



**REPORT OF THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL MEETING**  
**MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK ADJUSTMENT**  
**BUDGET 2013/2014**

**1 EXECUTIVE SUMMARY**

The purpose of this report is to present to Council the Medium Term Revenue and Expenditure Adjustment Budget Framework 2013/2014 financial year.

**2 BUSINESS PLAN**

None

**3. COMPLIANCE WITH STRATEGIC OBJECTIVE**

Good governance

**4. POLICY**

TMDM Budget Policy

**5. ANNEXURE**

MTREF Adjustment Budget: Schedule B

**6. DELEGATED AUTHORITY**

Council

**7. LEGAL REQUIREMENTS**

Municipal Finance Management Act No. 56 of 2003

## 8. BACKGROUND

In terms of Section 28 of the Municipal Finance Management Act No. 56 of 2003 – S28(1) Municipality may revised an approved budget through budget adjustment, S28(2)(a) Municipality must adjust revenue and expenditure estimate downwards, if, there is a material under collection of revenue during the current year, S28(2)(b) may 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.

The current year's adjustment budget proposal is informed by:

- (a) Outcome of the mid-year budget and performance assessment as outlined in the Section 72(1) of the MFMA
- (b) To appropriate all grants and subsidies that were unspent at the end of the previous financial year (2012/2013) (Roll-overs)

There is no increase from the approved budget except viarement/movements between votes.

There are no material changes except movements between votes

The following adjustment budget has been proposed:

### Revenue per source

Income per source	Approved Budget	Proposed Adjustment	Variance
FMG	1,250,000.00	1,285,011	-35,011.00
MSIG	890,000.00	890,202	-201.73
Equitable share	81,281,000.00	81,281,000	-
EPWP Incentive	1,000,000.00	2,138,119	-1,138,119.00
Interest received	1,560,000.00	2,200,000	-640,000.00
Other Revenue	875,000.00	800,000	75,000.00
<b>Total income</b>	<b>86,856,000.00</b>	<b>88,594,331.73</b>	<b>1,738,331.73</b>

- The table above shows income per source and the variance on grants is attributed by the roll-overs which were approved by Council on its sitting in September 2013.
- The increase on Interest received is due to excess funds not for immediate use been invested.

### Adjustment budget per vote

Vote Description	Approved Budget	Proposed Adjustment	Variance	% of Budget	Explanation
Speaker	1,432,523	1,400,596	31,927	1%	Savings realised within movements of sub-votes
Chief Whippery	580,060	518,795	61,265	0%	Saving from Salaries which was over budgeted
Executive Mayor	6,441,160	6,523,021	-81,861	6%	Due to salaries adjustments done and new appointment
Mayco & Council	8,871,994	9,368,051	-496,057	9%	Additional funding on salaries budget
Municipal Manager	8,718,100	10,423,533	-1,705,433	10%	Additional fund needed to fund ICT Programs implemented
Budget & Treasury	13,443,931	11,750,579	1,693,352	11%	Over budgeting on salaries and the depreciation was split to departments
Govenance & Stragetic Support	2,295,165	2,531,503	-236,338	2%	Additions on other votes
LED	3,212,908	3,529,889	-316,981	3%	Additional funding on salaries after movement of personnel to this vote
Corporate	15,178,234	15,147,113	31,121	14%	Savings realised within movements of sub-votes
Infrastructure	32,796,877	31,684,839	1,112,038	29%	Adjustment on Salaries budget after new appointments
Community Services	13,774,880	13,847,414	-72,534	13%	Adjustment on Salaries budget
Rural Development & Agricultural	700,000	720,500	-20,500	1%	Additons is on depreciation and furniture and equipment
<b>Total</b>	<b>107,445,832</b>	<b>107,445,833</b>	<b>-1</b>	<b>100%</b>	

Non-Cash Transfer to other Municipalities			
	Approved Amount	Mid-Year Expenditure	Project Balance
Upgrading of Gravel road in Qholaqwe (MAP)	6,000,000.00	4,167,385	1,832,615
Design and installation of Solar Street LIGHTS (MAP and Phumelela	6,300,000.00	4,347,683	1,952,317
Upgrading of Gravel road Leratswana Township	882,041.00	739,833	142,208
Upgrading of Bolata Gravel Road	3,916,804.00	3,840,884	75,920
Upgrading of Gravel road Petsana	1,032,172.00	1,176,416	-144,244
Oxidation Ponds in Thaba Patchoa	6,691	6,691	-
Phumelela Municipality	405,000.00	270,000	135,000
<b>Total committed projects</b>	<b>18,542,708</b>	<b>14,641,195</b>	<b>3,930,392</b>
<b>Approved transfers to other municipalities</b>	<b>29,500,000</b>		
<b>Total After current projects</b>	<b>10,957,292</b>		
Road Paving Phase 2 (Ha-sethunya Village	-92,303		
Total After adding retention	10,864,989		
<b>Less Operating budget Additions</b>	<b>-2,662,789</b>		
<b>Funds available for allocation</b>	<b>8,202,200</b>		
Outfall sewerage at Phumelela	<b>6,500,000.00</b>		
Upgrading of Gravel road Petsana (Phase 3)	<b>1,702,200</b>		

### Operating Expenditure by category/type

Description	Approved Budget	Proposed Adjustment	Variance	% of exp vs Budget
Employee related cost	41,576,177	41,298,617	277,560	38%
Remuneration of Councillors	8,271,995	8,549,551	-277,556	8%
General Expenditure	23,805,435	27,087,156	-3,281,721	25%
Repairs and Maintenance	600,000	750,000	-150,000	1%
Finance charges	60,000	60,000	-	0%
Grants and subsidies transfer to other municipalities	29,500,000	26,837,211	2,662,789	25%
Depreciation	800,000	1,031,072	-231,072	1%
Contacted Services	2,832,225	1,832,225	1,000,000	2%
<b>Total operating expenditure</b>	<b>107,445,832</b>	<b>107,445,832</b>	<b>0</b>	<b>100%</b>

## **General Expenditure**

The increase in the general expenditure can be attributed to the following:

- (i) To make provision for ICT Programs which are compliant with laws and regulations.

## **9. FINANCIAL IMPLICATIONS**

- Total operating revenue of R88,594,331.72 and total operating expenditure of R107,445,832.00
- Capital Expenditure amounting to R5,000 000.00

## **10. STAFF IMPLICATIONS**

None

## **11. RISK IMPLICATIONS**

None

## **12. RECOMMENDATION**

It is recommended that:

12.1 Total operating revenue be increased by R1, 738,331.73 to R88, 594,331.73 from the approved annual budget and total operating expenditure of R107, 445,832.00 and Capital expenditure of R5,000,000.00 and indicative amounts for the two projected outer years 2014/15 and 2015/16.As set out in the following tables from the attached B Schedules be approved

- (a) Table B1 –Adjustments Budget Summary
- (b) Table B2 – Adjustments Budget Financial Performance (Revenue and Expenditure by Municipal Vote)
- (c) Table B3 - Adjustments Budget Financial Performance (Standard Classification)
- (d) Table B4 - Adjustments Budget Financial Performance (Revenue & Expenditure)
- (e) Table B5 - Adjustments Capital Expenditure. Budget by Vote and Funding.

12.2 That the financial position, cash flow, cash backed reserve/accumulated surplus, asset management be approved as set-out in the following tables on the attached schedule B:

- (a) Table B6 - Adjustments Budget Financial Position
- (b) Table B7 - Adjustments Budget Cash Flows
- (c) Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

- (d) Table B9 - Asset Management
- (e) Table B10 - Basic Service Delivery Measurement.

12.3 The supporting tables as set-out in the attached schedule B (Table SB1 to SB20) be approved.

12.4 The budget with a deficit of R23 851 000 be approved and this amount will be funded from cash and cash investment available from the municipal bank accounts

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**Dr BE Mzangwa**  
**Executive Mayor: Thabo Mofutsanyana District Municipality**