

**2013/14 BUDGET ADJUSTMENT MEDIUM
TERM REVENUE AND EXPENDITURE
FRAMEWORK BUDGET**



VHEMBE DISTRICT MUNICIPALITY



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PART 1 - ADJUSTMENT BUDGET

1. EXECUTIVE MAYOR'S REPORT

2. RESOLUTIONS

- 2.1 That the adjusted annual budget for the 2013/2014 financial year as permitted in terms of section 28(2) of the MFMA be approved and set out in the following adjustment budget tables:
 - Table B1: Adjusted budget summary
 - Table B2: Adjusted budget on financial performance by vote
 - Table B4: Adjusted budget on financial performance revenue by Source and expenditure by type
 - Table B5: Adjusted capital expenditure budget by vote and funding
 - Table B6: Adjusted budget on financial position
 - Table B7: Adjusted budget on cash flow
 - Table B8: Cash backed reserves/accumulated surplus Reconciliation
 - B9: Asset management
 - Supporting table SB13: Adjustment budget on monthly revenue and expenditure by vote
 - Supporting table SB14: Adjustment budget on monthly revenue and expenditure by revenue source and expenditure type
 - Supporting table SB17: Adjustment budget on monthly capital expenditure by vote
- 2.2 The SDBIP will be adjusted to reflect the adjustments made in the budget allocation and submitted for subsequent approval by the Executive Mayor.
- 2.3 That the adjustment budget for 2013/2014 financial year with the amended service delivery and budget implementation plan and targets be submitted to the National Treasury and Provincial Treasury

3. EXECUTIVE SUMMARY

In May 2013 Council approved the 2013/14 Medium Term Revenue and Expenditure Framework in line with Chapter 4 of the MFMA and the Municipal Budget and Reporting Regulations. The total budget, both the operating and capital, amounts to R 1 329 106 305.

Considering the mid-year budget performance which reflects the overall expenditure of 35% as at the first half of the financial year (31 December 2013), there is a need to adjust the budget. The total budget was adjusted by R43 347 773 increase.

3.1 REVENUE

DESCRIPTION	TOTAL	Actual/Billing* to date 31 Nov 2013	Adjustment	Adjusted Budget	% Adjusted
GOVERNMENT GRANT					
Municipal Systems Improvement Grant	890,000.00	890,000.00		890,000.00	0%
Municipal Infrastructure Grant	424,565,000.00	295,965,000.00		424,565,000.00	0%
Equitable Shares Department of Transport Grant	524,104,000.00	393,078,000.00		524,104,000.00	0%
LGFMG Water Infrastructure Grant	1,667,000.00	1,667,000.00		1,667,000.00	0%
Dept of Water and Forest Operating Subsidy	37,903,000.00	19,235,350.41		37,903,000.00	
Dept of Water Affairs – RBIG	57,219,000.00	33,268,000.00		70,881,392.00	24%
	60,000,000.00	19,235,350.41	(22 670,000.00)	37,330,000.00	37%
Disaster Relief Fund	-	37,644,714		37,644,714	100%
MISA		4,150,000.00		4,150,000.00	100%
ACIP - DWA	8,000,000.00	-		8,000,000.00	0%

EPWP	4,655,000.00	3,259,000.00		4,655,000.00	0%
Inter on Investment	8,860,784.00	3,960,457.14	(421,351.00)	8,439,433.00	5%
Rental of Property*	50,000.00	40,036.54	29,295	79,295.00	59%
Sale of Tender Doc	528,000.00	146,404.54	176,629.00	351,371	33%%
Water Sales*	79,200,157.72	66,140,498.61		79,200,157.72	0%
Interest on Outs debts	-	3,084,408	3,084,408	7,385,919	100%
Other Income SETA	1,000,000.00	343,085.76		1,000,000.00	0%
Sale of Manure		4,468	8,714.00	8,714.00	100%
MIG Vat Refund Certificate of Acceptability	52,139,561.00	(27,100,506.14)	14,824364	66,963,925	28.4%
Equipment Landing Deport	150,000.00	182,213.43	262,253.00	412,253.00	57%
Fire Service fee	2,004,797.00	626,464.63		1,490,226	26%
	120,000.00	28,509.67		120,000.00	45%
TOTAL REVENUE	1,264,306,300.12	803,374,500.44	43,347,773.00	1,307,654,073	

The revenue has decreased by 3.43% which results in the increase of the following Expenditure:

3.2 OPERATING AND CAPITAL BUDGET

OPERATING AND CAPITAL BUDGET

ADJUSTMENT BUDGET PER DEPARTMENT			
DEPARTMENT	TOTAL BUDGET ALLOCATION	ADJUSTMENT	ADJUSTED BUDGET
CORPORATE SERVICES	64,484,979	0	64,484,979
OFFICE OF THE MM	13,385,717	3,704,872	17,090,589
COUNCIL	11,766,362	500,000	12,266,362
OFFICE OF THE MAYOR	13,995,507	(105,602)	13,889,905
OFFICE OF THE SPEAKER	1,045,896	305,683	1,351,579
OFFICE OF THE CHIEF WHIP	28,396	299,920	328,316
FINANCE	37,303,912	(600,000)	36,703,912
TECHNICAL SERVICES	558,621,481	11,873,950	570,495,431
COMMUNITY SERVICES	95,402,120	(25,307,445)	70,094,675
PLANNING	34,625,270	(2,899,997)	31,725,273
WATER SERVICES	495,980,544	35,433,619	531,414,163
ENVIRONMENTAL HEALTH SERVICES	2,466,121	20,142,773	22,608,894
TOTAL	1,329,106,305	43,347,773	1,372,454,078

The net increase in the operating and capital budget is 3.26%. The major increase is within Technical and Water Services departments in the following items water projects, refurbishment, disaster relief projects and reduction of Regional Bulk Infrastructure Grant.

CONCLUSION

In conclusion the impact of the adjustment on the 2013/14 budget is as follows:

Classification	Budget	Adjustment	Adjusted
	Total		
Salaries and wages	424,593,843	-16,897,050	407,696,793
Repairs and Maintenance	68,724,633	-5,592,638	63,131,995
General Expenses	245,752,652	13,082,089	258,834,741
Capital outlay	91,619,654	48,022,378	139,642,032
Capital Projects	498,415,523	4,732,995	503,148,518
Total	1,329,106,305	43,347,773	1,372,454,078

In conclusion the impact of the adjustment on the 2012/13 budget is as follows:

- The employee related cost is reduce by 4%
- General expenses are increased 5%
- Repairs and Maintenance decreased by 9%
- Capital outlay increase by 34%
- Contribution to project increase by 1%

The net increase of the capital and operating budget is 3%. The total budget has been adjusted to R 1 372 454 278.00..

5. ADJUSTMENT BUDGET TABLES

PART 2 – SUPPORTING DOCUMENTATION

1. Adjustments of budget assumptions

- The approved tariffs increases did not change in the adjustments budget, Cash collection for the six month period up to December 2013 was
- compared to the cash used to pay for services rendered up to the same period. This comparison showed cash flows are under pressure from collections and expenditure sides. Cash outflows exceeded cash inflows for the six month period.

- Budgeted allocations were also compared to actuals for the same period. Adjustments were made upwards or downward depending on the variance reflected by the information available.

- Where there is overwhelming evidence or justification that an allocation for income or expenditure must be provided for this was accommodated in the adjustments budget.

2. Adjustments to budget funding

The sources of funding of the municipality's budget have not changed in the current financial year. As reported the adjustments budget is mainly funded by revenue from services rendered and grant funding as set out in Division of Revenue Act (DORA) and the Provincial Gazette. Refer to table B4 for the detailed information.

3. Adjustments to capital expenditure on allocations and grants programmes

Details relating to this section have been captured above in the section on Executive Summary (1.3).

9. **Municipal manager quality certificate**
 The quality certification in the format required in the regulations will be signed by the accounting officer on the final Adjustments Budget approved by Council at the end of January 2014.

8. **Other supporting documents**
 Non other documents than supporting budget tables

7. **Adjustments to capital expenditure**
 Capital expenditure has decreased marginally due to adjustment of RBIG projects.

6. **Adjustments to service delivery and budget implementation plan**
 The Accounting officer will submit for approval by the Executive Mayor revised SDBIP's based on the adjustments being approved.

Classification	Budget	Adjustment	Adjusted	%
	Total			
Salaries and wages	415,127,481	16,897,050	398,230,431	-4%
Councillors remunerations	9,466,362	-	9,466,362	0%

5. **Adjustments to councillors allowances and employee benefits**
 The budgeted amount for employee benefits has been adjusted downwards.

4. **Adjustments to allocations and grants made by the municipality**
 The municipality has not provided for making any allocations or grants to any institutions.

QUALITY IN SERVICE

Municipal Manager of Vhembe District Municipality (DC34)

Makumule Masala Thomas

Signature

Date

27/09/2014

I, Makumule Masala, Municipal Manager of Vhembe District Municipality (DC34), hereby certify that the Budget Adjustment for the financial year 2013/2014 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act.

Quality Certificate



VHEMBE DISTRICT MUNICIPALITY

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