



ADJUSTMENT
BUDGET
2010 / 2011

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1. EXECUTIVE MAYOR'S REPORT

1.1 Summary of reasons for the 2010/11 Adjustments Budget

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 adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
- (ii) 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;
- (iii) To authorise the utilisation of projected savings in one vote towards spending under another vote;
- (iv) 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;
- (v) To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the municipal Council during a financial year. The Adjustments Budget must normally be approved by Council by the end of February.

- 1.2 The Executive Mayor recommends that the Council approves the 2010/11 Adjustments Budget and the indicative allocations for the projected outer years 2011/12 and 2012/13.

2. BUDGET RELATED RESOLUTIONS

Council resolves that the adjustments budget of the municipality for the financial year 2010/11 be approved, in accordance with Section 28(2) of the Municipal Finance Management Act, 56 of 2003, as set-out in Annual budget tables.

3. EXECUTIVE SUMMARY

In view of changes in circumstances regarding the Opex 2010/2011 and Capex budget (2010/2011) a comparison between the approved 2010/2011 budget and the proposed revised budget 2010/2011 reveals the following variances:

A. OPEX BUDGET (Annexure "A")	APPROVED 2010/2011 BUDGET	REVISED 2010/2011 BUDGET	VARIANCE
Total: Expenditure	R478 529 176	R488 875 004	R 10 345 828
Total: Revenue	R456 683 259	R603 610 691	R146 927 432
	_____	_____	_____
Less: Off setting - depreciation	R21 845 917	R114 735 687	R136 581 604
Grants/subsidy	R41 072 620	R 47 601 393	R 6 528 773
	R19 219 000	R162 334 180	R143 115 180
	_____	_____	_____
NETT SURPLUS	R 7 703	R 2 900	R 4 803
	_____	_____	_____

1. **Expenditure** – Variance of R10 345 828 include the following:-

	Approved budget	Revised budget	Variance
Employee/Councillor Related Cost	R140 294 292	R137 220 132	- R 3 074 160
General Expenditure: Departments	R 40 790 640	R 44 246 184	R 3 455 544
Bulk Purchases	R136 285 148	R136 285 148	-
Financial Services	R 19 154 645	R 16 933 695	- R 2 220 950
Contracted Services	R 45 920 016	R 46 264 295	R 344 279
Repairs and Maintenance	R 31 730 600	R 32 586 734	R 856 134
Departmental Charges	R 3 802 066	R 3 802 066	-
Depreciation/Redemption	R 51 543 017	R 55 742 998	R 4 199 981
Contribution to provisions	R 10 580 000	R 17 365 000	R 6 785 000
Less: Amounts charged out	R 1 571 249	R 1 571 249	-
	_____	_____	_____
	R478 529 176	R488 856 504	R10 345 828
	_____	_____	_____

- The saving on Employee/Councillors related cost is contributed to extended vacancy periods and the non appointment of new officials.

- General Expenditure Departments: Consists of a various number of provisions being either increased or reduced such as:

Audit Fees	R 88 000
Congresses/Professional meetings	- R 236 660
Connections	- R 602 400
Lease Agreements	- R3 395 730
HIV Programme	- R 536 675
Marketing/Promotions	- R 178 500
Savanna City	R 600 000
Occupational Safety	R 202 400
Pauper/Indigent Burials	R 140 000
Rental	R1 934 200
Services to Informal Settlements	R 970 000
Fleet Fuel	R 148 400
Contribution to Erwat	R6 200 000
Other	- R 677 491

	R3 455 544

- General Expenditure: Financial Services reveals a reduction on Interest: External Borrowings of

	R2 224 590
Other	- R 3 640

	R2 220 950

- General expenditure Contracted Services shows an increase of R344 279 consists of:

Recycling	- R 600 000
Junior Councillor	- R 20 000
General	R1 472 779
DSACR	- R 433 500
Other	- R 75 000

	R 344 279

- Repairs and Maintenance consists of:

Maintenance: Buildings, Fences and Sites	R 350 434
Network/Infrastructure: Bulk Services	- R 784 000
Network/Infrastructure: Gravel Roads	- R 102 500
Network/Infrastructure: Tarred Roads	- R 750 000
Resealing of Tarred Roads	- R 100 000
Maintenance Fleet	R 772 500
Other	R 30 300

	- R 856 134

- Depreciation and Redemption: Consist of the following:

Depreciation (Due to new Public Donations)	R6 528 773
Redemption External Borrowings	- R2 328 792

	R4 199 981

- Contribution to Provisions:

Bad Debts	R4 000 000
CRR	R2 785 000

	R6 785 000

2. **Revenue** – The variance of R146 927 432 consist of the following:-

-	User/Levied charges: Assessment Rates	R 1 000 953	
	Water – sale of	R 1 000 000	R 2 000 953
-	Traffic Charges Levied: Advertising/Signs/Buildings		R 35 000
-	Traffic Charges Other: Building Plan Fees	- R 200 000	
	Building Plan Copies	- R 10 000	
	Planning Fees	- R 50 000	
	Disposal Fee (Landfill Sites)	- R 150 000	- R 410 000
		<hr/>	
-	Government Grants/Subsidies:		
	MIG (Saving on Opex)	R 65 000	
	Department Sport Recreation Art + Culture	- R 424 100	
	MIG (PMU Office)	- R 65 000	
	Public Donations (refer Capex)	R141 157 911	
	Department Sport Recreation Art + Culture (Capex)	R 624 100	
	HIV Programme	- R 662 800	
	MSIG (Unspend previous year)	R 373 487	
	Savanna City	- R 600 000	
	Other	R 1 673 881	R142 142 479
		<hr/>	
-	Fines		- R 856 000
-	Other Income: Sale of Land	- R 2 115 000	
	Legal Expenses – Recovered	- R 70 000	
	Contribution Erwat (Outfall Sewer)	R 6 200 000	R 4 015 000
		<hr/>	<hr/>
			R146 927 432
			<hr/>

B. CAPITAL BUDGET (Annexure "B")

The comparison between the approved 2010/2011 capital budget (emergency budget) and the revised 2010/2011 Capital Budget reveals the following:

	TOTAL	CRR	GRANTS	EXT. FUNDING
Approved budget	R 40 867 590	R10 482 590	R 19 219 000	R11 166 000
Revised budget	R189 981 390	R12 530 790	R162 334 180	R15 116 420
	_____	_____	_____	_____
	R149 113 800	R 2 048 200	R143 115 180	R 3 950 420
	_____	_____	_____	_____

The compilation of the additional expenditure as above consists of:

	TOTAL	CRR	GRANTS	EXT. FUNDING
<u>LIBRARIES</u>				
Sicelo Library: Air cons (DAC)	R 8 400		R 8 400	
Meyerton Library: Upgrading (DAC)	R 10 400		R 10 400	
Library Henley on Klip Upgrading (DAC)	R 350 000		R 350 000	
Library: Randvaal (DAC)	R 255 300		R 255 300	
<u>PARKS</u>				
Lakeside Multi Purpose Centre (Public Contr.) 1 x 1600 cc LDV	R 8 600 000		R 8 600 000	- R 150 000
<u>WASTE MANAGEMENT</u>				
New Waste Disposal Site Phase 3 (MIG)	- R 320 000		- R 320 000	
Galloway transfer station (MIG)	- R 70 000		- R 70 000	
Kliprivier transfer station (MIG)	- R 70 000		- R 70 000	
Vaal Marina Landfill Site (MIG)	R 30 200		R 30 200	
Vaal Marina Landfill Site Rear end compactor (HP)	R 150 000	R 150 000		R 730 000
Tipper truck x 2 (HP)	R 730 000			R 740 000
	R 740 000			
<u>TRAFFIC</u>				
Fire Station Vaal Marina (MIG)	- R 1 000 000		- R 1 000 000	
Portable radio's x 6	R 50 000	R 50 000		
Dragger Alcohol Tester	R 36 000	R 36 000		
<u>ENGINEERING ADMIN</u>				
CBD Wall	R 550 000	R 550 000		
Note book (MIG)	R 7 300		R 7 300	
Compound Group 5	R 1 657 200	R1 657 200		
Note book	R 15 000	R 15 000		
	TOTAL	CRR	GRANTS	EXT.

				FUNDING
<u>SEWER</u>				
Midvaal extension of sewer (Rural area)(MIG)	R 1 000 000		R 1 000 000	
Bantu Bonke Sanitation (MIG)	R 85 000		R 85 000	
Upgrade Sewer Pumpstation Ward 2	R 353 000			R 353 000
Kliprivier Outfall sewer (Public Contr.)	R 27 000 000		R27 000 000	
Kliprivier Development Business Park (Public Contr.)	R 10 054 860		R10 054 860	
Kliprivier Development Business Park (Public Contr.)	R 10 054 860		R10 054 860	
<u>PURIFICATION</u>				
Interim upgrade (MIG)	- R 200 000		- R 200 000	
Generator (Dwarf)	R 972 000		R 972 000	
<u>ROADS</u>				
Gravel to Tar Phase 3 (MIG)	R 602 500		R 602 500	
Rehabilitation of roads	R 376 770			R 376 770
Eisenhower Bridge upgrade	R 800 650			R 800 650
Kliprivier Development Bank (Public Contr.)	R 36 197 506		R36 197 506	
<u>WATER</u>				
Water meter Revenue Protection Programme	- R 300 000	- R 300 000		
Upgrade Water Care Works (Dwarf)	R 173 800		R 173 800	
Kliprivier Reservoir (Public Contr.)	R 31 736 600		R31 736 600	
Kliprivier Development Park (Public Contr.)	R 4 021 945		R 4 021 945	
<u>ELECTRICAL</u>				
Network strengthening (Phase 2) Kliprivier Development Park (Public Contr.)	R 1 100 000			R 1 100 000
	R 23 547 000		R23 547 000	
Servitudes	R 140 000	R 140 000		
<u>CORPORATE SERVICES</u>				
Alterations to Council Chambers	- R 250 000	- R 250 000		
<u>FINANCIAL SERVICES</u>				
Line Printer x 1	R 122 369		R 122 369	
	_____	_____	_____	_____
	R149 113 800	R 2 048 200	R143 115 180	R 3 950 420
	_____	_____	_____	_____

4. ADJUSTMENT BUDGET TABLES

PART 2: SUPPORTING DOCUMENTATION

5. ADJUSTMENTS TO BUDGET ASSUMPTIONS

None.

6. ADJUSTMENTS TO BUDGET FUNDING

Budget funding had to be adjusted mainly due to public contributions received as reflected in the above schedules. An amount of R8, 6 million had to be included as the Multi Purpose Centre in Lakeside was completed through a EPWP process and donated to Midvaal. R91, 4 million worth of infrastructure was received and have to be capitalised. A R3.9 million adjustments had to be made to external funding as these projects were funded from loans and were not completed during the previous budget year.

7. ADJUSTMENT TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

The service delivery and budget implementation plan will be adjusted accordingly.

8. ADJUSTMENT TO CAPITAL EXPENDITURE

Annexure "B" contains a listing of all the adjusted capital programmes and projects of the Municipality, which are aligned to the Integrated Development Plan of the Municipality.

9. MUNICIPAL MANAGER'S CERTIFICATION

I, ASA de Klerk, Municipal Manager of Midvaal Local 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 that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name: **ALBERT DE KLERK**

Municipal Manager of Midvaal Local Municipality (GT422)

Signature _____

Date _____

10. ADJUSTMENT BUDGET IN EXCEL FORMAT

See annexure A & B