

NGWATHE LOCAL MUNICIPALITY



2014/15

MID - YEAR BUDGET AND PERFORMANCE ASSESMENT REPORT/ ADJUSTMENT BUDGET

Prepared in terms of the Local Government Municipal Finance Management Act, 2003: Municipal Budget and Reporting Regulations

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
 - **At www.ngwathe.fs.gov.za**

PART 1 - ADJUSTMENTS BUDGET	5
1. MAYOR'S REPORT	5
2. RESOLUTIONS	6
3. EXECUTIVE SUMMARY	7
4. ANNUAL BUDGET TABLES	11
PART 2 - SUPPORTING DOCUMENTATION	28
5. ADJUSTMENTS TO BUDGET ASSUMPTIONS	28
6. ADJUSTMENTS TO BUDGET FUNDING	28
7. ADJUSTMENTS TO EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES	29
8. ADJUSTMENTS TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY	29
9. ADJUSTMENTS TO COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS	29
10. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN	29
11. ADJUSTMENTS TO CAPITAL EXPENDITURE	29
12. MUNICIPAL MANAGER'S QUALITY CERTIFICATION	30

LIST OF TABLES

TABLE 1 FUND SHIFTS IN RELATION TO THE CAPITAL PROGRAMME FOR 2014/15	8
TABLE 2 PROPOSED CHANGES TO INTERNALLY FUNDED CAPITAL PROGRAMMES.....	10
TABLE 3 MBRRTABLE B1 -ADJUSTMENTS BUDGET SUMMARY.....	12
TABLE 4 MBRR TABLE B2 - ADJUSTMENTS BUDGET FINANCIAL PERFORMANCE (STANDARD CLASSIFICATION)	14
TABLE 5 MBRR TABLE B3 - ADJUSTMENTS BUDGET FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE)	16
TABLE 6 MBRR TABLE B4 - ADJUSTMENTS BUDGET FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE)	17
TABLE 7 MBRR TABLE B5 - ADJUSTMENTS BUDGET CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE	19
TABLE 8 MBRR TABLE B6 -ADJUSTMENTS BUDGET FINANCIAL POSITION	21
TABLE 9 MBRR TABLE B7 -ADJUSTMENTS BUDGET CASH FLOW STATEMENT	22
TABLE 10 MBRR TABLE B8 - CASH BACKED RESERVES ACCUMULATED SURPLUS RECONCILIATION	23
TABLE 11 MBRR TABLE B9 -ASSET MANAGEMENT	24
TABLE 12 MBRRTABLE B10 - BASIC SERVICE DELIVERY MEASUREMENT	26

LIST OF ANNEXURES

ANNEXURE 1.1 – 2014/15 OPERATING ADJUSTMENTS BUDGET – B SCHEDULE (JANUARY 2013)
ANNEXURE 1.2 - 2014/15 DETAILS OF INCREASES/DECREASES
ANNEXURE 1.3 – 2014/15 REVISED SDBIP

GLOSSARY OF TERMS AND ABBREVIATIONS

Adjustments Budgets - Prescribed in section 28 of the Municipal Finance Management Act, this is the formal means by which a municipality may revise its budget during a financial year.

Allocations - Money received from Provincial and National Treasury.

Budget - The financial plan of a 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 policy.

BSC - Budget Steering Committee established to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the MFMA.

Capital Expenditure - Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement - A statement showing when actual cash will be received and spent and the month end cash and short-term investment balances.

CGD - Capital Grants and Donations mainly comprising of National and Provincial Government allocations as well as public contributions and donations from external parties.

NLM – Ngwathe Local Municipality

CPI - Headline Consumer Price Index

CRR - Capital Replacement Reserve. An internal funding source used for capital projects, which must at all times be cash-backed in line with Section 18 of the MFMA.

DMTN - Domestic Medium Term Note

DORA - Division of Revenue Act. Annual legislation, which shows the allocations from national to local government.

DORb - Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

Equitable Share - A general grant paid to municipalities. It is predominantly targeted at assisting municipalities with the costs of free basic services.

GDFI - Gross Domestic Fixed Investment

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates comparisons between municipalities.

IDP - Integrated Development Plan. The main strategic planning document of a municipality.

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

EXCO - Executive Committee

MBRR - Municipal Budget Reporting Regulations

MFMA - Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

MTREF - Medium Term Revenue and Expenditure Framework, as prescribed by the MFMA. It sets out indicative revenue and projected expenditure for the budget year, plus two outer financial years.

MYPD - Multi Year Price Determination

NT - National Treasury

Operating Expenditure - The day-to-day expenses of a municipality such as general

expenses, salaries & wages and repairs & maintenance.

Portfolio Committee - In line with Section 79 of the Structures Act, the City's Portfolio Committees process policies and bylaws relating to the functional areas within their terms of reference, and are responsible for implementation monitoring of these, as well as oversight of the functional areas. Portfolio Committees are also responsible for assessing and monitoring services delivery, ensuring that annual budgets are spent wisely, and that there is no wastage or corruption.

Rates - Local Government tax based on assessed valuation of a property.

SCM - Supply Chain Management

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

SFA - Strategic Focus Areas. The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these Strategic Focus Areas.

Vote - One of the main segments into which a budget is divided, usually at directorate level

PART 1 – Adjustments Budget

1. Mayor's Report

1.1 Summary reasons for the adjustments budget

Primary reasons for the recommendation to adopt an adjustments budget result from unforeseen capital funding amounting to R 2.4 million from the Department of Water Affairs being made available to the municipality, the realignment of approved municipal capital programme and the realignment of sundry budgeting provisions in line with the approved virement policy resulting from updated implementation programmes.

2. Resolutions

3. Executive Summary

3.1 General

Specific variances to previously estimated results and sundry budgetary amendments, whether previously individually approved or recommended for adoption in this report, are proposed for adoption into an Adjustments Budget, where applicable.

Matters proposed for incorporation into an Adjustment Operating and Capital budget, are listed below

3.2 Provision of basic services

The budget amendments will have no detrimental impact on the provision of basic services, other than the changes to the implementation timeframes of capital works.

3.3 Adjustment highlights

3.3.1 Adjustments made to the Operating Budget

- An addition of R 6.2 million to the employee related costs budget is proposed. The increase is partially correcting the under budgeted employee related costs provision for the 2014/15 financial year.

The R 6.2 million is financed from anticipated savings within the general expenditure votes as indicated on the attached detailed operating budget adjustments schedule.

- Amendments made to the municipal operating budget relate to administrative transfers of budgetary provisions in respect of Sundry Expenditure items, which are proposed in accordance with Council's approved system of delegation and the Virement Policy. These transfers do not affect the total budget quantum.

3.3.2 Adjustments made to the Capital budget

Implementation progress achieved when measured against planned YTD expenditure for the respective funding sources at the end of the mid-year period (December 2014) is as follows:

National Capital Grants	-	89.5 %
-------------------------	---	--------

Revenue (Internal)	-	47.4 %
--------------------	---	--------

When measuring progress against the total current capital budget, the funding sources reflect the following:

National Capital Grants	-	44.8 %
-------------------------	---	--------

Revenue (Internal)	-	23.7 %
--------------------	---	--------

Based on the aforementioned implementation rate, fund shifts in relation to the capital programme for 2012/13 are as follows:

Source of Funding	Approved Budget 2014/15	Proposed Adjustment Budget 2014/15	Increase/(Decrease)
National Grants	R 44 881 000,00	R 47 252 200,00	R 2 371 200,00
Revenue (Internal)	R 21 810 000,00	R 20 360 000,00	R -1 450 000,00
Total	R 66 691 000,00	R 67 612 200,00	R 921 200,00

Major Increases/Decreases per funding source

National Grants

- The proposed increase of R 2.4 million is due to the Department of Water Affairs making the money available to the municipality, the amount was not part of the originally adopted 2014/15 budget. The funds are used for the construction of a new main sewer outfall in Vredefort.
- Within the Municipal Infrastructure Grant implementation programme a number of adjustments are proposed, the adjustments are outlined as follows;

- Upgrading of the Heilbron Waste Water Treatment Plant – MIG/FS0623/S/08/10

Planned expenditure for the current year is R 8.6 million. Budget has been increased to allow for the construction of the drying beds, distribution box and associated pipework. Initially, these items were shelved to be implemented in the following FY. They have been brought forward to enhance the clarifier whose construction is nearly completed.

- Upgrading of the Parys Waste Water Treatment Plant – MIG/0624/S/08/10

Expenditure has been reduced to R 547,029.16. Project is complete and expenditure incurred was on professional fees for supervision on construction of drying beds. The incurred expenditure also includes construction of a perimeter fence by the river pump station.

- Refurbishment and upgrading of the Parys Water Purification Plant – MIG/FS0714/W/09/09

Initial allocation has been decreased. Actual expenditure on the current FY is R 3,8 million and project is complete. The balance has been shifted to the Water Compact Plant project.

- Refurbishment of tennis court in Koppies – MIG/FS0950/CF/12/13

Due to the Variation Orders that were approved for works on the existing building and fencing for the courts, the budget has been augmented to R 200,122.78. This amount also includes retention which will be payable to the previous Contractor in the current FY.

- Construction of the Heilbron sports complex – MIG/FS0952/CF/13/13

Allocation of R 165 749.16 is for the retention to be paid to the Contractor in the current FY. Project was completed in April 2014.

- Refurbishment of the sports complex in Schonkenville – MIG/FS0953/CF/12/13

Project is complete and there is no allocation on the project for the FY.

- Paving of internal roads in Edenville – MIG/FS0954/R,ST/13/14

Original allocation has been increased. Progress in the previous FY was sluggish and actual expenditure was below projections. The increase is to allow for works to be completed in current FY.

- Paving of internal roads in Koppies – MIG/FS0955/R,ST/13/14

Project is complete. Actual expenditure incurred for the FY is R 522,358.80. This is a reduction from the previous allotted amount.

- Upgrading of the low level bridge in Tumahole – MIG/FS0999/R,ST/13/14

Planned expenditure for the current FY is R 112,860.00. This payment is for the final part of the designs and application for the Environmental Impact Assessment.

Department of Police, Roads and Transport has undertaken to implement the project as part of the maintenance programme in Parys and Tumahole.

- Construction of a solid waste site in Parys – Project not registered yet

Annual allocation has been reduced as environmental regulations (stipulated in the National Environmental Management Act) have to be met before construction can commence. Revised allocation is for the designs and applications to the environmental bodies.

- Construction of a Water Compact Plant in Parys –

Project has been allocated an amount of R 8,5 million for the current FY.

- Construction of a stormwater channel in Koppies –
R 3,85 million has been allocated for the FY.

Revenue (Internal)

- The proposed decrease in the internal budget is mainly due to the low revenue collection rate and the late appointment of a debt collection company.
- In an effort to increase the municipality's revenue base and collection potential, an electrification programme to install split electricity meters has been included in the internally funded capital programme. The municipality has already seen results from installing split meters, in Koppies, revenue generated from the sale of electricity has increased by 200 per cent.
- Proposed changes to the internally funded capital programmes are as follows;

Ngwathe Local Municipality 2014/15 Adjustments Budget- January 2015

Votenummer	Source Of Funding	Description	Budget	Adjustment - s28	2014/15 Adjustment
1125/45 /4/01/0042	Internal	BREATHING APPARATUS COMPRESSOR	R 130 000,00	R -130 000,00	R -
1125/05 /4/01/0232	Internal	TRACTOR SLEDGE	R 120 000,00	R -120 000,00	R -
1125/45 /4/01/0044	Internal	MOBILE LICENSE NUMBER RECOGNITION SY	R 150 000,00	R -	R 150 000,00
1125/45 /4/01/0043	Internal	MOBILE SPEED CAMERA'S	R 260 000,00	R -	R 260 000,00
1120/35 /4/01/0008	Internal	WATER AND SANITATION PURCHASES EQUIPMENT	R 2 000 000,00	R -	R 2 000 000,00
1115/05 /4/01/0101	Internal	FURNITURE PURCHASES - GENERAL	R 2 000 000,00	R -1 000 000,00	R 1 000 000,00
1125/50 /4/01/0034	Internal	WATER TANKER 6X6 9000L	R 2 100 000,00	R -2 100 000,00	R -
1120/45 /4/01/0233	Internal	ELECTRICITY CRANE TRUCK	R 2 500 000,00	R -2 500 000,00	R -
1120/45 /4/01/0032	Internal	ELECTRICITY PURCHASES - EQUIPMENTS	R 3 000 000,00	R -1 500 000,00	R 1 500 000,00
1110/10 /4/01/0004	Internal	VEHICLES PURCHASES	R 3 000 000,00	R -1 500 000,00	R 1 500 000,00
1120/35 /4/01/0007	Internal	WATER AND SANITATION PURCHASES INFRASTRUCTURE	R 3 050 000,00	R -	R 3 050 000,00
1125/50 /4/01/0033	Internal	RESCUE PUMPER 4X4 300L WATER 150FOAM	R 3 500 000,00	R -	R 3 500 000,00
1120/45 /4/02/1304	Internal	ELECTRICIFICATION HOUSES KOPPIES (R7,	R -	R 7 400 000,00	R 7 400 000,00
			R 21 810 000,00	R -1 450 000,00	R 20 360 000,00

Revenue amendments

- An additional R 100 000 was added to *Service Charges: Water revenue* in relation to *irrigation levy* revenue which recorded higher than anticipated collection at mid-year.
- An increase of R 531 000 to *rental of facilities* is proposed, this is largely correcting an error on the approved budget where rentals from the airport where not factored into the budget.
- A decrease of R 1 million is proposed to the *interest earned from external investments* line item. The municipality exhausted a considerable amount of its equitable share in early August 2014 due to payments made to outstanding creditors, this meant that the municipality had less money to invest and thus received less interest than anticipated, further the municipality did not receive its second tranche of equitable share until January 2015, and because of this the municipality could not realise the interest it had anticipated at the beginning of the financial year.
- The proposed increase in *fees* of R 400 000 is largely as a result of the municipality implementing its credit control policy vigorously, which has seen more income being realised from *electricity connection and disconnection fees* and *finer from tampered meters*.
- The increase of R 831 000 to *other revenue* is mainly due to items that were not budgeted for but had for the six months up to December 2014 shown movement.

4. Adjustment Budget Tables

The ten primary budget tables, as required in terms of Part 4 of the Municipal Budget and Reporting Regulations (MBRR), are presented on page 12 to page 27. These tables reflect the Municipality's 2014/15 adjustments budget and MTREF to be approved by Council. Each table is accompanied by explanatory notes.

Table 3 MBRR Table B1 - Adjustments Budget Summary

FS203 Ngwathe - Table B1 Adjustments Budget Summary - 20/01/2015

Description	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjus. 6	Total Adjus. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	51 297	-	-	-	-	-	-	-	51 297	54 067	56 986
Service charges	257 872	-	-	-	-	-	100	100	257 972	271 797	286 474
Investment revenue	2 757	-	-	-	-	-	(1 000)	(1 000)	1 757	2 905	3 062
Transfers recognised - operational	163 765	-	-	-	-	-	-	-	163 765	168 563	166 342
Other own revenue	7 995	-	-	-	-	-	1 762	1 762	9 756	8 345	8 715
Total Revenue (excluding capital transfers and contributions)	483 685	-	-	-	-	-	862	862	484 547	505 678	521 580
Employee costs	138 928	-	-	-	-	-	6 216	6 216	145 144	146 678	154 924
Remuneration of councillors	10 442	-	-	-	-	-	-	-	10 442	11 006	11 600
Depreciation & asset impairment	95 000	-	-	-	-	-	-	-	95 000	90 000	90 000
Finance charges	3 000	-	-	-	-	-	-	-	3 000	2 500	2 000
Materials and bulk purchases	173 501	-	-	-	-	-	-	-	173 501	184 504	196 206
Transfers and grants	38 526	-	-	-	-	-	-	-	38 526	-	-
Other expenditure	128 064	-	-	-	-	-	(6 216)	(6 216)	121 848	111 820	117 681
Total Expenditure	587 461	-	-	-	-	-	-	-	587 461	546 508	572 411
Surplus/(Deficit)	(103 776)	-	-	-	-	-	862	862	(102 914)	(40 830)	(50 832)
Transfers recognised - capital	44 881	-	-	-	-	-	2 371	2 371	47 252	47 007	48 744
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(58 895)	-	-	-	-	-	3 233	3 233	(55 662)	6 177	(2 088)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(58 895)	-	-	-	-	-	3 233	3 233	(55 662)	6 177	(2 088)
Capital expenditure & funds sources											
Capital expenditure	66 691	-	-	-	-	-	981	981	67 672	47 007	24 156
Transfers recognised - capital	44 881	-	-	-	-	-	2 371	2 371	47 252	47 007	48 744
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	21 810	-	-	-	-	-	(1 390)	(1 390)	20 420	-	-
Total sources of capital funds	66 691	-	-	-	-	-	981	981	67 672	47 007	48 744
Financial position											
Total current assets	419 591	-	-	-	-	-	-	-	419 591	368 091	311 864
Total non current assets	1 237 232	-	-	-	-	-	-	-	1 237 232	1 192 234	916 961
Total current liabilities	257 066	-	-	-	-	-	-	-	257 066	217 172	205 077
Total non current liabilities	42 820	-	-	-	-	-	-	-	42 820	41 864	42 053
Community wealth/Equity	1 265 580	-	-	-	-	-	-	-	1 265 580	1 333 921	1 405 953
Cash flows											
Net cash from (used) operating	26 985	-	-	-	-	2 371	(3 649)	(1 278)	25 707	46 696	30 862
Net cash from (used) investing	(66 691)	-	-	-	-	-	(981)	(981)	(67 672)	(47 007)	(48 744)
Net cash from (used) financing	(3 000)	-	-	-	-	-	-	-	(3 000)	(2 500)	(2 000)
Cash/cash equivalents at the year end	3 609	-	-	-	-	2 371	(4 630)	(2 259)	1 350	798	(19 084)
Cash backing/surplus reconciliation											
Cash and investments available	60 240	-	-	-	-	-	-	-	60 240	64 653	67 358
Application of cash and investments	(27 933)	-	-	-	-	-	591	591	(27 341)	(41 460)	(4 724)
Balance - surplus (shortfall)	88 172	-	-	-	-	-	(591)	(591)	87 581	106 112	72 082
Asset Management											
Asset register summary (WDV)	1 426 787	-	-	-	-	-	981	981	1 427 768	1 463 319	1 276 578
Depreciation & asset impairment	95 000	-	-	-	-	-	-	-	95 000	90 000	90 000
Renewal of Existing Assets	16 374	-	-	-	-	-	2 633	2 633	19 007	-	-
Repairs and Maintenance	14 940	-	-	-	-	-	(540)	(540)	14 400	15 747	16 597
Free services											
Cost of Free Basic Services provided	3 174	-	-	-	-	-	-	-	3 174	3 345	3 525
Revenue cost of free services provided	38 526	-	-	-	-	-	-	-	38 526	40 606	42 799
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	1	-	-	-	-	-	-	-	1	0	0
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table B1 - Adjustments Budget Summary

1. Table B1 represents a high-level summation of the Municipality's budget, providing a view that includes all major components, i.e. operating, capital, financial position, cash flow and MFMA funding compliance.
2. In essence it provides a synopsis of the amounts to be approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance and the Municipality's commitment to eliminate basic service delivery backlogs.
3. The importance of ensuring that a municipal budget is fully funded is stressed in the municipal financial management reforms. To test whether a municipality is funded it is required to collectively assess the financial performance, capital budget, financial position and cash flow budgets. The City's key outcomes in this regard are as follows: a. The Municipality's financial performance shows deficit positions over the 2014/15 MTREF. This is attributed to certain expenditure items such as Depreciation, which are included in the financial performance, but is funded from accumulated surplus.
4. The Municipality's cash backing/surplus reconciliation over the 2012/13 MTREF shows a positive trend, which is an indication that the City will be able to afford its commitments over the next three years.
5. The Municipality's persistent strive to eradicate infrastructure backlogs is evident in the annual increase of investment in the Cost of Free Basic Services and the Revenue Cost of Free Basic Services provided. Backlogs still exist for sanitation, water and electricity services.

Table 4 MBRR Table B2 - Adjustments Budget Financial Performance (standard classification)

FS203 Ngwathe - Table B2 Adjustments Budget Financial Performance (standard classification) - 20/01/2015

Standard Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
<i>Governance and administration</i>		220 803	-	-	-	-	-	(843)	(843)	219 960	228 600	229 539
Executive and council		-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		220 500	-	-	-	-	-	(845)	(845)	219 655	228 281	229 203
Corporate services		303	-	-	-	-	-	2	2	305	319	337
<i>Community and public safety</i>		2 733	-	-	-	-	-	894	894	3 627	2 881	3 036
Community and social services		920	-	-	-	-	-	332	332	1 252	970	1 022
Sport and recreation		1 008	-	-	-	-	-	512	512	1 520	1 062	1 120
Public safety		805	-	-	-	-	-	50	50	855	848	894
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 530	-	-	-	-	-	72	72	1 602	1 612	1 699
Planning and development		1 528	-	-	-	-	-	70	70	1 598	1 610	1 697
Road transport		2	-	-	-	-	-	2	2	4	2	2
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		258 619	-	-	-	-	-	738	738	259 357	272 585	287 304
Electricity		146 052	-	-	-	-	-	655	655	146 707	153 939	162 251
Water		40 311	-	-	-	-	-	100	100	40 411	42 487	44 782
Waste water management		37 109	-	-	-	-	-	(17)	(17)	37 092	39 113	41 225
Waste management		35 148	-	-	-	-	-	-	-	35 148	37 045	39 046
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	483 684	-	-	-	-	-	862	862	484 546	505 678	521 579
Expenditure - Standard												
<i>Governance and administration</i>		189 947	-	-	-	-	-	325	325	190 271	197 105	206 570
Executive and council		45 280	-	-	-	-	-	(1 622)	(1 622)	43 658	46 986	49 226
Budget and treasury office		122 628	-	-	-	-	-	1 368	1 368	123 996	127 249	133 374
Corporate services		22 038	-	-	-	-	-	579	579	22 618	22 870	23 970
<i>Community and public safety</i>		48 818	-	-	-	-	-	953	953	49 772	50 659	53 128
Community and social services		21 480	-	-	-	-	-	1 712	1 712	23 192	22 289	23 362
Sport and recreation		12 429	-	-	-	-	-	171	171	12 600	12 897	13 548
Public safety		13 653	-	-	-	-	-	(894)	(894)	12 759	14 169	14 851
Housing		1 257	-	-	-	-	-	(36)	(36)	1 221	1 304	1 367
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		124 985	-	-	-	-	-	(1 472)	(1 472)	123 513	129 696	135 939
Planning and development		4 282	-	-	-	-	-	(2 107)	(2 107)	2 175	4 443	4 657
Road transport		120 703	-	-	-	-	-	635	635	121 338	125 252	131 281
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		223 711	-	-	-	-	-	194	194	223 905	232 142	243 310
Electricity		165 768	-	-	-	-	-	(880)	(880)	164 888	172 016	180 296
Water		25 686	-	-	-	-	-	512	512	26 198	26 655	27 938
Waste water management		18 843	-	-	-	-	-	612	612	19 455	19 553	20 494
Waste management		13 413	-	-	-	-	-	(50)	(50)	13 363	13 919	14 582
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	587 461	-	-	-	-	-	(0)	(0)	587 461	609 602	638 947
Surplus/ (Deficit) for the year		(103 776)	-	-	-	-	-	862	862	(102 915)	(103 924)	(117 368)

Explanatory notes to MBRR Table B2 - Adjustments Budget Financial Performance (Standard classification)

1. Table B2 is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification, which divides the municipal services into 15 functional areas.
2. A surplus of R862 000 for 2014/15 is reflected in this table as total Revenue.

Table 5 MBRR Table B3 - Adjustments Budget Financial and expenditure by municipal vote)

FS203 Ngwathe - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 20/01/2015

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		220 803	-	-	-	-	-	(843)	(843)	219 960	228 600	229 539
Vote 3 - Planning and Development		1 528	-	-	-	-	-	70	70	1 598	1 610	1 697
Vote 4 - Community and Social services		920	-	-	-	-	-	332	332	1 252	970	1 022
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		805	-	-	-	-	-	50	50	855	848	894
Vote 7 - Sports and Recreation		1 008	-	-	-	-	-	512	512	1 520	1 062	1 120
Vote 8 - Waste Management		35 148	-	-	-	-	-	-	-	35 148	37 045	39 046
Vote 9 - Waste Water Management		37 109	-	-	-	-	-	(17)	(17)	37 092	39 113	41 225
Vote 10 - Road Transport		2	-	-	-	-	-	2	2	4	2	2
Vote 11 - Water		40 311	-	-	-	-	-	100	100	40 411	42 487	44 782
Vote 12 - Electricity		146 052	-	-	-	-	-	655	655	146 707	153 939	162 251
Vote 13 - Technical Services and PMU		-	-	-	-	-	-	-	-	-	2	2
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-	15
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	483 685	-	-	-	-	-	861	861	484 546	505 679	521 596
Expenditure by Vote	1											
Vote 1 - Executive and Council		45 280	-	-	-	-	-	(1 622)	(1 622)	43 658	46 987	49 226
Vote 2 - Finance and Admin		144 666	-	-	-	-	-	1 947	1 947	146 613	150 118	157 344
Vote 3 - Planning and Development		4 282	-	-	-	-	-	(2 107)	(2 107)	2 175	4 443	4 657
Vote 4 - Community and Social services		21 480	-	-	-	-	-	1 712	1 712	23 192	22 289	23 362
Vote 5 - Housing		1 257	-	-	-	-	-	(36)	(36)	1 221	1 304	1 367
Vote 6 - Public Safety		13 653	-	-	-	-	-	(894)	(894)	12 759	14 169	14 851
Vote 7 - Sports and Recreation		12 429	-	-	-	-	-	171	171	12 600	12 897	13 548
Vote 8 - Waste Management		13 413	-	-	-	-	-	(50)	(50)	13 363	13 919	14 582
Vote 9 - Waste Water Management		18 843	-	-	-	-	-	612	612	19 455	19 553	20 494
Vote 10 - Road Transport		102 695	-	-	-	-	-	635	635	103 330	106 565	111 695
Vote 11 - Water		25 686	-	-	-	-	-	512	512	26 198	26 655	27 938
Vote 12 - Electricity		165 768	-	-	-	-	-	(880)	(880)	164 888	172 016	180 296
Vote 13 - Technical Services and PMU		18 008	-	-	-	-	-	-	-	18 008	18 687	19 586
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	587 461	-	-	-	-	-	(0)	(0)	587 460	609 602	638 947
Surplus/ (Deficit) for the year	2	(103 776)	-	-	-	-	-	862	862	(102 914)	(103 923)	(117 351)

Explanatory notes to MBRR Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

- Table B3 shows budgeted financial performance in relation to the revenue and expenditure and the operating surplus or deficit per municipal vote.

Table 6 MBRR Table B4 - Adjustments Budget Financial Performance (revenue and expenditure)

FS203 Ngwathe - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 20/01/2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	51 297	-	-	-	-	-	-	-	51 297	54 067	56 986
Property rates - penalties & collection charges										-		
Service charges - electricity revenue	2	145 557	-	-	-	-	-	-	-	145 557	153 417	161 702
Service charges - water revenue	2	40 111	-	-	-	-	-	100	100	40 211	42 276	44 559
Service charges - sanitation revenue	2	37 057	-	-	-	-	-	-	-	37 057	39 058	41 168
Service charges - refuse revenue	2	35 148	-	-	-	-	-	-	-	35 148	37 045	39 046
Service charges - other										-		
Rental of facilities and equipment		1 420	-	-	-	-	-	531	531	1 951	1 497	1 578
Interest earned - external investments		2 757	-	-	-	-	-	(1 000)	(1 000)	1 757	2 905	3 062
Interest earned - outstanding debtors		2 500	-	-	-	-	-	-	-	2 500	2 635	2 777
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		1 000	-	-	-	-	-	400	400	1 400	1 054	1 111
Licences and permits		1	-	-	-	-	-	-	-	1	1	1
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operating		163 765	-	-	-	-	-	-	-	163 765	168 563	166 342
Other revenue	2	3 074	-	-	-	-	-	831	831	3 905	3 159	3 249
Gains on disposal of PPE										-		
Total Revenue (excluding capital transfers and contributions)		483 685	-	-	-	-	-	862	862	484 547	505 678	521 580
Expenditure By Type												
Employee related costs		138 928	-	-	-	-	-	6 216	6 216	145 144	146 678	154 924
Remuneration of councillors		10 442	-	-	-	-	-	-	-	10 442	11 006	11 600
Debt impairment		40 000	-	-	-	-	-	-	-	40 000	42 160	44 437
Depreciation & asset impairment		95 000	-	-	-	-	-	-	-	95 000	90 000	90 000
Finance charges		3 000	-	-	-	-	-	-	-	3 000	2 500	2 000
Bulk purchases		163 401	-	-	-	-	-	-	-	163 401	173 859	184 986
Other materials		10 100	-	-	-	-	-	-	-	10 100	10 645	11 220
Contracted services		15 300	-	-	-	-	-	480	480	15 780	15 453	16 142
Transfers and grants		38 526	-	-	-	-	-	-	-	38 526		
Other expenditure		72 764	-	-	-	-	-	(6 696)	(6 696)	66 068	54 207	57 103
Loss on disposal of PPE										-		
Total Expenditure		587 461	-	-	-	-	-	-	-	587 461	546 508	572 411
Surplus/(Deficit)		(103 776)	-	-	-	-	-	862	862	(102 914)	(40 830)	(50 832)
Transfers recognised - capital		44 881	-	-	-	-	-	2 371	2 371	47 252	47 007	48 744
Contributions										-		
Contributed assets										-		
Surplus/(Deficit) before taxation		(58 895)	-	-	-	-	-	3 233	3 233	(55 662)	6 177	(2 088)
Taxation										-		
Surplus/(Deficit) after taxation		(58 895)	-	-	-	-	-	3 233	3 233	(55 662)	6 177	(2 088)
Attributable to minorities										-		
Surplus/(Deficit) attributable to municipality		(58 895)	-	-	-	-	-	3 233	3 233	(55 662)	6 177	(2 088)
Share of surplus/ (deficit) of associate										-		
Surplus/ (Deficit) for the year		(58 895)	-	-	-	-	-	3 233	3 233	(55 662)	6 177	(2 088)

Explanatory notes to MBRR Table B4 - Adjustments Budget Financial Performance (revenue and expenditure)

Table B4 is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type. Total revenue is R23 952 million (excluding accumulated surplus allocation) in 2012/13, which escalates to R30 718 million in 2014/15. The major contributors to the increased revenue includes are discussed below.

1. An additional R 100 000 was added to Service Charges: Water revenue in relation to irrigation levy revenue which recorded higher than anticipated collection at mid-year.
2. An increase of R 531 000 to rental of facilities is proposed, this is largely correcting an error on the approved budget where rentals from the airport where not factored into the budget.

3. A decrease of R 1 million is proposed to the interest earned from external investments line item. The municipality exhausted a considerable amount of its equitable share in early August 2014 due to payments made to outstanding creditors, this meant that the municipality had less money to invest and thus received less interest than anticipated, further the municipality did not receive its second tranche of equitable share until January 2015, and because of this the municipality could not realise the interest it had anticipated at the beginning of the financial year.
 4. The proposed increase in fees of R 400 000 is largely as a result of the municipality implementing its credit control policy vigorously, which has seen more income being realised from electricity connection and disconnection fees and fines from tampered meters.
 5. The increase of R 831 000 to other revenue is mainly due to items that were not budgeted for but had for the six months up to December 2014 shown movement.
-
1. An addition of R 6.2 million to the employee related costs budget is proposed. The increase is partially correcting the under budgeted employee related costs provision for the 2014/15 financial year.
 2. The R 6.2 million is financed from anticipated savings within the general expenditure votes as indicated on the attached detailed operating budget adjustments schedule.
 3. Amendments made to the municipal operating budget relate to administrative transfers of budgetary provisions in respect of Sundry Expenditure items, which are proposed in accordance with Council's approved system of delegation and the Virement Policy. These transfers do not affect the total budget quantum.

Table 7 MBRR Table B5 - Adjustments Budget Capital Expenditure by vote, standard classification and funding source

FS203 Ngwathe - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 20/01/2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Sports and Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Water		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Electricity		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Technical Services and PMU		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Other		-	-	-	-	-	-	-	-	-	-	-
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		5 500	-	-	-	-	-	(4 000)	(4 000)	1 500	-	-
Vote 2 - Finance and Admin		2 000	-	-	-	-	-	(1 000)	(1 000)	1 000	-	-
Vote 3 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social services		2 500	-	-	-	-	-	(2 500)	(2 500)	-	-	-
Vote 5 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		3 760	-	-	-	-	-	150	150	3 910	-	-
Vote 7 - Sports and Recreation		5 981	-	-	-	-	-	2 508	2 508	8 488	6 385	6 135
Vote 8 - Waste Management		9 303	-	-	-	-	-	(8 653)	(8 653)	650	14 500	7 200
Vote 9 - Waste Water Management		12 100	-	-	-	-	-	1 118	1 118	13 218	1 650	-
Vote 10 - Road Transport		2 878	-	-	-	-	-	2 633	2 633	5 511	12 321	6 484
Vote 11 - Water		12 676	-	-	-	-	-	4 765	4 765	17 440	4 100	2 200
Vote 12 - Electricity		8 000	-	-	-	-	-	5 960	5 960	13 960	6 000	-
Vote 13 - Technical Services and PMU		1 994	-	-	-	-	-	-	-	1 994	2 050	2 137
Vote 14 - Airport		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		66 691	-	-	-	-	-	981	981	67 672	47 007	24 156
Total Capital Expenditure - Vote		66 691	-	-	-	-	-	981	981	67 672	47 007	24 156
Capital Expenditure - Standard												
Governance and administration		7 500	-	-	-	-	-	(5 000)	(5 000)	2 500	-	-
Executive and council		5 500	-	-	-	-	-	(4 000)	(4 000)	1 500	-	-
Budget and treasury office		2 000	-	-	-	-	-	(1 000)	(1 000)	1 000	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		12 241	-	-	-	-	-	158	158	12 398	6 385	6 135
Community and social services		6 000	-	-	-	-	-	(6 000)	(6 000)	-	-	-
Sport and recreation		5 981	-	-	-	-	-	2 508	2 508	8 488	6 385	6 135
Public safety		260	-	-	-	-	-	3 650	3 650	3 910	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2 878	-	-	-	-	-	2 633	2 633	5 511	12 321	6 484
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		2 878	-	-	-	-	-	2 633	2 633	5 511	12 321	6 484
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		42 078	-	-	-	-	-	3 191	3 191	45 269	26 250	9 400
Electricity		8 000	-	-	-	-	-	5 960	5 960	13 960	6 000	-
Water		12 676	-	-	-	-	-	4 765	4 765	17 440	4 100	2 200
Waste water management		12 100	-	-	-	-	-	1 118	1 118	13 218	1 650	-
Waste management		9 303	-	-	-	-	-	(8 653)	(8 653)	650	14 500	7 200
Other		1 994	-	-	-	-	-	-	-	1 994	2 050	2 137
Total Capital Expenditure - Standard	3	66 691	-	-	-	-	-	981	981	67 672	47 007	24 156
Funded by:												
National Government		44 881	-	-	-	-	-	2 371	2 371	47 252	47 007	48 744
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Total Capital transfers recognised	4	44 881	-	-	-	-	-	2 371	2 371	47 252	47 007	48 744
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		21 810	-	-	-	-	-	(1 390)	(1 390)	20 420	-	-
Total Capital Funding		66 691	-	-	-	-	-	981	981	67 672	47 007	48 744

Explanatory notes to Table B5 - Adjustments Budget Capital Expenditure by vote, standard classification and funding source

1. Table B5 reflects the Municipality's capital programme in relation to capital expenditure by municipal vote (directorate); capital expenditure by standard classification; and funding sources required to fund the Capital budget, including information on capital transfers from National and Provincial Departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. The capital budget is funded by allocations made to the Municipality by National government in the form of grants and internally generated funds. Capital transfers from National Government grants amount to R 47.3 million (69.82%) in 2014/15. Internally generated funds have been provided for amounting to R 20.4 million.

Table 8 MBRR Table B6 - Adjustments Budget Financial Position

FS203 Ngwathe - Table B6 Adjustments Budget Financial Position - 20/01/2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
ASSETS												
Current assets												
Cash		9 265							–	9 265	10 925	10 729
Call investment deposits	1	50 120	–	–	–	–	–	–	–	50 120	52 826	55 679
Consumer debtors	1	211 890	–	–	–	–	–	–	–	211 890	148 014	80 689
Other debtors		148 316							–	148 316	156 325	164 767
Current portion of long-term receivables		–							–	–		
Inventory		–							–	–		
Total current assets		419 591	–	–	–	–	–	–	–	419 591	368 091	311 864
Non current assets												
Long-term receivables		–							–	–		
Investments		855							–	855	901	950
Investment property		152 718							–	152 718	152 718	152 718
Investment in Associate		–							–	–		
Property, plant and equipment	1	1 083 659	–	–	–	–	–	–	–	1 083 659	1 038 615	763 294
Agricultural		–							–	–		
Biological		–							–	–		
Intangible		–							–	–		
Other non-current assets		–							–	–		
Total non current assets		1 237 232	–	–	–	–	–	–	–	1 237 232	1 192 234	916 961
TOTAL ASSETS		1 656 822	–	–	–	–	–	–	–	1 656 822	1 560 325	1 228 825
LIABILITIES												
Current liabilities												
Bank overdraft		–							–	–		
Borrowing		3 200	–	–	–	–	–	–	–	3 200	3 200	1 966
Consumer deposits		4 305							–	4 305	4 538	4 783
Trade and other payables		244 397	–	–	–	–	–	–	–	244 397	203 992	192 592
Provisions		5 163							–	5 163	5 442	5 736
Total current liabilities		257 066	–	–	–	–	–	–	–	257 066	217 172	205 077
Non current liabilities												
Borrowing	1	4 966	–	–	–	–	–	–	–	4 966	1 966	–
Provisions	1	37 854	–	–	–	–	–	–	–	37 854	39 898	42 053
Total non current liabilities		42 820	–	–	–	–	–	–	–	42 820	41 864	42 053
TOTAL LIABILITIES		299 886	–	–	–	–	–	–	–	299 886	259 036	247 129
NET ASSETS	2	1 356 937	–	–	–	–	–	–	–	1 356 937	1 301 289	981 696
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1 356 937	–	–	–	–	–	–	–	1 356 937	1 333 921	1 405 953
Reserves		–	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY		1 356 937	–	–	–	–	–	–	–	1 356 937	1 333 921	1 405 953

Explanatory notes to Table B6 - Adjustment Budget Financial Position

- The budgeted Statement of Financial Position of the Municipality has been prepared on a basis consistent with GRAP 1 and international accounting standards and as such makes it comparable with the present Statement of Financial Position and those of previous years, to enable all stakeholders to interpret the impact of the budget as such on the Statement of Financial Position.
- The assets are in the order of relative liquidity and liabilities according to their priority of being met with cash.
- Movements on the Budgeted Statement of Financial Performance will impact on the Budgeted Statement of Financial Position. Assumptions made on the collection rate for instance, will affect the budgeted cash position of the Municipality and the budgeted impairment of debtors. As such the assumptions form a critical link in determining the applicability and relevance of the budget, the determination of financial indicators, the assessment of funding compliance and the general viability of the municipality.

Table 9 MBRR Table B7 - Adjustments Budget Cash Flow Statement

FS203 Ngwathe - Table B7 Adjustments Budget Cash Flows - 20/01/2015

G200 Ryamate - Table 51 Adjustments Budget Cash Flows - 2015/2016												
Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other		235 997	–	–	–	–	–	862	862	236 859	265 259	279 518
Government - operating	1	163 765	–	–	–	–	–	–	–	163 765	168 563	166 342
Government - capital	1	44 881	–	–	–	–	2 371	–	2 371	47 252	47 007	48 744
Interest		4 632	–	–	–	–	–	(1 250)	(1 250)	3 382	4 882	5 145
Dividends		–	–	–	–	–	–	–	–	–	–	–
Payments												
Suppliers and employees		(383 764)	–	–	–	–	–	(7 260)	(7 260)	(391 024)	(398 408)	(426 088)
Finance charges		–	–	–	–	–	–	–	–	–	–	–
Transfers and Grants	1	(38 526)	–	–	–	–	–	4 000	4 000	(34 526)	(40 607)	(42 800)
NET CASH FROM/(USED) OPERATING ACTIVITIES		26 985	–	–	–	–	2 371	(3 649)	(1 278)	25 707	46 696	30 862
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–	–
Payments												
Capital assets		(66 691)	–	–	–	–	–	(981)	(981)	(67 672)	(47 007)	(48 744)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(66 691)	–	–	–	–	–	(981)	(981)	(67 672)	(47 007)	(48 744)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–	–
Payments												
Repayment of borrowing		(3 000)	–	–	–	–	–	–	–	(3 000)	(2 500)	(2 000)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3 000)	–	–	–	–	–	–	–	(3 000)	(2 500)	(2 000)
NET INCREASE/ (DECREASE) IN CASH HELD		(42 706)	–	–	–	–	2 371	(4 630)	(2 259)	(44 965)	(2 811)	(19 882)
Cash/cash equivalents at the year begin:	2	46 315	–	–	–	–	–	–	–	46 315	3 609	798
Cash/cash equivalents at the year end:	2	3 609	–	–	–	–	2 371	(4 630)	–	1 350	798	(19 084)

Explanatory notes to Table B7 - Adjustments budget Cash Flow Statement

1. The table shows the cash and cash equivalents of the Municipality during the 2014/15 to 2016/17 MTREF.
2. The Municipality has embarked on an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality.
3. For the 2014/15 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term, with cash levels anticipated to exceed R1.4million by 2014/15.

Table 10 MBRR Table B8 - Cash Backed Reserves/ Accumulated Surplus Reconciliation

FS203 Ngwathe - Table B8 Cash backed reserves/accumulated surplus reconciliation - 20/01/2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	3 609	-	-	-	-	2 371	(4 630)	(2 259)	1 350	798	(19 084)
Other current investments > 90 days		55 776	-	-	-	-	(2 371)	4 630	2 259	58 035	62 954	85 493
Non current assets - Investments	1	855	-	-	-	-	-	-	-	855	901	950
Cash and investments available:		60 240	-	-	-	-	-	-	-	60 240	64 653	67 358
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	(27 933)	-	-	-	-	-	591	591	(27 341)	(41 460)	(4 724)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(27 933)	-	-	-	-	-	591	591	(27 341)	(41 460)	(4 724)
Surplus(shortfall)		88 172	-	-	-	-	-	(591)	(591)	87 581	106 112	72 082

Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 - Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. From the table it can be seen that for the Municipality remained in a surplus net cash flow position for the period 2014/15 to 2016/17.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the 2014/15 MTREF is fully funded.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF, the end objective of the medium-term framework was to ensure the budget is funded/aligned to section 18 of the MFMA.
7. Table B8 reflects an inclining/positive term trend; i.e. moving progressively from a surplus of R 87.9 million in 2014/15 to a surplus of R 72.1 million by 2016/17.

Table 11 MBRR Table B9 Asset Management

FS203 Ngwathe - Table B9 Asset Management - 20/01/2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
											+1 2015/16	+2 2016/17
		Original Budget A	Prior Adjusted A1	Accum. Funds B	Multi-year capital C	Unfore. Unavoid. D	Nat. or Prov. Govt E	Other Adjusts. F	Total Adjusts. G	Adjusted Budget H	Adjusted Budget	Adjusted Budget
R thousands												
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	50 317	-	-	-	-	-	(1 652)	(1 652)	48 666	47 007	18 022
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	12 321	6 484
Infrastructure - Electricity		8 000	-	-	-	-	-	5 960	5 960	13 960	6 000	-
Infrastructure - Water		5 050	-	-	-	-	-	4 765	4 765	9 815	4 100	2 200
Infrastructure - Sanitation		6 500	-	-	-	-	-	1 118	1 118	7 618	1 650	-
Infrastructure - Other		9 303	-	-	-	-	-	(8 653)	(8 653)	650	14 500	7 200
Infrastructure		28 853	-	-	-	-	-	3 191	3 191	32 043	38 571	15 884
Community		10 205	-	-	-	-	-	8	8	10 213	8 436	2 137
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	11 260	-	-	-	-	-	(4 850)	(4 850)	6 410	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	16 374	-	-	-	-	-	2 633	2 633	19 007	-	-
Infrastructure - Road transport		2 878	-	-	-	-	-	2 633	2 633	5 511	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		7 626	-	-	-	-	-	-	-	7 626	-	-
Infrastructure - Sanitation		5 600	-	-	-	-	-	-	-	5 600	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		16 104	-	-	-	-	-	2 633	2 633	18 737	-	-
Community		270	-	-	-	-	-	-	-	270	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4											
Infrastructure - Road transport		2 878	-	-	-	-	-	2 633	2 633	5 511	12 321	6 484
Infrastructure - Electricity		8 000	-	-	-	-	-	5 960	5 960	13 960	6 000	-
Infrastructure - Water		12 676	-	-	-	-	-	4 765	4 765	17 440	4 100	2 200
Infrastructure - Sanitation		12 100	-	-	-	-	-	1 118	1 118	13 218	1 650	-
Infrastructure - Other		9 303	-	-	-	-	-	(8 653)	(8 653)	650	14 500	7 200
Infrastructure		44 956	-	-	-	-	-	5 823	5 823	50 780	38 571	15 884
Community		10 475	-	-	-	-	-	8	8	10 483	8 436	2 137
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		11 260	-	-	-	-	-	(4 850)	(4 850)	6 410	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	2	66 691	-	-	-	-	-	981	981	67 672	47 007	18 022
ASSET REGISTER SUMMARY - PPE (WDV)												
Infrastructure - Road transport	5	476 740	-	-	-	-	-	2 633	2 633	479 373	489 061	-
Infrastructure - Electricity		413 902	-	-	-	-	-	5 960	5 960	419 862	419 902	-
Infrastructure - Water		202 385	-	-	-	-	-	4 765	4 765	207 150	206 485	-
Infrastructure - Sanitation		110 736	-	-	-	-	-	1 118	1 118	111 854	112 386	-
Infrastructure - Other		11 610	-	-	-	-	-	(8 653)	(8 653)	2 957	26 110	1 276 578
Infrastructure		1 215 373	-	-	-	-	-	5 823	5 823	1 221 196	1 253 944	1 276 578
Community		10 475	-	-	-	-	-	8	8	10 483	8 436	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		200 939	-	-	-	-	-	(4 850)	(4 850)	196 089	200 939	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 426 787	-	-	-	-	-	981	981	1 427 768	1 463 319	1 276 578

Ngwathe Local Municipality 2014/15 Adjustments Budget- January 2015

EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		95 000	-	-	-	-	-	-	-	95 000	90 000	90 000
Repairs and Maintenance by asset class	3	14 940	-	-	-	-	-	(540)	(540)	14 400	15 747	16 597
Infrastructure - Road transport		3 000	-	-	-	-	-	(1 450)	(1 450)	1 550	3 162	3 333
Infrastructure - Electricity		2 000	-	-	-	-	-	100	100	2 100	2 108	2 222
Infrastructure - Water		1 600	-	-	-	-	-	(600)	(600)	1 000	1 686	1 777
Infrastructure - Sanitation		500	-	-	-	-	-	100	100	600	527	555
Infrastructure - Other		250	-	-	-	-	-	-	-	250	264	278
Infrastructure		7 350	-	-	-	-	-	(1 850)	(1 850)	5 500	7 747	8 165
Community		1 840	-	-	-	-	-	(270)	(270)	1 570	1 939	2 044
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	5 750	-	-	-	-	-	1 580	1 580	7 330	6 061	6 388
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		109 940	-	-	-	-	-	(540)	(540)	109 400	105 747	106 597
% of capital exp on renewal of assets		24,6%	0,0%							28,1%	0,0%	0,0%
Renewal of existing assets as % of deprecn		17,2%	0,0%							20,0%	0,0%	0,0%
R&M as a % of PPE		1,0%	0,0%							1,0%	1,1%	1,3%
Renewal and R&M as a % of PPE		2,2%	0,0%							2,3%	1,1%	1,3%

Explanatory notes to Table B9 - Asset Management

1. Table B9 provides an overview of municipal capital allocations for new assets and renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 12 MBRR Table B10 - Basic Service Delivery Measurement

FS203 Ngwathe - Table B10 Basic service delivery measurement - 20/01/2015

Description	Ref	Budget Year 2014/15									Budget Year +1 2015/16	Budget Year +2 2016/17
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7	8	9	10	11	12	13	14		
Household service targets	1											
Water:												
Piped water inside dwelling		23004,55	0	0	0	0	0	0	-	23	23004,55	23004,55
Piped water inside yard (but not in dwelling)		9914,47	0	0	0	0	0	0	-	10	9914,47	9914,47
Using public tap (at least min.service level)	2	783	0	0	0	0	0	0	-	1	783	783
Other water supply (at least min.service level)									-			
Minimum Service Level and Above sub-total		34	-	-	-	-	-	-	-	34	34	34
Using public tap (< min.service level)	3						0	0	-	-		
Other water supply (< min.service level)	3,4								-	-		
No water supply									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	34	-	-	-	-	-	-	-	34	34	34
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		25764	0	0	0	0	0	0	-	25 764	27389	27389
Flush toilet (with septic tank)		0	0	0	0	0	0	0	-	-	0	0
Chemical toilet		2410	0	0	0	0	0	0	-	2 410	2410	2410
Pit toilet (ventilated)		3010	0	0	0	0	0	0	-	3 010	2232	2232
Other toilet provisions (> min.service level)		0	0	0	0	0	0	0	-	-	0	0
Minimum Service Level and Above sub-total		31 184	-	-	-	-	-	-	-	31 184	32 031	32 031
Bucket toilet		847	0	0	0	0	0	0	-	847	0	0
Other toilet provisions (< min.service level)		0	0	0	0	0	0	0	-	-	-	-
No toilet provisions		220	0	0	0	0	0	0	-	220	220	220
Below Minimum Service Level sub-total		1 067	-	-	-	-	-	-	-	1 067	220	220
Total number of households	5	32 251	-	-	-	-	-	-	-	32 251	32 251	32 251
Energy:												
Electricity (at least min. service level)		11261,82	0	0	0	0	0	0	-	11 262	11261,82	11261,82
Electricity - prepaid (> min.service level)		10728,04	0	0	0	0	0	0	-	10 728	10728,04	10728,04
Minimum Service Level and Above sub-total		21 990	-	-	-	-	-	-	-	21 990	21 990	21 990
Electricity (< min.service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	21 990	-	-	-	-	-	-	-	21 990	21 990	21 990
Refuse:												
Removed at least once a week (min.service)		38000	0	0	0	0	0	0	-	38 000	38000	38000
Minimum Service Level and Above sub-total		38 000	-	-	-	-	-	-	-	38 000	38 000	38 000
Removed less frequently than once a week									-	-		
Using communal refuse dump									-	-		
Using own refuse dump									-	-		
Other rubbish disposal									-	-		
No rubbish disposal									-	-		
Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	38 000	-	-	-	-	-	-	-	38 000	38 000	38 000
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		16000	0	0	0	0	0	0	-	16 000	16000	16000
Sanitation (free minimum level service)		13000	0	0	0	0	0	0	-	13 000	13000	13000
Electricity/other energy (50kwh per household per month)		16000	0	0	0	0	0	0	-	16 000	16000	16000
Refuse (removed at least once a week)		13000	0	0	0	0	0	0	-	13 000	13000	13000
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per household per month)		115	-	-	-	-	-	-	-	115	121	127
Sanitation (free sanitation service)		1 042	-	-	-	-	-	-	-	1 042	1 098	1 158
Electricity/other energy (50kwh per household per month)		1 028	-	-	-	-	-	-	-	1 028	1 083	1 141
Refuse (removed once a week)		989	-	-	-	-	-	-	-	989	1 043	1 099
Total cost of FBS provided (minimum social package)		3 174	-	-	-	-	-	-	-	3 174	3 345	3 525
Highest level of free service provided												
Property rates (R'000 value threshold)		25000	0	0	0	0	0	0	-	25 000	25000	25000
Water (kilolitres per household per month)		6	0	0	0	0	0	0	-	6	6	6
Sanitation (kilolitres per household per month)		6	0	0	0	0	0	0	-	6	6	6
Sanitation (Rand per household per month)		0	0	0	0	0	0	0	-	-	0	0
Electricity (kw per household per month)		50	0	0	0	0	0	0	-	50	50	50
Refuse (average litres per week)		0	0	0	0	0	0	0	-	-	0	0
Revenue cost of free services provided (R'000)	17											
Property rates (R15 000 threshold rebate)		444	-	-	-	-	-	-	-	444	468	493
Property rates (other exemptions, reductions and rebates)		-	-	-	-	-	-	-	-	-	-	-
Water		1 377	-	-	-	-	-	-	-	1 377	1 451	1 530
Sanitation		12 505	-	-	-	-	-	-	-	12 505	13 180	13 892
Electricity/other energy		12 330	-	-	-	-	-	-	-	12 330	12 996	13 698
Refuse		11 870	-	-	-	-	-	-	-	11 870	12 511	13 187
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total services)		38 526	-	-	-	-	-	-	-	38 526	40 606	42 799

Explanatory notes to Table B10 - Basic Service Delivery Measurement

1. Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services. No adjustments to the service delivery levels were made in this adjustments budget.
2. The Municipality is persistently striving to eradicate backlogs. The Municipality's backlog status are as follows: a. Water services - The majority of the Ngwathe Municipal area, both formal and informal settlements, receives potable water service levels that generally meet the National minimum standards as required by the Water Services Act 108 (of 1997). The backlog is as a result of the total informal population estimate increasing.
3. Households receiving free basic services are generally expected to increase by an average of 11% over the 2014/15 MTREF for all services.
4. The annual increase in households receiving free basic services consequently increases the cost for providing the services. The associated cost of providing the free basic services is projected to escalate from R 38.5 million in 2014/15, R 40.6 million in 2015/16 and R 42.8 million in 2016/17.

Part 2 - Supporting Documentation

5. Adjustments to budget assumptions

The budget assumptions which underpinned compilation of the 2014/15 budget have largely materialised and no adjustments are required to those at this stage. In this regard, primary variables such as CPI, collection ratios, interest levels, wage awards, and expenditure levels on earmarked expenditure categories such as Repairs & Maintenance have realised as anticipated.

6. Adjustments to budget funding

a. Narrative summary of the impact of the adjustments budget on:

Funding of operating and capital expenditure

The Capital expenditure remains fully funded from National grants, however the internally funded projects are expected to be funded from revenue collected by the appointed debt collectors, this essentially means that the internally funded projects will only be undertaken as and when revenue from outstanding debtors is collected.

Financial plans

The financial plan has been revisited considering the longer term effects of the adjustments. The impacts flowing from the adjusted budget will be incorporated in the compilation of the 2015/16 MTREF to ensure affordability and sustainability

b. Adjustments to collection levels estimated

No change.

c. Adjustments to monetary investments by type and maturity date

Decrease in anticipated interest income to be realised from investments.

d. Adjustments to contributions and donations in cash or in-kind

No change.

e. Adjustments related to the proceeds from the sale of assets

No change.

f. Adjustments related to the proceeds from the lease of assets, where the period of the lease is three years or more

No change.

g. Adjustments relating to the planned use of previous years' cash backed surplus

No change.

h. Adjustments related to proposed new loans to be raised in budget year

No change

i. Adjustments related to allocations and grants to the municipality

Details on adjustments are discussed in paragraph 3.3.2 (Adjustments to capital Budget).

7. Adjustments to expenditure on allocations and grant programmes

Details on adjustments are discussed in paragraph 3.3.2 (Adjustments to capital Budget).

8. Adjustments to allocations and grants made by the municipality

No change

9. Adjustments to councillors and board members allowances and employee benefits

An addition of R 6.2 million to the employee related costs budget is proposed. The increase is partially correcting the under budgeted employee related costs provision for the 2014/15 financial year.

No change to councillor's allowances due to the non-finalisation of the upper limits circular by CoGTA, however looking at the trend up to end December 2014, the provision should be sufficient for the 2014/15 financial year.

10. Adjustments to service delivery and budget implementation plan (SDBIP)

See attached revised SDBIP.

11. Adjustments to capital expenditure

Full disclosure on adjustments to the Capital budget is provided in Annexure 1.1 and 1.2

12. Municipal Manager's quality certification

I , municipal manager of Ngwathe Local Municipality, hereby certify that the annual adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name

Municipal Manager of Ngwathe Local Municipality (FS203)

Signature

Date