	64	67
Licences and permits	1 140	1 140	1 208	1 281
Agency services	1 802	2 102	1 910	2 025
Transfers recognised - operating	106 932	109 077	116 861	143 006
Other revenue	371	365	393	417
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>144 760</b>	<b>147 043</b>	<b>156 958</b>	<b>185 509</b>
<b>Expenditure By Type</b>				
Employee related costs	57 313	49 405	60 812	64 473
Remuneration of councillors	9 635	9 843	10 213	10 826
Debt impairment	4 270	4 270	4 526	4 797
Depreciation & asset impairment	15 224	15 550	16 138	17 106
Finance charges	1 639	1 639	541	573
Bulk purchases	26 677	26 677	28 278	29 975
Transfers and grants	334	334	-	-
Other expenditure	42 373	48 306	42 624	42 743
<b>Total Expenditure</b>	<b>157 465</b>	<b>156 024</b>	<b>163 131</b>	<b>170 493</b>
<b>Surplus/(Deficit)</b>	<b>(12 705)</b>	<b>(8 981)</b>	<b>(6 173)</b>	<b>15 016</b>
Transfers recognised - capital	30 355	42 089	34 070	36 499
<b>Surplus/ (Deficit) for the year</b>	<b>17 650</b>	<b>33 108</b>	<b>27 897</b>	<b>51 515</b>

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

Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	2013/14 Original Budget	2013/14 Adjusted Budget	2014/15 Adjusted Budget	2015/16 Adjusted Budget
<b>R thousands</b>				
<b>Capital expenditure - Vote</b>				
<b>Multi-year expenditure to be adjusted</b>				
Vote 3 - Corporate Services	4 000	-	-	-
Vote 5 - Road Transport	18 554	9 720	12 038	8 189
Vote 10 - Sport & Recreation	4 793	4 366	5 379	11 910
Vote 12 - Electricity	1 508	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>28 855</b>	<b>14 086</b>	<b>17 418</b>	<b>20 099</b>
<b>Single-year expenditure to be adjusted</b>				
Vote 1 - Executive & Council	1 625	825	-	-
Vote 2 - Planning & Development	100	270	-	-
Vote 3 - Corporate Services	400	9 700	-	-
Vote 4 - Budget & Treasury	500	500	-	-
Vote 5 - Road Transport	7 160	28 074	14 975	14 860
Vote 9 - Community & Social Services	7 850	6 255	7 560	10 660
Vote 10 - Sport & Recreation	-	1 000	-	-
Vote 11 - Public Safety	1 100	900	-	-
Vote 12 - Electricity	3 920	4 450	6 422	8 000
Vote 13 - Waste Management	4 970	4 430	350	400
<b>Capital single-year expenditure sub-total</b>	<b>27 625</b>	<b>56 404</b>	<b>29 307</b>	<b>33 920</b>
<b>Total Capital Expenditure - Vote</b>	<b>56 480</b>	<b>70 490</b>	<b>46 725</b>	<b>54 019</b>
<b>Capital Expenditure - Standard</b>				
<b><i>Governance and administration</i></b>	<b>6 525</b>	<b>11 025</b>	<b>-</b>	<b>-</b>
Executive and council	1 625	825	-	-
Budget and treasury office	500	500	-	-
Corporate services	4 400	9 700	-	-
<b><i>Community and public safety</i></b>	<b>13 743</b>	<b>12 521</b>	<b>12 939</b>	<b>22 570</b>
Community and social services	7 850	6 255	7 560	10 660
Sport and recreation	4 793	5 366	5 379	11 910
Public safety	1 100	900	-	-
<b><i>Economic and environmental services</i></b>	<b>25 814</b>	<b>38 064</b>	<b>27 013</b>	<b>23 049</b>
Planning and development	100	270	-	-
Road transport	25 714	37 794	27 013	23 049
<b><i>Trading services</i></b>	<b>10 398</b>	<b>8 880</b>	<b>6 772</b>	<b>8 400</b>
Electricity	5 428	4 450	6 422	8 000
Waste management	4 970	4 430	350	400
<b>Total Capital Expenditure - Standard</b>	<b>56 480</b>	<b>70 490</b>	<b>46 725</b>	<b>54 019</b>
<b>Funded by:</b>				
National Government	30 355	42 089	34 070	36 499
<b>Total Capital transfers recognised</b>	<b>30 355</b>	<b>42 089</b>	<b>34 070</b>	<b>36 499</b>
<b>Internally generated funds</b>	<b>26 125</b>	<b>28 401</b>	<b>12 655</b>	<b>17 520</b>
<b>Total Capital Funding</b>	<b>56 480</b>	<b>70 490</b>	<b>46 725</b>	<b>54 019</b>

Table B6 - Adjustments Budgeted Financial Position

Description	Budget Year 2013/14		Budget Year	Budget Year
	2013/14	2013/14	+1 2014/15	+2 2015/16
	Original Budget	Adjusted Budget	2014/15 Adjusted Budget	2015/16 Adjusted Budget
<b>R thousands</b>				
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	500	1 177	1 177	1 177
Call investment deposits	78 346	104 271	103 329	119 927
Consumer debtors	11 867	14 064	14 898	15 781
Other debtors	7 330	2 323	2 509	2 709
Inventory	5 041	4 010	4 210	4 421
<b>Total current assets</b>	<b>103 083</b>	<b>125 844</b>	<b>126 122</b>	<b>144 015</b>
<b>Non current assets</b>				
Investment property	12 549	10 262	10 262	10 262
Property, plant and equipment	259 362	256 199	286 786	323 699
Intangible	215	181	181	181
Other non-current assets	1 436	-	-	-
<b>Total non current assets</b>	<b>273 561</b>	<b>266 642</b>	<b>297 229</b>	<b>334 142</b>
<b>TOTAL ASSETS</b>	<b>376 644</b>	<b>392 486</b>	<b>423 351</b>	<b>478 156</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Borrowing	971	827	893	965
Consumer deposits	575	1 024	1 126	1 239
Trade and other payables	3 565	1 837	2 021	2 223
Provisions	12 425	5 478	5 752	6 040
<b>Total current liabilities</b>	<b>17 536</b>	<b>9 166</b>	<b>9 792</b>	<b>10 466</b>
<b>Non current liabilities</b>				
Borrowing	13 367	13 612	12 719	11 754
Provisions	18 517	18 328	21 563	25 144
<b>Total non current liabilities</b>	<b>31 884</b>	<b>31 940</b>	<b>34 282</b>	<b>36 898</b>
<b>TOTAL LIABILITIES</b>	<b>49 421</b>	<b>41 106</b>	<b>44 074</b>	<b>47 364</b>
<b>NET ASSETS</b>	<b>327 224</b>	<b>351 380</b>	<b>379 277</b>	<b>430 792</b>
<b>COMMUNITY WEALTH/EQUITY</b>				
Accumulated Surplus/(Deficit)	246 194	235 173	262 269	303 784
Reserves	81 030	116 208	117 008	127 008
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>327 224</b>	<b>351 380</b>	<b>379 277</b>	<b>430 792</b>

Table B7 - Adjustments Budgeted Cash Flows

Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	2013/14 Original Budget	2013/14 Adjusted Budget	2014/15 Adjusted Budget	2015/16 Adjusted Budget
<b>R thousands</b>				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and other	28 531	25 118	26 238	27 809
Government - operating	106 932	108 464	116 861	143 006
Government - capital	30 355	42 089	34 070	36 499
Interest	7 843	7 843	8 314	8 813
<b>Payments</b>				
Suppliers and employees	(137 130)	(159 141)	(138 434)	(144 156)
Finance charges	(1 639)	(1 639)	(541)	(573)
Transfers and Grants	(334)	(334)	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>34 559</b>	<b>22 401</b>	<b>46 508</b>	<b>71 397</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Payments</b>				
Capital assets	(56 480)	(70 490)	(46 725)	(54 019)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(56 480)</b>	<b>(70 490)</b>	<b>(46 725)</b>	<b>(54 019)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Increase (decrease) in consumer deposits	43	75	102	113
<b>Payments</b>				
Repayment of borrowing	(899)	(791)	(827)	(893)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(856)</b>	<b>(716)</b>	<b>(725)</b>	<b>(781)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(22 777)</b>	<b>(48 805)</b>	<b>(942)</b>	<b>16 598</b>
Cash/cash equivalents at the year begin:	101 623	154 253	105 448	104 506
Cash/cash equivalents at the year end:	78 846	105 448	104 506	121 104

Table B8 - Adjustments Cash backed reserves/accumulated surplus reconciliation

Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>				
<b><u>Cash and investments available</u></b>				
Cash/cash equivalents at the year end	78 846	105 448	104 506	121 104
<b>Cash and investments available:</b>	<b>78 846</b>	<b>105 448</b>	<b>104 506</b>	<b>121 104</b>
<b><u>Applications of cash and investments</u></b>				
Other working capital requirements	(14 201)	(11 455)	(11 956)	(12 622)
Reserves to be backed by cash/investments	79 809	114 065	114 865	124 865
<b>Total Application of cash and investments:</b>	<b>65 608</b>	<b>102 610</b>	<b>102 910</b>	<b>112 243</b>
<b>Surplus(shortfall)</b>	<b>13 238</b>	<b>2 838</b>	<b>1 596</b>	<b>8 861</b>



Table B9 - Adjustments Budget Asset Management

Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	2013/14 Original Budget	2013/14 Adjusted Budget	2014/15 Adjusted Budget	2015/16 Adjusted Budget
<b>R thousands</b>				
<b>CAPITAL EXPENDITURE</b>				
<b>Total New Assets to be adjusted</b>	<b>52 980</b>	<b>67 490</b>	<b>44 225</b>	<b>51 019</b>
<i>Infrastructure - Road transport</i>	19 554	30 765	21 988	15 689
<i>Infrastructure - Electricity</i>	4 908	3 710	6 202	6 800
<i>Infrastructure - Other</i>	1 750	2 549	-	-
Infrastructure	26 212	37 024	28 190	22 489
Community	10 443	9 931	10 379	19 510
Other assets	16 325	20 535	5 655	9 020
<b>Total Renewal of Existing Assets to be adjusted</b>	<b>3 500</b>	<b>3 000</b>	<b>2 500</b>	<b>3 000</b>
Community	2 100	1 600	2 500	3 000
Other assets	1 400	1 400	-	-
<b>Total Capital Expenditure to be adjusted</b>				
<i>Infrastructure - Road transport</i>	19 554	30 765	21 988	15 689
<i>Infrastructure - Electricity</i>	4 908	3 710	6 202	6 800
<i>Infrastructure - Other</i>	1 750	2 549	-	-
Infrastructure	26 212	37 024	28 190	22 489
Community	12 543	11 531	12 879	22 510
Other assets	17 725	21 935	5 655	9 020
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	<b>56 480</b>	<b>70 490</b>	<b>46 725</b>	<b>54 019</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>				
<i>Infrastructure - Road transport</i>	107 126	107 959	118 125	121 283
<i>Infrastructure - Electricity</i>	16 148	11 672	17 518	23 940
<i>Infrastructure - Other</i>	11 400	16 583	16 408	16 223
Infrastructure	134 673	136 214	152 051	161 446
Community	42 575	22 836	35 563	57 912
Investment properties	12 549	10 262	10 262	10 262
Other assets	81 820	97 178	99 232	104 435
Intangibles	215	151	120	87
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>271 832</b>	<b>266 642</b>	<b>297 229</b>	<b>334 142</b>
<b>EXPENDITURE OTHER ITEMS</b>				
<b>Depreciation &amp; asset impairment</b>	<b>15 224</b>	<b>15 550</b>	<b>16 138</b>	<b>17 106</b>
<b>Repairs and Maintenance by asset class</b>	<b>3 212</b>	<b>3 537</b>	<b>3 404</b>	<b>3 609</b>
<i>Infrastructure - Road transport</i>	610	460	647	685
<i>Infrastructure - Electricity</i>	495	705	525	556
<i>Infrastructure - Water</i>	4	4	4	5
<i>Infrastructure - Other</i>	40	40	42	45
Infrastructure	1 149	1 209	1 218	1 291
Community	73	73	78	82
Other assets	1 989	2 255	2 109	2 235
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>	<b>18 436</b>	<b>19 087</b>	<b>19 542</b>	<b>20 715</b>
<i>% of capital exp on renewal of assets</i>	<i>6.2%</i>	<i>4.3%</i>	<i>5.4%</i>	<i>5.6%</i>
<i>Renewal of existing assets as % of deprecn</i>	<i>23.0%</i>	<i>19.3%</i>	<i>15.5%</i>	<i>17.5%</i>
<i>R&amp;M as a % of PPE</i>	<i>1.2%</i>	<i>1.3%</i>	<i>1.1%</i>	<i>1.1%</i>
<i>Renewal and R&amp;M as a % of PPE</i>	<i>2.5%</i>	<i>2.5%</i>	<i>2.0%</i>	<i>2.0%</i>

Table B10 – Adjustments Budget Basic service delivery measurement

Description	Budget Year 2013/14		Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Household service targets</b>				
<b><u>Energy:</u></b>				
Electricity (at least min. service level)	29 869	59 737	30 167	30 469
Electricity - prepaid (> min.service level)	986	1 973	996	1 006
<i>Minimum Service Level and Above sub-total</i>	30 855	61 710	31 164	31 475
Other energy sources	7 191	14 382	6 882	6 571
<i>Below Minimum Servic Level sub-total</i>	7 191	14 382	6 882	6 571
<b>Total number of households</b>	<b>38 046</b>	<b>76 092</b>	<b>38 046</b>	<b>38 046</b>
<b><u>Refuse:</u></b>				
Removed at least once a week (min.service)	4 756	9 512	4 756	4 756
Minimum Service Level and Above sub-total	4 756	9 512	4 756	4 756
Using communal refuse dump	33 290	66 581	33 290	33 290
<i>Below Minimum Servic Level sub-total</i>	33 290	66 581	33 290	33 290
<b>Total number of households</b>	<b>38 046</b>	<b>76 092</b>	<b>38 046</b>	<b>38 046</b>
<b><u>Cost of Free Basic Services provided (R'000)</u></b>				
Electricity/other energy (50kwh per household per month)	7 755	15 511	8 221	8 714
Refuse (removed once a week)	4 266	8 532	4 522	4 793
<b>Total cost of FBS provided (minimum social package)</b>	<b>12 021</b>	<b>24 043</b>	<b>12 743</b>	<b>13 507</b>
<b><u>Highest level of free service provided</u></b>				
Property rates (R'000 value threshold)	60 000	120 000	60 000	60 000
Electricity (kw per household per month)	50	100	50	50
Refuse (average litres per week)	140	280	140	140
<b><u>Revenue cost of free services provided (R'000)</u></b>				
Property rates (R15 000 threshold rebate)	1 054	2 108	1 117	1 184
Property rates (other exemptions, reductions and rebates)	364	728	386	409
Electricity/other energy	7 755	15 511	8 221	8 714
Refuse	4 266	8 532	4 522	4 793
<b>Total revenue cost of free services provided (total social package)</b>	<b>13 439</b>	<b>26 879</b>	<b>14 246</b>	<b>15 101</b>

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 the first indicator of a "credible" budget.

Funding levels are acceptable at an average of 7 months cash - resources, which is remarkable in these economic times, and is sufficient to cover all requirements of the funding and reserves policy.

## 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 Senqu Municipality

Over the past financial years via sound and strong financial management, Senqu 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 sound and this budget further ensures that it stays sound.

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. The following tables summarises the budgeted interest over the MTREF;

R '000	2013/2014 Original Budget	2013/2014 Adjustments Budget	2014/2015 Budget	2015/2016 Budget
Investment Interest	7 000	7 000	7 420	7 865

### 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 MTREF period.

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.

## 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	2013/2014 Original Budget	2013/2014 Adjustments Budget	2014/2015 Budget	2015/2016 Budget
External Entities	334	334	-	-

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 minor adjustments 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 to the quarterly service delivery and budget implementation plans as a result of the changes to the budget is being submitted separately. The main changes to the SDBIP for the year are listed below.

Description	Unit of measurement	Budget Year 2013/14			Budget Year	Budget Year
		Original Budget	Total Adjusts.	Adjusted Budget	+1 2014/15 Adjusted Budget	+2 2015/16 Adjusted Budget
<b>Vote 3 - Corporate Services</b>						
<b>Function 1 - Buildings</b>						
<b>Sub-function 1 - Other Buildings</b>						
<i>Building</i>	Completion of project	4 000	5 000	9 000	-	-
			-	-	-	-
<b>Vote5 - Road Transport</b>						
<b>Function 1 - Roads</b>						
<b>Sub-function 1 - Acces Roads</b>						
<i>Access Roads</i>	Completion of project to the specification of the engineers	18 554	(8 834)	9 720	12 038	8 189
<i>Constr Access Roads Wards 7,8,9&amp;12 (Ph 4)</i>	Completion of project to the specification of the engineers	-	6 195	6 195	-	-
<i>Access Roads Ward 15</i>	Completion of project to the specification of the engineers	-	3 790	3 790	-	-
<i>Roads Ward 19</i>	Completion of project to the specification of the engineers	-	3 500	3 500	-	-
<i>Roads &amp; Street Paving Ward 1</i>	Completion of project to the specification of the engineers	-	2 000	2 000	-	-
<b>Sub-function 2 - Surfaced Roads</b>						
<i>Surfaced Roads</i>	Completion of project to the specification of the engineers	-	3 685	3 685	-	-
<b>Function 2 - Bridges</b>						
<b>Sub-function 1 - Bridges</b>						
<i>Bridges</i>	Completion of project to the specification of the engineers	1 000	(288)	712	9 950	7 500
<b>Function 3 - Buildings</b>						
<b>Sub-function 1 - Other Buildings</b>						
<i>Renovation BE Traffic Station</i>	Renovation of Traffic Station to specifications	1 400	-	1 400	-	-
<b>Function 4 - Infrastructure</b>						
<b>Sub-function 1 - Other Infrastructure</b>						
<i>Sterkspruit Taxi Rank</i>	Completion of project to the specification of the engineers	-	1 219	1 219	-	-
<b>Vote9 - Community &amp; Social Services</b>						
<b>Function 1 - Community Halls</b>						
<b>Sub-function 1 - Buildings</b>						
<i>Community Halls</i>	Completion of the hall to specifications	2 850	(1 053)	1 797	3 000	6 600
<i>Renovations: Community Halls</i>	Renovation of the hall to specifications	2 100	(500)	1 600	2 500	3 000
<b>Function 2 - Cemeteries</b>						
<b>Sub-function 1 - Cemeteries</b>						
<i>Cemeteries (Phase 2)</i>	Completion of the cemeteries to specifications	900	468	1 368	-	-
<i>Fencing: Cemeteries</i>	Fencing of the cemeteries to specifications	1 400	(400)	1 000	1 500	1 000
<b>Vote10 - Sport &amp; Recreation</b>						
<b>Function 1 - Sport Facilities</b>						
<b>Sub-function 1 - Sport Facilities</b>						
<i>Sport Facilities</i>	Fully functional sport facilities	4 793	(427)	4 366	5 379	11 910
<i>Upgrading Sport Facility-Barkly East</i>	Upgrading of sport facilities	-	1 000	1 000	-	-
<b>Vote12 - Electricity</b>						
<b>Function 1 - Electricity distribution</b>						
<b>Sub-function 1 - Infrastructure</b>						
<i>Transmission &amp; Reticulation</i>	Completion of project to satisfy specifications of the engineers	3 400	(390)	3 010	2 000	4 000
<b>Vote13 - Waste Management</b>						
<b>Function 1 - Refuse</b>						
<b>Sub-function 1 - Waste sites</b>						
<i>Solid Waste Sites</i>	Completion of project to satisfy specifications of the engineers	1 250	(420)	830	-	-



## **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 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, M M Yawa, Municipal Manager of Senqu 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.

M M Yawa

Municipal Manager of Senqu Municipality

Signature .....

Date .....