



UTHUKELA DISTRICT MUNICIPALITY

ADJUSTMENT BUDGET

2014/15

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Part 1 – Adjustment Budget

1.1 Mayor's Report

The Adjustment Budget is gives the municipalities a chance to revise the budget taken from the performance from sec72 report this gives an opportunity to make changes if needed. There is an improvement in the performance of the municipality based on the 2013 /2014 Audit opinion from Auditor General which was a qualification , this opinion is much better than the previous 2 years opinions which were Disclaimer.

Among the impacts that are challenging the Municipality, is the cash flow challenge currently being experienced by the municipality due to among other things declining collection, historic expenditure patterns, high water losses and high rate of indigents within the municipal boundaries.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the UThukela District Municipality .Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

1.2 Council Resolutions

On 27 February 2015 the Council of UThukela District Municipality will meet in the Boardroom of UThukela District Municipality to consider the Adjustment budget of the municipality for the financial year 2014/15. The Council will need to approve and adopt the following resolutions:

1. The Council of UThukela District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

- 1.1. The Adjustment budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification)
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position
 - 1.2.2. Budgeted Cash Flows as contained in Cash backed reserves and accumulated surplus reconciliation
 - 1.2.3. Asset management
 - 1.2.4. Basic service delivery measurement

1.3 Executive Summary

A Mid- Year Budget Review Report was tabled in Council on the 30th of January 2015. This report highlighted the financial performance of the Municipality for the first half of the financial year. Recommendations have been made on the report, and appropriately, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship. In compilation of the 2014/2015 Adjustment budget the municipality has taken into account the Mid- year recommendations made by the Provincial Treasury.

Background

An Adjustment Budget must be tabled to council any time after the mid-year budget review have been tabled to council but no later than 28 February of the current year as per Municipal Budget Regulation Reporting 23(1).

The Mid- Year Budget Review Report has highlighted variances in terms of actual year to date income and expenditure versus year to date budgets. The variances were considered and where necessary adjustments were made.

Consideration of section 18 of MFMA was made, which states that:

“An annual budget may only be funded from:

- a) Realistic anticipated revenues to be collected;*
- b) Cash backed accumulated funds from previous year's surpluses not committed for other purposes; and*
- c) borrowed funds, but only for the capital budget referred to in section 17(2)*

(2) Revenue projections in the budget must be realistic, taking into account:

- a) Projected revenue for the current year based on collection levels to date; and*
- b) Actual revenue collected in previous financial years.”*

Great emphasis was placed in ensuring that the budget is realistically funded.

UTHUKELA DISTRICT MUNICIPALITY

1.4 Adjustment Budget Tables

Table1: ADJUSTMENT BUDGET SUMMARY

DC23 Uthukela - Table B1 Adjustments Budget Summary - 27 february 2015

Description	Budget Year 2014/15									Budget Year	Budget Year
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	-	-	-	-	-	-	-	-	-	-	-
Service charges	151 506	-	-	-	-	-	-	-	151 506	165 102	179 919
Investment revenue	9 471	-	-	-	-	-	(2 298)	(2 298)	7 172	10 039	10 641
Transfers recognised - operational	306 828	-	-	-	-	(5 133)	-	(5 133)	301 695	310 208	330 738
Other own revenue	37 031	-	-	-	-	-	(1 034)	(1 034)	35 997	40 330	43 922
Total Revenue (excluding capital transfers and contributions)	504 836	-	-	-	-	(5 133)	(3 332)	(8 465)	496 371	525 679	565 220
Employee costs	160 321	-	-	-	-	-	(20 393)	(20 393)	139 928	169 896	180 083
Remuneration of councillors	4 619	-	-	-	-	-	5 671	5 671	10 290	4 896	5 190
Depreciation & asset impairment	44 689	-	-	-	-	-	(30)	(30)	44 660	47 370	50 213
Finance charges	1 311	-	-	-	-	-	(236)	(236)	1 075	1 184	1 164
Materials and bulk purchases	60 534	-	-	-	-	-	(5 898)	(5 898)	54 636	57 277	60 904
Transfers and grants	11 900	-	-	-	-	-	580	580	12 480	19 178	14 579
Other expenditure	183 213	-	-	-	-	-	11 310	11 310	194 523	182 390	196 975
Total Expenditure	466 587	-	-	-	-	-	(8 995)	(8 995)	457 593	482 191	509 108
Surplus/(Deficit)	38 249	-	-	-	-	(5 133)	5 662	529	38 778	43 488	56 112
Transfers recognised - capital	209 225	-	-	-	-	60 423	-	60 423	269 648	233 746	213 276
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	247 474	-	-	-	-	55 290	5 662	60 952	308 426	277 234	269 388
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	247 474	-	-	-	-	55 290	5 662	60 952	308 426	277 234	269 388
Capital expenditure & funds sources											
Capital expenditure	277 475	-	-	-	-	60 423	29 129	89 552	367 027	270 096	257 355
Transfers recognised - capital	209 225	-	-	-	-	60 423	-	60 423	269 648	233 746	213 296
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	68 250	-	-	-	-	-	29 129	29 129	97 379	36 350	44 059
Total sources of capital funds	277 475	-	-	-	-	60 423	29 129	89 552	367 027	270 096	257 355
Financial position											
Total current assets	475 654	-	-	-	-	-	(97 150)	(97 150)	378 504	379 263	404 884
Total non current assets	1 191 455	-	-	-	-	60 423	1 000 875	1 061 298	2 252 753	2 524 985	2 765 288
Total current liabilities	169 263	-	-	-	-	-	(54 575)	(54 575)	114 688	119 905	125 531
Total non current liabilities	10 082	-	-	-	-	-	(4 160)	(4 160)	5 922	4 612	4 804
Community wealth/Equity	1 487 764	-	-	-	-	60 423	962 460	1 022 883	2 510 647	2 779 731	3 039 837
Cash flows											
Net cash from (used) operating	210 760	-	-	-	-	55 300	40 577	95 877	306 637	252 211	261 055
Net cash from (used) investing	(193 288)	-	-	-	-	(60 423)	(113 316)	(173 739)	(367 027)	(270 096)	(257 355)
Net cash from (used) financing	(3 918)	-	-	-	-	-	1 394	1 394	(2 524)	(1 093)	451
Cash/cash equivalents at the year end	164 861	-	-	-	-	(5 123)	(96 099)	(101 222)	63 639	44 661	48 812
Cash backing/surplus reconciliation											
Cash and investments available	164 861	-	-	-	-	-	(101 222)	(101 222)	63 639	44 661	48 812
Application of cash and investments	8 284	-	-	-	-	-	(104 243)	(104 243)	(95 959)	(63 633)	(95 898)
Balance - surplus (shortfall)	156 578	-	-	-	-	-	3 021	3 021	159 599	108 294	144 710
Asset Management											
Asset register summary (WDV)	1 191 455	-	-	-	-	60 423	1 000 875	1 061 298	2 252 753	2 524 985	2 765 288
Depreciation & asset impairment	44 689	-	-	-	-	-	(30)	(30)	44 660	47 370	50 213
Renewal of Existing Assets	18 299	-	-	-	-	-	(5 390)	(5 390)	12 909	32 070	39 879
Repairs and Maintenance	54 450	-	-	-	-	-	(5 898)	(5 898)	48 552	50 827	54 067
Free services											
Cost of Free Basic Services provided	0	-	-	-	-	-	-	-	0	0	0
Revenue cost of free services provided	6 300	-	-	-	-	-	6 180	6 180	12 480	13 603	14 827
Households below minimum service level											
Water:	32	-	-	-	-	-	-	-	32	33	35
Sanitation/sewerage:	15	-	-	-	-	-	-	-	15	16	17
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-	-

UTHUKELA DISTRICT MUNICIPALITY

**Table 2: ADJUSTED BUDGET FINANCIAL PERFORMANCE
(Standard Classification)**

DC23 Uthukela - Table B2 Adjustments Budget Financial Performance (standard classification) - 27 february 2015

Standard Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
Governance and administration		299 336	-	-	-	-	467	(3 311)	(2 844)	296 492	317 638	337 495
Executive and council		41 140	-	-	-	-	-	-	-	41 140	44 198	47 937
Budget and treasury office		258 196	-	-	-	-	467	(3 311)	(2 844)	255 352	273 440	289 558
Corporate services		-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		6 317	-	-	-	-	(6 067)	-	(6 067)	250	1 217	2 218
Planning and development		6 317	-	-	-	-	(6 067)	-	(6 067)	250	1 217	2 218
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		408 408	-	-	-	-	60 890	(21)	60 869	469 277	440 570	438 784
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		391 810	-	-	-	-	60 890	(21)	60 869	452 679	422 518	419 149
Waste water management		16 598	-	-	-	-	-	-	-	16 598	18 052	19 635
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	714 061	-	-	-	-	55 290	(3 332)	51 958	766 019	759 425	778 496
Expenditure - Standard												
Governance and administration		189 666	-	-	-	-	-	(8 856)	(8 856)	180 809	193 195	206 120
Executive and council		49 743	-	-	-	-	-	(8 004)	(8 004)	41 740	53 701	57 041
Budget and treasury office		104 843	-	-	-	-	-	(6 387)	(6 387)	98 456	107 038	114 303
Corporate services		35 080	-	-	-	-	-	5 534	5 534	40 614	32 456	34 776
Community and public safety		11 099	-	-	-	-	-	4 015	4 015	15 113	11 637	12 353
Community and social services		-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		11 099	-	-	-	-	-	4 015	4 015	15 113	11 637	12 353
Economic and environmental services		26 939	-	-	-	-	-	(3 025)	(3 025)	23 915	28 523	31 169
Planning and development		26 939	-	-	-	-	-	(3 025)	(3 025)	23 915	28 523	31 169
Road transport		-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		238 884	-	-	-	-	-	(1 128)	(1 128)	237 755	248 835	259 466
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		235 956	-	-	-	-	-	(1 267)	(1 267)	234 689	245 732	256 177
Waste water management		2 928	-	-	-	-	-	139	139	3 067	3 103	3 289
Waste management		-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	466 587	-	-	-	-	-	(8 994)	(8 994)	457 593	482 190	509 109
Surplus/ (Deficit) for the year		247 474	-	-	-	-	55 290	5 662	60 952	308 426	277 234	269 388

UTHUKELA DISTRICT MUNICIPALITY

TABLE 3: FINANCIAL PERFORMANCE PER REVENUE AND EXPENDITURE BY MUNICIPAL VOTE

DC23 Uthukela - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 27 february 2015

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2015/16	+2 2016/17
R thousands												
Revenue by Vote	1											
105 - MUNICIPAL MANAGER		41 140	-	-	-	-	-	-	41 140	44 198	47 937	
200 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	
300 - BUDGET AND TREASURY		258 196	-	-	-	-	467	(3 311)	(2 844)	255 352	273 440	289 558
405 - SOCIAL SERVICES		717	-	-	-	-	(467)	-	(467)	250	1 217	2 218
500 - TECHNICAL SERVICES		212 057	-	-	-	-	60 890	-	60 890	272 947	221 746	200 490
510 - WATER AND SANITATION SERVICES		201 951	-	-	-	-	(5 600)	(21)	(5 621)	196 330	218 824	238 294
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	714 061	-	-	-	-	55 290	(3 332)	51 958	766 019	759 425	778 496
Expenditure by Vote	1											
105 - MUNICIPAL MANAGER		49 743	-	-	-	-	-	(8 004)	(8 004)	41 739	53 701	57 041
200 - CORPORATE SERVICES		35 080	-	-	-	-	-	5 534	5 534	40 614	32 456	34 776
300 - BUDGET AND TREASURY		104 843	-	-	-	-	-	(6 387)	(6 387)	98 456	107 038	114 302
405 - SOCIAL SERVICES		38 038	-	-	-	-	-	990	990	39 028	40 160	43 521
500 - TECHNICAL SERVICES		7 806	-	-	-	-	-	(283)	(283)	7 523	4 758	5 044
510 - WATER AND SANITATION SERVICES		231 077	-	-	-	-	-	(845)	(845)	230 233	244 077	254 425
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	466 587	-	-	-	-	-	(8 994)	(8 994)	457 593	482 191	509 108
Surplus/ (Deficit) for the year	2	247 474	-	-	-	-	55 290	5 662	60 952	308 426	277 234	269 388

UTHUKELA DISTRICT MUNICIPALITY

TABLE 4: FINANCIAL PERFORMANCE (Revenue and Expenditure)

DC23 Uthukela - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 27 february 2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	-	-	-	-	-	-	-	-	-	-	-
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	134 908	-	-	-	-	-	-	-	134 908	147 050	160 285
Service charges - sanitation revenue	2	16 598	-	-	-	-	-	-	-	16 598	18 052	19 635
Service charges - refuse revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - other												
Rental of facilities and equipment												
Interest earned - external investments		9 471						(2 298)	(2 298)	7 172	10 039	10 641
Interest earned - outstanding debtors		35 660								35 660	38 869	42 367
Dividends received												
Fines												
Licences and permits												
Agency services												
Transfers recognised - operating		306 828					(5 133)		(5 133)	301 695	310 208	330 738
Other revenue	2	1 372	-	-	-	-	-	(1 034)	(1 034)	338	1 460	1 554
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)		504 836	-	-	-	-	(5 133)	(3 332)	(8 465)	496 371	525 679	565 220
Expenditure By Type												
Employee related costs		160 321	-	-	-	-	-	(20 393)	(20 393)	139 928	169 896	180 083
Remuneration of councillors		4 619						5 671	5 671	10 290	4 896	5 190
Debt impairment		30 452						(4 072)	(4 072)	26 380	28 754	31 342
Depreciation & asset impairment		44 689	-	-	-	-	-	(30)	(30)	44 660	47 370	50 213
Finance charges		1 311						(236)	(236)	1 075	1 184	1 164
Bulk purchases		6 085	-	-	-	-	-	-	-	6 085	6 450	6 837
Other materials		54 450						(5 898)	(5 898)	48 552	50 827	54 067
Contracted services		37 658	-	-	-	-	-	3 156	3 156	40 814	39 936	43 887
Transfers and grants		11 900						580	580	12 480	19 178	14 579
Other expenditure		115 103	-	-	-	-	-	12 226	12 226	127 329	113 700	121 746
Loss on disposal of PPE												
Total Expenditure		466 587	-	-	-	-	-	(8 995)	(8 995)	457 593	482 191	509 108
Surplus/(Deficit)												
Transfers recognised - capital		209 225					60 423		60 423	269 648	233 746	213 276
Contributions												
Contributed assets												
Surplus/(Deficit) before taxation		247 474	-	-	-	-	55 290	5 662	60 952	308 426	277 234	269 388
Taxation												
Surplus/(Deficit) after taxation		247 474	-	-	-	-	55 290	5 662	60 952	308 426	277 234	269 388
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		247 474	-	-	-	-	55 290	5 662	60 952	308 426	277 234	269 388
Share of surplus/ (deficit) of associate												
Surplus/ (Deficit) for the year		247 474	-	-	-	-	55 290	5 662	60 952	308 426	277 234	269 388

OPERATING BUDGET

1. Operating Revenue

Total operating income increased from the original budget of R714 062 million to R766 018 million. This is mainly due to an increase in capital grants to be received mainly RBIG from R25 000 million to R82 000 million and ACIP amounting to R3 890 million.

Other Revenue:-The Other revenue has decreased from R1 372 million to R338 012 this was resulted by decreased in the anticipated revenue received.

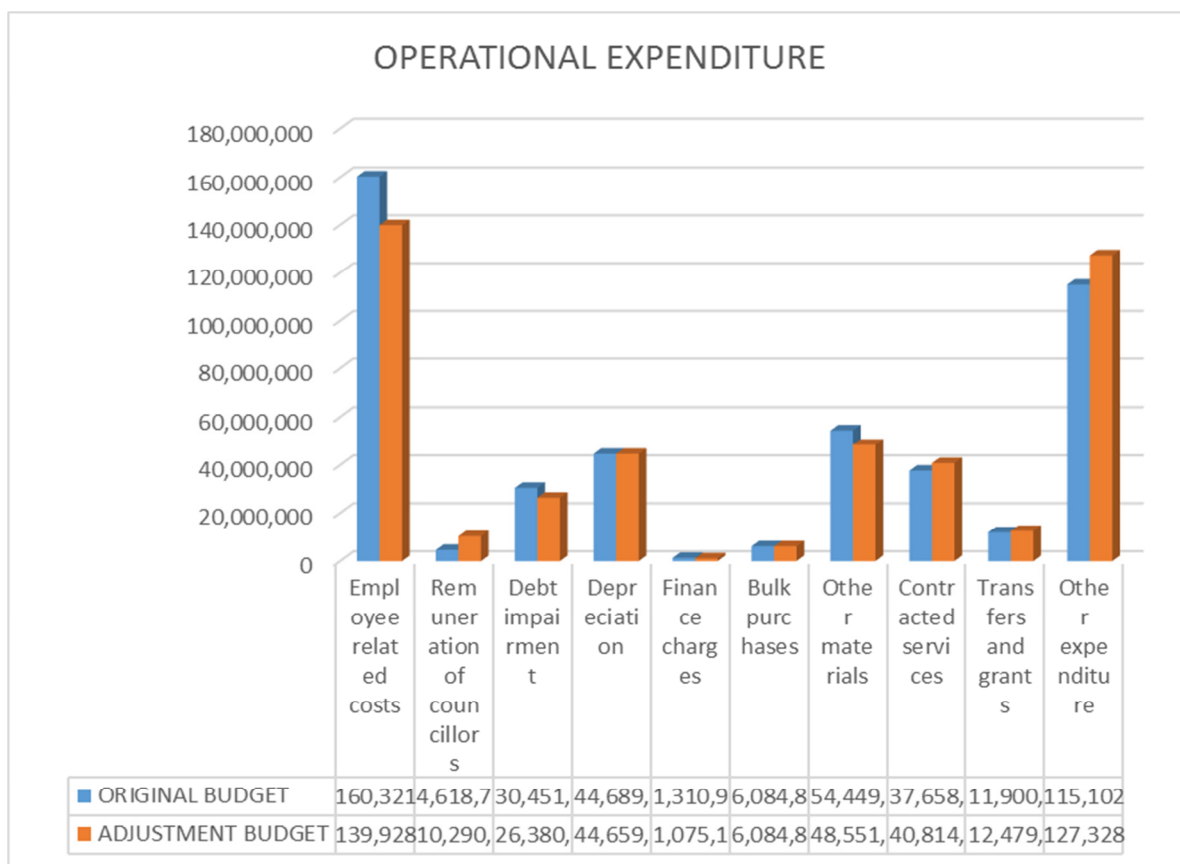
Services Charges – Water: - Water Service charges were not reduced even though is at 43.39% billed rate with the 86.78% projection to the end of the year there is only 13.22% shortfall which is reserved for new connections or if there are customers being found that there are not billed as the municipality is busy with its own ongoing internal data cleansing.

Interest Earned – Outstanding debtors: - The interest earned on outstanding debtors was not changed because as the Municipality is continuing with its in house data cleansing incase if there are debtors that were incorrectly not charged correctly the interest.

Interest Earned –External Investments: - The interest earned from external investments has been reduced from R9 471 million to R7 172 million this was due to the decreased in the interest anticipated to be received by the municipality.

2. Operating Expenditure

OPERATING EXPENDITURE - ORIGINAL BUDGET VS ADJUSTMENT BUDGET			
DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	DIFFERENCE
Employee related costs	160,321,074	139,928,486	20,392,588
Remuneration of councillors	4,618,788	10,290,060	-5,671,272
Debt impairment	30,451,720	26,380,401	4,071,319
Depreciation	44,689,131	44,659,552	29,579
Finance charges	1,310,954	1,075,144	235,810
Bulk purchases	6,084,861	6,084,861	0
Other materials	54,449,722	48,551,759	5,897,963
Contracted services	37,658,186	40,814,247	-3,156,061
Transfers and grants	11,900,000	12,479,566	-579,566
Other expenditure	115,102,617	127,328,911	-12,226,294
Total Expenditure	466,587,053	457,592,987	8,994,065



The total operating expenditure has increased from R466 587million to R457 592million.

Employee related costs: - The employee related costs has reduced to R139 928 486million from R160 321 million due to the vacant post that were budgeted for and would not be filled in the current year.

Remuneration of Councillors: - The councillors remuneration has increased from R 4 618 million to R10 290 million, this is due to the back pay that council might get this year since the municipality get a Qualification Audit opinion, the increased was based on the 2013 /2014 salga circular (04/2014).The councillors have not received the increments as from July 2012.

Other Materials: - The other materials has decrease form R 54 449 mil to R48 551 759 million this was as a result that the Municipality has purchased new municipal cars and these will reduce the maintenance of the cars as some other cars were overworked because of limited cars the municipality had.

Bulk Purchases: - The bulk purchases were not adjusted because the invoices that we have received from DWA are behind in other words we have not received invoices in time. The Municipality feels that the budget is still adequate in order to pay all DWA current year water expenses.

Contracted Increased: - The amount for contracted services were increased because the Municipality is paying for the new offices that were not included in the original budget, The increased in insurance expenses due to increase in the fleet, this was originally budgeted but it was not enough to cover all the insurance expenses.

Other Expenditure: - There were other general expenditure items that were increased and decreased based on the need for that expenditure.

The adjustments on the budget were based mere on spending patterns and future expenditure that has been foresee by management.

The Municipality has budgeted an amount of R13 665 mil towards blue drop and green drop a contractor has been appointed to do the refurbishment and rehabilitation of water and waste treatment plants

UTHUKELA DISTRICT MUNICIPALITY

TABLE 5: CAPITAL EXPENDITURE

DC23 Uthukela - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 27 february 2015												
Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		5	6	7	8	9	10	11	12			
R thousands		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Single-year expenditure to be adjusted	2											
105 - MUNICIPAL MANAGER		2 210	-	-	-	-	-	101	101	2 311	20	30
200 - CORPORATE SERVICES		1 500	-	-	-	-	-	371	371	1 871	-	-
300 - BUDGET AND TREASURY		600	-	-	-	-	-	562	562	1 162	160	200
405 - SOCIAL SERVICES		17 586	-	-	-	-	(467)	(4 767)	(5 234)	12 352	250	200
500 - TECHNICAL SERVICES		212 258	-	-	-	-	60 890	28 965	89 855	302 113	237 246	216 796
510 - WATER AND SANITATION SERVICES		43 321	-	-	-	-	-	3 896	3 896	47 217	32 420	40 129
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		277 475	-	-	-	-	60 423	29 129	89 552	367 027	270 096	257 355
Total Capital Expenditure - Vote		277 475	-	-	-	-	60 423	29 129	89 552	367 027	270 096	257 355
Capital Expenditure - Standard												
Governance and administration		4 310	-	-	-	-	-	1 034	1 034	5 344	180	230
Executive and council		2 210						101	101	2 311	20	30
Budget and treasury office		600						562	562	1 162	160	200
Corporate services		1 500						371	371	1 871		
Community and public safety		17 586	-	-	-	-	(467)	(4 767)	(5 234)	12 352	250	200
Community and social services		17 586					(467)	(4 767)	(5 234)	12 352	250	200
Sport and recreation												
Public safety												
Housing												
Health												
Economic and environmental services		2 315	-	-	-	-	-	-	-	2 315	2 355	2 466
Planning and development												
Road transport		2 315								2 315	2 355	2 466
Environmental protection												
Trading services		253 264	-	-	-	-	60 890	32 861	93 751	347 015	267 311	254 459
Electricity												
Water		253 264					60 890	32 861	93 751	347 015	267 311	254 459
Waste water management												
Waste management												
Other												
Total Capital Expenditure - Standard	3	277 475	-	-	-	-	60 423	29 129	89 552	367 027	270 096	257 355
Funded by:												
National Government		209 225					60 423		60 423	269 648	221 746	200 510
Provincial Government											12 000	12 786
District Municipality												
Other transfers and grants												
Total Capital transfers recognised	4	209 225	-	-	-	-	60 423	-	60 423	269 648	233 746	213 296
Public contributions & donations												
Borrowing												
Internally generated funds		68 250						29 129	29 129	97 379	36 350	44 059
Total Capital Funding		277 475	-	-	-	-	60 423	29 129	89 552	367 027	270 096	257 355

CAPITAL EXPENDITURE

Total capital expenditure was originally estimated to be R277 475 million. This was Originally funded as follows:

GRANT	AMOUNT
MIG	R177 319 000
RHIG	R4 124 000
RBIG	R25 000 000
RRAM	R2 315 000
MSIG	R 467 000
COUNCIL	R68 249 642
TOTAL	R277 474 642

There have been adjustments made to the allocations or grants for the Municipality that have resulted in a change to the above and resultant in capital expenditure of R367 836 million.

Grant funding of this expenditure is detailed in the 'Adjustments to Grant Allocations', in the supporting documents of this report.

Below is a summary of the funding sources to the adjusted capital expenditure:

GRANT	AMOUNT
MIG	R 177 319 000
RHIB	R 4 124 000
RBIG	R 82 000 000
RRAM	R 2 315 000
ACIP	R 3 890 000
COUNCIL	R 68 777 971
ROLL OVER GRANTS	
MIG	R 21 800 000
RHIG	R 4 000 000
MWIG	R 2 800 000
TOTAL	R 367 025 971

The Capital Expenditure has increase from R277 494 million to R 367 026 million this is mainly due to the capital grants received.

Capital Grants Funding:-Capital grants funded Expenditure has increased from R209 225 million to R269 648 million this was due to additional grants received by the Municipality in respect of RBIG and ACIP grants, these grants income were not gazette by the Municipality was informed by the funder. Funding from the municipal systems grant was received and the amount allocated in the adjusted capital budget is not an additional allocation to the budget. This money has been moved from capital expenditure to operating expenditure.

Council Funding: - There is an increase in the capital expenditure that is council funded from R68 269 million to R68 777 million.

Approved Grant Roll overs: - The Municipality was granted an approval for roll over on conditional grants by National Treasury amounting to R30 200 million, in respect of Municipal Infrastructure Grant, Municipal Water Infrastructure Grant, Rural Household Infrastructure Grant and Water Operating subsidy grant, these roll over grants are included in the adjustment budget.

The Regional Bulk Infrastructure and ACIP are grants in- kind, But It has been included as part of transfers recognized – capital, since even though it is an in- kind grant the municipality still receives the grant amount on the municipal bank account

UTHUKELA DISTRICT MUNICIPALITY

Table 6: FINANCIAL PERFORMANCE

DC23 Uthukela - Table B6 Adjustments Budget Financial Position - 27 february 2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		3	4	5	6	7	8	9	10			
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash		7					24 219	24 219	24 226	3 277	5 359	
Call investment deposits	1	164 854	-	-	-	-	(125 441)	(125 441)	39 413	41 384	43 453	
Consumer debtors	1	287 227	-	-	-	-	4 072	4 072	291 299	309 622	329 594	
Other debtors		15 768							15 768	16 714	17 716	
Current portion of long-term receivables									-	-		
Inventory		7 798							7 798	8 266	8 762	
Total current assets		475 654	-	-	-	-	(97 150)	(97 150)	378 504	379 263	404 884	
Non current assets												
Long-term receivables									-	-		
Investments									-	-		
Investment property									-	-		
Investment in Associate									-	-		
Property, plant and equipment	1	1 191 410	-	-	-	-	60 423	1 000 811	1 061 234	2 252 644	2 524 876	
Agricultural									-	-		
Biological									-	-		
Intangible		45						64	64	109	109	
Other non-current assets									-	-		
Total non current assets		1 191 455	-	-	-	-	60 423	1 000 875	1 061 298	2 252 753	2 524 985	
TOTAL ASSETS		1 667 109	-	-	-	-	60 423	903 725	964 148	2 631 257	2 904 248	
LIABILITIES												
Current liabilities												
Bank overdraft									-	-		
Borrowing		3 543	-	-	-	-	(388)	(388)	3 155	1 680	211	
Consumer deposits		9 784							9 784	10 371	10 993	
Trade and other payables		132 486	-	-	-	-	(54 187)	(54 187)	78 299	82 997	87 978	
Provisions		23 450							23 450	24 857	26 349	
Total current liabilities		169 263	-	-	-	-	(54 575)	(54 575)	114 688	119 905	125 531	
Non current liabilities												
Borrowing	1	6 051	-	-	-	-	(4 160)	(4 160)	1 891	211	-	
Provisions	1	4 031	-	-	-	-	-	-	4 031	4 401	4 804	
Total non current liabilities		10 082	-	-	-	-	(4 160)	(4 160)	5 922	4 612	4 804	
TOTAL LIABILITIES		179 345	-	-	-	-	(58 735)	(58 735)	120 610	124 517	130 335	
NET ASSETS	2	1 487 764	-	-	-	-	60 423	962 460	1 022 883	2 510 647	2 779 731	
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		1 487 764	-	-	-	-	60 423	962 460	1 022 883	2 510 647	2 779 731	
Reserves		-	-	-	-	-	-	-	-	-	-	
TOTAL COMMUNITY WEALTH/EQUITY		1 487 764	-	-	-	-	60 423	962 460	1 022 883	2 510 647	2 779 731	

UTHUKELA DISTRICT MUNICIPALITY

Table 7: CASH FLOW

DC23 Uthukela - Table B7 Adjustments Budget Cash Flows - 27 february 2015

Description	Ref	Budget Year 2014/15								Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget
R thousands	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		69 550					29 267	29 267	98 817	84 011	109 506
Government - operating	1	306 828				(5 133)		(5 133)	301 695	322 708	338 238
Government - capital	1	209 225				60 433		60 433	269 658	233 746	213 276
Interest		16 603					6 616	6 616	23 219	17 813	27 588
Dividends								-	-		
Payments											
Suppliers and employees		(378 235)					5 038	5 038	(373 197)	(385 705)	(411 810)
Finance charges		(1 311)					236	236	(1 075)	(1 184)	(1 164)
Transfers and Grants	1	(11 900)					(580)	(580)	(12 480)	(19 178)	(14 579)
NET CASH FROM/(USED) OPERATING ACTIVITIES		210 760	-	-	-	55 300	40 577	95 877	306 637	252 211	261 055
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		30 000					(30 000)	(30 000)	-		
Payments											
Capital assets		(223 288)				(60 423)	(83 316)	(143 739)	(367 027)	(270 096)	(257 355)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(193 288)	-	-	-	(60 423)	(113 316)	(173 739)	(367 027)	(270 096)	(257 355)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans								-	-		
Borrowing long term/refinancing								-	-		
Increase (decrease) in consumer deposits		554					77	77	631	587	662
Payments											
Repayment of borrowing		(4 472)					1 317	1 317	(3 155)	(1 680)	(211)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(3 918)	-	-	-	-	1 394	1 394	(2 524)	(1 093)	451
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	151 308					(24 754)	(24 754)	126 554	63 639	44 661
Cash/cash equivalents at the year end:	2	164 861				(5 123)	(96 099)	(32 167)	63 639	44 661	48 812

UTHUKELA DISTRICT MUNICIPALITY

Table 8: ASSET MANAGEMENT

DC23 Uthukela - Table B9 Asset Management - 27 february 2015

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	7	8	9	10	11	12	13	14	+1 2015/16	+2 2016/17	
		A1	B	C	D	E	F	G	H			
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	259 176	-	-	-	60 423	34 519	94 942	354 118	238 026	217 476	
Infrastructure - Road transport		2 315	-	-	-	-	-	-	2 315	2 355	2 466	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		146 432	-	-	-	56 423	29 067	85 490	231 922	160 220	142 131	
Infrastructure - Sanitation		55 887	-	-	-	-	-	-	55 887	63 172	65 699	
Infrastructure - Other		7 624	-	-	-	4 000	-	4 000	11 624	11 500	6 500	
Infrastructure		212 258	-	-	-	60 423	29 067	89 490	301 748	237 247	216 796	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets	6	46 918	-	-	-	-	5 452	5 452	52 370	779	680	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	
Total Renewal of Existing Assets to be adjusted	2	18 299	-	-	-	-	(5 390)	(5 390)	12 909	32 070	39 879	
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		13 249	-	-	-	-	(4 390)	(4 390)	8 859	32 070	39 879	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		3 500	-	-	-	-	(1 000)	(1 000)	2 500	-	-	
Infrastructure		16 749	-	-	-	-	(5 390)	(5 390)	11 359	32 070	39 879	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets	6	1 550	-	-	-	-	-	-	1 550	-	-	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure to be adjusted	4	277 475	-	-	-	60 423	29 129	89 552	367 026	270 096	257 355	
Infrastructure - Road transport		2 315	-	-	-	-	-	-	2 315	2 355	2 466	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		159 681	-	-	-	56 423	24 677	81 100	240 781	192 290	182 010	
Infrastructure - Sanitation		55 887	-	-	-	-	-	-	55 887	63 172	65 699	
Infrastructure - Other		11 124	-	-	-	4 000	(1 000)	3 000	14 124	11 500	6 500	
Infrastructure		229 007	-	-	-	60 423	23 677	84 100	313 107	269 317	256 675	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets		48 468	-	-	-	-	5 452	5 452	53 920	779	680	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	
Intangibles		-	-	-	-	-	-	-	-	-	-	
ASSET REGISTER SUMMARY - PPE (WDV)	5	1 191 455	-	-	-	60 423	1 000 875	1 061 298	2 252 753	2 524 985	2 765 288	
Infrastructure - Road transport		2 315	-	-	-	-	-	-	2 315	2 355	2 466	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		795 789	-	-	-	60 890	981 910	1 042 800	1 838 589	2 038 456	2 201 771	
Infrastructure - Sanitation		277 266	-	-	-	-	-	-	277 266	343 592	406 397	
Infrastructure - Other		50 652	-	-	-	-	-	-	50 652	62 306	62 912	
Infrastructure		1 126 022	-	-	-	60 890	981 910	1 042 800	2 168 822	2 446 709	2 673 546	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets		65 388	-	-	-	(467)	18 901	18 434	83 822	78 167	91 633	
Intangibles		45	-	-	-	-	64	64	109	109	109	
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	
Biological assets		-	-	-	-	-	-	-	-	-	-	
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		44 689	-	-	-	-	(30)	(30)	44 660	47 370	50 213	
Repairs and Maintenance by asset class	3	54 450	-	-	-	-	(5 898)	(5 898)	48 552	50 827	54 067	
Infrastructure - Road transport		1 575	-	-	-	-	-	-	1 575	1 670	1 770	
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Water		15 000	-	-	-	-	1 776	1 776	16 776	15 900	16 854	
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	
Infrastructure - Other		24 000	-	-	-	-	(1 335)	(1 335)	22 665	18 550	19 854	
Infrastructure		40 575	-	-	-	-	441	441	41 016	36 120	38 478	
Community		-	-	-	-	-	-	-	-	-	-	
Heritage assets		-	-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	-	
Other assets	6	13 875	-	-	-	-	(6 339)	(6 339)	7 536	14 707	15 590	
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		99 139	-	-	-	-	(5 927)	(5 927)	93 212	98 197	104 280	
% of capital exp on renewal of assets		6.6%	0.0%	-	-	-	-	-	3.5%	11.9%	15.5%	
Renewal of existing assets as % of deprec		40.9%	0.0%	-	-	-	-	-	28.9%	67.7%	79.4%	
R&M as a % of PPE		4.6%	0.0%	-	-	-	-	-	2.2%	2.0%	2.0%	
Renewal and R&M as a % of PPE		6.1%	0.0%	-	-	-	-	-	2.7%	3.3%	3.4%	

UTHUKELA DISTRICT MUNICIPALITY

Table 9: BASIC SERVICE DELIVERY MEASUREMENT

Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
		A	7	8	9	10	11	12	13	14		
		A1	B	C	D	E	F	G	H			
Household service targets	1											
Water:												
Piped water inside dwelling		78180						-	78	82730	87545	
Piped water inside yard (but not in dwelling)								-	-			
Using public tap (at least min.service level)	2	46160						-	46	48846	54689	
Other water supply (at least min.service level)								-	-			
<i>Minimum Service Level and Above sub-total</i>		124	-	-	-	-	-	-	124	132	142	
Using public tap (< min.service level)	3							-	-			
Other water supply (< min.service level)	3,4							-	-			
No water supply		31518						-	32	33353	35294	
<i>Below Minimum Service Level sub-total</i>		32	-	-	-	-	-	-	32	33	35	
Total number of households	5	156	-	-	-	-	-	-	156	165	178	
Sanitation/sewerage:												
Flush toilet (connected to sewerage)								-	-			
Flush toilet (with septic tank)		60555						-	60 555	64080	67809	
Chemical toilet								-	-			
Pit toilet (ventilated)		74613						-	74 613	78955	83550	
Other toilet provisions (> min.service level)								-	-			
<i>Minimum Service Level and Above sub-total</i>		135 168	-	-	-	-	-	-	135 168	143 035	151 359	
Bucket toilet		1641						-	1 641	1737	1838	
Other toilet provisions (< min.service level)								-	-			
No toilet provisions		13120						-	13 120	13883	14691	
<i>Below Minimum Service Level sub-total</i>		14 761	-	-	-	-	-	-	14 761	15 620	16 529	
Total number of households	5	149 929	-	-	-	-	-	-	149 929	158 655	167 888	
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		60 694						-	60 694	64 335	68 198	
Sanitation (free minimum level service)		-						-	-	-	-	
Electricity/other energy (50kwh per household per month)								-	-			
Refuse (removed at least once a week)								-	-			
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per household per month)		8.65						-	0	9.43	10.28	
Sanitation (free sanitation service)								-	-	-	-	
Electricity/other energy (50kwh per household per month)								-	-			
Refuse (removed once a week)								-	-			
Total cost of FBS provided (minimum social package)		0	-	-	-	-	-	-	0	0	0	
Revenue cost of free services provided (R'000)	17											
Property rates (R15 000 threshold rebate)								-	-			
Property rates (other exemptions, reductions and rebates)								-	-			
Water		6 300						6 180	12 480	13 603	14 827	
Sanitation								-	-			
Total revenue cost of free services provided (total social p		6 300	-	-	-	-	-	6 180	12 480	13 603	14 827	

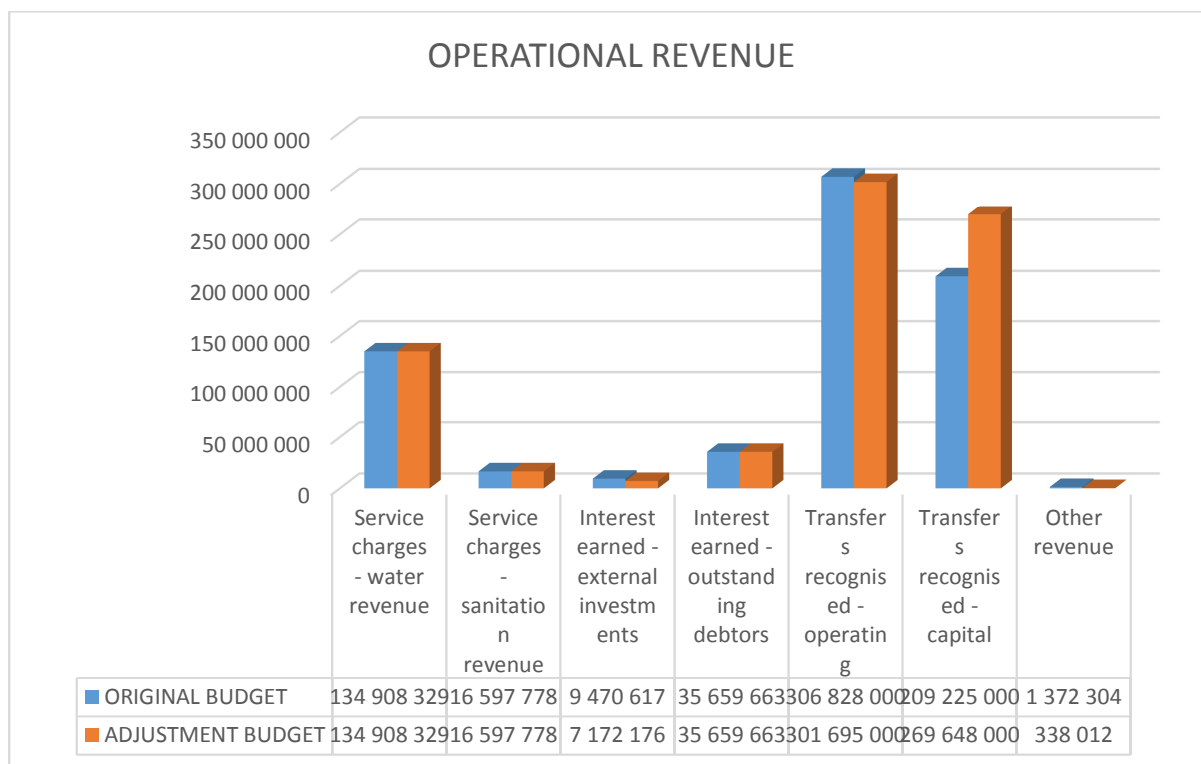
Part 2 – Supporting Documentation

2.1 Adjustment to Budget funding

Changes have been made on expenditure and income estimates in the adjustments budget.

The adjusted budget funding is as follows:

OPERATING REVENUE - ORIGINAL BUDGET VS ADJUSTMENT BUDGET			
DESCRIPTION	ORIGINAL BUDGET	ADJUSTMENT BUDGET	DIFFERENCE
Service charges - water revenue	134 908 329	134 908 329	0
Service charges - sanitation revenue	16 597 778	16 597 778	0
Interest earned - external investments	9 470 617	7 172 176	2 298 441
Interest earned - outstanding debtors	35 659 663	35 659 663	0
Transfers recognised - operating	306 828 000	301 695 000	5 133 000
Transfers recognised - capital	209 225 000	269 648 000	-60 423 000
Other revenue	1 372 304	338 012	1 034 292
Total Revenue	714 061 691	766 018 958	-51 957 267



The municipality’s revenue strategy is built around the following key components:

- National Treasury’s guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management,
- Increase ability to recover costs;
- The municipality’s Indigent Policy and rendering of free basic services; and
- Tariff policies

The above principles remained constant and were not amended with the compilation of the adjustments budget.

2.2 Adjustment to expenditure on allocations and grant programs

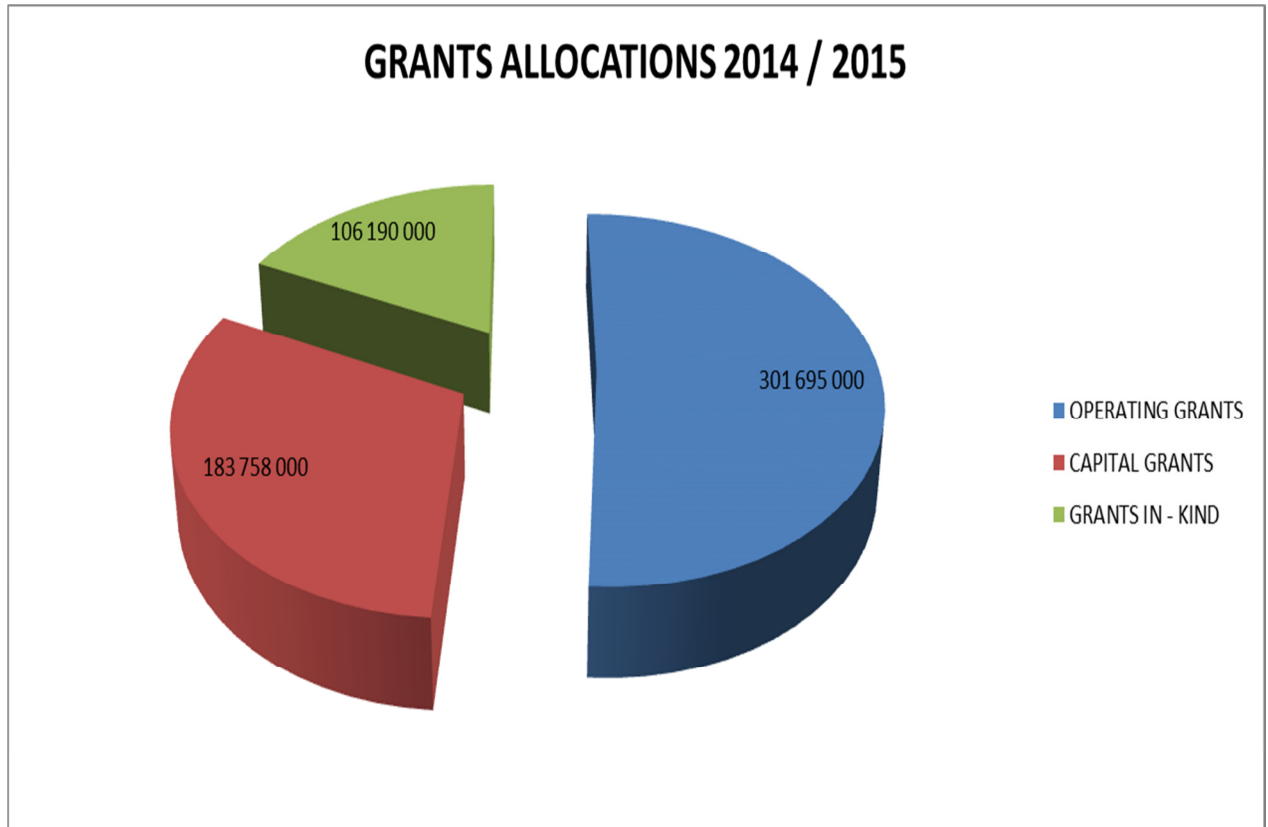
National Treasury has approved the Municipality's unspent conditional grants for the year 2013/2014 which amounted to R30.2 million in terms of section 21(2) of DORA (Act no 2 of 2013) which was in respect of:

- Municipal water infrastructure grant R2.8 million
- Rural households Infrastructure grant R4 million
- Water services operating subsidy grant R1.6 million
- Municipal infrastructure grant R21.8 million

UTHUKELA DISTRICT MUNICIPALITY

There was a minor change in grants allocations; The Table below gives a summary on all adjustments that were made:

GRANTS	FUNDING	2014/2015	ADJUSTMENTS	2015/2016	2016/2017
OPERATING GRANTS					
DEVELOPMENT PLANNING AND SHARED SERVICES	PT	250 000	250 000	250 000	1 200 000
EXPANDED PUBLIC WORKS PROGRAMME INTERGRATED GRANT	NT	3 299 000	3 299 000	0	0
EQUITABLE SHARE ALLOCATION	NT	245 822 000	245 822 000	260 893 000	276 283 000
RSC LEVIES REPLACEMENT (EQUITABLE SHARE)	NT	41 140 000	41 140 000	44 198 000	47 937 000
WATER SERVICES OPERATING SUBSIDY GRANT	NT	9 000 000	9 000 000	2 650 000	3 000 000
LOCAL GOVERNMENT FINANCIAL MANAGEMENT GRANT	NT	1 250 000	1 250 000	1 250 000	1 300 000
MUNICIPAL SYSTEMS IMPROVEMENTS GRANTS	NT	467 000	934 000	967 000	1 018 000
GRANTS TO BE TRANSFERRED TO LM'S					
SMALL TOWN REHABILITATION ROGRAMME		5 600 000	0	12 500 000	7 500 000
		306 828 000	301 695 000	322 708 000	338 238 000
CAPITAL GRANTS					
MASSIFICATION PROGRAMME	PT	0		9 000 000	9 786 000
CORRIDOR DEVELOPMENT	PT		0	3 000 000	3 000 000
MUNICIPAL INFRASTRUCTURE GRANT	NT	177 319 000	177 319 000	184 391 000	193 044 000
RURAL HOUSEHOLD INFRASTRUCTURE GRANT	NT	4 124 000	4 124 000	5 000 000	0
MUNICIPAL SYSTEMS IMPROVEMENTS GRANTS	NT	467 000	0	0	0
RURAL ROAD ASSETS MANAGEMENT	NT	2 315 000	2 315 000	2 355 000	2 446 000
		184 225 000	183 758 000	203 746 000	208 276 000
GRANTS IN - KIND					
REGIONAL BULK INFRACTURE GRANT	NT	25 000 000	82 000 000	30 000 000	5 000 000
WATER SERVICES OPERATING SUBSIDY	NT	300 000	300 000	400 000	500 000
MUNICIPAL WATER INFRASTRUCTURE GRANT	NT	20 000 000	20 000 000	50 000 000	98 307 000
ACIP GRANT	NT		3 890 000		
		45 300 000	106 190 000	80 400 000	103 807 000
TOTAL ALLOCATION TO THE MUNICIPALITY INCL OF GRANTS IN KIND		536 353 000	591 643 000	606 854 000	650 321 000
TOTAL ALLOCATION TO THE MUNICIPALITY EXCL OF GRANTS IN KIND		491 053 000	485 453 000	526 454 000	546 514 000



UTHUKELA DISTRICT MUNICIPALITY

2.2.2 Transfers and Grants Receipts

DC23 Uthukela - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -

Description	Ref	Budget Year 2014/15						Budget Year	Budget Year	
		Original	Prior	Multi-year	Nat. or	Other	Total	Adjusted	Adjusted	
		Budget	Adjusted	capital	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	
R thousands		7	8	9	10	11	12			
		A	A1	B	C	D	E	F		
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		300 978	-	-	467	-	467	301 445	309 958	329 538
Local Government Equitable Share		245 822					-	245 822	260 893	276 283
RSC Levy Replacement	3	41 140					-	41 140	44 198	47 937
Finance Management		1 250					-	1 250	1 250	1 300
Municipal Systems Improvement		467			467		467	934	967	1 018
EPWP Incentive		3 299					-	3 299	-	-
Water Services Operating Subsidy		9 000					-	9 000	2 650	3 000
Other transfers and grants [insert description]							-	-		
Provincial Government:		5 850	-	-	(5 600)	-	(5 600)	250	250	1 200
shared services		250					-	250	250	1 200
small town rehabilitation	4	5 600			(5 600)		(5 600)	-		
	5						-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Operating Transfers and Grants	6	306 828	-	-	(5 133)	-	(5 133)	301 695	310 208	330 738
Capital Transfers and Grants										
National Government:		209 225	-	-	60 423	-	60 423	269 648	221 746	200 490
Municipal Infrastructure Grant (MIG)		177 319					-	177 319	184 391	193 044
Rural Road Management Grant		2 315					-	2 315	2 355	2 446
Rural Households Infrastructure		4 124					-	4 124	5 000	-
Regional Bulk Infrastructure		25 000			57 000		57 000	82 000	30 000	5 000
Municipal Systems Improvement		467			(467)		(467)	-		
ACIP					3 890		3 890	3 890	-	-
Provincial Government:		-	-	-	-	-	-	-	12 000	12 786
Massification							-	-	9 000	9 786
Corridor Development							-	-	3 000	3 000
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
Total Capital Transfers and Grants	6	209 225	-	-	60 423	-	60 423	269 648	233 746	213 276
TOTAL RECEIPTS OF TRANSFERS & GRANTS		516 053	-	-	55 290	-	55 290	571 343	543 954	544 014

2.2.3 Expenditure on transfers and Grant Programme

DC23 Uthukela - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme -

Description	Ref	Budget Year 2014/15						Budget Year	Budget Year	
		Original	Prior	Multi-year	Nat. or Prov.	Other	Total	Adjusted	Adjusted	
		Budget	Adjusted	capital	Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		2	3	4	5	6	7			
		A	A1	B	C	D	E	F		
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		300 978	-	-	467	-	467	301 445	309 958	329 538
Local Government Equitable Share		245 822					-	245 822	260 893	276 283
RSC Levy Replacement		41 140					-	41 140	44 198	47 937
Finance Management		1 250					-	1 250	1 250	1 300
Municipal Systems Improvement		467			467		467	934	967	1 018
EPWP Incentive		3 299					-	3 299	-	-
Water Services Operating Subsidy		9 000					-	9 000	2 650	3 000
Other transfers and grants [insert description]							-	-		
Provincial Government:		5 850	-	-	(5 600)	-	(5 600)	250	250	1 200
shared services		250					-	250	250	1 200
small town rehabilitation		5 600			(5 600)		(5 600)	-		
							-	-		
							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Total operating expenditure of Transfers and Grants:		306 828	-	-	(5 133)	-	(5 133)	301 695	310 208	330 738
Capital expenditure of Transfers and Grants										
National Government:		209 225	-	-	60 423	-	60 423	269 648	221 746	200 490
Municipal Infrastructure Grant (MIG)		177 319					-	177 319	184 391	193 044
Rural Road Management Grant		2 315					-	2 315	2 355	2 446
Rural Households Infrastructure		4 124					-	4 124	5 000	-
Regional Bulk Infrastructure		25 000			57 000		57 000	82 000	30 000	5 000
Municipal Systems Improvement		467			(467)		(467)	-		
ACIP					3 890		3 890	3 890	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Massification							-	-		
Corridor Development							-	-		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]							-	-		
							-	-		
Total capital expenditure of Transfers and Grants		209 225	-	-	60 423	-	60 423	269 648	221 746	200 490
Total capital expenditure of Transfers and Grants		516 053	-	-	55 290	-	55 290	571 343	531 954	531 228

2.3 Adjustment to Councilors allowance and employee benefits

The Municipality has received a qualification, which is a possibility that the MEC will approve the salary increases of the councilors. The council has resolved to a 100% approval of the upper limits in the council meeting held in January 2015. The Application has been made to MEC for Cogta to approve it. Based on this basis, The Municipality has adjusted the councilors allowance in the adjustment budget.

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2.3.1 Councilors And Staff Benefits

DC23 Uthukela - Supporting Table SB11 Adjustments Budget - councillor and staff benefits -												
Summary of remuneration	Ref	Budget Year 2014/15										% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget		
R thousands		A	A1	B	C	D	E	F	G	H		
Councillors (Political Office Bearers plus Other)												
Basic Salaries and Wages		3 404						5 449	5 449	8 853	160.1%	
Pension and UIF Contributions									-	-		
Medical Aid Contributions									-	-		
Motor Vehicle Allowance		1 034						(22)	(22)	1 011	-2.2%	
Cellphone Allowance		181						245	245	426		
Housing Allowances									-	-		
Other benefits and allowances									-	-		
Sub Total - Councillors		4 619	-					5 671	5 671	10 290	122.8%	
% increase			(0)							0		
Senior Managers of the Municipality												
Basic Salaries and Wages		6 663							-	6 663	0.0%	
Pension and UIF Contributions									-	-		
Medical Aid Contributions									-	-		
Overtime									-	-		
Performance Bonus		666							-	666		
Motor Vehicle Allowance									-	-		
Cellphone Allowance									-	-		
Housing Allowances									-	-		
Other benefits and allowances									-	-		
Payments in lieu of leave									-	-		
Long service awards									-	-		
Post-retirement benefit obligations	5								-	-		
Sub Total - Senior Managers of Municipality		7 329	-	-				-	-	7 329	0.0%	
% increase			(0)							-		
Other Municipal Staff												
Basic Salaries and Wages		104 820						(23 040)	(23 040)	81 780	-22.0%	
Pension and UIF Contributions		14 194						(31)	(31)	14 163	-0.2%	
Medical Aid Contributions		5 020						(1 160)	(1 160)	3 860	-23.1%	
Overtime		3 135						13 832	13 832	16 967	441.3%	
Performance Bonus		-							-	-		
Motor Vehicle Allowance		9 965						(2 753)	(2 753)	7 212	-27.6%	
Cellphone Allowance		-							-	-		
Housing Allowances		1 490						(714)	(714)	776		
Other benefits and allowances		13 255						(6 813)	(6 813)	6 442		
Payments in lieu of leave		1 113						286	286	1 399	25.7%	
Long service awards									-	-		
Post-retirement benefit obligations	5								-	-		
Sub Total - Other Municipal Staff		152 992	-	-	-	-	-	(20 393)	(20 393)	132 599	-13.3%	
% increase												
Total Parent Municipality		164 940	-	-	-	-	-	(14 722)	(14 722)	150 218	-8.9%	
Total Municipal Entities		-	-	-	-	-	-	-	-	-		
COUNCILLOR ALLOWANCES, EMPLOYEE REMUNERATION & ENTITY REMUNERATION		164 940	-	-	-	-	-	(14 722)	(14 722)	150 218	-8.9%	
% increase												
TOTAL MANAGERS AND STAFF		160 321	-	-	-	-	-	(20 393)	(20 393)	139 928	-12.7%	

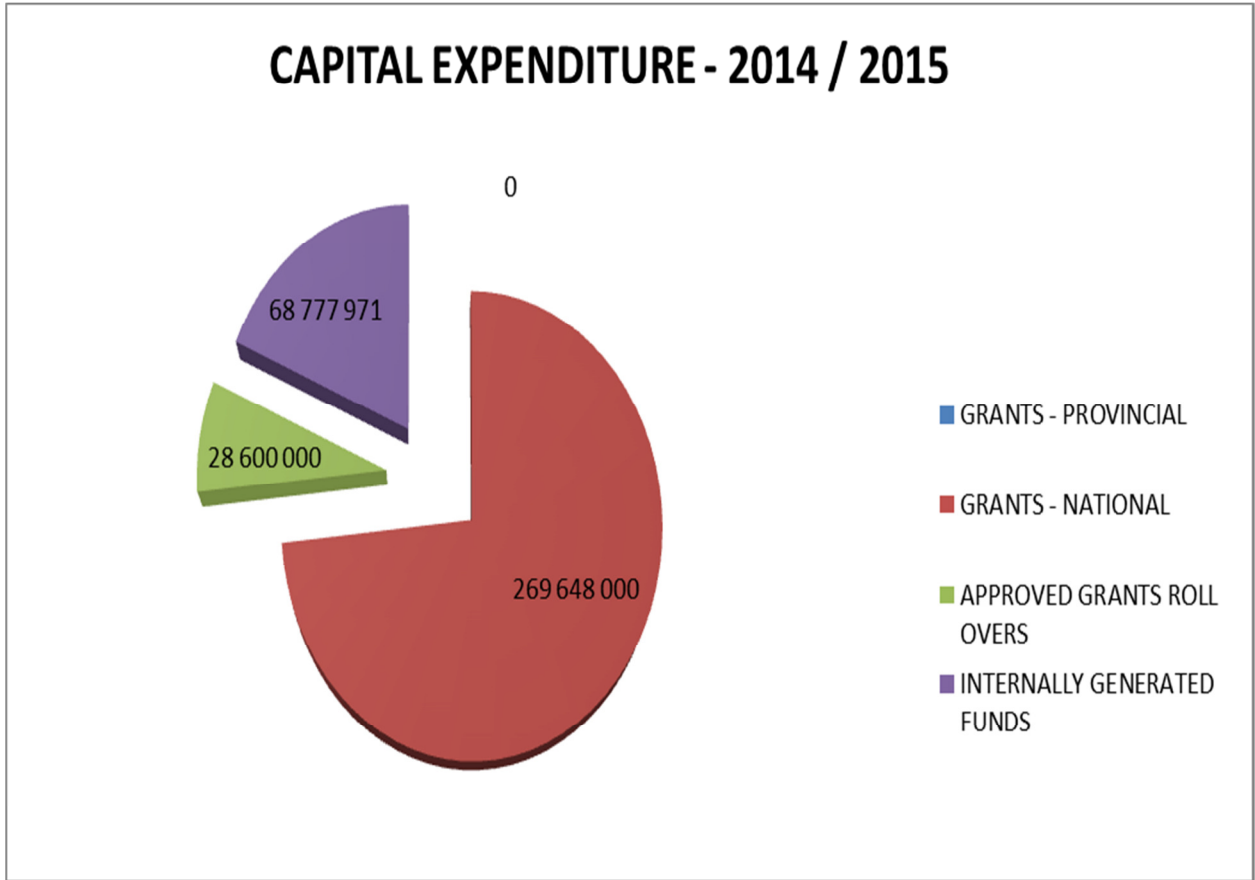
2.4 Adjustment Capital Expenditure

Below is the table that highlights all adjustments made to the capital budget and its funding source:

DEPARTMENT	DESCRIPTION	FUNDING	2014/15	ADJUSTMENT	2015/16	2016/17
TECHNICAL						
	Implementation of water and sanitation projects as per WSDP	MIG /NT	177 319 000.00	177 319 000	184 391 000	193 044 000
	Implementation of water and sanitation projects as per WSDP	ROLL OVERS	0	21 800 000		
	RURAL HOUSEHOLD INFRASTRUCTURE	NT	4 124 000.00	4 124 000	5 000 000	0
	RURAL HOUSEHOLD INFRASTRUCTURE	ROLL OVERS		4 000 000		
	MASSIFICATION PROGRAMME	PT			9 000 000	9 786 000
	RBIG	NT	25 000 000.00	82 000 000	30 000 000	5 000 000
	RURAL ROAD ASSET MANAGEMENT	RRAM /NT	2 315 000.00	2 315 000	2 355 000	2 466 000
	CORRIDOR DEVELOPMENT	PT	0	0	3 000 000	3 000 000
	INFRASTRUCTURE DEVELOPMENT	UTDM	3 500 000	3 500 000	3 500 000	3 500 000
	OFFICE FURNITURE & EQUIPMENT	UTDM	0	100 000		
	MUNICIPAL WATER INFRASTRUCTURE GRANT	ROLL OVERS		2 800 000		
	BAKKIE	UTDM	0	265 000		
	REFURBISHMENT OF LADYSMITH WWTP	ACIP/NT		3 890 000		
			212 258 000.00	302 113 000	237 246 000	216 796 000
WATER						
	TLB X 7	UTDM	5 712 000	7 212 000	0	0
	7 TIPPER TRUCKS	UTDM	2 250 000	2 250 000		
	7 VACUUM TANKERS	UTDM	5 600 000	5 600 000	0	0
	SEWER JET	UTDM	1 500 000	1 500 000	0	0
	VANS	UTDM	3 410 000	8 814 980	0	0
	OFFICE FURNITURE	UTDM	50 000	50 000	150 000	100 000
	OFFICE EQUIPMENT	UTDM	50 000	50 000	200 000	150 000
	PIPELINES - PORTABLE WATER - REPLACEMENT	UTDM	13 248 642	8 858 642	32 070 000	39 879 000
	WATER TANKERS	UTDM	8 000 000	8 433 000	0	0
	RENEWAL -PUMPS	UTDM	3 500 000	2 500 000		
	CANOPIES	UTDM	0	552 000		
	TOOL BOXES	UTDM	0	176 000		
	RUBBERISE BIN	UTDM	0	108 420		
	ROOF RACKS	UTDM	0	234 400		
	TRUCK AND LOWBED	UTDM	0	827 620		
	TABLETS FOR SUPERINTENDENTS	UTDM	0	50 000		
			43 320 642	47 217 062	32 420 000	40 129 000
SOCIAL SERVICES						
	LAND AND BUILDING	UTDM	10 000 000	5 078 729	0	0
	FIRE FIGHTING EQUIPMENT	UTDM	300 000	300 000	50 000	50 000
	MSIG PROJECTS - OFFICE EQUIPMENTS	NT	467 000	0	0	0
	OFFICE FURNITURE	UTDM	200 000	200 000	200 000	150 000
	5 X BAKKIES	UTDM	800 000	1 164 378	0	0
	2 X SEDAN	UTDM	360 000	360 000	0	0
	DISASTER BUILDING	UTDM	5 000 000	5 000 000	0	0
	ENVIRONMENTAL HEALTH SERVICES EQUIPMENT	UTDM	459 000	229 000	0	0
	OFFICE FUNIRTURE-HEALTH	UTDM	0	20 000		
			17 586 000	12 352 107	250 000	200 000

UTHUKELA DISTRICT MUNICIPALITY

CORPORATE SERVICES						
	2 BAKKIES	UTDM	400 000	465 751	0	0
	CAR (SEDAN)	UTDM	250 000	355 592	0	0
	FURNITURE -BOARDROOM	UTDM	300 000	300 000	0	0
	OFFICE FURNITURE & EQUIPMENT	UTDM	250 000	250 000	0	0
	IT - EQUIPMENT	UTDM	300 000	500 000		
			1 500 000	1 871 343	0	0
FINANCE						
	CAR (SEDAN)	UTDM	250 000	355 592	0	0
	BAKKIE	UTDM	250 000	232 876	0	0
	OFFICE FURNITURE	UTDM	50 000	150 000	80 000	100 000
	OFFICE EQUIPMENT	UTDM	50 000	70 000	80 000	100 000
	AVANZA X2	UTDM	0	349 000	0	0
	BAR FRIDGE	UTDM	0	4 000	0	0
			620 000	1 161 468	160 000	200 000
MUNICIPAL MANAGER						
	OFFICE FURNITURE - LAB	UTDM	10 000	10 000	20 000	30 000
	OFFICE EQUIPMENT	UTDM	100 000	100 000	0	0
	REPLACE LAB EQUIPMENT	UTDM	200 000	200 000	0	0
	EXTENDED CAB - DIESEL (REPLACEMENT - NKR 2149)	UTDM	250 000	250 000	0	0
	3 X SINGLE CAB - DIESEL	UTDM	630 000	730 991	0	0
			1 190 000	1 290 991	20 000	30 000
COUNCIL						
	MAYORAL CAR - REPLACEMENT	UTDM	800 000	800 000	0	0
	OFFICE FURNITURE	UTDM	50 000	50 000	0	0
	TOOLS OF TRADE	UTDM	170 000	170 000		
	SPEAKER'S CAR	UTDM	0	500 000	0	0
			1 020 000	1 020 000	0	0
	TOTAL CAPITAL EXPENDITURE 2014/15		277 494 642	367 025 971	270 096 000	257 355 000
	FUNDING					
	GRANTS - PROVINCIAL		0	0	12 000 000	12 786 000
	GRANTS - NATIONAL		209 225 000	269 648 000	221 746 000	200 510 000
	APPROVED GRANTS ROLL OVERS		0	28 600 000		
	INTERNALLY GENERATED FUNDS		68 269 642	68 777 971	36 350 000	44 059 000
	TOTAL CAPITAL EXPENDITURE FUNDING 2014/2015		277 494 642	367 025 971	270 096 000	257 355 000



2.5 Adjustments to Repairs and Maintenance

The table below shows the adjustments made towards repairs and maintenance.

DC23 Uthukela - Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class -												
Description	Ref	Budget Year 2014/15									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7	8	9	10	11	12	13	14		
R thousands		A1	B	C	D	E	F	G	H			
Repairs and maintenance expenditure by Asset Class/Sub-class												
Infrastructure		40,575	-	-	-	-	-	441	441	41,016	36,120	38,478
Infrastructure - Road transport		1,575	-	-	-	-	-	-	-	1,575	1,670	1,770
<i>Roads, Pavements & Bridges</i>		1,575								1,575	1,670	1,770
<i>Storm water</i>												
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
<i>Generation</i>												
<i>Transmission & Reticulation</i>												
<i>Street Lighting</i>												
Infrastructure - Water		15,000	-	-	-	-	-	1,776	1,776	16,776	15,900	16,854
<i>Dams & Reservoirs</i>		6,000						723	723	6,723	6,360	6,742
<i>Water purification</i>		2,000								2,000	2,120	2,247
<i>Reticulation</i>		7,000						1,053	1,053	8,053	7,420	7,865
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
<i>Reticulation</i>												
<i>Sewerage purification</i>												
Infrastructure - Other		24,000	-	-	-	-	-	(1,335)	(1,335)	22,665	18,550	19,854
<i>Refuse</i>												
<i>Transportation</i>	2											
<i>Gas</i>												
<i>Other</i>	3	24,000						(1,335)	(1,335)	22,665	18,550	19,854
Other assets		13,875	-	-	-	-	-	(6,339)	(6,339)	7,536	14,707	15,590
General vehicles		4,550						(315)	(315)	4,235	4,823	5,113
Specialised vehicles	18	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment		5,000						(4,450)	(4,450)	550	5,300	5,618
Computers - hardware/equipment												
Furniture and other office equipment		50						(44)	(44)	6	53	56
Abattoirs												
Markets												
Civic Land and Buildings												
Other Buildings		399						345	345	744	422	448
Other Land												
Surplus Assets - (Investment or Inventory)												
Other		3,876						(1,875)	(1,875)	2,001	4,109	4,355
Total Repairs and Maintenance Expenditure to be adjusted	1	54,450	-	-	-	-	-	(5,898)	(5,898)	48,552	50,827	54,067

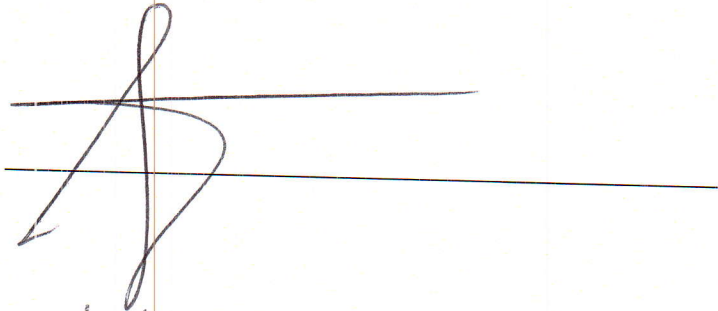
2.6 Municipal Manager's quality certificate

I Sifiso Nicholas Kunene, Municipal Manager of UThukela District Municipality, hereby certify that the Adjustment Budget and supporting documentation for 2014 /2015 have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: Sifiso Nicholas Kunene

Municipal Manager of UThukela District Municipality (DC23)

Signature

A handwritten signature in black ink, consisting of a large, stylized 'S' and 'K' intertwined, written over two horizontal lines.

Date

12/3/2015