

TSANTSABANE MUNICIPALITY



Adjustment Budget 2016/17- 2018/19

Adjusted Medium Term Revenue and
Expenditure Framework

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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities or public donations.

Budget – The financial plan of the 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 collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial

management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Net Assets – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

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

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Vote – One of the main segments of a budget. The structure is for reporting requirements and links the accounting performance both to the IDP and to the responsible officials. The vote structure at Tsantsabane Municipality is made up as follows:

MAIN VOTE	SUB-VOTE
Executive and Council	Council General Mayoral Office Municipal Manager
Budget and Treasury Office	Rates & Taxes Finance Department
Corporate Services	Corporate Services Human Resources & IT Services
Community and Social Services	Library Community Services Cementery Buildings and Commonage
Sport and Recreation	Parks & Open Spaces Sport Grounds
Public Safety	Traffic Vehicle Testing Station
Road Transport	Streets and Storm Water
Electricity	Electricity
Water	Water
Wast Water Management	Sewer Reticulation Sewer Network
Solid Waste Management	Solid Waste
Other	Workshop Housing

PART 1 – ANNUAL BUDGET

Section 1 – Mayor’s Report

It is with great pleasure that I present the 2016/17 Adjustment Budget to Council for consideration.

The reason for the tabling of an adjustment budget is fully disclosed in the executive summary of the draft budget documentation. The adjustments were mainly necessitated by revenue that will not be collected from services as well as adjustments required due to over expenditure on votes and under expenditure of capital projects.

Council is still committed to ensure high quality basic services are provided without putting strain on the consumer by means of excessive rates and tariff increases.

The main adjustments proposed in this adjustment budget are:

Operating Budget: Revenue

- 1) A decrease in total revenue amounting to R 19,045 million. This decrease is mainly as a result of the following –
 - i. Decrease in the sale of assets. – R30.5 million
 - ii. Increase in rates and taxes. - R 1,713 million
 - iii. Increase in bulk service charges. – R 7,725 million
 - iv. Increase in library grant. – R 0,333 million
 - v. Increase in sewer fees. – R 0,604 million
 - vi. Increase in refuse removal fees. – R1,081 million.

- 2) An increase in operating expenditure amounting to R 19,046 million. This increase is mainly as a result of the following –
 - a. An increase in employee related costs amounting to R 2,454 million. This increase could mainly be attributed to the spending on additional salaries in the office of the Mayor and Housing assistance.
 - b. An increase in bulk services : Electricity R 5,510 million.
: Water R 9, 058 million.
 - c. An increase in General Expenditure :
Increase in Library grant expenditure – R 0.333 million.
Increase in commission - R1,7 million.

The net effect from these adjustments is that the projected operating surplus for 2016/17 decreases from R 60 663 to a deficit of R38,030 million.

The main reason for this turnaround is that the Municipality will not be able to sell property to the value of R48,5 million. We doubt if the sale of property will even be R18 million.

Capital Budget

The municipality decreased its planned capital expenditure from R 18,218 million to R 16,780 million. This decrease is attributed to the bad cash flow situation at the Municipality.

The MIG allocation for the 2016/17 financial year amounts to R14,833 million. At the end of December 2016, R9,477 million or 63.89% was spent.

We have made provision in the adjustment budget for an amount of R450 000 for a Mayoral vehicle.

Other adjustments could be attributed to funds being moved between various projects to ensure that emphasis is placed on projects with high priority.

The revised forecasted expenditure can be summarised as follows: (R 000)

TYPE	2016/17 Budget R'000	2016/17 Adj. Budget R'000	2016/17 %
Operating expenditure	212,819	231,865	8.95%
Capital	18,218	16,330	-10.36%
TOTAL	230,037	240,195	4.42%

Funding and Cash flows

The budget for 2016/17 is not cash-funded. We need a funded budget in 2017/18 with positive cash flow.

The expected cash flows for the MTREF period is as follows (R'000)

NC085 Tsantsabane - Table B7 Adjustments Budget Cash Flows - 23 Februarie 2017

Description	Ref	Budget Year 2016/17									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	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H			
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges		27 950					1 713	1 713	29 663	30 354	34 194	
Service charges		88 092					1 684	1 684	89 777	118 590	137 161	
Other revenue		12 084					7 725	7 725	19 809	13 852	15 587	
Government - operating	1	35 713					333	333	36 046	37 632	40 354	
Government - capital	1	14 833					-	-	14 833	15 815	16 485	
Interest		541					-	-	541	577	617	
Dividends		-					-	-	-	-	-	
Payments												
Suppliers and employees		(189 056)					(19 046)	(19 046)	(208 102)	(244 636)	(260 976)	
Finance charges		(5 249)					-	-	(5 249)	(5 606)	(5 993)	
Transfers and Grants	1						-	-	-	-	-	
NET CASH FROM/(USED) OPERATING ACTIVITIES		(15 092)	-	-	-	-	(7 591)	(7 591)	(22 683)	(33 422)	(22 571)	
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		48 500					(30 500)	(30 500)	18 000	40 798	33 613	
Decrease (Increase) in non-current debtors							-	-	-	-	-	
Decrease (increase) other non-current receivables							-	-	-	-	-	
Decrease (increase) in non-current investments							-	-	-	-	-	
Payments												
Capital assets							-	-	-	-	-	
NET CASH FROM/(USED) INVESTING ACTIVITIES		48 500	-	-	-	-	(30 500)	(30 500)	18 000	40 798	33 613	
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans							-	-	-	-	-	
Borrowing long term/refinancing							-	-	-	-	-	
Increase (decrease) in consumer deposits		300					-	-	300	300	300	
Payments												
Repayment of borrowing							-	-	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES		300	-	-	-	-	-	-	300	300	300	
NET INCREASE/ (DECREASE) IN CASH HELD		33 708	-	-	-	-	(38 091)	(38 091)	(4 383)	7 677	11 343	
Cash/cash equivalents at the year begin:	2	(2 300)					-	-	(2 300)	(6 683)	994	
Cash/cash equivalents at the year end:	2	31 408					(38 091)	(38 091)	(6 683)	994	12 337	

The municipality's net decrease in cash for 2016/17 will be R6,683 million. The cash increases in 2017/18 to R994 thousand and R12,337 million in 2018/19.

Tsantsabane continues to experience serious cash flow problems. The municipality has to embark on strategies to stabilise the cash-flow position (improve debt collection; install pre-paid water meters, etc.). Tsantsabane Municipality needs to become a financially sustainable municipality.

Unforeseen and unavoidable expenditure

There was no unforeseen and unavoidable expenditure approved by the Municipal Manager and Mayor and incorporated into this adjustment budget since the original approved budget.

Changes to allocations and grant adjustments

Changes to expected grant expenditure are reflected below. Full details regarding income and allocations are disclosed in documentation forms SB7 to SB9.

Summary

An uncompromising commitment to quality service is a fundamental responsibility of the local government. Though we have not yet achieved all of the lofty goals that our citizens expect from us, we recognize and reaffirm our commitment to you that service delivery, service quality, and value must continuously be improved.

I believe that we must do everything in our power to address service delivery requirements within limited financial means. All Councillors and officials need to go the extra mile. The debt collection and credit control is an enormous problem in Tsantsabane Municipality and needs serious attention.

I would like to thank my fellow Councillors for their commitment and hope we can bring change to Tsantsabane Municipality that is positive for all our communities. We need to restore confidence of the majority of our people. We need to work as a team and not as individuals to restore confidence.

I would like to thank the MM, Management and all the officials for their work and support. We hope you will continue to work hard and even harder to achieve the goals of Council.

Recommendations

It is recommended that:

- 1) Council approves the adjustment budget as set out below.

Section 2 - Budget Related Resolutions

ADJUSTMENT BUDGET 2016/17

The resolution tabled at Council for consideration with approval of the adjustment budget is:

RECOMMENDATION:

- a) That the adjustment budget of Tsantsabane Municipality for the financial year 2016/17 as set out in the schedules contained in section 2 be approved:
- (i) Table B1 Adjustments Budget Summary;
 - (ii) Table B2 Adjustments Budget Financial Performance (by standard classification);
 - (iii) Table B3 Adjustments Budget Financial Performance (by municipal vote);
 - (iv) Table B4 Adjustments Budget Financial Performance (revenue by source); and
 - (v) Table B5 Adjustments Budget Capital Expenditure (by municipal vote and funding source)
- b) That it be noted that there are no changes to the budget related policies. The following policies will be reviewed during the 2017/18 – 2019/20 budget in March 2017:
- SCM Policy
 - Commitment Policy
 - Contingent Liability Policy
 - Credit control and debt collection policy
 - Events after Reporting Date Policy
 - Related Party Policy
 - Sharing of Responsibilities Policy
 - All financial policies

Section 3 – Executive Summary

Introduction

Tsantsabane Municipality experience serious cash flow problems. It is advised that new funding sources be exploited to fund the capital program and to settle all outstanding creditors older than 30 days (i.e. more own revenue or additional grant funding or the sale of land or the installation of pre-paid water meters).

A turnaround strategy should be drafted and presented to Council for adoption and implementation.

Outstanding Debt

The total debt older than 120 days amounts to R184 842 212 or 88.61%. The outstanding debt increased as follows:

Total outstanding debt as at 31 December 2013	R118 077 078
Total outstanding debt as at 31 December 2014	R135 133 361
Total outstanding debt as at 31 December 2015	R162 241 449
Total outstanding debt as at 31 December 2016	R208 612 485

In 2016 the debt increased with an amount of R46 371 036 or 28.58%. The Municipality will find it difficult to collect the debt that is outstanding for more than 121 days. Debt collection at the municipality is poor.

The average debt collection for December 2016 was a mere 42.23%. All grants are not cash backed and are used to fund operational expenditure. Cash reserves are being depleted and Tsantsabane Municipality will not be able to pay its creditors, employees and councillors as required by the MFMA.

Management should strive to maintain, and where possible increase accumulated reserves. This is however only possible if debt collection improves and regular credit control is enforced. We (Council and Management) need to work hand in hand to turn around Tsantsabane Municipality. This is expected from the community we serve.

Effect of the adjustment budget

The overall changes made to the 2016/17 budget can be best illustrated in the table below.

NC085 Tsantsabane - Table B1 Adjustments Budget Summary - 23 Februarie 2017

Description	Budget Year 2016/17									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	1	2	3	4	5	6	7	8		
	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	27 950	-	-	-	-	-	1 713	1 713	29 663	30 354	34 194
Service charges	88 092	-	-	-	-	-	1 684	1 684	89 777	106 951	122 235
Investment revenue	541	-	-	-	-	-	-	-	541	577	617
Transfers recognised - operational	35 713	-	-	-	-	-	333	333	36 046	37 590	40 295
Other own revenue	60 584	-	-	-	-	-	(22 775)	(22 775)	37 809	54 650	50 919
Total Revenue (excluding capital transfers and contributions)	212 880	-	-	-	-	-	(19 045)	(19 045)	193 835	230 122	248 260
Employee costs	74 730	-	-	-	-	-	1 654	1 654	76 384	79 812	85 319
Remuneration of councillors	3 205	-	-	-	-	-	800	800	4 005	3 423	3 659
Depreciation & asset impairment	7 713	-	-	-	-	-	-	-	7 713	8 238	8 806
Finance charges	5 249	-	-	-	-	-	-	-	5 249	5 606	5 993
Materials and bulk purchases	56 281	-	-	-	-	-	14 559	14 559	70 840	62 559	68 527
Transfers and grants	-	-	-	-	-	-	333	333	333	-	-
Other expenditure	65 641	-	-	-	-	-	1 701	1 701	67 341	70 896	75 801
Total Expenditure	212 818	-	-	-	-	-	19 046	19 046	231 865	230 534	248 105
Surplus/(Deficit)	62	-	-	-	-	-	(38 091)	(38 091)	(38 030)	(411)	156
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	62	-	-	-	-	-	(38 091)	(38 091)	(38 030)	(411)	156
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	62	-	-	-	-	-	(38 091)	(38 091)	(38 030)	(411)	156
Capital expenditure & funds sources											
Capital expenditure	18 218	-	-	-	-	-	(1 438)	(1 438)	16 780	22 072	28 462
Transfers recognised - capital	14 833	-	-	-	-	-	-	-	14 833	15 815	16 485
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	3 385	-	-	-	-	-	(1 438)	(1 438)	1 947	6 257	11 977
Total sources of capital funds	18 218	-	-	-	-	-	(1 438)	(1 438)	16 780	22 072	28 462
Financial position											
Total current assets	68 186	-	-	-	-	-	-	-	68 186	192 388	221 547
Total non current assets	953 903	-	-	-	-	-	-	-	953 903	953 903	953 903
Total current liabilities	55 300	-	-	-	-	-	-	-	55 300	45 000	41 500
Total non current liabilities	8 038	-	-	-	-	-	-	-	8 038	8 038	8 038
Community wealth/Equity	751 404	-	-	-	-	-	-	-	751 404	769 998	808 274
Cash flows											
Net cash from (used) operating	(15 092)	-	-	-	-	-	(7 591)	(7 591)	(22 683)	(33 422)	(22 571)
Net cash from (used) investing	48 500	-	-	-	-	-	(30 500)	(30 500)	18 000	40 798	33 613
Net cash from (used) financing	300	-	-	-	-	-	-	-	300	300	300
Cash/cash equivalents at the year end	31 408	-	-	-	-	-	(38 091)	(38 091)	(6 683)	994	12 337

The operational revenue has been adjusted from R212,880 million to R193,835 million, a decrease of R19,045 million for the 2016/17 budget year, whilst the operational expenditure has been adjusted upwards from R212,818 million to R231,865 million. (An increase of R19,047 million or 8.95%).

1) A decrease in total revenue amounting to R 19,045 million. This decrease is mainly as a result of the following –

- i. Decrease in the sale of assets. – R30.5 million
- ii. Increase in rates and taxes. - R 1,713 million
- iii. Increase in bulk service charges. – R 7,725 million
- iv. Increase in library grant. – R 0,333 million
- v. Increase in sewer fees. – R 0,604 million
- vi. Increase in refuse removal fees. – R1,081 million.

Revenue and Expenditure by Municipal vote:

NC085 Tsantsabane - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 23 Februarie 2017

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		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		
R thousands												
Revenue by Vote	1											
Vote 1 - Executive & Council		48 500	-	-	-	-	-	(30 500)	(30 500)	18 000	40 798	33 613
Vote 2 - Budget & Treasury		61 624	-	-	-	-	-	1 713	1 713	63 336	66 764	74 100
Vote 3 - Corporate Services		241	-	-	-	-	-	-	-	241	257	275
Vote 4 - Community & Social Services		1 848	-	-	-	-	-	333	333	2 181	2 034	2 167
Vote 5 - Sport & Recreation		231	-	-	-	-	-	-	-	231	247	264
Vote 6 - Public Safety		1 659	-	-	-	-	-	-	-	1 659	1 772	1 894
Vote 7 - Road Transport		1 140	-	-	-	-	-	-	-	1 140	1 150	1 160
Vote 8 - Electricity		47 336	-	-	-	-	-	7 725	7 725	55 061	59 065	68 032
Vote 9 - Water		26 271	-	-	-	-	-	-	-	26 271	30 367	34 529
Vote 10 - Waste Water Management		14 050	-	-	-	-	-	604	604	14 653	15 505	17 325
Vote 11 - Waste Management		9 825	-	-	-	-	-	1 081	1 081	10 906	11 999	14 728
Vote 12 - Housing		145	-	-	-	-	-	-	-	145	152	159
Vote 13 - Planning & Development		12	-	-	-	-	-	-	-	12	13	14
Vote 14 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	212 880	-	-	-	-	-	(19 045)	(19 045)	193 835	230 122	248 260
Expenditure by Vote	1											
Vote 1 - Executive & Council		17 744	-	-	-	-	-	2 010	2 010	19 755	18 951	20 259
Vote 2 - Budget & Treasury		35 402	-	-	-	-	-	1 793	1 793	37 196	38 463	40 664
Vote 3 - Corporate Services		15 588	-	-	-	-	-	79	79	15 668	17 309	18 414
Vote 4 - Community & Social Services		7 738	-	-	-	-	-	388	388	8 126	8 325	8 892
Vote 5 - Sport & Recreation		8 799	-	-	-	-	-	-	-	8 799	9 397	10 045
Vote 6 - Public Safety		7 432	-	-	-	-	-	55	55	7 487	7 937	8 485
Vote 7 - Road Transport		13 816	-	-	-	-	-	92	92	13 908	14 581	15 587
Vote 8 - Electricity		42 620	-	-	-	-	-	5 510	5 510	48 130	45 906	49 458
Vote 9 - Water		26 767	-	-	-	-	-	9 048	9 048	35 815	30 149	34 057
Vote 10 - Waste Water Management		15 438	-	-	-	-	-	17	17	15 455	16 488	17 626
Vote 11 - Waste Management		11 187	-	-	-	-	-	-	-	11 187	11 948	12 772
Vote 12 - Housing		1 257	-	-	-	-	-	-	-	1 257	1 343	1 435
Vote 13 - Planning & Development		4 292	-	-	-	-	-	15	15	4 307	4 584	4 900
Vote 14 - Health		844	-	-	-	-	-	-	-	844	995	1 063
Vote 15 - Other		3 894	-	-	-	-	-	38	38	3 932	4 159	4 446
Total Expenditure by Vote	2	212 819	-	-	-	-	-	19 047	19 047	231 865	230 534	248 105
Surplus/ (Deficit) for the year	2	62	-	-	-	-	-	(38 092)	(38 092)	(38 030)	(411)	156

The capital budget has been adjusted from R18,218 million to R16,780 million.
(A Decrease of R1,438 million or 7.89%)

NC085 Tsantsabane - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 23 Februarie 2017

Description	Ref	Budget Year 2016/17									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		5	6	7	8	9	10	11	12			
		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		950	-	-	-	-	-	(750)	(750)	200	4 000	10 000
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		14 833	-	-	-	-	-	-	-	14 833	15 815	16 485
Vote 8 - Electricity		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	15 783	-	-	-	-	-	(750)	(750)	15 033	19 815	26 485
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		326	-	-	-	-	-	239	239	565	70	73
Vote 2 - Budget & Treasury		166	-	-	-	-	-	(126)	(126)	40	-	-
Vote 3 - Corporate Services		1 412	-	-	-	-	-	(381)	(381)	1 031	570	588
Vote 4 - Community & Social Services		81	-	-	-	-	-	-	-	81	70	81
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		450	-	-	-	-	-	(420)	(420)	30	1 547	1 235
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Electricity		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		2 435	-	-	-	-	-	(688)	(688)	1 747	2 257	1 977
Total Capital Expenditure - Vote		18 218	-	-	-	-	-	(1 438)	(1 438)	16 780	22 072	28 462

The new projected forecasts for the MTREF are as follows:

OPERATING BUDGET AFTER ADJUSTMENTS (R' 000)

Type	2016/17	2017/18	2018/19
Revenue	193 835	230 122	248 260
Expenditure	231 865	230 533	248 104
Surplus/(Deficit)	(38 030)	(411)	156

Summary of total revenue and expenditure excluding capital transfers:

NC085 Tsantsabane - Table B1 Adjustments Budget Summary - 23 Februarie 2017

Description	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
	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	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
R thousands											
Financial Performance											
Property rates	27 950	-	-	-	-	-	1 713	1 713	29 663	30 354	34 194
Service charges	88 092	-	-	-	-	-	1 684	1 684	89 777	106 951	122 235
Investment revenue	541	-	-	-	-	-	-	-	541	577	617
Transfers recognised - operational	35 713	-	-	-	-	-	333	333	36 046	37 590	40 295
Other own revenue	60 584	-	-	-	-	-	(22 775)	(22 775)	37 809	54 650	50 919
Total Revenue (excluding capital transfers and contributions)	212 880	-	-	-	-	-	(19 045)	(19 045)	193 835	230 122	248 260
Employee costs	74 730	-	-	-	-	-	1 654	1 654	76 384	79 812	85 319
Remuneration of councillors	3 205	-	-	-	-	-	800	800	4 005	3 423	3 659
Depreciation & asset impairment	7 713	-	-	-	-	-	-	-	7 713	8 238	8 806
Finance charges	5 249	-	-	-	-	-	-	-	5 249	5 606	5 993
Materials and bulk purchases	56 281	-	-	-	-	-	14 559	14 559	70 840	62 559	68 527
Transfers and grants	-	-	-	-	-	-	333	333	333	-	-
Other expenditure	65 641	-	-	-	-	-	1 701	1 701	67 341	70 896	75 801
Total Expenditure	212 818	-	-	-	-	-	19 046	19 046	231 865	230 534	248 105
Surplus/(Deficit)	62	-	-	-	-	-	(38 091)	(38 091)	(38 030)	(411)	156
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	62	-	-	-	-	-	(38 091)	(38 091)	(38 030)	(411)	156
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	62	-	-	-	-	-	(38 091)	(38 091)	(38 030)	(411)	156

CAPITAL BUDGET (R' 000)

NC085 Tsantsabane - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 23 Februarie 2017

Description	Ref	Budget Year 2016/17									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		5	6	7	8	9	10	11	12			
		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		950	-	-	-	-	-	(750)	(750)	200	4 000	10 000
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		14 833	-	-	-	-	-	-	-	14 833	15 815	16 485
Vote 8 - Electricity		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	15 783	-	-	-	-	-	(750)	(750)	15 033	19 815	26 485
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		326	-	-	-	-	-	239	239	565	70	73
Vote 2 - Budget & Treasury		166	-	-	-	-	-	(126)	(126)	40	-	-
Vote 3 - Corporate Services		1 412	-	-	-	-	-	(381)	(381)	1 031	570	588
Vote 4 - Community & Social Services		81	-	-	-	-	-	-	-	81	70	81
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		450	-	-	-	-	-	(420)	(420)	30	1 547	1 235
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Electricity		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		2 435	-	-	-	-	-	(688)	(688)	1 747	2 257	1 977
Total Capital Expenditure - Vote		18 218	-	-	-	-	-	(1 438)	(1 438)	16 780	22 072	28 462

Section 4 – Adjustment budget tables

The adjustment budget tables are attached to this document as Tables B1 to B10. Tables supporting the above (SB1 to SB20) are also attached and listed separately.

The Budget tables are:

Table B1 – Adjustments Budget Summary

Table B2 – Adjustments Budgeted Financial Performance (revenue and expenditure by standard classification)

Table B3 – Adjustments Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table B4 – Adjustments Budgeted Financial Performance (revenue and expenditure)

Table B5 – Adjustments Budgeted Capital Expenditure by vote, standard classification and funding

Table B6 – Adjustments Budgeted Financial Position

Table B7 – Adjustments Budgeted Cash Flows

Table B8 – Adjustments Cash backed reserves/accumulated surplus reconciliation

Table B9 – Adjustments Budget Asset Management

Table B10 – Adjustments Budget Basic service delivery measurement

The municipality does not have any entities.

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Measurable performance objectives and indicators

A performance assessment was done in the 1st and 2nd quarter of the financial year. The results of such performance assessments will be tabled in Council. Changes to measurable performance objectives and indicators will be handled separately during March 2017.

If the KPI's need to change, a report will be tabled in council. The KPI's in the Service Delivery and Budget Implementation Plan (SDBIP) will form the basis of the performance contracts of the Municipal Manager and Senior Management.

Section 6 – Budget related policies

There are no changes to the budget related policies. All financial policies will be reviewed before the approval of the annual budget during March 2017.

Section 7 – Overview of budget assumptions

Budget Assumptions

There are no changes to the budget assumptions proposed in the adjustments budget.

Section 8 – Funding compliance

The adjustments budget is not cash funded. Council, Management and all officials need to implement strategic plans to comply with MFMA and to improve the cash flow situation in Tsantsabane Municipality. According to the MFMA, a budget should be cash funded.

Outstanding Creditors

The five highest creditors as at 31 December 2016 amounted to R93 406 485.

In terms of Section 65(2)(e) of the MFMA the Accounting Officer must take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement for goods or services rendered. The statistics below therefore confirms that the municipality does not honour its commitments as required in terms of section 65(2)(e) of the MFMA.

Tsantsabane Municipality will not be able to settle their outstanding amount owed to creditors, pay salaries and maintain the assets of the Municipality if drastically steps are not imposed by the Municipality.

Creditor	Current	30 Days	60 Days	90 Days	Total
Sedibeng Water	2 142 861	1 755 489	2 099 006	18 132 067	24 129 423
Eskom	3 670 898	3 405 163	4 390 055	51 635 427	63 101 543
AG	898 176	196 726	796 496	67 398	1 958 796
Dept of Trans	597 123	895 685	2 723 915	0	4 216 723
Totals	7 309 058	6 253 063	10 009 472	69 834 892	93 406 485

Summary debtors

The total services billed for December 2016 amounts to R6 195 100. The payments received during December 2016 amounts to R2 626 053. The payment percentage for the month of December 2016 is 42.39%.

The Municipality experience serious cash flow problems with a collection rate of only 42.39%. Credit control in Tsantsabane is not effective.

No service delivery will be possible with such a bad collection rate. Debt collection should be the first priority of Council and Management. The

Municipality will not be able to meet its financial obligations in terms of the MFMA.

Section 9 – Overview of budget funding

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

A Credible Budget

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

9.1 Funding of operating and capital expenditure

As indicated, the municipality's budget is not cash funded. The municipality is placing immense pressure on its cash reserves by financing a large portion of the capital program from own sources.

Please refer to section 8 (Finding Compliance) in terms of outstanding debtors.

9.2 Financial plans

At this stage Tsantsabane Municipality has not yet adopted a long-term financial plan that is fully funded. It is therefore difficult to provide inputs on how the adjustment budget will influence the financial plan.

9.3 Reserves

Almost all the cash reserves at the Municipality have been exhausted. A proper turnaround strategy should be compiled by Council, Management and all officials and should be enforced to improve the cash flow situation and to build reserves for the future.

9.4 Financial sustainability of the municipality

The municipality's financial position is not sound.

FINANCIAL VIABILITY INDICATORS			
(Limitation = unable to obtain sufficient appropriate information to assess the indicator)		AS AT 30 JUNE 2016	AS AT 30 JUNE 2015
EXPENDITURE MANAGEMENT			
1.1	Creditor-payment period	340 Days	332 Days
REVENUE MANAGEMENT			
2.1	Debtor-collection period (after impairment)	419 Days	408 Days
2.2	Debtors impairment provision as a percentage of accounts receivable	87.44%	49%
	<ul style="list-style-type: none"> • Amount of debtors impairment provision • Amount of accounts receivable 	R122 800 401 R140 441 374	R115 471 000 R111 610 000
ASSET AND LIABILITY MANAGEMENT			
3.1	A deficit for the year was realised (total expenditure exceeded total revenue)	Yes	Yes
	<ul style="list-style-type: none"> • Amount of the surplus / (deficit) for the year 	R-71 054 455	R-5 215 608

FINANCIAL VIABILITY INDICATORS			
(Limitation = unable to obtain sufficient appropriate information to assess the indicator)		AS AT 30 JUNE 2016	AS AT 30 JUNE 2015
3.2	A net current liability position was realised (total current liabilities exceeded total current assets)	Yes	Yes
	• Amount of the net current assets / (liability) position	R-69 560 577	R-9 589 111
3.3	A net liability position was realised (total liabilities exceeded total assets)	No	No
	• Amount of the net asset / (liability) position	R611 630 421	R676 098 557
3.4	Percentage of PPE and/or intangible assets impaired	0%	0%
	• Amount of PPE and intangible assets impairment provisions	R0	R0
3.5	Percentage of loan receivables (loans awarded) and/or investments impaired	0%	0%
	• Amount of loan receivables (loans awarded) and investments impairment provisions	R0	R0
CASH MANAGEMENT			
4.1	The year-end bank balance was in overdraft	No	No
	• Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R11 183 289	R10 716 468
4.2	Net cash flows for the year from operating activities were negative	Yes	Yes
	• Amount of net cash in / (out)flows for the year from operating activities	R17 220 519	R33 302 625
4.3	Creditors as a percentage of cash and cash equivalents	1072.05%	493.31%
	• Amount of creditors (accounts payable)	R119 889 918	R52 866 347
4.4	Current liabilities as a percentage of net cash inflows for the year from operating activities	20.66%	16.68%

FINANCIAL VIABILITY INDICATORS		
(Limitation = unable to obtain sufficient appropriate information to assess the indicator)	AS AT 30 JUNE 2016	AS AT 30 JUNE 2015
<ul style="list-style-type: none"> • Amount of current liabilities • Amount of net cash inflows for the year from operating activities 	R24 367 421	R23 936 996
	R117 918 673	R143 529 810
OVERALL ASSESSMENT		
Overall the results of the above financial viability indicator evaluation is assessed as:	Red (Material unfavourable indicators)	Red (Material unfavourable indicators)
* <i>The above assessment is based on financial statement amounts, adjusted for uncorrected misstatements that resulted in the modification of the audit opinion.</i>		

Section 10 – Expenditure on allocations and grant programmes

Grant allocations

Details of each grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report. Please refer to table SB7 under.

NC085 Tsantsabane - Supporting Table SB7 Adjustments Budget - transfers and grant receipts - 23 Februarie 2017

Description	Ref	Budget Year 2016/17							Budget Year	Budget Year
		Original	Prior	Multi-year	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	capital	Prov. Govt	Adjusts.	Adjusts.	Budget	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:		33 911	-	-	-	-	-	33 911	35 647	38 239
Local Government Equitable Share		30 151						30 151	32 515	35 639
Finance Management	3	2 010						2 010	2 345	2 600
Municipal Systems Improvement		750						750	787	-
EPWP Incentive		1 000						1 000		
Provincial Government:		1 802	-	-	-	333	333	2 135	1 985	2 115
Health subsidy										
Housing										
Library Development Grant	5	1 802				333	333	2 135	1 985	2 115
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	6	35 713	-	-	-	333	333	36 046	37 632	40 354
Capital Transfers and Grants										
National Government:		14 833	-	-	-	-	-	14 833	15 815	16 485
Municipal Infrastructure Grant (MIG)		14 833						14 833	15 815	16 485
Other capital transfers [insert description]										
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	6	14 833	-	-	-	-	-	14 833	15 815	16 485
TOTAL RECEIPTS OF TRANSFERS & GRANTS		50 546	-	-	-	333	333	50 879	53 447	56 839

Section 11 – Allocations and grants made by the Municipality

Allocations Made by the Municipality

No allocations are made by the municipality and the municipality did not receive any allocation from the District Municipality.

Section 12 – Councillor Allowances and employee benefits

Salaries, Allowances and Benefits

Details of Councillor Allowances and employee benefits are included in supporting table SB11 attached.

NC085 Tsantsabane - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 23 Februarie 2017

Summary of remuneration	Ref	Budget Year 2016/17									% 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	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		2 206						800	800	3 006	36.3%
Motor Vehicle Allowance		713							-	713	0.0%
Cellphone Allowance		285							-	285	
Sub Total - Councillors		3 205	-					800	800	4 005	25.0%
% increase			(0)							0	
Senior Managers of the Municipality											
Basic Salaries and Wages		5 327							-	5 327	0.0%
Performance Bonus		346							-	346	
Sub Total - Senior Managers of Municipality		5 673	-	-				-	-	5 673	0.0%
% increase			(0)							-	
Other Municipal Staff											
Basic Salaries and Wages		38 495						1 182	1 182	39 676	3.1%
Pension and UIF Contributions		7 085							-	7 085	0.0%
Medical Aid Contributions		1 940							-	1 940	0.0%
Overtime		9 322							-	9 322	0.0%
Motor Vehicle Allowance		5 713							-	5 713	0.0%
Cellphone Allowance		463							-	463	0.0%
Housing Allowances		2 021						472	472	2 493	
Other benefits and allowances		4 012							-	4 012	
Long service awards		6							-	6	0.0%
Sub Total - Other Municipal Staff		69 057	-	-	-	-	-	1 654	1 654	70 711	2.4%
% increase											
Total Parent Municipality		77 935	-	-	-	-	-	2 454	2 454	80 389	3.1%
TOTAL SALARY, ALLOWANCES & BENEFITS											
		77 935	-	-	-	-	-	2 454	2 454	80 389	3.1%
% increase											
TOTAL MANAGERS AND STAFF		74 730	-	-	-	-	-	1 654	1 654	76 384	2.2%

Section 13 – Monthly targets for revenue, expenditure and cash flow

Monthly Cash Flows by source

Supporting tables SB12 to SB17 show the adjusted monthly cash flows.

Section 14 – Adjustments to the quarterly service delivery and budget implementation plans – internal departments

Detail will be submitted to Council during March 2017.

Section 15 – Annual budgets and service delivery agreements – municipal entities and other external mechanisms

ENTITIES

The municipality does not have any entities.

Other Service Delivery Mechanisms.

The municipality has no service delivery agreements with external parties for the delivery of the Municipality's services.

The municipality does not have a roll – over contract with budget implications. It is important that the full MIG allocation (2016/17) must be spent during the financial year.

Section 16 – Contracts having future budgetary implications

- Printers, photo copy machine and equipment.
- TGIS – Asset Register
- Veta Investments

Section 17 – Capital expenditure details

Capital expenditure details are listed in Supporting Table SB 18a.

NC085 Tsantsabane - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 23 Februarie 2017

Description	Ref	Budget Year 2016/17									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		5	6	7	8	9	10	11	12	+1 2017/18	+2 2018/19	
		A	A1	B	C	D	E	F	G	H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		950	-	-	-	-	-	(750)	(750)	200	4 000	10 000
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community & Social Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		14 833	-	-	-	-	-	-	-	14 833	15 815	16 485
Vote 8 - Electricity		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	15 783	-	-	-	-	-	(750)	(750)	15 033	19 815	26 485
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		326	-	-	-	-	-	239	239	565	70	73
Vote 2 - Budget & Treasury		166	-	-	-	-	-	(126)	(126)	40	-	-
Vote 3 - Corporate Services		1 412	-	-	-	-	-	(381)	(381)	1 031	570	588
Vote 4 - Community & Social Services		81	-	-	-	-	-	-	-	81	70	81
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		450	-	-	-	-	-	(420)	(420)	30	1 547	1 235
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Electricity		-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Housing		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Planning & Development		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - Health		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		2 435	-	-	-	-	-	(688)	(688)	1 747	2 257	1 977
Total Capital Expenditure - Vote		18 218	-	-	-	-	-	(1 438)	(1 438)	16 780	22 072	28 462

Summary

Council, Management and all employees need to assist in improving the cash flow of Tsantsabane Municipality. All the resources available should be used to implement capital projects that can generate sustainable revenue. The cash flow of the Municipality should be a priority.

Council and employee's need to implement cost containment measures and adhere to them.

All bulk services are fully utilized. New bulk services are needed. A proper plan of action should be drawn up on how the Municipality with its stakeholders is going to provide bulk services in the Municipality.

The infrastructure of the municipality is very old and should be replaced. Proper planning is required for the replacement of the old infrastructure. Nothing can be done if the Municipality is not in a financial position to generate enough cash for projects. Currently, the Municipality will not be able to settle the outstanding creditor accounts.

Section 18 – Municipal Manager’s quality certification

I, GH Mathobela, Municipal Manager of Tsantsabane 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 the Act, and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Municipal Manager
Tsantsabane Municipality (NC 085)

Date