

# Theewaterskloof 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Virement** - A transfer of budget.

# PART 1 - ANNUAL BUDGET

## Section 1 - Mayor's Report

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- (i) To 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.
- (ii) To authorise the utilisation of projected savings in one vote towards spending under another vote.
- (iii) To 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 rollovers when the annual budget for the current year was approved by the Council.
- (iv) To correct any errors in the annual budget.

In line with the MFMA, the 2013/14 approved Budget has now been adjusted.

The main adjustments proposed in this adjustment budget are:

### Operating Budget

#### Adjustments to projected expenditure

- 1) Debt impairment ("Contribution to the provision for bad debt") increased by R11,9m from R13,1m to R25m. This is as a result of an original budget based on a payment rate higher than what is actually achieved. The impairment is based on the actual recovery rate of 85% for the prior year.
- 2) Impairment of Assets increased by R108,6m from the original budgeted R20m to R128,6m. This increase is as a result of an investigation by the officials into the asset fair values of Council's Investment Properties and Property Plant and Equipment for Land and Buildings and is purely a precautionary measure should the

valuers decrease the values. The impairment is non-cash funded and therefore does not have an impact, other than the fair value of our assets, on the budget. However, if the municipality does not budget for a decrease in fair values, should it happen, it may lead to unauthorised expenditure with a resultant “non-clean audit”, which, may I add, is actually a ridiculous situation. I can understand that the neglect of an asset can be regarded as “expenditure”, but if property values decline as a result of the economy I simply cannot understand how it can be classified by National Treasury and the Auditor-General as Unauthorised Expenditure, since it is beyond Council’s control. This is also the biggest factor that the Revenue and Expenditure budget ends with a projected deficit of R73,5m against the original projected surplus of R56,2m for the year.

- 3) General expenses increased by 20,1m, mainly because of the housing topstructures of R17,3m which was originally budgeted for under the Capital Budget and for which the municipality receives funding by way of a grant from The Provincial Department of Human Settlements. In terms of the latest accounting prescripts these topstructures cannot be classified as Council’s assets and therefore is being expensed immediately and only the associated infrastructure is being capitalised.
- 4) There is a projected loss on disposal of Property, Plant and Equipment of R4,2m. This loss can, to a large degree, be ascribed to the difference in the values of land in the asset register and what is actually obtained in an arm’s length transaction and I would like to refer back to point 2 above.

#### **Adjustments to projected revenue**

- 1) Service charges increase by R56 000, however it includes an increase of 5,8% in projected revenue from electricity, 9,2% for sanitation and 10,7% for refuse. However, it also includes a decrease of 16,6% or R7,4m for water revenue. The reduction in the water revenue is attributed to a reduction in the water tariffs for SABM as well as a reduction in water consumption. Future tariffs will be calculated taking into consideration price sensitivity and recovering the fixed cost associated with the water services through a basic charge.
- 2) Projected revenue from interest on outstanding debtors is increased by 100% from R4m to R8m. Since this relates mainly to old outstanding debtors’ balances a similar amount was included in the debt impairment contribution as mentioned above in item 1 of the

expenditure adjustments. In this regard I can mention that the Municipal Council is considering a write-off policy which may have a significant impact in the way our debtors are being managed. It is anticipated that bad debt amounting to R60 million will be written off during the year.

- 3) The projected revenue from traffic fines issued is increased by 63% or R5m. This is mainly as a result of a new agreement with a service provider to administer and collect the fines.
- 4) Revenue from Operating transfers (Government Grants) increase by R25m, of which R17m is a transfer from Capital Grants to Operating Grants for the housing top-structures. A further R8m is being allocated to the municipality, of which R4m is the VAT on the grants which the National Treasury indicated can be regarded as the municipality's "own" revenue.
- 5) Revenue from Capital transfers decreases by the R17m as indicated in par 4 above for the housing top-structures as well as a further R3m for expenditure which was already incurred in the 2013 financial year and being recovered from the current year's transfers.

**The net effect from these adjustments is that the projected deficit for the year is estimated to be R 73,5m, however, it is an accounting loss and it is projected that a positive cash balance will be realised at the end of the financial year.**

### **Capital Budget**

The main changes to the capital budget are as follows:

- 1) A net decrease in planned expenditure by R 14,4 million. This decrease is mainly due to the following adjustments:
  - a. The transfer of the housing top structure budget of R 17m from the capital budget to the operating budget.
  - b. An increase in capital expenditure for:
    - i. New offices for Development services - R690 000
    - ii. Vehicle Impoundment Facilities - R450 000
    - iii. New offices for Traffic Services - R350 000
    - iv. Replace Caledon Substation - R800 000
    - v. Network Batana Street - R1 160 000

vi. Mainswitch Villiersdorp - R300 000

vii. Greyton 11kV Line - R600 000

2) The following adjustments to the sources of financing are also proposed:

- a. A decrease of R19m in funding from grant and other providers, mainly as a result of a transfer to operating grants for the housing top-structures.
- b. An increase in funding from internally generated funds (accumulated cash reserves) of R 4,5m.

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	328 592	471 374	333 349	357 272
Capital	83 307	68 877	29 699	25 992
<b>TOTAL</b>	<b>411 899</b>	<b>540 252</b>	<b>363 048</b>	<b>383 264</b>

### **Funding and Cashflows**

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	77 039	37 036	38 332	44 125
Net Financing outflows	(108)	(64)	(7 215)	(7 758)
<b>Net cash inflows</b>	<b>77 181</b>	<b>37 344</b>	<b>31 294</b>	<b>36 554</b>
Outflows - Investment in Assets	(83 307)	(68 877)	(29 699)	(25 992)
<b>Net inflows / (outflows)</b>	<b>(6 125)</b>	<b>(27 519)</b>	<b>1 601</b>	<b>10 567</b>



As can be seen from the above the municipality's cash resources will decline by R 27,5m for the current year and a projected R 15,3m over the MTREF period. This continuous decline in the municipality's cash position remains a concern and is mainly attributable to the amount of investment in assets from own cash resources rather than external funding sources. In mentioning that, we are also aware that our loan costs are very high and the raising of loans must be limited. However, we believe that the benefits of increased service delivery will exceed the investment costs over the MTREF but we will monitor our cash position continuously in order to ensure a strong financial entity.

#### **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**

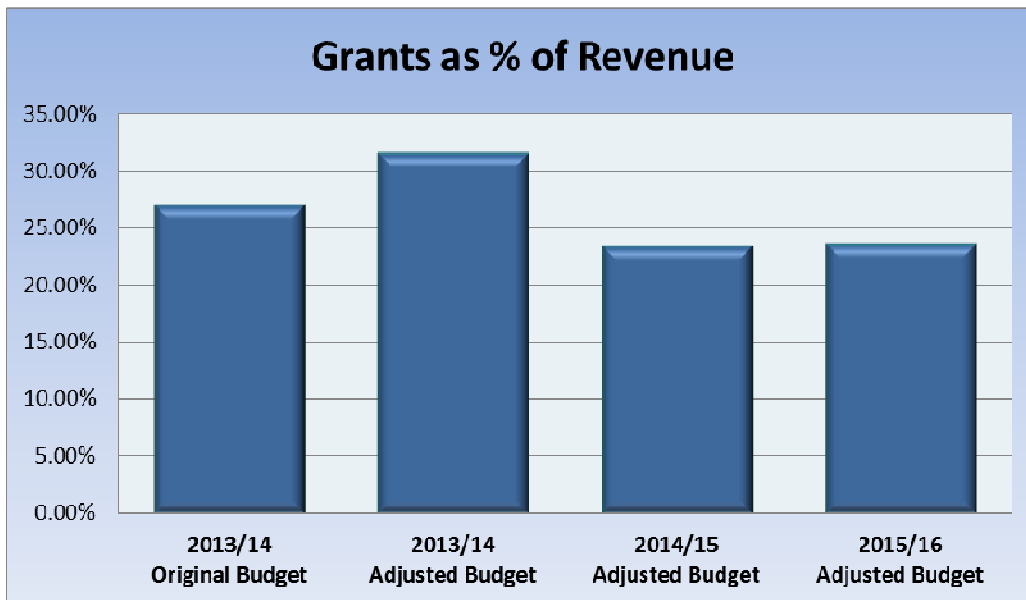
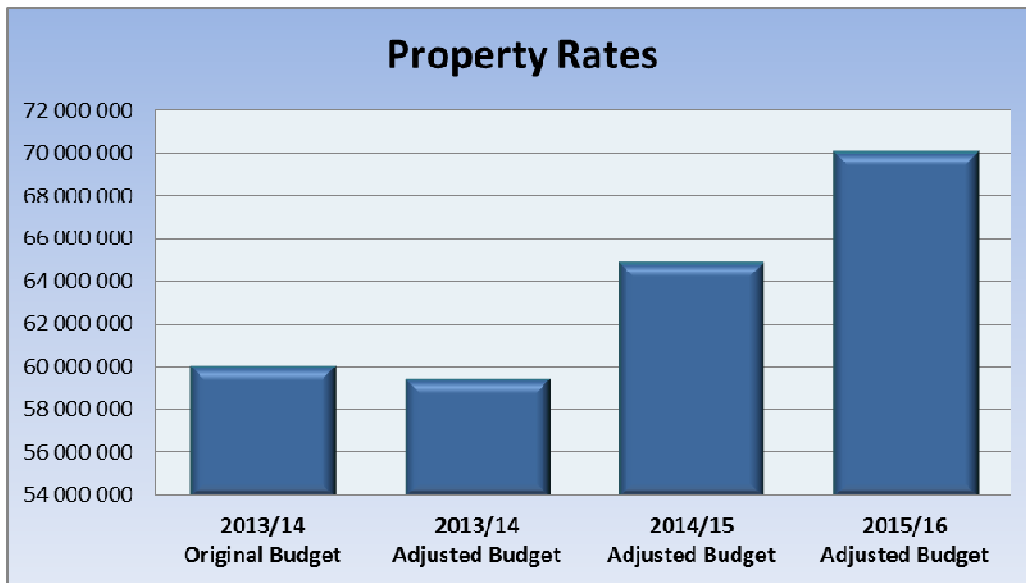
Changes to allocations and grant adjustments are incorporated in supporting tables SB7 and SB8.

The adjustments could be summarised as follows:

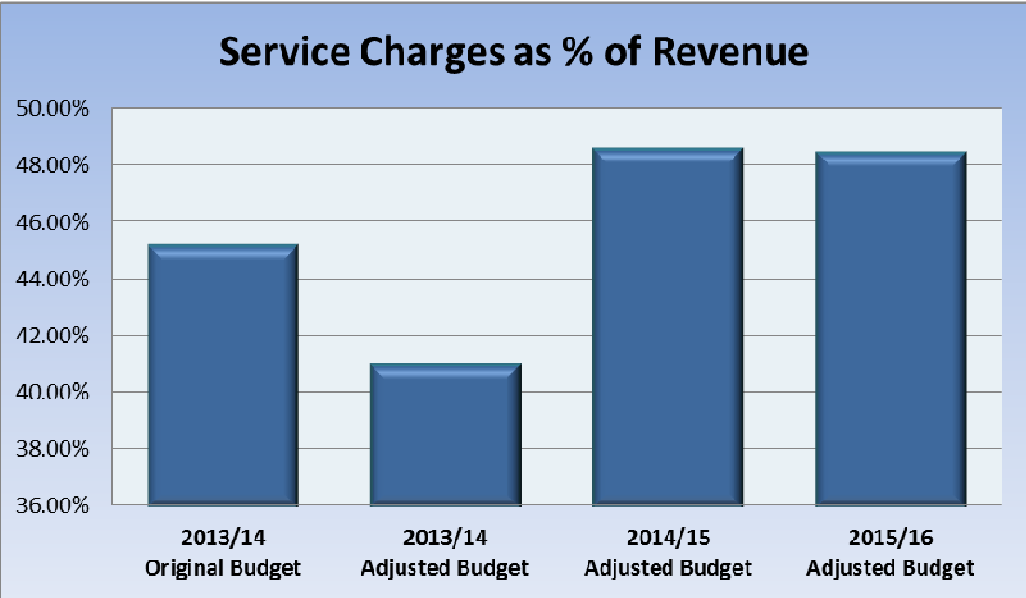
Description	Budget Year 2013/14			Budget Year +1 2014/15	Budget Year +2 2015/16
	Original Budget	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>					
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>					
<b>Operating expenditure of Transfers and Grants</b>					
<b>National Government:</b>	<b>60 652</b>	<b>60 652</b>	<b>65 855</b>	<b>69 317</b>	<b>75 068</b>
Local Government Equitable Share	57 262	57 262	57 262	62 652	68 737
Finance Management	1 500	1 500	1 249	1 600	1 650
Municipal Systems Improvement	890	890	749	934	966
Expanded Public Works Programme	1 000	1 000	1 771	-	-
SETA	-	-	725	438	477
VAT on Grants	-	-	4 099	3 693	3 238
<b>Provincial Government:</b>	<b>26 103</b>	<b>26 103</b>	<b>44 550</b>	<b>6 536</b>	<b>6 970</b>
Community Development Worker Grant	-	-	276	-	-
Library Services Grant	6 361	6 361	6 361	6 536	6 970
Proclaimed Main Roads	74	74	74	-	-
Finance Management	-	-	700	-	-
SDF	-	-	30	-	-
Botrivier Development Contribution	-	-	39	-	-
Project Preparation	-	-	69	-	-
Housing	19 668	19 668	37 000	-	-
<b>Other grant providers:</b>	<b>85</b>	<b>85</b>	<b>1 412</b>	<b>85</b>	<b>85</b>
HAN	85	85	312	85	85
DBSA - LED	-	-	464	-	-
DBSA - GIS	-	-	1	-	-
IDC	-	-	635	-	-
<b>Total operating expenditure of Transfers and Grants</b>	<b>86 840</b>	<b>86 840</b>	<b>111 817</b>	<b>75 938</b>	<b>82 123</b>
<b>Capital expenditure of Transfers and Grants</b>					
<b>National Government:</b>	<b>28 925</b>	<b>29 111</b>	<b>27 674</b>	<b>26 381</b>	<b>23 129</b>
Municipal Infrastructure Grant (MIG)	21 468	21 578	21 679	21 279	23 129
Integrated National Electrification Programme	-	-	-	-	-
Regional Bulk Infrastructure	7 456	7 456	5 918	5 102	-
Neighborhood development Grant	-	77	77	-	-
<b>Provincial Government:</b>	<b>29 502</b>	<b>32 002</b>	<b>15 120</b>	<b>-</b>	<b>-</b>
Housing	29 502	29 502	12 170	-	-
Impoundment Facility	-	-	450	-	-
Community Centre	-	2 500	2 500	-	-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>-</b>	<b>-</b>
Multi purpose bus	-	-	62	-	-
<b>Total capital expenditure of Transfers and Grants</b>	<b>58 427</b>	<b>61 113</b>	<b>42 856</b>	<b>26 381</b>	<b>23 129</b>
<b>Total capital expenditure of Transfers and Grants</b>	<b>145 267</b>	<b>147 953</b>	<b>154 673</b>	<b>102 319</b>	<b>105 252</b>

## Supporting Information

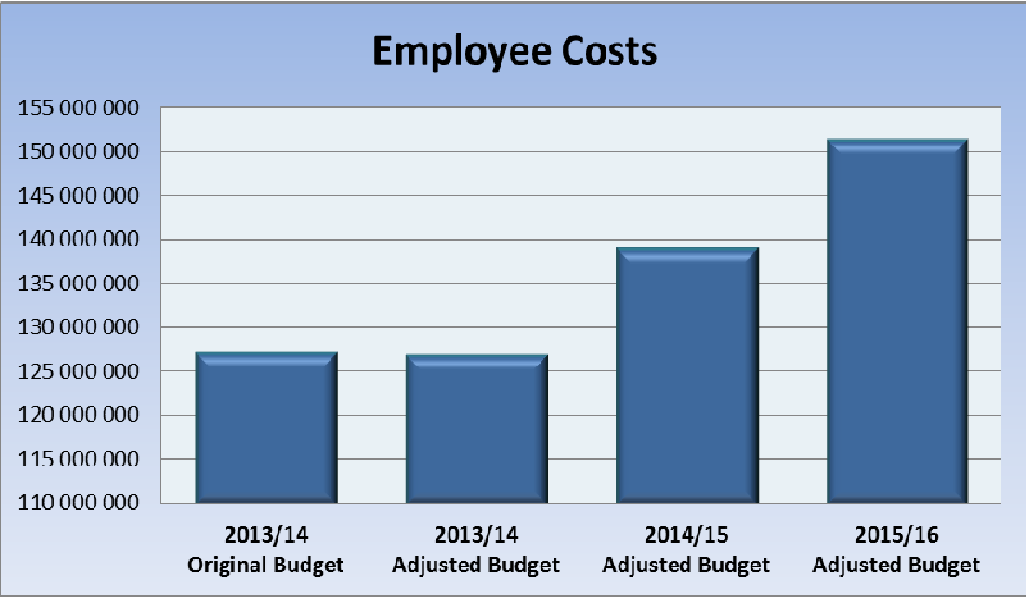
The results of the adjustments budget, as well as projections for the next 2 years, are for information reflected in the graphs below:

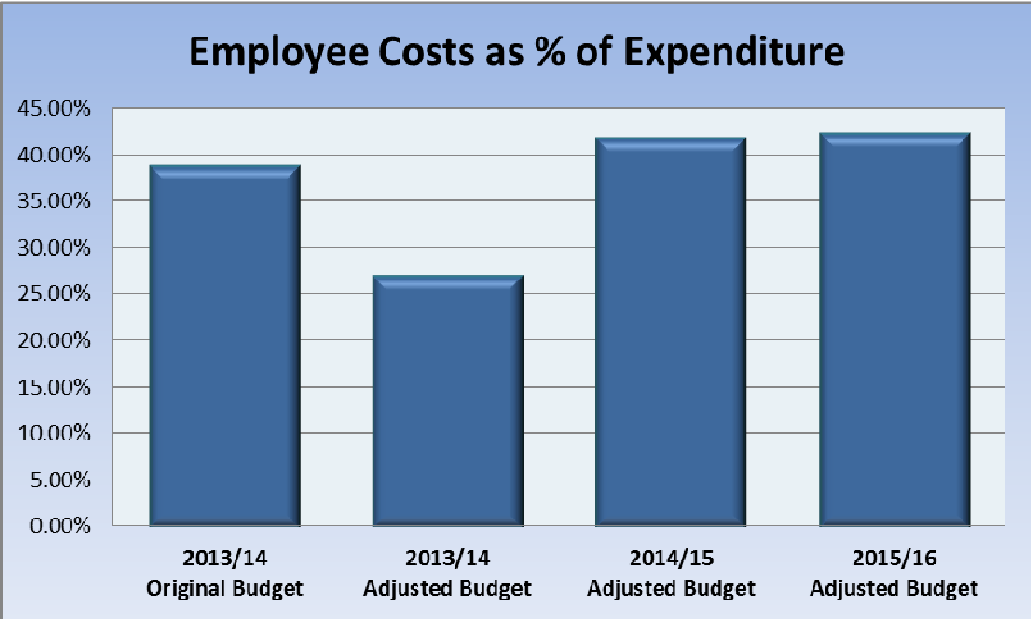


As can be seen from the graph above operating transfers makes out a significant percentage of the municipality's revenue. This is mainly the Equitable Share allocation. The decline in the outer years is because the Provincial Government did not as yet indicate if there are any housing allocations for those years. This also has an effect on the next graph below.

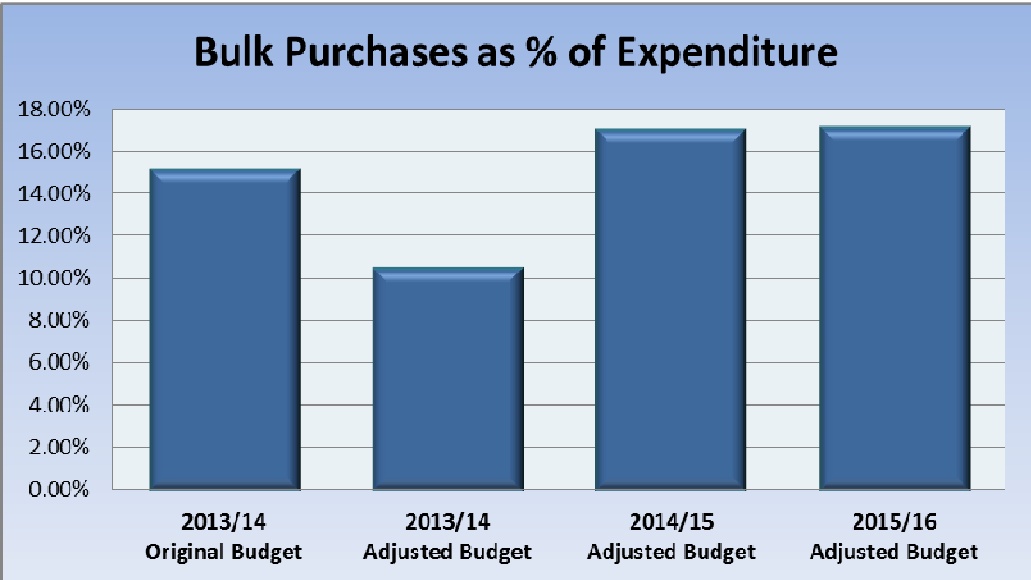


**Significant expenditure items**





The Employee Costs as a percentage of expenditure is on average 41%. For the adjustments budget it is down to 26%, as a result of the increase in the budget for asset impairment and an indication of the ridiculous formulas being used by the National Treasury to determine such percentages. In terms of the financial sustainability model developed by the Provincial Treasury, which excludes such extraordinary items, the projected percentage is 43% and climbing to 53,7% over the MTREF. This is measured against a benchmark of 50%.

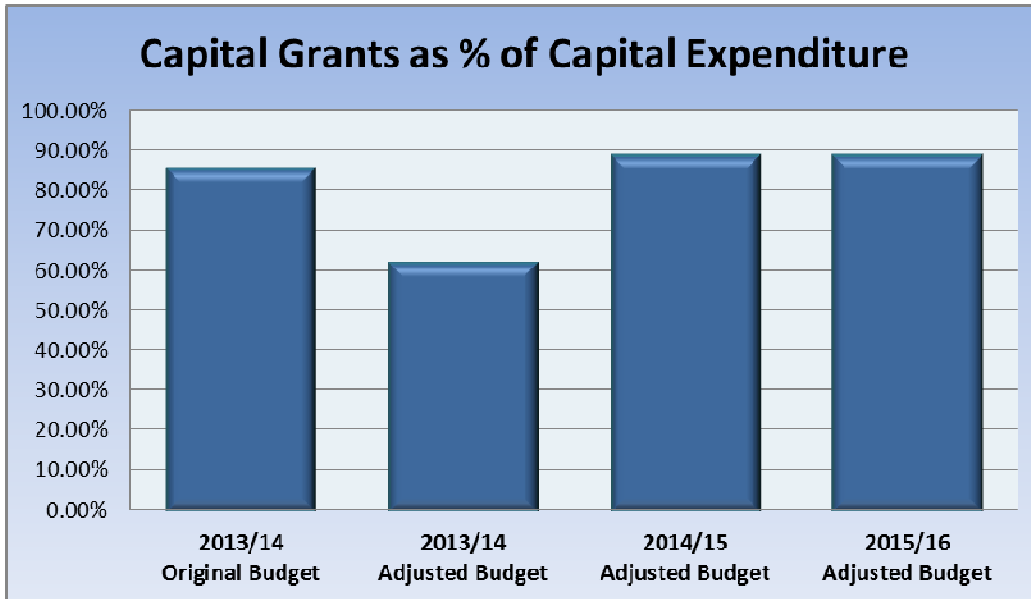


Bulk purchases as a percentage of expenditure (on the Provincial Treasury model) is on average 15,5% for the municipality, measured against a benchmark of 30%. This percentage is low due to large urban areas being serviced by Escom, with a resultant loss in revenue for the municipality

and which affects the municipality's financial viability. At the strategic session held at Arniston in September 2013 the Council indicated that the possibility of delivering the service to all areas should be investigated and pursued and the officials are currently busy with this task.

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

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



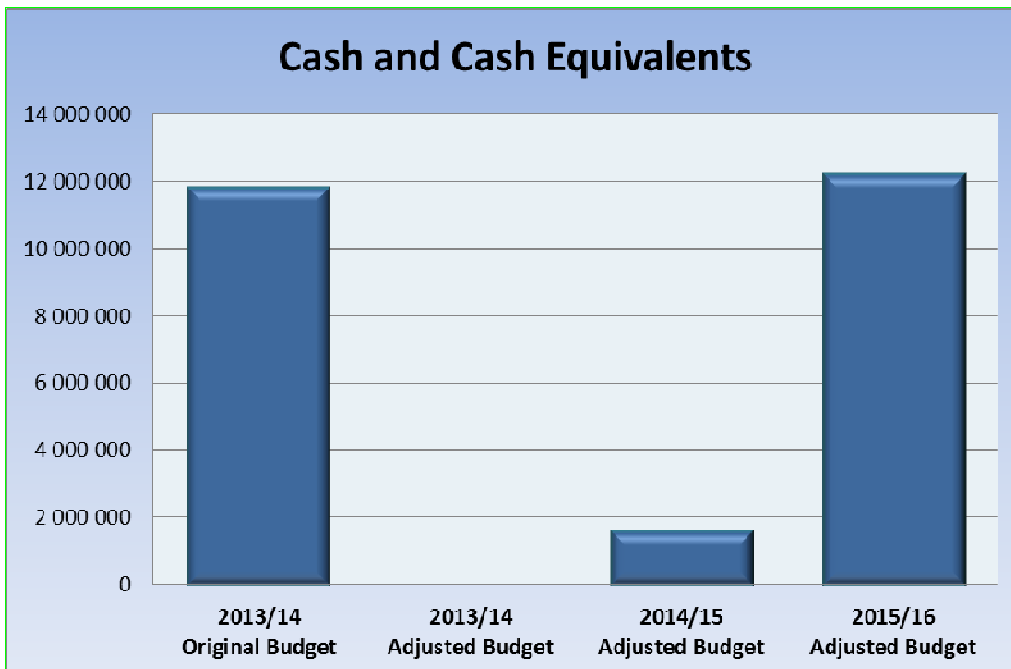
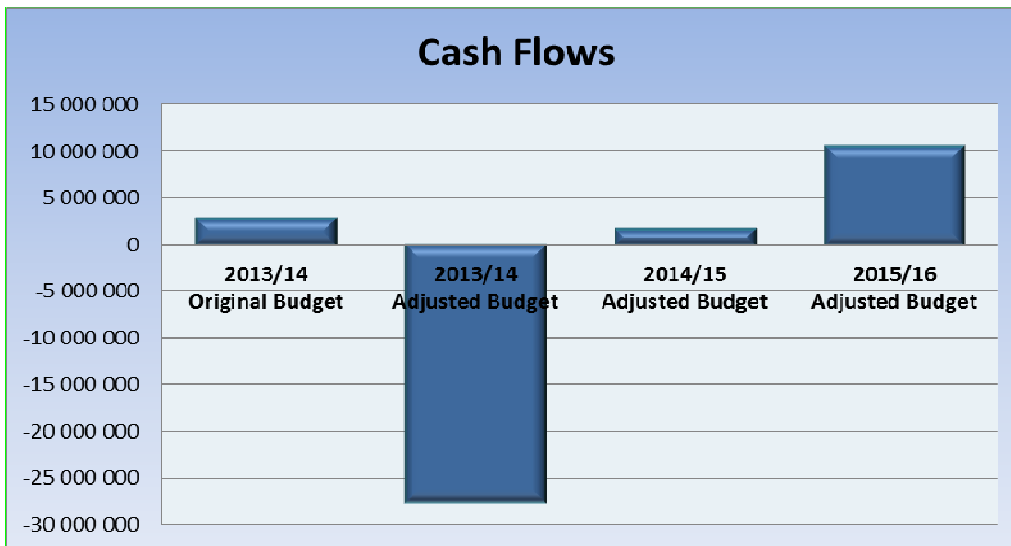
### **Debtors Management**

As indicated earlier on in this report, the municipality is investigating the possible write-off of long outstanding debtors. The debtors' turnover on the Provincial Treasury model is 294 days, while the benchmark is set at 75 days. Similarly, the impairment allowance as a percentage of debtors is 74% while the benchmark is 25%, and this is purely as a result of the long outstanding debtors and the lack of a proper write-off policy. Write-offs amounts to 11,8% while the benchmark is 80% (and National Treasury indicated this benchmark should actually be 100%).

**Our debtor management processes require urgent intervention and the CFO has been instructed to drive the process to ensure improvement in the debtor situation. To this end, a number of short and medium term action steps were developed and are being implemented.**

## Cash and Cash Equivalents

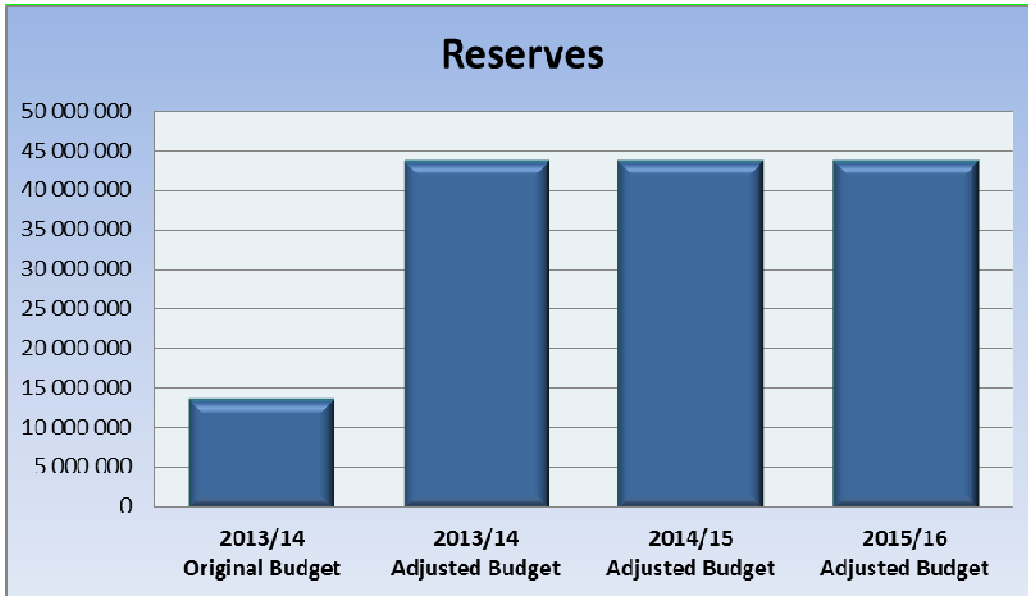
The forecast is depicted below in graphs. As can be seen, the adjusted budgeted cash-flows for the year is negative -R27,5m, which decreases the cash position of R27,5m at the end of the 2013 financial year to just R26 000. This is not acceptable at all and needs a serious re-think. For the outer years the cash position increases, but only because the capital expenditure to be funded from own sources amounts to R3m per year, while it is R12m for the current year. The decrease in cash since the original budget was compiled is as a result of the increase in bad debt and a reduction in the trade payables.



## Reserves

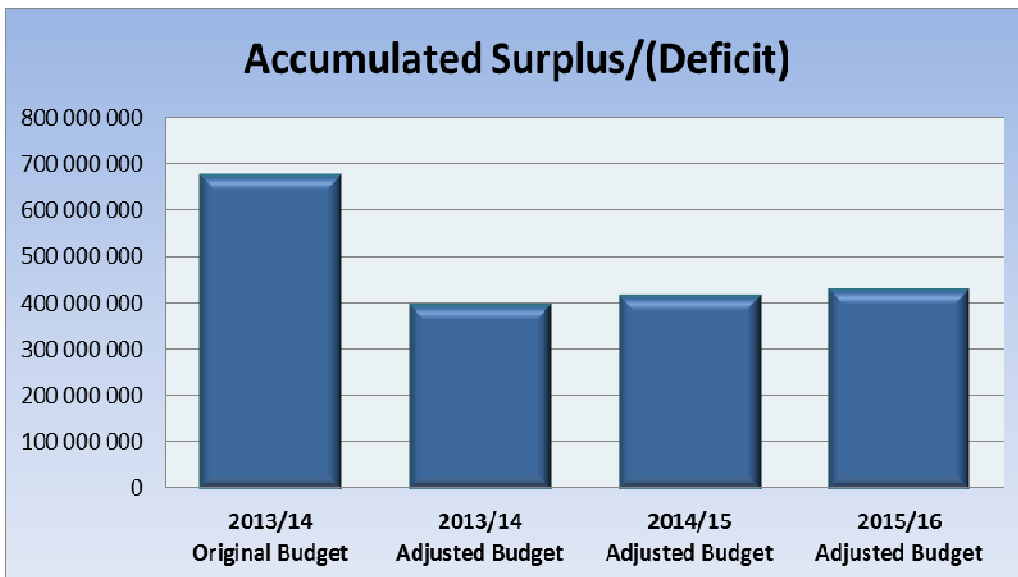
The totals of these reserves are depicted below.

The reserves consist mainly of the Revaluation reserve, which is not a cash backed reserve.



## Accumulated Surplus

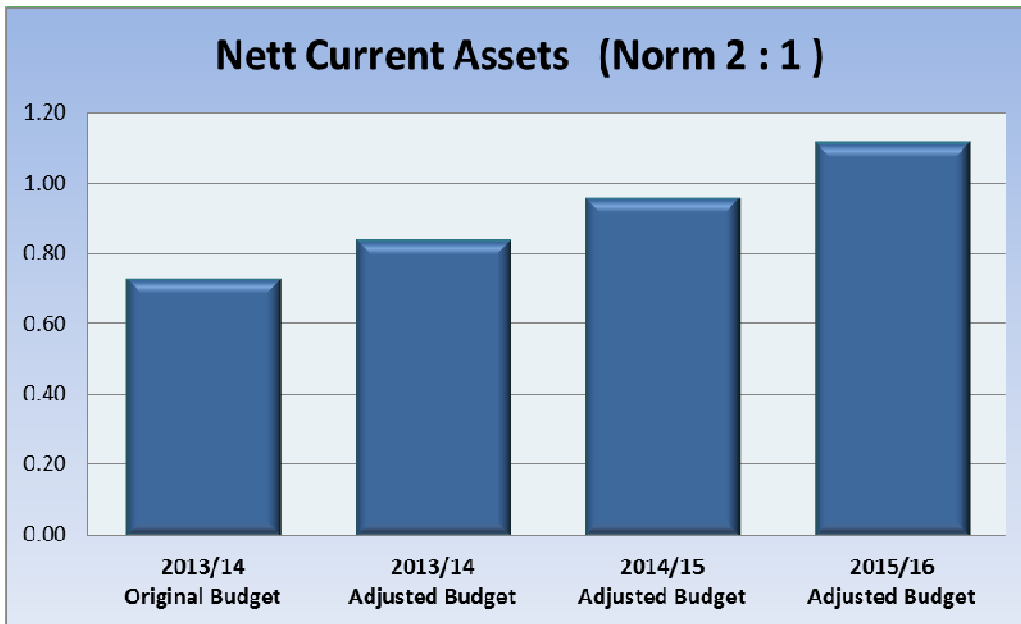
The accumulated Surplus, after transfers to reserves, is projected to be as follows over the MTREF period:





## 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 and is well below the norm.



## Recommendations

It is recommended:

- 1) That the Council considers this report and adopts the resolutions in Section 2 of this report.

## Section 2 - Budget Related Resolutions

Theewaterskloof 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 Theewaterskloof 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 B1: Budget Summary
- 1.2 Table B2: Budgeted Financial Performance (expenditure by standard classification)
- 1.3 Table B3: Budgeted Financial Performance (expenditure by municipal vote)
- 1.4 Table B4: Budgeted Financial Performance (revenue by source)
- 1.5 Table B5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding.
- 1.6 Table B6: Budgeted Financial Position
- 1.7 Table B7: Budgeted Cash Flow
- 1.8 Table B8: Cash backed reserves/Accumulated surplus reconciliation
- 1.9 Table B9: Asset Management
- 1.10 Table B10: Basic service delivery measurement

[b]. That the amended performance objectives as contained in the SDBIP be approved.

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

## Section 3 - Executive Summary

### Introduction

This MTREF 2013 - 2014 adjustments budget is prepared on a multi-year basis, in line with the MFMA Municipal Budget and Reporting Regulations.

### Effect of the adjustment budget

A key consideration for the compilation of the adjustments budget was long term financial sustainability and especially stabilising the cash flow position, while also ensuring continued service delivery and improved service delivery.

All major adjustments made to the original budget are included in the Mayor's report.

The new projected forecasts for the MTREF are as follows:

### OPERATING BUDGET

Type (R'000)	2013/2014	2014/2015	2015/2016
Revenue	397 842	351 184	371 354
Expenditure	471 374	333 349	357 272
<b>Surplus/(Deficit)</b>	<b>(116 312)</b>	<b>17 835</b>	<b>14 082</b>
Less: Capital Grants	(42 779)	(26 381)	(23 129)
<b>Surplus/(Deficit) excluding capital expenditure</b>	<b>(73 533)</b>	<b>(8 546)</b>	<b>(9 047)</b>

### CAPITAL BUDGET

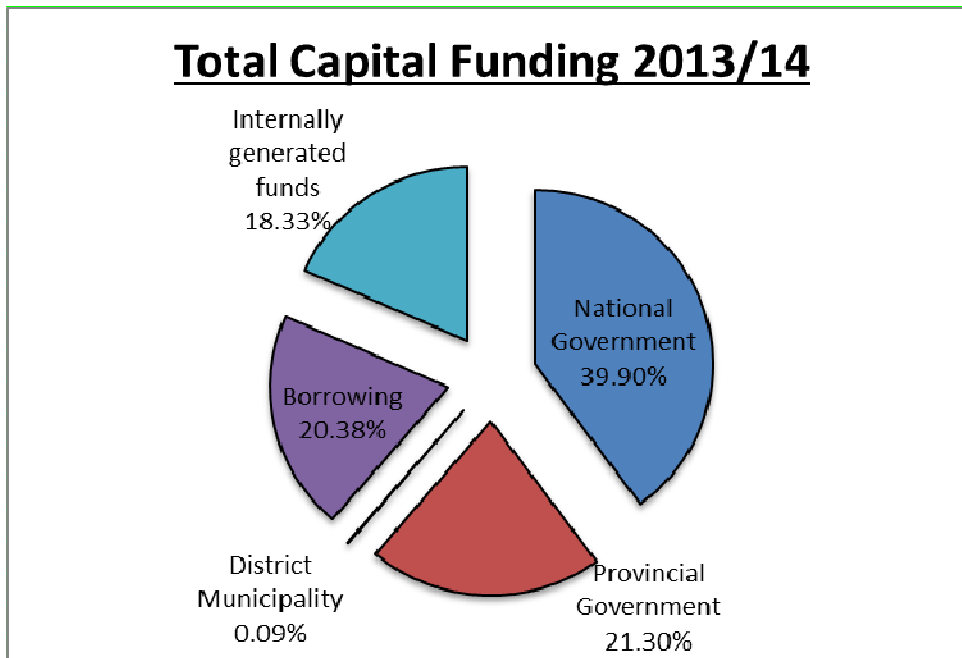
Objective	2013/2014	2014/2015	2015/2016
Governance and Admin	5 797	-	-
Community and Safety Services	16 956	3 746	3 955
Economic Services	7 790	5 021	5 130

Trading Services	38 334	20 933	16 907
<b>Total</b>	<b>68 877</b>	<b>29 699</b>	<b>25 992</b>

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

Funding Source	2013/2014	2014/2015	2015/2016
National Government	27 480	26 678	22 800
Provincial Government	14 670	-	-
District Municipality	62	-	-
Loans	14 040	-	-
Own Funds	12 626	3 021	3 192
<b>Total</b>	<b>68 877</b>	<b>29 699</b>	<b>25 992</b>

The reliance on internally generated funding remains high in 2013/2014 and is clearly depicted in the following chart. Council is continuously exploring avenues to enhance own resources.



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 +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>Financial Performance</b>				
Property rates	60 047	59 448	64 851	70 039
Service charges	145 559	145 615	157 923	168 854
Investment revenue	2 200	2 200	2 200	2 200
Transfers recognised - operational	86 840	111 817	75 938	82 123
Other own revenue	27 343	35 983	23 891	25 009
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>321 989</b>	<b>355 062</b>	<b>324 803</b>	<b>348 225</b>
Employee costs	127 223	126 957	139 009	151 239
Remuneration of councillors	8 502	8 502	9 097	9 734
Depreciation & asset impairment	19 941	128 555	21 534	23 254
Finance charges	13 731	12 940	12 621	11 910
Materials and bulk purchases	49 824	49 277	56 842	61 220
Transfers and grants	850	850	900	960
Other expenditure	108 522	144 294	93 346	98 954
<b>Total Expenditure</b>	<b>328 592</b>	<b>471 374</b>	<b>333 349</b>	<b>357 272</b>
<b>Surplus/(Deficit)</b>	<b>(6 603)</b>	<b>(116 312)</b>	<b>(8 546)</b>	<b>(9 047)</b>
Transfers recognised - capital	62 851	42 779	26 381	23 129
<b>Surplus/ (Deficit) for the year</b>	<b>56 248</b>	<b>(73 533)</b>	<b>17 835</b>	<b>14 082</b>
<b>Capital expenditure &amp; funds sources</b>				
<b>Capital expenditure</b>	73 594	68 877	29 699	25 992
Transfers recognised - capital	58 427	42 212	26 678	22 800
Borrowing	7 075	14 040	-	-
Internally generated funds	8 093	12 626	3 021	3 192
<b>Total sources of capital funds</b>	<b>73 594</b>	<b>68 877</b>	<b>29 699</b>	<b>25 992</b>
<b>Financial position</b>				
Total current assets	41 649	47 555	50 557	62 580
Total non current assets	883 586	620 075	628 235	630 967
Total current liabilities	57 143	56 907	52 836	56 210
Total non current liabilities	178 652	170 298	167 695	164 995
<b>Community wealth/Equity</b>	<b>689 440</b>	<b>440 425</b>	<b>458 260</b>	<b>472 342</b>
<b>Cash flows</b>				
Net cash from (used) operating	77 039	37 036	38 332	44 125
Net cash from (used) investing	(73 594)	(68 872)	(29 694)	(25 987)
Net cash from (used) financing	(674)	308	(7 038)	(7 571)
<b>Cash/cash equivalents at the year end</b>	<b>11 798</b>	<b>(3 983)</b>	<b>1 627</b>	<b>12 194</b>
<b>Cash backing/surplus reconciliation</b>				
Cash and investments available	11 798	26	1 627	12 194
Application of cash and investments	4 016	(1 452)	(13 234)	(13 067)
<b>Balance - surplus (shortfall)</b>	<b>7 782</b>	<b>1 478</b>	<b>14 861</b>	<b>25 261</b>
<b>Asset Management</b>				
Asset register summary (WDV)	883 548	923 870	932 036	934 773
Depreciation & asset impairment	19 941	128 555	21 534	23 254
Renewal of Existing Assets	21 921	25 497	8 766	9 085
Repairs and Maintenance	21 405	19 966	22 613	23 995
<b>Free services</b>				
Cost of Free Basic Services provided	16 491	16 491	17 613	18 817
Revenue cost of free services provided	22 914	22 914	24 289	25 743

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>				
<b><i>Governance and administration</i></b>	<b>197 420</b>	<b>206 252</b>	<b>149 012</b>	<b>155 379</b>
Executive and council	3 528	4 031	3 769	4 027
Budget and treasury office	189 277	192 317	141 436	147 360
Corporate services	4 616	9 903	3 807	3 992
<b><i>Community and public safety</i></b>	<b>14 670</b>	<b>19 770</b>	<b>15 336</b>	<b>16 290</b>
Community and social services	6 841	6 915	7 043	7 507
Sport and recreation	(278)	(261)	(301)	(326)
Public safety	8 107	13 116	8 593	9 109
<b><i>Economic and environmental services</i></b>	<b>7 812</b>	<b>7 928</b>	<b>8 282</b>	<b>8 865</b>
Planning and development	2 922	2 747	3 080	3 247
Road transport	4 890	5 181	5 201	5 617
<b><i>Trading services</i></b>	<b>164 938</b>	<b>163 892</b>	<b>178 555</b>	<b>190 821</b>
Electricity	70 857	74 334	78 840	85 135
Water	47 695	40 337	50 546	53 568
Waste water management	21 927	23 350	23 242	24 636
Waste management	24 459	25 872	25 927	27 482
<b>Total Revenue - Standard</b>	<b>384 840</b>	<b>397 842</b>	<b>351 184</b>	<b>371 354</b>
<b>Expenditure - Standard</b>				
<b><i>Governance and administration</i></b>	<b>123 221</b>	<b>258 937</b>	<b>110 602</b>	<b>118 741</b>
Executive and council	24 826	26 348	28 148	30 029
Budget and treasury office	45 388	71 437	26 333	28 277
Corporate services	53 008	161 152	56 120	60 435
<b><i>Community and public safety</i></b>	<b>31 418</b>	<b>33 578</b>	<b>33 981</b>	<b>36 713</b>
Community and social services	4 631	6 187	5 030	5 459
Sport and recreation	7 874	7 428	8 495	9 167
Public safety	14 660	15 499	15 818	17 047
Housing	4 253	4 464	4 638	5 040
<b><i>Economic and environmental services</i></b>	<b>36 642</b>	<b>36 748</b>	<b>39 188</b>	<b>42 064</b>
Planning and development	8 032	8 763	8 680	9 352
Road transport	28 560	27 934	30 456	32 657
Environmental protection	50	51	53	55
<b><i>Trading services</i></b>	<b>137 310</b>	<b>142 112</b>	<b>149 578</b>	<b>159 754</b>
Electricity	59 620	53 328	67 195	72 318
Water	34 675	37 811	36 378	38 177
Waste water management	22 892	26 244	24 396	26 037
Waste management	20 124	24 728	21 608	23 222
<b>Total Expenditure - Standard</b>	<b>328 592</b>	<b>471 374</b>	<b>333 349</b>	<b>357 272</b>
<b>Surplus/ (Deficit) for the year</b>	<b>56 248</b>	<b>(73 533)</b>	<b>17 835</b>	<b>14 082</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	5 424	6 604	4 709	4 999
Vote 2 - Finance & Admin	109 477	119 868	117 922	127 250
Vote 3 - Planning & Development	2 922	2 747	3 080	3 247
Vote 4 - Community & Social Services	6 841	6 915	7 043	7 507
Vote 6 - Public Safety	8 107	13 116	8 593	9 109
Vote 7 - Sport & Recreation	(278)	(261)	(301)	(326)
Vote 9 - Waste Management	24 459	25 872	25 927	27 482
Vote 10 - Waste Water Management	21 927	23 350	23 242	24 636
Vote 11 - Roads Transport	4 890	5 181	5 201	5 617
Vote 12 - Water	47 695	40 337	50 546	53 568
Vote 13 - Electricity	70 857	74 334	78 840	85 135
Vote 14 - Other	82 519	79 779	26 381	23 129
<b>Total Revenue by Vote</b>	<b>384 840</b>	<b>397 842</b>	<b>351 184</b>	<b>371 354</b>
<b>Expenditure by Vote</b>				
Vote 1 - Executive & Council	54 869	55 981	59 386	63 542
Vote 2 - Finance & Admin	43 407	160 852	45 473	48 968
Vote 3 - Planning & Development	11 702	12 346	12 692	13 720
Vote 4 - Community & Social Services	4 631	6 187	5 030	5 459
Vote 5 - Housing	4 253	4 464	4 638	5 040
Vote 6 - Public Safety	14 660	15 499	15 818	17 047
Vote 7 - Sport & Recreation	7 874	7 428	8 495	9 167
Vote 8 - Environmental Protection	50	51	53	55
Vote 9 - Waste Management	20 124	24 728	21 608	23 222
Vote 10 - Waste Water Management	22 892	26 244	24 396	26 037
Vote 11 - Roads Transport	28 560	27 934	30 456	32 657
Vote 12 - Water	34 675	37 811	36 378	38 177
Vote 13 - Electricity	59 620	53 328	67 195	72 318
Vote 14 - Other	21 274	38 521	1 730	1 862
<b>Total Expenditure by Vote</b>	<b>328 592</b>	<b>471 374</b>	<b>333 349</b>	<b>357 272</b>
<b>Surplus/ (Deficit) for the year</b>	<b>56 248</b>	<b>(73 533)</b>	<b>17 835</b>	<b>14 082</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	Total Adjusts.	2013/14 Adjusted Budget	2014/15 Adjusted Budget	2015/16 Adjusted Budget
<b>R thousands</b>					
<b>Revenue By Source</b>					
Property rates	60 047	(599)	59 448	64 851	70 039
Service charges - electricity revenue	65 547	3 826	69 373	74 022	79 932
Service charges - water revenue	44 390	(7 357)	37 034	47 044	49 856
Service charges - sanitation revenue	17 576	1 619	19 195	17 729	18 792
Service charges - refuse revenue	17 945	1 918	19 863	19 021	20 163
Service charges - other	101	49	150	106	111
Rental of facilities and equipment	1 420	21	1 441	1 505	1 596
Interest earned - external investments	2 200	-	2 200	2 200	2 200
Interest earned - outstanding debtors	4 000	4 000	8 000	4 000	4 000
Fines	8 019	5 013	13 032	8 500	9 010
Licences and permits	2 508	62	2 570	2 707	2 923
Agency services	2 100	100	2 200	2 268	2 449
Transfers recognised - operating	86 840	24 977	111 817	75 938	82 123
Other revenue	9 296	(761)	8 535	4 911	5 031
Gains on disposal of PPE	-	205	205	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>321 989</b>	<b>33 073</b>	<b>355 062</b>	<b>324 803</b>	<b>348 225</b>
<b>Expenditure By Type</b>					
Employee related costs	127 223	(267)	126 957	139 009	151 239
Remuneration of councillors	8 502	-	8 502	9 097	9 734
Debt impairment	13 029	11 926	24 956	13 047	13 921
Depreciation & asset impairment	19 941	108 614	128 555	21 534	23 254
Finance charges	13 731	(791)	12 940	12 621	11 910
Bulk purchases	49 824	(547)	49 277	56 842	61 220
Contracted services	18 300	(488)	17 812	19 369	20 490
Transfers and grants	850	-	850	900	960
Other expenditure	77 192	20 120	97 312	60 929	64 543
Loss on disposal of PPE	-	4 214	4 214	-	-
<b>Total Expenditure</b>	<b>328 592</b>	<b>142 782</b>	<b>471 374</b>	<b>333 349</b>	<b>357 272</b>
<b>Surplus/(Deficit)</b>	<b>(6 603)</b>	<b>(109 709)</b>	<b>(116 312)</b>	<b>(8 546)</b>	<b>(9 047)</b>
Transfers recognised - capital	62 851	(20 072)	42 779	26 381	23 129
<b>Surplus/ (Deficit) for the year</b>	<b>56 248</b>	<b>(129 781)</b>	<b>(73 533)</b>	<b>17 835</b>	<b>14 082</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	Prior Adjusted	Other Adjusts.	Total Adjusts.	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 7 - Sport & Recreation	3 270	3 270	-	-	3 270	3 746	3 955
Vote 10 - Waste Water Management	9 282	9 487	(491)	(491)	8 996	15 753	10 981
Vote 11 - Roads Transport	-	-	-	-	-	5 021	5 130
Vote 12 - Water	7 746	8 008	-	-	8 008	5 179	5 926
<b>Capital multi-year expenditure sub-total</b>	<b>20 298</b>	<b>20 764</b>	<b>(491)</b>	<b>(491)</b>	<b>20 273</b>	<b>29 699</b>	<b>25 992</b>
<b>Single-year expenditure to be adjusted</b>							
Vote 1 - Executive & Council	2 754	3 177	1 510	1 510	4 687	-	-
Vote 2 - Finance & Admin	928	928	-	-	928	-	-
Vote 3 - Planning & Development	183	2 869	-	-	2 869	-	-
Vote 4 - Community & Social Services	1 100	1 100	373	373	1 473	-	-
Vote 5 - Housing	29 502	29 502	(17 332)	(17 332)	12 170	-	-
Vote 7 - Sport & Recreation	-	44	-	-	44	-	-
Vote 10 - Waste Water Management	14 252	15 365	(1 711)	(1 711)	13 654	-	-
Vote 11 - Roads Transport	4 399	4 532	571	571	5 104	-	-
Vote 12 - Water	-	2 739	-	-	2 739	-	-
Vote 13 - Electricity	179	2 287	2 650	2 650	4 937	-	-
<b>Capital single-year expenditure sub-total</b>	<b>53 296</b>	<b>62 543</b>	<b>(13 939)</b>	<b>(13 939)</b>	<b>48 604</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>	<b>73 594</b>	<b>83 307</b>	<b>(14 430)</b>	<b>(14 430)</b>	<b>68 877</b>	<b>29 699</b>	<b>25 992</b>
<b>Capital Expenditure - Standard</b>							
<b>Governance and administration</b>	<b>3 864</b>	<b>4 287</b>	<b>1 510</b>	<b>1 510</b>	<b>5 797</b>	<b>-</b>	<b>-</b>
Executive and council	2 153	2 153	-	-	2 153	-	-
Budget and treasury office	37	37	-	-	37	-	-
Corporate services	1 675	2 098	1 510	1 510	3 608	-	-
<b>Community and public safety</b>	<b>33 872</b>	<b>33 915</b>	<b>(16 959)</b>	<b>(16 959)</b>	<b>16 956</b>	<b>3 746</b>	<b>3 955</b>
Community and social services	1 100	1 100	373	373	1 473	-	-
Sport and recreation	3 270	3 313	-	-	3 313	3 746	3 955
Housing	29 502	29 502	(17 332)	(17 332)	12 170	-	-
<b>Economic and environmental services</b>	<b>4 399</b>	<b>7 219</b>	<b>571</b>	<b>571</b>	<b>7 790</b>	<b>5 021</b>	<b>5 130</b>
Planning and development	-	2 686	-	-	2 686	-	-
Road transport	4 399	4 532	571	571	5 104	5 021	5 130
<b>Trading services</b>	<b>31 460</b>	<b>37 886</b>	<b>448</b>	<b>448</b>	<b>38 334</b>	<b>20 933</b>	<b>16 907</b>
Electricity	179	2 287	2 650	2 650	4 937	-	-
Water	7 746	10 747	-	-	10 747	5 179	5 926
Waste water management	23 535	24 852	(2 202)	(2 202)	22 650	15 753	10 981
<b>Total Capital Expenditure - Standard</b>	<b>73 594</b>	<b>83 307</b>	<b>(14 430)</b>	<b>(14 430)</b>	<b>68 877</b>	<b>29 699</b>	<b>25 992</b>
<b>Funded by:</b>							
National Government	28 925	29 111	(1 631)	(1 631)	27 480	26 678	22 800
Provincial Government	29 502	32 002	(17 332)	(17 332)	14 670	-	-
District Municipality	-	62	-	-	62	-	-
<b>Total Capital transfers recognised</b>	<b>58 427</b>	<b>61 175</b>	<b>(18 963)</b>	<b>(18 963)</b>	<b>42 212</b>	<b>26 678</b>	<b>22 800</b>
<b>Borrowing</b>	<b>7 075</b>	<b>14 040</b>	<b>-</b>	<b>-</b>	<b>14 040</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>	<b>8 093</b>	<b>8 093</b>	<b>4 533</b>	<b>4 533</b>	<b>12 626</b>	<b>3 021</b>	<b>3 192</b>
<b>Total Capital Funding 2013/14</b>	<b>73 594</b>	<b>83 307</b>	<b>(14 430)</b>	<b>(14 430)</b>	<b>68 877</b>	<b>29 699</b>	<b>25 992</b>

Table B6 - Adjustments Budgeted Financial Position

Description	Budget Year 2013/14				Budget Year +1 2014/15	Budget Year +2 2015/16	
	2013/14 Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	2013/14 Adjusted Budget	2014/15 Adjusted Budget	2015/16 Adjusted Budget
<b>R thousands</b>							
<b>ASSETS</b>							
<b>Current assets</b>							
Cash	1 798	1 798	(1 772)	(1 772)	26	1 627	12 194
Call investment deposits	10 000	10 000	(10 000)	(10 000)	-	-	-
Consumer debtors	24 347	24 347	17 977	17 977	42 324	43 115	43 955
Other debtors	3 000	3 000	-	-	3 000	3 500	4 000
Inventory	2 500	2 500	(300)	(300)	2 200	2 310	2 426
<b>Total current assets</b>	<b>41 649</b>	<b>41 649</b>	<b>5 906</b>	<b>5 906</b>	<b>47 555</b>	<b>50 557</b>	<b>62 580</b>
<b>Non current assets</b>							
Investment property	269 134	269 134	(137 642)	(137 642)	131 492	131 492	131 492
Property, plant and equipment	612 224	612 224	(125 552)	(125 552)	486 671	494 837	497 574
Intangible	2 190	2 190	(297)	(297)	1 893	1 893	1 893
<b>Total non current assets</b>	<b>883 586</b>	<b>883 586</b>	<b>(263 511)</b>	<b>(263 511)</b>	<b>620 075</b>	<b>628 235</b>	<b>630 967</b>
<b>TOTAL ASSETS</b>	<b>925 235</b>	<b>925 235</b>	<b>(257 604)</b>	<b>(257 604)</b>	<b>667 630</b>	<b>678 792</b>	<b>693 547</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Borrowing	8 000	8 000	(817)	(817)	7 183	7 758	8 378
Consumer deposits	3 550	3 550	-	-	3 550	3 728	3 914
Trade and other payables	27 993	27 993	5 872	5 872	33 865	28 058	29 561
Provisions	17 600	17 600	(5 292)	(5 292)	12 308	13 293	14 356
<b>Total current liabilities</b>	<b>57 143</b>	<b>57 143</b>	<b>(236)</b>	<b>(236)</b>	<b>56 907</b>	<b>52 836</b>	<b>56 210</b>
<b>Non current liabilities</b>							
Borrowing	117 256	117 256	(11 608)	(11 608)	105 648	97 858	89 480
Provisions	61 396	61 396	3 255	3 255	64 650	69 837	75 515
<b>Total non current liabilities</b>	<b>178 652</b>	<b>178 652</b>	<b>(8 354)</b>	<b>(8 354)</b>	<b>170 298</b>	<b>167 695</b>	<b>164 995</b>
<b>TOTAL LIABILITIES</b>	<b>235 795</b>	<b>235 795</b>	<b>(8 590)</b>	<b>(8 590)</b>	<b>227 205</b>	<b>220 532</b>	<b>221 205</b>
<b>NET ASSETS</b>	<b>689 440</b>	<b>689 440</b>	<b>(249 014)</b>	<b>(249 014)</b>	<b>440 425</b>	<b>458 260</b>	<b>472 342</b>
<b>COMMUNITY WEALTH/EQUITY</b>							
Accumulated Surplus/(Deficit)	675 881	675 881	(279 102)	(279 102)	396 779	414 614	428 696
Reserves	13 559	13 559	30 088	30 088	43 647	43 647	43 647
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>689 440</b>	<b>689 440</b>	<b>(249 014)</b>	<b>(249 014)</b>	<b>440 425</b>	<b>458 260</b>	<b>472 342</b>

Table B7 - Adjustments Budgeted Cash Flows

Description	Budget Year 2013/14				Budget Year	Budget Year	
	2013/14 Original Budget	Prior Adjusted	Other Adjusts.	Total Adjusts.	+1 2014/15 2014/15 Adjusted Budget	+2 2015/16 2015/16 Adjusted Budget	
<b>R thousands</b>							
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Ratepayers and other	215 920	215 920	(23 453)	(23 453)	192 467	228 327	244 640
Government - operating	86 840	86 840	18 488	18 488	105 328	72 245	78 885
Government - capital	62 851	62 851	(16 882)	(16 882)	45 969	30 074	26 367
Interest	6 200	6 200	4 000	4 000	10 200	6 200	6 200
<b>Payments</b>							
Suppliers and employees	(281 041)	(281 041)	(20 515)	(20 515)	(301 557)	(284 993)	(299 098)
Finance charges	(13 731)	(13 731)	(791)	(791)	(14 522)	(12 621)	(11 910)
Transfers and Grants	-	-	(850)	(850)	(850)	(900)	(960)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>77 039</b>	<b>77 039</b>	<b>(40 003)</b>	<b>(40 003)</b>	<b>37 036</b>	<b>38 332</b>	<b>44 125</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE	-	-	-	-	4 009	-	-
Decrease (increase) other non-current receivables	-	-	5	5	5	5	5
<b>Payments</b>							
Capital assets	(73 594)	(83 307)	14 430	14 430	(68 877)	(29 699)	(25 992)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(73 594)</b>	<b>(83 307)</b>	<b>14 435</b>	<b>14 435</b>	<b>(64 863)</b>	<b>(29 694)</b>	<b>(25 987)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Borrowing long term/refinancing	7 075	7 075	-	-	7 075	-	-
Increase (decrease) in consumer deposits	250	250	(6)	(6)	244	178	186
<b>Payments</b>							
Repayment of borrowing	(8 000)	(7 183)	172	172	(7 011)	(7 215)	(7 758)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(674)</b>	<b>143</b>	<b>166</b>	<b>166</b>	<b>308</b>	<b>(7 038)</b>	<b>(7 571)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>2 770</b>	<b>(6 125)</b>	<b>(25 402)</b>	<b>(25 402)</b>	<b>(27 519)</b>	<b>1 601</b>	<b>10 567</b>
Cash/cash equivalents at the year begin:	9 028	9 028	18 517	18 517	27 545	26	1 627
Cash/cash equivalents at the year end:	11 798	2 902	(6 885)	(6 885)	26	1 627	12 194

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	Prior Adjusted	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>R thousands</b>							
<b>Cash and investments available</b>							
Cash/cash equivalents at the year end	11 798	2 902	(6 885)	(6 885)	(3 983)	1 627	12 194
Other current investments > 90 days	-	8 896	(4 887)	(4 887)	4 009	-	-
<b>Cash and investments available:</b>	<b>11 798</b>	<b>11 798</b>	<b>(11 772)</b>	<b>(11 772)</b>	<b>26</b>	<b>1 627</b>	<b>12 194</b>
<b>Applications of cash and investments</b>							
Other working capital requirements	1 957	1 957	(5 964)	(5 964)	(4 007)	(15 789)	(15 622)
Reserves to be backed by cash/investments	2 059	2 059	496	496	2 555	2 555	2 555
<b>Total Application of cash and investments:</b>	<b>4 016</b>	<b>4 016</b>	<b>(5 468)</b>	<b>(5 468)</b>	<b>(1 452)</b>	<b>(13 234)</b>	<b>(13 067)</b>
<b>Surplus(shortfall)</b>	<b>7 782</b>	<b>7 782</b>	<b>(6 304)</b>	<b>(6 304)</b>	<b>1 478</b>	<b>14 861</b>	<b>25 261</b>

Table B9 - Adjustments Budget Asset Management

Description	Budget Year 2013/14					Budget Year	Budget Year
	2013/14 Original Budget	Prior Adjusted	Other Adjus.	Total Adjus.	2013/14 Adjusted Budget	+1 2014/15 Adjusted Budget	+2 2015/16 Adjusted Budget
<b>R thousands</b>							
<b>CAPITAL EXPENDITURE</b>							
<b>Total New Assets to be adjusted</b>	<b>51 674</b>	<b>59 830</b>	<b>(16 450)</b>	<b>(16 450)</b>	<b>43 380</b>	<b>20 933</b>	<b>16 907</b>
Infrastructure - Electricity	620	2 728	(210)	(210)	2 518	-	-
Infrastructure - Water	7 746	9 430	-	-	9 430	5 179	5 926
Infrastructure - Sanitation	9 282	10 600	(441)	(441)	10 159	15 753	10 981
Infrastructure	17 649	22 758	(651)	(651)	22 107	20 933	16 907
Community	1 100	3 786	-	-	3 786	-	-
Investment properties	29 502	29 502	(17 332)	(17 332)	12 170	-	-
Other assets	3 423	3 784	1 533	1 533	5 317	-	-
<b>Total Renewal of Existing Assets to be adjusted</b>	<b>21 921</b>	<b>23 477</b>	<b>2 020</b>	<b>2 020</b>	<b>25 497</b>	<b>8 766</b>	<b>9 085</b>
Infrastructure - Road transport	4 399	4 532	571	571	5 104	5 021	5 130
Infrastructure - Electricity	-	-	2 860	2 860	2 860	-	-
Infrastructure - Water	-	1 317	-	-	1 317	-	-
Infrastructure - Sanitation	14 252	14 252	(1 761)	(1 761)	12 491	-	-
Infrastructure	18 651	20 102	1 670	1 670	21 772	5 021	5 130
Community	3 270	3 313	-	-	3 313	3 746	3 955
Other assets	-	62	350	350	412	-	-
<b>Total Capital Expenditure to be adjusted</b>	<b>4 399</b>	<b>4 532</b>	<b>571</b>	<b>571</b>	<b>5 104</b>	<b>5 021</b>	<b>5 130</b>
Infrastructure - Road transport	4 399	4 532	571	571	5 104	5 021	5 130
Infrastructure - Electricity	620	2 728	2 650	2 650	5 378	-	-
Infrastructure - Water	7 746	10 747	-	-	10 747	5 179	5 926
Infrastructure - Sanitation	23 535	24 852	(2 202)	(2 202)	22 650	15 753	10 981
Infrastructure	36 300	42 860	1 019	1 019	43 879	25 953	22 037
Community	4 370	7 099	-	-	7 099	3 746	3 955
Investment properties	29 502	29 502	(17 332)	(17 332)	12 170	-	-
Other assets	3 423	3 846	1 883	1 883	5 729	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	<b>73 594</b>	<b>83 307</b>	<b>(14 430)</b>	<b>(14 430)</b>	<b>68 877</b>	<b>29 699</b>	<b>25 992</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>							
Infrastructure - Road transport	78 168	78 168	(317)	(317)	77 851	78 783	79 499
Infrastructure - Electricity	31 091	31 091	3 274	3 274	34 365	32 778	31 064
Infrastructure - Water	103 749	103 749	6 261	6 261	110 011	111 808	114 081
Infrastructure - Sanitation	102 624	102 624	16 029	16 029	118 653	127 413	130 001
Infrastructure - Other	296 592	296 592	(4 614)	(4 614)	291 978	288 499	284 742
Infrastructure	612 224	612 224	20 633	20 633	632 857	639 281	639 387
Community	-	-	5 781	5 781	5 781	8 532	11 414
Investment properties	269 134	269 134	12 170	12 170	281 304	281 304	281 304
Other assets	-	-	1 738	1 738	1 738	728	478
Intangibles	2 190	2 190	-	-	2 190	2 190	2 190
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>883 548</b>	<b>883 548</b>	<b>40 322</b>	<b>40 322</b>	<b>923 870</b>	<b>932 036</b>	<b>934 773</b>
<b>EXPENDITURE OTHER ITEMS</b>							
<b>Depreciation &amp; asset impairment</b>	<b>19 941</b>	<b>19 941</b>	<b>108 614</b>	<b>108 614</b>	<b>128 555</b>	<b>21 534</b>	<b>23 254</b>
<b>Repairs and Maintenance by asset class</b>	<b>21 405</b>	<b>21 405</b>	<b>(1 440)</b>	<b>(1 440)</b>	<b>19 966</b>	<b>22 613</b>	<b>23 995</b>
Infrastructure - Road transport	3 826	3 826	(37)	(37)	3 789	3 958	4 195
Infrastructure - Electricity	2 500	2 500	(2 060)	(2 060)	440	2 700	2 916
Infrastructure - Water	1 520	1 520	(138)	(138)	1 382	1 611	1 708
Infrastructure - Sanitation	1 390	1 390	50	50	1 440	1 473	1 562
Infrastructure - Other	125	125	-	-	125	133	140
Infrastructure	9 361	9 361	(2 185)	(2 185)	7 176	9 875	10 521
Community	850	850	-	-	850	901	955
Other assets	11 194	11 194	745	745	11 939	11 837	12 519
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>	<b>41 346</b>	<b>41 346</b>	<b>107 175</b>	<b>107 175</b>	<b>148 521</b>	<b>44 147</b>	<b>47 249</b>
<b>% of capital exp on renewal of assets</b>	<b>29.8%</b>	<b>28.2%</b>			<b>37.0%</b>	<b>29.5%</b>	<b>35.0%</b>
<b>Renewal of existing assets as % of deprecn</b>	<b>109.9%</b>	<b>117.7%</b>			<b>19.8%</b>	<b>40.7%</b>	<b>39.1%</b>
<b>R&amp;M as a % of PPE</b>	<b>2.4%</b>	<b>2.4%</b>			<b>2.2%</b>	<b>2.4%</b>	<b>2.6%</b>
<b>Renewal and R&amp;M as a % of PPE</b>	<b>4.9%</b>	<b>5.1%</b>			<b>4.9%</b>	<b>3.4%</b>	<b>3.5%</b>

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	Prior Adjusted	Adjusted Budget	Adjusted Budget	Adjusted Budget
<b>Household service targets (000)</b>					
<b>Water:</b>					
Piped water inside dwelling	24 877	24 877	24 877	25 190	25 507
Minimum Service Level and Above sub-total	24 877	24 877	24 877	25 190	25 507
Below Minimum Service Level sub-total	-	-	-	-	-
<b>Total number of households</b>	<b>24 877</b>	<b>24 877</b>	<b>24 877</b>	<b>25</b>	<b>26</b>
<b>Sanitation/sewerage:</b>					
Flush toilet (connected to sewerage)	24 877	24 877	24 877	25 190	25 507
Minimum Service Level and Above sub-total	24 877	24 877	24 877	25 190	25 507
Below Minimum Service Level sub-total	-	-	-	-	-
<b>Total number of households</b>	<b>24 877</b>	<b>24 877</b>	<b>24 877</b>	<b>25 190</b>	<b>25 507</b>
<b>Energy:</b>					
Electricity (at least min. service level)	1 000	1 000	1 000	-	-
Electricity - prepaid (> min.service level)	5 200	5 200	5 200	6 300	6 500
Minimum Service Level and Above sub-total	6 200	6 200	6 200	6 300	6 500
Below Minimum Service Level sub-total	-	-	-	-	-
<b>Total number of households</b>	<b>6 200</b>	<b>6 200</b>	<b>6 200</b>	<b>6 300</b>	<b>6 500</b>
<b>Refuse:</b>					
Removed at least once a week (min.service)	24 877	24 877	24 877	25 190	25 507
Minimum Service Level and Above sub-total	24 877	24 877	24 877	25 190	25 507
Below Minimum Service Level sub-total	-	-	-	-	-
<b>Total number of households</b>	<b>24 877</b>	<b>24 877</b>	<b>24 877</b>	<b>25 190</b>	<b>25 507</b>
<b>Households receiving Free Basic Service</b>					
Water (6 kilolitres per household per month)	8 000	8 000	8 000	8 000	8 000
Sanitation (free minimum level service)	8 000	8 000	8 000	8 000	8 000
Electricity/other energy (50kwh per household per month)	8 000	8 000	8 000	8 000	8 000
Refuse (removed at least once a week)	8 000	8 000	8 000	8 000	8 000
<b>Cost of Free Basic Services provided (R'000)</b>					
Water (6 kilolitres per household per month)	3 115	3 115	3 115	3 302	3 500
Sanitation (free sanitation service)	4 932	4 932	4 932	5 228	5 541
Electricity/other energy (50kwh per household per month)	2 197	2 197	2 197	2 461	2 757
Refuse (removed once a week)	6 247	6 247	6 247	6 622	7 019
<b>Total cost of FBS provided (minimum social p</b>	<b>16 491</b>	<b>16 491</b>	<b>16 491</b>	<b>17 613</b>	<b>18 817</b>
<b>Highest level of free service provided</b>					
Property rates (R'000 value threshold)	100 000	100 000	100 000	100 000	100 000
Water (kilolitres per household per month)	6	6	6	6	6
Sanitation (Rand per household per month)	97	97	97	103	109
Electricity (kw per household per month)	70	70	70	70	70
Refuse (average litres per week)	240	240	240	240	240
<b>Revenue cost of free services provided (R'000)</b>					
Property rates (R15 000 threshold rebate)	882	882	882	935	988
Water	3 302	3 302	3 302	3 501	3 711
Sanitation	5 426	5 426	5 426	5 751	6 096
Electricity/other energy	2 588	2 588	2 588	2 744	2 908
Refuse	6 515	6 515	6 515	6 905	7 320
Municipal Housing - rental rebates	1 327	1 327	1 327	1 407	1 492
Other	2 874	2 874	2 874	3 046	3 229
<b>Total revenue cost of free services provided (to</b>	<b>22 914</b>	<b>22 914</b>	<b>22 914</b>	<b>24 289</b>	<b>25 743</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 (SB3) attached. 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 remain positive as clearly depicted in Table B8 but it is marginal and a serious concern.

### **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 Theewaterskloof Municipality**

Over the past financial years via sound and strong financial management, Theewaterskloof Municipality has moved internally to a position of relative stability, but the budget, and especially the cash flows remains a concern. There is also a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management. This is evident from the "Clean audit" report from the Auditor General's Office for the 2012/13 financial year.

#### Long term financial planning

The municipality's financial planning is sound and this budget further ensures that it stays sound. However, if the municipality does not immediately address the cash outflows as well as the debtors' payment rates, the longterm financial position might seriously be affected negatively. Long-term

borrowing is also increasing to a level much higher than set benchmarks and must be contained.

The municipality plans to continue exercising strict financial management and ensuring a cash flow which meets the requirements. The municipality was, over the past two years, an instrumental player in the development of a financial benchmarking tool for the Provincial Treasury, which effectively evaluates financial sustainability over the longer term and measures the municipality’s financial position against its peers as well as predetermined benchmarks. This tool will be utilised when compiling the 2014/2015 Budget and the results will be incorporated into that MTREF.

The financial markets are already factoring in an increase in interest rates during the second half of the year (apart from the increase just announced), mainly as a result of the declining rand and the effect it will have on inflation, especially fuel prices and the effect of the increase in fuel prices on other consumer items. Apart from the immediate effect of fuel price adjustments it is not foreseen that the other items will have a significant effect on the rest of the current budget year.

Due to the fact that a large portion 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 should 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. This must be pursued in future budgets, starting with the 2014/2015 MTREF. More detail will therefore be incorporated into the 2014/2015 MTREF.

### 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	2013/14	2014/15	2015/16
Investment Interest	2 200	2 200	2 200

### Contributions and donations

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

## 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	2013/14	2014/15	2015/16
External Entities	850	900	960

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

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

## Section 12 - Councillor Allowances and employee benefits

### Salaries, Allowances and Benefits

There are no changes proposed for Councillor Allowances, other than a correction made as a result of Ward Committee Allowances incorrectly classified as Remuneration of Councillors.

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**

Supporting table SB3 indicates the major adjustments.

## **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 to SB 19.

## **Section 18 - Municipal Manager's quality certification**

I, Mr. H.S.D. Wallace, Municipal Manager of Theewaterskloof 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.

Mr. H.S.D. Wallace

Municipal Manager of Theewaterskloof Municipality (WC 031)

Signature .....

Date .....