



UMZIMVUBU
— LOCAL MUNICIPALITY —

**Medium Term
Revenue Expenditure
Framework (MTREF)**

Adjustments Budget

2013/14-2015/16

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PART 1 – ADJUSTMENT BUDGET

Section 1 - Mayors Report

An Adjustments Budget is the means whereby a municipality may revise its annual budget during the course of a financial year. It follows on the mid-year budget and performance review process which culminated in the report tabled at Council on 24 January 2013

The Adjustments Budget does not shift the priorities and overall direction of the current budget; it merely allows us scope to accelerate or decelerate certain programmes and is a very important precursor to the new budget being prepared for the 2014/2015 financial year.

The Adjustments Budget is therefore a technical budget as prescribed under the MFMA Municipal Budget and Reporting Regulations.

1.1 Reasons for the adjustments budget

1.1.1 Allocations and grant adjustments

Allocation and grant adjustments are included as a result of the approved National and Provincial Government Adjustments Budgets, however there is an indication that funds will be transferred to our municipality.

Various other grants (MIG R18.1 million & MSIG R4 850) have been re-appropriated where they were unspent at the end of 2012/2013 and will be utilised in the current financial year

1.1.2 Appropriate additional revenues that have become available

The mid-year budget and performance assessment determined that additional revenue will be available for appropriation during 2013/2014 from property rates, interest earned and building plan fees. These will be appropriated to revise or accelerate spending programs already budgeted for.

1.1.3 Correction of errors in the annual budget

The expenditure of R17, 2 million and its budget of R30 million including R60 million loan are to be transferred to operational budget as the grant are not in capital in nature

Section 2 - Resolutions

ADJUSTMENTS MTREF 2013/2014

RECOMMENDATION:

- [a]. That the annual adjustments budget of Umzimvubu Municipality for the financial year 2013/2014, as set-out in the schedules contained in Section 4, be approved:
- [i] Table B2: Adjustments Budget Financial Performance (expenditure by standard classification)
 - [ii] Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote)
 - [iii] Table B4: Adjustments Budget Financial Performance (revenue by source)
 - [iv] Table B5: Adjustments Budget Capital Expenditure for both multi-year and single year by vote, standard classification and funding
- [b]. That the following adjustments permitted in terms of section 28(2) of the Municipal Finance Management Act and reflected in the tables referred to in resolution [a] above be approved:
- [i] That those additional revenues that have become available over and above those anticipated in the annual budget be appropriated to revise or accelerate spending programmes already budgeted for;
 - [ii] That the utilisation of projected savings in one vote toward spending under another vote be authorised; and
 - [iii] That any errors in the annual budget be corrected.

Section 3 – Executive Summary

1 Introduction

There are no material implications on service delivery for the remainder of this financial year as a result of this adjustments budget. There will be an implication on the 2013/2014 base data going forward, most significantly the increase in the revenue base for property rates and traffic fines.

An Adjustments Budget, as indicated in the Mayor's Report, is mainly technical in nature. It is also an important precursor for the new Annual Budget. This is especially the case in a period of economic downturn. Even though the municipality has an annual tourism event which is aim to showcase our tourist attraction areas that are within Umzimvubu there was as slight improvement but there was no huge impact.

As we have taken a conservative approach in this adjustment that department are to adjust within the approved budget as additional revenues will be directed to service delivery. There will be less money to spend on any nice-to-haves and there will be a requirement that departments review the services that they do deliver and do so in the most cost-effective and efficient means possible.

3.2 Provision of basic services

There is no negative effect of the adjustments budget on the provision of basic services, but the challenge we have is the credibility of the data. This has been prioritized by the whole district as the Alfred Nzo has procured services to do the work for the whole district.

3.3 Effect of the adjustments budget

As stated above the base revenue changes will impact upon the MTREF going forward. This is of course premised on current IDP and expenditure priorities. Revisions to the IDP for 2014/15 will have to take into consideration the financial realities facing Council within this current financial year.

3.3.1 Service delivery and budget implementation plan

The Executive and management have made a decision to utilise the adjustment budget process and take a proactive approach to fundamentally enhancing the SDBIP. These enhancements are to better reflect the primary focus areas for service delivery. These enhancements will have the additional benefit of addressing issues raised by the Auditor General during the 2012/13 audit process.

3.4 Adjustment highlights

Operating Budget

The major highlights as detailed in this adjustment process are the increased own revenues from property rates and interest earned. The additional provincial government grant allocations impact on both revenue and expenditure. The other largest single change to expenditure is for grants and subsidies paid.

Capital Budget

With regard to the capital budget there is a decrease of R141, 9 to R90, 7 million in this Adjustments Budget. This is as result of INEP R20 million and 60 million loan which both were for electricity distribution. These were included as capital in the annual budget as they are not in capital in nature so they had to be included under operating budget.

3.5 Conclusion

The Adjustments Budget has appropriated R43, 6 million additional revenues that have become available. The operating expenditure budget has increased by R91, 9 million and the capital budget has decreased by 51.1million

Section 4 – Adjustment Budget Tables

EC442 Umzimvubu - Table B1
Adjustments Budget Summary - 24
January 2013

Description	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
R thousands											
Financial Performance											
Property rates	8 900	-	-	-	-	-	100	100	9 000	9 486	9 998
Service charges	1 517	-	-	-	-	-	55	55	1 572	1 657	1 746
Investment revenue	230	-	-	-	-	-	570	570	800	843	889
Transfers recognised - operational	122 752	-	-	-	-	9 034	20 000	29 034	151 786	138 903	146 403
Other own revenue	21 595	-	-	-	-	-	(6 271)	(6 271)	15 324	16 150	17 123
	154 993	-	-	-	-	9 034	14 454	23 488	178 482	167 039	176 160
Total Revenue (excluding capital transfers and contributions)											
Employee costs	48 883	-	-	-	-	-	-	-	48 883	-	-
Remuneration of councillors	13 917	-	-	-	-	-	-	-	13 917	14 670	15 403
Depreciation & asset impairment	30 000	-	-	-	-	-	-	-	30 000	31 620	33 327
Finance charges	20	-	-	-	-	-	-	-	20	21	22
Materials and bulk purchases	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	61 137	-	-	-	-	-	-	-	61 137	11 805	12 442
	153 957	-	-	-	-	-	-	-	153 957	58 116	61 195
Total Expenditure											
Surplus/(Deficit)	1 036	-	-	-	-	9 034	14 454	23 488	24 525	108 923	114 965
Transfers recognised - capital	40 066	-	-	-	-	18 118	-	18 118	58 184	61 326	64 638
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	60 000	60 000	60 000	63 240	64 638

Surplus/(Deficit) after capital transfers & contributions	41 102	-	-	-	-	27 153	74 454	101 607	142 709	233 490	244 241
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	41 102	-	-	-	-	27 153	74 454	101 607	142 709	233 490	244 241
<u>Capital expenditure & funds sources</u>											
Capital expenditure	141 981	-	-	-	-	-	(51 190)	(51 190)	90 791	95 749	100 849
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	-	-	-	-
<u>Financial position</u>											
Total current assets	107 300	-	-	-	-	-	-	-	107 300	45 336	47 759
Total non current assets	246 902	-	-	-	-	-	-	-	246 902	14 286	14 286
Total current liabilities	37 542	-	-	-	-	-	-	-	37 542	-	-
Total non current liabilities	10 578	-	-	-	-	-	-	-	10 578	-	-
Community wealth/Equity	252 743	-	-	-	-	-	-	-	252 743	-	-
<u>Cash flows</u>											
Net cash from (used) operating	132 685	-	-	-	-	57 960	(77 382)	(19 421)	113 263	584 402	615 960
Net cash from (used) investing	141 942	-	-	-	-	-	-	-	141 942	149 719	157 772
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	324 139	-	-	-	-	57 960	(77 382)	(19 421)	304 717	786 306	828 735
<u>Cash backing/surplus reconciliation</u>											
Cash and investments available	87 735	-	-	-	-	-	-	-	87 735	40 288	42 464
Application of cash and investments	#####	-	-	-	-	-	-	-	#####	#####	#####
Balance - surplus (shortfall)	#####	-	-	-	-	-	-	-	#####	#####	#####
<u>Asset Management</u>											
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	30 000	-	-	-	-	-	-	-	30 000	31 620	33 327

Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Free services												
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-	-
Households below minimum service level												
Water:	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-	-

EC442 Umzimvubu - Table B2 Adjustments Budget Financial Performance (standard classification) - 24 January 2013

Standard Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		5	6	7	8	9	10	11	12			
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
Governance and administration		144 784	-	-	-	-	-	11 183	11 183	155 967	167 949	177 018
Executive and council		-	-	-	-	-	-	150	150	150	158	167
Budget and treasury office		144 414	-	-	-	-	-	10 948	10 948	155 362	167 311	176 346
Corporate services		370	-	-	-	-	-	85	85	455	480	505
Community and public safety		4 871	-	-	-	-	-	481	481	5 352	5 641	5 945
Community and social services		277	-	-	-	-	-	-	-	277	292	308
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		4 594	-	-	-	-	-	481	481	5 075	5 349	5 637
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		116 890	-	-	-	-	-	29 943	29 943	146 833	154 761	163 118
Planning and development		271	-	-	-	-	-	5 089	5 089	5 360	5 648	5 953
Road transport		116 619	-	-	-	-	-	24 854	24 854	141 473	149 113	157 165
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		1 713	-	-	-	-	-	2 151	2 151	3 864	4 073	4 293
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1 713	-	-	-	-	-	2 151	2 151	3 864	4 073	4 293
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	268 258	-	-	-	-	-	43 758	43 758	312 016	332 423	350 373
Expenditure - Standard	-											
Governance and administration		70 723	-	-	-	-	-	7 052	7 052	77 775	83 435	87 940
Executive and council		31 590	-	-	-	-	-	309	309	31 900	34 080	35 921
Budget and treasury office		22 915	-	-	-	-	-	7 363	7 363	30 278	32 914	34 692
Corporate services		16 218	-	-	-	-	-	(621)	(621)	15 597	16 440	17 327
Community and public safety		24 601	-	-	-	-	-	(349)	(349)	24 252	25 562	26 942
Community and social services		11 178	-	-	-	-	-	(647)	(647)	10 531	11 099	11 699
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-

Public safety		13 423	-	-	-	-	-	298	298	13 721	14 462	15 243
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		18 936	-	-	-	-	-	83 596	83 596	102 532	108 865	115 650
Planning and development		6 200	-	-	-	-	-	3 050	3 050	9 251	10 546	12 022
Road transport		12 736	-	-	-	-	-	80 546	80 546	93 282	98 319	103 628
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		12 016	-	-	-	-	-	2 563	2 563	14 579	14 579	15 367
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		12 016	-	-	-	-	-	2 563	2 563	14 579	14 579	15 367
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	126 277	-	-	-	-	-	92 862	92 862	219 139	232 440	245 899
Surplus/ (Deficit) for the year		141 981	-	-	-	-	-	(49 104)	(49 104)	92 877	99 982	104 475

**EC442 Umzimvubu - Table B3 Adjustments Budget Financial Performance
(revenue and expenditure by municipal vote) - 24 January 2013**

Vote Description [Insert departmental structure etc] R thousands	Ref	Budget Year 2013/14								Budget Year +1 2014/15	Budget Year +2 2015/16	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	
		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive and Council		100	-	-	-	-	-	150	150	250	264	278
Vote 2 - Budget and Treasury		22 915	-	-	-	-	-	7 363	7 363	30 278	167 311	176 346
Vote 3 - Corporate Services		370	-	-	-	-	-	85	85	455	480	505
Vote 4 - Local Economic Development		271	-	-	-	-	-	5 089	5 089	5 360	5 648	5 953

Vote 5 - Infrastructure and Planning		116 619	-	-	-	-	-	24 854	24 854	141 473	149 113	157 165
Vote 6 - Community and Social Services		177	-	-	-	-	-	-	-	177	187	197
Vote 7 - Waste Management		1 713	-	-	-	-	-	2 151	2 151	3 864	4 073	4 293
Vote 8 - Public Safety		4 594	-	-	-	-	-	481	481	5 075	5 349	5 637
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	146 759	-	-	-	-	-	40 172	40 172	186 932	332 423	350 373
Expenditure by Vote	1											
Vote 1 - Executive and Council		39 900	-	-	-	-	-	29	29	39 930	42 544	44 841
Vote 2 - Budget and Treasury		22 915	-	-	-	-	-	7 363	7 363	30 278	32 914	34 692
Vote 3 - Corporate Services		16 218	-	-	-	-	-	(621)	(621)	15 597	16 440	17 327
Vote 4 - Local Economic Development		6 200	-	-	-	-	-	3 050	3 050	9 251	10 546	12 022
Vote 5 - Infrastructure and Planning		12 736	-	-	-	-	-	80 546	80 546	93 282	98 319	103 628
Vote 6 - Community and Social Services		2 868	-	-	-	-	-	(367)	(367)	2 501	2 636	2 778
Vote 7 - Waste Management		12 016	-	-	-	-	-	2 563	2 563	14 579	14 579	15 367
Vote 8 - Public Safety		13 423	-	-	-	-	-	298	298	13 721	14 462	15 243
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	126 277	-	-	-	-	-	92 862	92 862	219 139	232 440	245 899
Surplus/ (Deficit) for the year	2	20 482	-	-	-	-	-	(52 689)	(52 689)	(32 207)	99 982	104 475

EC442 Umzimvubu - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 24 January 2013

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoi d.	Nat. or Prov - Govt	Other Adjust s.	Total Adjust s.	Adjust ed Budget	Adjust ed Budget	
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												

Property rates	2	8 900	-	-	-	-	-	100	100	9 000	9 486	9 998
Property rates - penalties & collection charges									-	-		
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	1 517	-	-	-	-	-	55	55	1 572	1 657	1 746
Service charges - other									-	-		
Rental of facilities and equipment		1 231						3	3	1 234	1 300	1 371
Interest earned - external investments		230						570	570	800	843	889
Interest earned - outstanding debtors		750						100	100	850	896	944
Dividends received									-	-		
Fines		800						(100)	(100)	700	738	778
Licences and permits		2 354						(70)	(70)	2 285	2 408	2 538
Agency services		1 110						-	-	1 110	1 170	1 333
Transfers recognised - operating		122					9					
		752					034	20 000	29 034	151 786	138 903	146 403
Other revenue	2	15 350	-	-	-	-	-	(6 204)	(6 204)	9 145	9 639	10 160
Gains on disposal of PPE									-	-		
Total Revenue (excluding capital transfers and contributions)		154 993	-	-	-	-	9 034	14 454	23 488	178 482	167 039	176 160
Expenditure By Type	-											
Employee related costs		48 883	-	-	-	-	-	-	-	48 883	-	-
Remuneration of councillors		13 917							-	13 917	14 670	15 403
Debt impairment		11 200							-	11 200	11 805	12 442
Depreciation & asset impairment		30 000	-	-	-	-	-	-	-	30 000	31 620	33 327
Finance charges		20							-	20	21	22
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-
Other materials		-							-	-	-	-
Contracted services		-	-	-	-	-	-	-	-	-	-	-
Transfers and grants		-							-	-	-	-
Other expenditure		49 937	-	-	-	-	-	-	-	49 937	-	-
Loss on disposal of PPE									-	-		
Total Expenditure		153 957	-	-	-	-	-	-	-	153 957	58 116	61 195
Surplus/(Deficit)		1 036	-	-	-	-	9 034	14 454	23 488	24 525	108 923	114 965
Transfers recognised - capital		40 066					18		18 118	58 184	61 326	64 638
Contributions								60 000	60 000	60 000	63 240	64 638
Contributed assets									-	-		
Surplus/(Deficit) before taxation		41 102	-	-	-	-	27 153	74 454	101 607	142 709	233 490	244 241
Taxation									-	-		
Surplus/(Deficit) after taxation		41 102	-	-	-	-	27 153	74 454	101 607	142 709	233 490	244 241
Attributable to minorities									-	-		
Surplus/(Deficit) attributable to municipality		41 102	-	-	-	-	27 153	74 454	101 607	142 709	233 490	244 241
Share of surplus/ (deficit) of associate									-	-		
Surplus/ (Deficit) for the year		41 102	-	-	-	-	27 153	74 454	101 607	142 709	233 490	244 241

**EC442 Umzimvubu - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 24
January 2013**

Description	Ref	Budget Year 2013/14									Budget Year +1 2014/15	Budget Year +2 2015/16
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Local Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Infrastructure and Planning		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		1 480	-	-	-	-	-	158	158	1 638	1 728	1 825

Vote 2 - Budget and Treasury	650	-	-	-	-	-	300	300	950	1 001	1 055
Vote 3 - Corporate Services	700	-	-	-	-	-	608	608	1 308	1 373	1 442
Vote 4 - Local Economic Development	2 550	-	-	-	-	-	3 110	3 110	5 660	5 966	6 288
Vote 5 - Infrastructure and Planning	131 366	-	-	-	-	-	(56 582)	(56 582)	74 784	78 882	83 073
Vote 6 - Community and Social Services	35	-	-	-	-	-	-	-	35	37	39
Vote 7 - Waste Management	4 250	-	-	-	-	-	365	365	4 615	4 864	5 127
Vote 8 - Public Safety	950	-	-	-	-	-	851	851	1 801	1 898	2 001
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	141 981	-	-	-	-	-	(51 190)	(51 190)	90 791	95 749	100 849
Total Capital Expenditure - Vote	141 981	-	-	-	-	-	(51 190)	(51 190)	90 791	95 749	100 849
Capital Expenditure - Standard											
Governance and administration	-	-	-	-	-	-	-	-	-	-	-
Executive and council											
Budget and treasury office											
Corporate services											
Community and public safety	-	-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
Economic and environmental services	-	-	-	-	-	-	-	-	-	-	-
Planning and development											

Road transport									-	-		
Environmental protection									-	-		
Trading services		-	-	-	-	-	-	-	-	-	-	-
Electricity									-	-		
Water									-	-		
Waste water management									-	-		
Waste management									-	-		
Other									-	-		
Total Capital Expenditure - Standard	3	-	-	-	-	-	-	-	-	-	-	-
Funded by:												
National Government									-	-		
Provincial Government									-	-		
District Municipality									-	-		
Other transfers and grants									-	-		
Total Capital transfers recognised	4	-	-	-	-	-	-	-	-	-	-	-
Public contributions & donations									-	-		
Borrowing									-	-		
Internally generated funds									-	-		
Total Capital Funding		-	-	-	-	-	-	-	-	-	-	-

PART 2 - SUPPORTING DOCUMENTATION

Section 5 – Adjustments to budget assumptions

The main adjustment in budget assumptions relates to the increased revenue projections.

5.1 Revenue

5.1.1 Property Rates

The year-to-date realised revenue is higher than the annual budget. Upward adjustments take into consideration potential outcomes at the end financial year.

5.1.2 Collection levels

On average collection levels in the current year are maintaining budgeted levels and thus no reduction in revenues is required due to falling collection levels. Furthermore, the write off of bad debt approved by Council on 6 December 2012 will impact positively on collection levels.

5.1.3 Build Plan Fees

Fine revenue collected by 31 December equaled the annual budget approved. The adjustment budget effectively doubles the revenue projection for this source of income. The original estimates were low since the project was only implemented in November 2011 and management chose to adopt a conservative budget approach when preparing the annual budget.

5.2 Expenditure

5.2.1 Employee related costs

Decreases in employee related costs are primarily as a result of the employee benefits not used by employees.

5.2.2 Other expenditure

The increase in other expenditure is directly related to implementation of projects funded from increased provincial allocations

Section 6 – Adjustments to budget funding

6.1 Summary of the impact of the adjustments budget 6.1.1

Funding of operating and capital expenditure

Funding of operating expenditure is still in line with the original budget

Capital expenditure remains fully funded from secured borrowings, government allocations and internally generated funds.

6.1.2 Reserves

In recent years Council has implemented has been trying maximising its cash-backed reserves whenever possible. This is a problem, most especially in regard to service delivery. The issue cannot be solved in the short term unless rates and tariff charges are increased to a level that is unsustainable.

6.2 Expenditure funded in accordance with MFMA section 18

The municipality funds its budget in terms of the above mentioned section of the MFMA

Section 7- Adjustments to expenditure on allocations and grant programmes

Disclosure on expenditure on allocations and grant programmes is done by way of the following tables in Annexure 2:

- Supporting Table SB7 Adjustments Budget - transfers and grant receipts
- Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme
- Supporting Table SB9 Adjustments Budget - reconciliation of transfers, grant receipts, and unspent funds

The adjustments to expenditure on allocations and grants programmes are made up as follows:

- Provincial adjustments budget:
 - Operation Clean Audit (LGTA) R3million – will be utilised on the existing operational program
 - DEDEA: R2 400 000 – will be utilised on the existing program Donga Rehabilitation
 - Community Based Planning (Alfred Nzo District): R150 000 – will be utilised as part of operational program for improvements to the public participation and planning

- Unspent grants from 2011/12:
 - MIG: R18 125 148 – will be utilised in terms of the grant conditions for the grant.

It must be noted that the allocations mentioned above are inclusive of VAT and that the recognition of grants as revenue in the statement of financial performance is done.

Section 8 - Adjustments to allocations or grants made by the municipality

The bursary fund has increased by R21 000 more than budgeted. This revenue realised has been appropriated in allocations made by the municipality.

Section 9 – Adjustments to councillors and board members allowances and employee benefits

Supporting Table SB11 Adjustments Budget - councillor and staff benefits' for further details.

The original salary increase was budgeted at 6.85%. The increase negotiated by SALGA and implemented was 6, 5% from 1 July 2013.

Section 10 - Adjustments to service delivery and budget implementation plan

10.1 Quarterly service delivery targets and performance indicators in the SDBIP

Various factors have had an impact on the current years SDBIP necessitating a significant review. These can be grouped into internal and external factors.

10.1.1 Internal factors

- Adjustment Budget

The impact of the adjustment budget on the SDBIP mainly relates to changes in the capital budget and is reflected in the amended SDBIP financial tables.

- Mid-year performance reviews

Performance reviews undertaken with directors and acting directors have highlighted the issues raised during the quarterly SDBIP reviews.

10.1.2 External Factors

□ 2012/13 external audit process and AG report

Of the total number of 119 targets planned for the year, 36 were not achieved during the year under review. This means that 30% of the total planned targets were not achieved during the year under review. This was due to the underspending of the conditional grant relevant to the infrastructure and planning programme.

Section 11-Adjustments to capital expenditure

The disclosures on adjustments to the capital programme are provided in Annexure 2 in the following supporting tables:

- Supporting Table SB16 Adjustments Budget - monthly capital expenditure (municipal vote)
- Supporting Table SB17 Adjustments Budget - monthly capital expenditure (standard classification)
- Supporting Table SB18a Adjustments Budget - capital expenditure on new assets by asset class
- Supporting Table SB18b Adjustments Budget - capital expenditure on renewal of existing assets by asset class
- Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class

Section 12 – Other supporting documents

Various supporting documents are attached to enable the reader a fuller understanding of the MTREF adjustments budget. These are:

Annexure 1 – Main Adjustment Budget Tables

Tables B1 to B10

Annexure 2 – Supporting Adjustment Budget Tables

Supporting Tables SB1 to SB18

Section 13- Municipal manager's quality certification

An adjustments budget and supporting documentation must be covered by a quality certificate in the format as per page 75 of the Government Gazette 32141 - 17 April 2009.

QUALITY CERTIFICATE

I, GPT NOTA, Municipal Manager of Umzimvubu 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.

Print Name _____

Municipal Manager of Umzimvubu Municipality (EC442)

Signature _____

Date _____

