

REPORT OF THE DEPARTMENT OF THE CHIEF FINANCIAL OFFICER, (MS.
M.N. LION)

PURPOSE OF THE REPORT

The purpose of this report is to inform Council of the 2014/2015 budgeted versus the actual figures and to obtain Council's approval to revise the approved 2014/2015 Annual Budget through an Adjustment Budget.

BACKGROUND

Section 23 of the Budget Regulations published on 17 April 2009 in terms of Section 28 of the Municipal Finance Management Act, 2003 determines that an Adjustment Budget may be tabled in the Municipal Council at any time after the mid-year budget and performance assessment has been tabled in council, but not later than 28 February of the current year. It also determines that only one adjustment budget may be tabled in the Municipal Council during a financial year except when additional revenue is allocated to a municipality by National or Provincial Government.

The Municipal Finance Management Act determines that the accounting officer of the Municipality must by 25 January assess the performance of the Municipality during the first half of the financial year and make recommendations as to whether any adjustment budget is necessary. If an adjustment budget is required it must be supported by revised projections of revenue and or expenditure to the extent that this may be necessary.

The Mayor has also established a Budget Steering Committee to provide technical assistance to her. The Steering Committee consists of the following persons:

- a) The Councillor responsible for financial matters
- b) The Mayor
- c) The Speaker
- d) The Chief Whip
- e) The Acting Municipal Manager
- f) The Chief Financial Officer
- g) All the Directors

- h) The Manager responsible for budgeting
- i) The Manager responsible for Planning
- j) Any Technical Experts on Infrastructure

This Committee has met a number of times to ensure a well balanced and credible Adjustment Budget.

Mopani District Municipality

Apart from the legislative requirements Council is also informed that:

- Mopani District Municipality did not approve the 2014/2015 budget as drafted and approved by Council.

With regard to the 2014/2015 Water and Sewer Budget approved by Council and submitted to Mopani District Municipality for approval and submission to National Treasury for consideration, Council is informed that Mopani district Municipality did not approve the budget. The changes approved by Mopani does not represent a true reflection of realistic revenue as required by National Treasury, nor does it provides sufficient budget provision to accommodate the salaries of officials in the water and sewer divisions. Mopani district Municipality will have to be informed to effect changes to their Water and Sewer Budgets and submit to their Council with the 2014/2015 Adjustment Budget.

GTEDA

With regard to the establishment of our Municipal Entity, GTEDA, Council is informed that the Municipal Budget Circular 74 for the 2014/2015 MTREF determines that, to ensure consistency of reporting across Municipalities and individual Municipalities with Entities, the Municipality with Entities must produce:

- A Consolidated Annual Budget, Adjustment Budget and monthly financial statements for the parent Municipality and all its Municipal Entities.

LEGAL REQUIREMENTS

Chapter 4 Section 28 of the Local Government Municipal Finance Management Act. No. 56 of 2003 determines the following with regard to the Municipal Adjustment Budget.

"28. Municipal Adjustment Budgets

- 1) *A Municipality may revise an approved annual budget through an adjustment budget.*
- 2) *An adjustment budget:-*
 - (a) *must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*
 - (b) *may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;*
 - (c) *may, within a prescribed framework, authorize unforeseeable and unavoidable expenditure recommended by the mayor of the municipality.*
 - (d) *May authorize the utilization of projected savings in one vote towards spending under another vote;*
 - (e) *May authorize the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;*
 - (f) *May correct any errors in the annual budget; and*
 - (g) *May provide for any other expenditure within a prescribed framework.*
- 3) *An adjustment budget must be in a prescribed form.*
- 4) *Only the Mayor may table an adjustment budget in a municipal council, but an adjustment budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timings or frequency.*
- 5) *When an adjustment budget is tabled, it must be accompanied by:-*
 - (a) *an explanation how the adjustment budget affects the annual budget;*
 - (b) *a motivation of any material changes to the annual budget;*
 - (c) *an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and*
 - (d) *Any other supporting documentation that may be prescribed.*
- 6) *Municipal tax and tariffs may not be increased during a financial year except when required in terms of financial recovery plan.*

7) *Section 22(b), 23(3) and 24(3) apply in respect of an adjustment budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustment budget.*

29. *Unforeseen and unavoidable expenditure*

- 1) *The Mayor of the municipality may in emergency or other exceptional circumstances authorize unforeseeable and unavoidable expenditure for which no provision was made in an approved budget,*
- 2) *Any such expenditure:*
 - (a) *Must be in accordance with any framework that may be prescribed;*
 - (b) *May not exceed a prescribed percentage of approved annual budget;*
 - (c) *Must be reported by the mayor to the municipal council at its next meeting; and*
 - (d) *Must be appropriated in an adjustment budget.*
- 3) *If such adjustment budget is not passed within 60 days after the expenditure was incurred, the expenditure is unauthorized and section 32 applies."*

Chapter 5 Section 71 of the Municipal Budget and Reporting Regulations published in terms of Section 168 of the Municipal Finance Management Act, 2003 determines the following:

Authorization of unforeseen and unavoidable expenditure

71. (1) *The Mayor of a Municipality may authorize expenditure in terms of Section 29 of the Act only if:-*
- (a) *The expenditure could not have been foreseen at the time the annual budget of the municipality was passed; and*
 - (b) *The delay that will be caused pending approval of an adjustments budget by the municipal council in terms of Section 28(2)(c) of the Act to authorize the expenditure may:-*
 - (i) *Result in significant financial loss for the municipality;*
 - (ii) *Cause a disruption or suspension, or a serious threat to the continuation, of a basic municipal service;*
 - (iii) *Lead to loss of life or serious injury or significant damage to property; or*

(iv) Obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

(2) The Mayor of a municipality may not authorize expenditure in terms of section 29 of the Act if the expenditure:-

(a) Was considered by the Council, but not approved in the annual budget or an adjustments budget;

(b) Is required for:-

I Price increases of goods or services during the financial year;

II New municipal services or functions during the financial year;

III The extension of existing municipal services or functions during the financial year;"

EXECUTIVE SUMMARY

The Adjustment Budget process is governed by the Municipal Finance Management Act 56 of 2003 and the objectives are:

- To manage any adjustment to the approved operational and capital budgets in such a manner that it will enhance the quality of life of the citizens.
- To ensure that all adjustments to the approved budget are done in accordance with legislation.
- To manage the financial affairs of the Municipality in such a manner that sufficient cash resources are available to finance the adjustments to the approved budget of the Municipality.

The fact that payment rates in some of the areas in our Municipality are as low as 39% is witness that the economic downturn is still visible in the financial market. The high inflation rate and the negative effect that job losses and unemployment have on our consumers contribute to the poor payment rates.

Seeing that only one adjustment budget per year is allowed forces municipalities to plan ahead and to make sure that the spending patterns are kept below the actual money received. Legislation determines that if there is a material under collection of revenue during the current financial year the revenue and expenditure estimates must be adjusted downwards. If there are additional revenues to those budgeted for it can only be used to revise or accelerate spending programmes already budgeted for.

The budgeted and actual figures of the 2014/2015 financial year are discussed below to ensure that Greater Tzaneen Municipality complies with all legislative requirements.

APPROVED OPERATIONAL BUDGET (2014/2015)

BUDGETED INCOME (2014/2015)

Description	Amount
Tzaneen Budget	R926 587 221
MDM Water Budget	R 54 191 805
MDM Sewer Budget	R 8 455 874
MDM Environmental Health Budget	R 25 000
Prov. Community Health Budget	<u>R 0</u>
Total Budget	<u>R989 259 900</u>

The 2014/2015 expenditure budget which has been approved by Council can be summarized as follows: (This budget includes the capital budget from Grants and Own sources)

BUDGETED EXPENDITURE (2014/2015)

Description	Amount
Operational Budget Tzaneen	R837 061 343
Operational Budget Water MDM	R 48 220 360
Operational Budget Sewer MDM	R 9 052 632
Operational Budget Environmental Health	R 7 254 246
Operational Budget Community Health	R 223 760
Capital Budget: Grants & Own Sources	R170 903 970
Appropriations	<u>(R 83 456 411)</u>
Total Budget	<u>R989 259 900</u>

CASH FLOW PROJECTIONS (2014/2015)

ANTICIPATED ACTUAL INCOME (2014/2015)

Description	Budget 2014/2015	Actual July to December 2014	Anticipated Actual Income 12 Months
Rates	R 77 000 000	R 45 811 713	R 91 623 426
Penalties & collec. charges	R 4 500 000	R 2 830 998	R 5 661 996
Service Charges	R458 857 743	R237 792 188	R 458 857 743
Rent of facilities and equip.	R 759 100	R 587 221	R 1 174 442
Interest External Investm.	R 2 001 000	R 713 643	R 1 427 286
Interest Outstanding Debt	R 17 800 000	R 9 614 269	R 19 228 538
Fines	R 3 210 136	R 2 067 764	R 4 135 528
Licenses & Permits	R 497 138	R 374 659	R 749 318
Income Agency Services	R 42 992 708	R 22 446 269	R 42 992 708
Operating Grants & Subs.	R388 776 579	R240 313 367	R 388 776 579
Other Revenue	R 6 030 496	R 2 807 599	R 5 615 198
Gain On Disp. PPE	R 2 300 000	R 1 750	R 1 750
Income Foregone	<u>(R 15 465 000)</u>	<u>(R 9 882 895)</u>	<u>(R 19 765 790)</u>
Income	<u>R989 259 900</u>	<u>R555 478 545</u>	<u>R1 000 478 722</u>

The anticipated actual income for the 2014/2015 financial year amounts to R1 Billion which is in line with the budgeted amount.

The opinion is held that, with special attention to budget management and continued credit control more than the total budget amount can be recovered.

ANTICIPATED ACTUAL EXPENDITURE (2014/2015)

The anticipated actual expenditure can be summarized as follows:

2014/2015 EXPENDITURE ITEMS	2014/2015 BUDGET	ACTUAL JULY 2014 DECEMBER 2014	ANTICIPATED ACTUAL EXPENDITURE 12 MONTHS
Salaries	222 378 636	108 371 636	216 743 272
Social Contributions	51 655 052	20 490 184	40 980 368
Employee Cost Capitalized	-7 969 778	0	-7 969 778
Employee Cost Opex	-124 335 712	- 7 369 701	-124 335 712
Remuneration Councillors	20 672 678	9 634 967	20 672 678
Bad Debts	24 123 459	12 061 730	24 123 459
Collection Cost	200 000	201 442	402 000
Inventory Loss	0	0	0
Depreciation	120 057 710	60 028 855	120 057 710
Repairs & Maintenance	165 499 212	22 565 377	169 246 174
Interest Ext. Borrowing	10 747 625	5 565 682	10 747 625
Bulk Purchases	271 495 952	130 197 879	282 395 758
Contracted Serv.	42 335 532	24 920 266	49 840 532
Grants & Sub	10 620 000	12 410 539	20 000 000
Grant & Sub Unconditional	6 908 499	1 112 413	2 000 000
General Expenditures	87 423 478	48 152 862	96 305 724
TOTAL	901 812 343	448 544 127	921 209 810

The anticipated actual expenditure amounts to R921 million which is R19 million more than budgeted for, this anticipated over expenditure can be attributed to the anticipated over expenditure on the following items:

- Repairs and Maintenance
- Bulk purchases
- Contract Services
- General Expenses, due to the high spending on legal fees

If these items are not managed, it will definitely result in an overspending on the budget

A SUMMARY OF THE ANTICIPATED INCOME AND EXPENDITURE FOR THE 2014/2015 FINANCIAL YEAR

Anticipated Income 30/06/2015	R1 000 478 722
Anticipated Expenditure 30/06/2015	<u>R 921 209 810</u>
Anticipated Surplus	<u>R 79 268 912</u>
Capital Expenditure	R 165 903 970
Appropriations	<u>(R 83 456 411)</u>
Anticipated shortfall	<u>R 3 178 647</u>

The revenue and expenditure as approved on the 2014/2015 budget will have to be managed to ensure that no overspending occurs.

DELIBERATIONS

It is required from Municipalities to table a balanced budget, based on realistic anticipated estimates of revenue and expenditure that are consistent with their budgetary resources and experiences. The needs of the communities and residents have to be met as far as possible and it should be achieved within the financial capacity and resource constraints of the Municipality. Many hours are spent to prepare and approve a budget which is fair and well balanced and normally has the support of all stakeholders. Unfortunately there are always elements, which cannot be predicted. These elements may result in the overspending of the approved budget.

The 2014/2015 financial year is no exception and the infrastructure of Greater Tzaneen Municipality has been seriously affected due to the age of the electricity lines of which some are between 30 years and 50 years old. Roads in all towns are in a terrible state and need to be repaired to ensure a safe travel environment for all our residents.

Legal Costs

Other high additional requests received from departments includes R10 million requested for Legal fees. This issue has become a bone of contention over the past few years, as an amount of only R16 675 698 has been requested to maintain all Councils tarred roads whilst an amount of R16 290 678 has been requested for legal fees. The Electricity Director requested R4 979 358 to maintain the Rural electricity network. During the approval of the 2013/2014 Adjustment budget the following was resolved:

"I) That the additional legal fees be investigated by MPAC and a report be tabled to Council."

If the report contains cost savings measures on legal fees it needs to be implemented.

MOPANI DISTRICT MUNICIPALITY

Council is also informed that although the water and sewer Budget is drafted by Greater Tzaneen Municipality it is approved by the Water and Sewer Authority, Mopani District Municipality. These budgets were approved by Council during March 2014 and submitted to Mopani District Municipality for consideration and submission to Provincial Treasury. On receipt of these Budgets from Mopani District Municipality it was found that the Budgets were changed without discussing it with Greater Tzaneen Municipality. The revenue items have been increased and the expenditure items have been decreased. It is assumed that the changes have been effected to reduce the Free Basic Service allocation of Greater Tzaneen Municipality with R22 million, from R28,2 million to R6,2 million.

The amendments by Mopani cannot be accepted seeing that it will result in our Officials not been paid due to insufficient provision on the salary budget as well as insufficient provision on bulk purchases and interest on external borrowing. The fact that all the revenue items have been increased will result in a shortfall in income.

Due to the fact that the budget as changed by Mopani does not represent a true reflection of realistic anticipated revenue as required by National Treasury, nor does it provide sufficient budget provision to accommodate the salaries of Officials and other expenses. It is recommended that Mopani be informed to adjust the 2014/2015 Budget as approved by the Council of Greater Tzaneen Municipality.

With regard to our newly established Municipal Entity, GTEDA Council is informed that no adjustment has been requested from the Entity. To comply with legislative requirements the revised 2014/2015 budget of GTEDA which is attached hereto as Annexure "A" has been consolidated with Councils budget and will be submitted to Provincial Treasury as required.

BUDGET VERSUS ACTUAL EXPENDITURE

Before the requests are summarized Council needs to be informed of the budgeted versus the actual expenditure for the six months of the different votes / departments. The budget is approved on this level and must be managed on this level.

ACTUAL VOTE/DEPARTMENT	2014/2015 BUDGET	ACTUAL FOR 6 MONTH
Municipal Manager	R 12 531 775	R 5 569 908
PED	R 20 648 550	R 13 781 029
Financial Services	R 71 209 451	R 34 583 329
Corporate Services	R 81 899 663	R 40 473 167
Engineering Services	R183 062 249	R 89 675 302
Community Services	R157 866 995	R 83 710 940
Electrical Services	<u>R374 593 660</u>	<u>R180 550 451</u>
	<u>R901 812 343</u>	<u>R448 344 127</u>

The above mentioned figures indicate that the Directors are managing their budgets well and that, with the exception of the PED and Community Services, no department may overspend its budget. It must however be mentioned that the Capital Budget of which only 31% or R53 million of the R170 million has been spent during the first six months is not included in these figures and will have a negative effect thereon. The anticipated over expenditure on the Legal fees may result in Corporate Services overspending its budget. Although Directors managed their budgets well, special attention will have to be given to the Management of overtime, contracted services and legal fees seeing that Council is heading for an over expenditure on their 2014/2015 cash resources.

The following requests for adjustments on the 2014/2015 approved budget have been received from Directors.

OPERATIONAL EXPENDITURE REQUESTS

OPERATIONAL EXPENDITURE REQUESTS FOR ADJUSTMENTS ON THE 2014/2015 APPROVED BUDGET

CORPORATE SERVICES

DEPARTMENT /DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
Corp - HR	053 078 1302	Advertising - Recruitment	R 165 760	R 200 000	R 365 760
Corp - HR	053 078 1364	Subsistance & Travel	R 110 000	R 50 000	R 160 000
Corp - HR	053 078 1368	Training Cost	R 1 239 225	R 500 000	R 1 739 225
Council Exp	057 078 1364	Subsistance & Travel	R 500 000	R 200 000	R 700 000
Legal Services	058 078 1333	Legal Fees	R 6 290 678	R 10 000 000	R 16 290 678
			<u>R 8 305 663</u>	<u>R 10 950 000</u>	<u>R 19 255 663</u>

ELECTRICAL ENGINEERING SERVICES

DEPARTMENT/ DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
Admin Electr. Operation & Maint	162 078 1310	Consultants & Professional fees	R 800 000	R 200 000	R 1 000 000
Operation & Maint	173 066 1130	Distribution Network	R 1 979 358	R 1 500 000	R 3 479 358
Operation & Maint	173 066 1133	Distribution Network Contractors	R 879 000	R 200 000	R 1 079 000
Operation & Maint	173 078 1323	Electricity - Eskom	R 69 154	R 60 000	R 129 154
Operation & Maint	173 077 1299	Grants Other	R 2 221 812	R 2 000 000	R 4 221 812
			R 5 949 324	R 3 960 000	R 9 909 324

COMMUNITY SERVICES

DEPARTMENT/ DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
Solid Waste	133 074 1264	Contracted Serv. Refuse Removal	R 7 250 000	R 4 000 000	R 11 250 000
Street cleansing	134 074 1265	Contracted Serv. Cleaning Serv.	R 8 200 000	R 4 800 000	R 13 000 000
Traffic	144 066 1154	Traffic & Road Signs	R 20 000	R 200 000	R 220 000
Traffic	144 078 1354	Public Education & Training	R 3 000	R 150 000	R 153 000
			R 15 473 000	R 9 150 000	R 24 623 000

MUNICIPAL MANAGER

DEPARTMENT/ DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
Internal Audit	004 078 1308	Conference & Convention	R 41 000	R 20 000	R 61 000
Internal Audit Disaster Management Administration MM	004 078 1364	Subsistance & Travel	R 44 665	R 30 000	R 74 665
	153 078 1316	Disaster relief	R 400 000	R 200 000	R 600 000
	002 078 1364	Subsistance & Travel	R 123 005	R 50 000	R 173 005
			R 608 670	R 300 000	R 908 670

BUDGET AND TREASURY OFFICE

DEPARTMENT/ DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
Expenditure					
Finance	032 078 1303	Auditors Fees	R 2 405 304	R 1 000 000	R 3 405 304
Administration		Consultants & Prof.			
Finance	032 078 1310	Fees	R 3 797 000	R 6 500 000	R 10 297 000
Supply Chain Managem.	039 078 3101	Advertising - General	R 320 350	R 200 000	R 520 350
			R 6 522 654	R 7 700 000	R 14 222 654

PLANNING AND ECONOMIC DEVELOPMENT SERVICES

DEPARTMENT/ DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
			0	0	0

ENGINEERING SERVICES

DEPARTMENT/ DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
Roads & Stormwater	063 066 1134	Stormwater Drainage	R 2 530 432	R 2 000 000	R 4 530 432
Roads & Stormwater	063 066 1138	Tarred Roads	R 6 675 697	R 4 000 000	R 10 675 697
Roads & Stormwater	063 066 1142	Gravel Roads	R 6 270 313	R 4 000 000	R 10 270 313
			R 15 476 442	R 10 000 000	R 25 476 442

CAPITAL

DEPARTMENT/ DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
Buildings & Housing		Lift for disabled	R 0	R 300 000	R 300 000
Fleet Management		Vehicle fleet tools	R 0	R 110 000	R 110 000
			R 0	R 410 000	R 410 000

BUDGET AND TREASURY OFFICE (Revenue)

DEPARTMENT/ DIVISION	LINE ITEM	DESCRIPTION	2014/2015 BUDGET	ADDITIONAL REQUESTS	REVISED BUDGET
FINANCE					
Administration Finance	032 024 0256	Sundry Income (VAT)	R 2 400 000	R 31 000 000	R 33 400 000
			R 2 400 000	R 31 000 000	R 33 400 000

SUMMARY

REVENUE

Expenditure requests	R 52 335 753	R 42 470 000	R 94 805 753
Revenue available	R 2 400 000	R 31 000 000	R 33 400 000
	R 49 935 753	R 11 470 000	R 61 405 753

Section 28 of the MFMA provides that a Municipality may revise its approved budget through an adjustment budget. It must however adjust the revenue and expenditure downwards if there is a material under-collection of revenue and if additional revenue is appropriated to the Municipality it can only be used to revise or accelerate spending programmes budgeted for and not to increase the approved expenditure budget.

Savings votes for all these requests could not be identified and have not been accommodated in the Adjustment Budget.

Section 29 of the MFMA provides that the Mayor of a Municipality may in emergency or other exceptional circumstances authorize unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.

Such Approval:

- May not exceed a prescribed percentage of the approved annual budget.
- Must be reported by the Mayor to the Municipal Council at its next meeting, and
- Must be appropriated in an adjustment budget within 60 days or it will be regarded as unauthorized and Section 32 applies.

Based on the above mentioned the approval of additional legal fees on the adjustment budget has been considered and the Mayor was referred to Section 71 of the Budget and Reporting Regulations which determines the following:

Section 71(i) of the Municipal Budget and Reporting Regulations determines that the Mayor of a Municipality may authorize expenditure that could not have been foreseen at the time the annual budget of the Municipality was approved, if the delay in approval will:

- Result in significant financial loss for the Municipality.
- Cause a disruption or suspension, or a serious threat to the continuation of a basic municipal service.
- Lead to loss of life or serious injury or significant damage to property.
- Obstruct the Municipality from instituting or defending legal proceedings on an urgent basis.

The Mayor authorize over expenditure to the amount of R2 369 103,63 relating to Legal fees during the first half of the 2014/2015 financial year.

The Act also states that the Mayor may not authorize the expenditure if the expenditure:

- was considered by Council but not approved.
- if there were price increases of goods and services during the financial year.
- for new municipal services or functions.
- for the extension of existing municipal services or functions.

The Mayor did not authorize any over expenditure relating to the above mentioned.

The overspending of line items which may result in the overspending of any vote/department will have to be managed to prevent overspending of votes.

The Municipal Finance Management Act determines that Directors are responsible for managing their respective votes/department and that powers and duties for this purpose have been delegated in terms of Section 79.



Each Director must exercise financial management and take all reasonable steps within their respective departments to ensure that any unauthorized, irregular or fruitless and wasteful expenditure and any other losses are prevented.

ADJUSTMENTS

The adjustments which are tabled to Council for consideration and approval can be divided into four categories:

- Roll over projects from the 2013/2014 financial year financed through own funds.
- Roll over Capital projects from the 2013/2014 financial year financed through Government Grants (Conditional Grants)
- Outstanding invoices not budgeted for but the service has been rendered.
- Adjustments to accommodate operational requests.

ROLL OVER PROJECTS FROM 2013/2014 FINANCIAL YEAR FINANCED THROUGH OWN FUNDS

OVERSPENDING - OWN BUDGET	INNIAL BUDGET	TO BE INCLUDED BUDGET ADJUSTMENT 2014/15	VOTE NUMBER	TO IMPLEMENTED - 2015/16
Split meters	4 500 000.00	4 098 006.00	183 608 5010	406 400.00
Rebuilding of KV Lines at Grys Apple	2 160 000.00			2 160 000.00
Apollo Lights	1 000 000.00			1 000 000.00
Renewal of air conditioner		100 000.00	183 608 5029	
New Double garage to house protection equipment trallier	150 000.00			150 000.00
Electricity capacity building - cable network renewal	2 000 000.00			2 000 000.00
Engineering				
Sasekane to Nkowankowa	11 896 368.00			-
Senakwe to Morapalala	11 485 000.00	6 379 635.64	195 600 5002	
Mafafane to Sedan	8 628 000.00	6 154 051.00	195 600 5002	

Road and Stormwater				
Mopye low level Bridge	1 380 000.00	461 017.36	063 600 5002	
Politsi Road	2 200 000.00			
Lenyenye cementry	2 000 000.00	412 290.00	063 600 5002	2 000 000.00
Claude Wheatley	1 900 000.00	1 900 000.00	063 600 5002	
Rikhotso, mokonyane, khwekhwe & Mawa Low Level Bridge	2 000 000.00			
Council				
Speakers vehicle	480 000.00	480 000.00	057 608 5021	
Establishment of Lenyenye Cementry	1 250 000.00			1 170 648.85
	53 029 368.00	19 985 000.00		
SAVING – OWN BUDGET				
Saving from EED94/ETE00183/399/0030		4 000 000.00	183 600 5005	5000000
Saving from EED96/ETE00183/395/0030		650 000.00	183 608 5025	650000
traffic lights		500 000.00	183 600 5005	50000
Khubu-Lwandlamuni Low Level Bridge		400 000.00	063 600 5002	400000
Low Level Bridge-Agatha Road		400 000.00	063 600 5002	400000
Computer Rental				
Saving PED		350 000.00	016 602 5010	1150000
Saving PED		800 000.00	016 602 5018	
Furniture - Directors budget		1 000 000.00	032 608 5023	
Apollo		2 080 000.00	183 600 5008	2080000
Service contribution		800 000.00	183 600 5005	
Saving during 2014		9 005 000.00	See summary below	
		19 985 000.00		18 617 048.85
Amount to be budgeted				

With regard to the table it is confirmed that the top part represent the roll-over projects and the bottom part represent the saving identified.

The detail of the last saving on the table above which amounts to R9 005 000.00 is listed below:

IDENTIFIED CAPITAL SAVINGS 14/15

Proj No	Name	Budget Amount	Savings	Vote Number
PED 3	Land Acq Nkowa Cemetry	800 000	400 000	016 602 5018
PED 4	Transfer state land GTM regional cemetry	350 000	100 000	016 602 5018
PED 5	Talana Hostel Prog	350 000	100 000	016 602 5010
ESD 6	Thapane Moruji tar	(20 166 029) 16 385 000	2 500 000	195 600 5002
ESD 11	Ped Bridge Marumofase	6 120 155	1 000 000	063 600 5002
ESD 13	Rhikotso low level bridge	1 000 000	400 000	063 600 5002
ESD 14	Mokonyane low level bridge	500 000	100 000	063 600 5002
ESD 17	Khubu Lwandamui bridge	500 000	100 000	063 600 5002
ESD 27	H/burg DoC entrance rd	500 000	100 000	133 602 5029
ESD 28	Nkowankowa Doc entrance rd	500 000	100 000	133 602 5029
ESD 35	Survey Equip	150 000	150 000	063 608 5025
EED 43	Apollo lights Burgersdorp	520 000	50 000	183 600 5008
EED 44	Apollo lights Khopo	520 000	50 000	183 600 5008
EED 45	Apollo lights Moloko Pelana	520 000	50 000	183 600 5008
EED 46	Apollo lights Mawa 8 & 9	520 000	50 000	183 600 5008
EED 56	Traffic Lights	300 000	50 000	183 600 5005
EED 57	Traffic Lights	300 000	50 000	183 600 5005
ESD 72	Public Toilets Sanlam Tzaneen	150 000	20 000	135 602 5001
ESD 73	Public Toilets Sanlam Letsitele	150 000	20 000	135 602 5001
ESD 74	Public Toilets Jhb Tzaneen	150 000	20 000	135 602 5001
EED 87	Services Contribution	15 000 000	1 000 000	183 600 5005
EED 90	Rebuilding lines Eureka De Neck	700 000	70 000	183 600 5005
EED 91	Rebuilding lines Mapietskop Metzelaar	700 000	70 000	183 600 5005
EED 92	Rebuilding lines Politsi Valley Dap Naude	1 000 000	100 000	183 600 5005
EED 93	Telephone Network Tzaneen Control Room	300 000	300 000	183 608 5025
EED 94	11kv Network Church to Power station	8 000 000	1 000 000	183 600 5005
EED 96	Protection Relays	650 000	65 000	183 608 5025
EED 97	Mini Subs	1 000 000	100 000	183 600 5005
EED 98	Tripping Batteries	200 000	20 000	183 600 5005
EED 99	Provision Capital Tools (Urban)	150 000	100 000	183 608 5022

SCD 140	Log Splitter	200 000	50 000	133 608 5022
SCD 141	Bulk Recycle bins	180 000	20 000	133 608 5025
MM 148	Office Furn and Equip	300 000	100 000	002 608 5023
CFO 149	Office Furn and Equip	300 000	100 000	032 608 5023
PED 150	Office Furn and Equip	300 000	100 000	012 608 5023
CORP 151	Office Furn and Equip	300 000	100 000	052 608 5023
CSD 152	Office Furn and Equip	300 000	100 000	112 608 5023
ESD 153	Office Furn and Equip	300 000	100 000	062 608 5023
EED 154	Office Furn and Equip	300 000	100 000	162 608 5023
	TOTAL SAVING		9 005 000	

The roll over projects from the 2013/2014 financial from Grants as approved by National Treasury are listed below:

ROLLOVER APPLICATION THROUG NATIONAL TREASURY

PED	NDPG Projects	R16 450 694.00	NDPG
ENGINEERING	Sasekani to Nkowankowa	R 1 964 036.00	MIG
	Thapane to Moruji	R 6 941 096.00	MIG
	Refurbishment of Tzaneen Swimming Pool	R 5 944 425.00	MIG
	Refurbishing & upgrading of Lenyenyne stadium	R 4 369 061.00	MIG
ELECTRICAL	Energy Efficiency Demand	<u>R6 164 740.00</u>	DOE
TOTAL		<u>R41 834 052.00</u>	

It must be mentioned that sufficient funds are available to accommodate these expenses.

OUTSTANDING INVOICES NOT BUDGETED FOR BUT THE SERVICE HAS BEEN RENDERED

An addition amount of R10 000 000 has been requested for Legal fees, sufficient savings could however not be identified to accommodate this request and an amount of R8 540 974,72 has been provided on the adjustment budget, which include outstanding invoices from the Engineering department for which the services have already been rendered as well as outstanding legal fee invoices. This overspending is also included in the next calculation.

ADJUSTMENTS TO ACCOMMODATE OPERATIONAL REQUESTS

The operational adjustment requests can be summarized as follows:

Savings

	Opening Balance	(R20 000 000)	Cash shortfall
PLUS:	VAT Recovery		
	Less collection fees	R31 909 095.52	032 024 0256
	Savings Identified on computer rental	R 700 000.00	083 078 1360
	Savings as per list	<u>R 1 500 000.00</u>	See list 1 below
		<u>R14 109 095.52</u>	

Adjustment requests

LESS:	Legal fees and invoices	R 8 540 976.72	See list 2 below
	Gravel road	R 2 000 000.00	063 066 1142
	Tarred road	R 2 000 000.00	063 066 1138
	Audit fees	R 1 000 000.00	032 078 1303
	Electrical Repair & Maint.	<u>R 568 118.80</u>	172 066 1130
		<u>R14 109 095.52</u>	

ADDITIONAL SAVINGS (LIST ONE)

014 078 1310	R 23 432.00	Consultants & Professional fees
014 078 1353	R 66 939.00	Public Relations, Tourism & Marketing
015 074 1267	R 289 150.00	Contract Services – Town planning
016 066 1211	R 80 000.00	R & M councils own land
003 078 1322	R 30 000.00	Entertainment Public
003 078 1345	R 40 000.00	News Letter
037 066 1117	R 100 000.00	R & M Lawnmowers
103 066 1211	R 20 000.00	R & M Councils own land
105 074 1276	R 600 479.00	Contracted Services Councils own land
105 078 1310	R 100 000.00	Consultants & Professional fees
105 078 1377	R 100 000.00	Cultural Day
123 078 1343	<u>R 50 000.00</u>	New and lost books
TOTAL	<u>R1 500 000.00</u>	

LEGAL AND INVOICES (LIST TWO)

063 066 1138	R3 551 853.77	Tarred roads
058 078 1333	<u>R4 989 122.95</u>	Legal Fees
TOTAL	<u>R8 540 976.72</u>	

The over expenditure on Legal fees, Gravel roads, Tarred roads, Audit fees and Repair and Maintenance on the Electricity Distribution network will be accommodated by savings identified on Computer rental, a number of smaller

savings and an amount of R31 000 000 received back from SARS after an audit was conducted.

Apart from the adjustments mentioned above Council must also take note that there are a number of cases pending in High Court of which Council is not sure what the outcome may be.

It must also mentioned that a letter of demand have been received from Hlimbyi and Makgetsi in which they sue the Municipality for R27 307 440,00 and R15 776 458,97 respectively.

The cases against Council can be summarized as follows:

NEW CASES AND PREVIOUS PENDING CASES

Name of Case	Type of legal case	Comments
Bravospan // GTM	Civil	The case is pending in the High Court, Council is not sure about the expenses and cannot project as we do not have the invoices and costs.
Hlimbyi // GTM	Civil	The case is pending in the High Court, Council is not sure about the expenses and cannot project as we do not have the invoices and costs.
Kgosi Monene General Services // GTM	Civil	The case is pending in the High Court, Council is not sure about the expenses and cannot project as we do not have the invoices and costs.
Thabo Molepo //GTM	Civil	The case is pending in the High Court, Council is not sure about the expenses and cannot project as we do not have the invoices and costs
AJ Le Grange // GTM	Civil	The case is pending in the High Court, Council is not sure about the expenses and cannot project as we do not have the invoices and costs. The appeal expenses are very expensive and adequate funding will be needed for this case.
Illegal Occupants // GTM	Civil	The High Court granted an order to evict illegal occupants in favour of the Municipality and the legal fees in this case are still outstanding to the value of R376 996.39
Letter of demand by Hlimbyi	Civil	The council has received a letter of demand by Hlimbyi in which they sue the council an amount of 27 307 440.00. for breach of contract for security services project.
Letter of demand by Makgetsi Construction	Civil	The council has received the letter of demand by Makgetsi Construction in which they sue the council for 15 776 458.97 for breach of contract of a road construction project.

INCOME (DORA GRANTS)

Adjustments that have been allocated to Greater Tzaneen Municipality in terms of Government Gazette No. 38375 of 31 December 2014 can be summarized as follows:

NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GRANT

2014/2015 Allocation (Gazette no. 37337)	R21 951 000
Revised allocation	R 0
Adjustment: Additional Allocation	<u>R 0</u>
	<u>R21 951 000</u>

No Adjustment has been promulgated in the Government Gazette.

ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT

2014/2015 Allocation (Gazette no. 37337)	R4 000 000
Adjustment: Reduction in allocation	<u>R4 000 000</u>
Adjusted Allocation	<u>R 0</u>

An adjustment of R4 000 000 has been promulgated in Government Gazette 37203.

The Grant allocation in the 2014/2015 Budget must be reduced with R4 million which implies that the expenditure allocation with regard to these Grants must also be adjusted by R4 million.

The following four Grants have not been adjusted.

- Infrastructure Skills Development Grant
- Municipal Disaster Grant
- Municipal Disaster Recovery Grant
- INEP

INDIRECT GRANTS: ALLOCATIONS-IN-KIND

DORA also promulgates allocations-in-kind or incentives to Municipalities to meet there targets with regard to priority government programmes.

These Grants are managed by Province and must not be included in the Municipalities budget. The following three Indirect Grants have been adjusted in Government gazette 38375 of 31 December 2014.

National Development Partnership Grant

2014/2015 Allocation	R 893 000
Adjustment: Additional allocation	<u>R 107 000</u>
Adjusted allocation	<u>R1 000 000</u>

The following two Grants have not been asjusted:

- Municipal Water Infrastructure Grant
- Regional Bulk Infrastructure Grant

WATER

Mopani District Municipality is the water and sewer services authority whilst Greater Tzaneen Municipality is the water and sewer service provider. The day to day activities of these services are performed by Greater Tzaneen Municipality and Greater Tzaneen Municipality must therefore manage the budget of these services to ensure that no overspending takes place.

During the first six months of this financial year none of the R29.4 million Budgeted Free Basic allocations has been received from Mopani District Municipality. Greater Tzaneen Municipality also incurred expenditure on boreholes and water tankers which are the responsibility of Mopani District Municipality and have not been budgeted for by Council. If this practice continues it will have a negative effect on Councils cash flow position and may limit the expenditure on the repairs and maintenance of Councils own assets.

This matter must be taken up with Mopani District Municipality to ensure that Council does not incurred expenditure on the water and sewer services which are executed in Mopani District Municipality area of jurisdiction. If Mopani consent to

this matter Council will have to be remunerated in cash to ensure that Council's cash position is not affected negatively.

RECOMMENDATIONS

- a) That the following adjustment with regard to Operational Expenditure be approved:

Savings

	Opening Balance	(R20 000 000)	Cash shortfall
PLUS:	VAT Recovery		
	Less collection fees	R31 909 095.52	032 024 0256
	Savings Identified on computer rental	R 700 000.00	083 078 1360
	Savings as per list	<u>R 1 500 000.00</u>	See list 1 below
		<u>R14 109 095.52</u>	

Adjustment requests

LESS:	Legal fees and invoices	R 8 540 976.72	See list 2 below
	Gravel road	R 2 000 000.00	063 066 1142
	Tarred road	R 2 000 000.00	063 066 1138
	Audit fees	R 1 000 000.00	032 078 1303
	Electrical Repair & Maint.	<u>R 568 118.80</u>	172 066 1130
		<u>R14 109 095.52</u>	

ADDITIONAL SAVINGS (LIST ONE)

014 078 1310	R 23 432.00	Consultants & Professional fees
015 078 1353	R 66 939.00	Public Relations, Tourism & Marketing
015 074 1267	R 289 150.00	Contract Services – Town planning
016 066 1211	R 80 000.00	R & M councils own land
003 078 1322	R 30 000.00	Entertainment Public
003 078 1345	R 40 000.00	News Letter
037 066 1117	R 100 000.00	R & M Lawnmowers
103 066 1211	R 20 000.00	R & M Councils own land
105 074 1276	R 600 479.00	Contracted Services Councils own land
105 078 1310	R 100 000.00	Consultants & Professional fees
105 078 1377	R 100 000.00	Cultural Day
123 078 1343	<u>R 50 000.00</u>	New and lost books
TOTAL	<u>R1 500 000.00</u>	

LEGAL AND INVOICES (LIST TWO)

063 066 1138	R3 551 853.77	Tarred roads
058 078 1333	<u>R4 989 122.95</u>	Legal Fees
TOTAL	<u>R8 540 976.72</u>	

- b) That the following adjustments with regard to Capital Expenditure be approved:

OVERSPENDING - OWN BUDGET	TO BE INCLUDED BUDGET ADJUSTMENT 2014/15	VOTE NUMBER
Split meters	4 098 006.00	183 608 5010
Rebuilding of KV Lines at Grys Apple		
Apollo Lights		
Renewal of air conditioner	100 000.00	183 608 5029
New Double garage to house protection equipment traller		
Electricity capacity building - cable network renewal		
Engineering		
Sasekane to Nkowankowa		
Senakwe to Morapalala	6 379 635.64	195 600 5002
Mafafane to Sedan	6 154 051.00	195 600 5002
Road and Stormwater		
Mopye low level Bridge	461 017.36	063 600 5002
Politsi Road		
Lenyenye cementry	412 290.00	063 600 5002
Claude Wheatley	1 900 000.00	063 600 5002
Rikhotso, mokonyane, khwekhwe & Mawa Low Level Bridge		
Council		
Speakers vehicle	480 000.00	057 608 5021
Establishment of Lenyenye Cementry		
	19 985 000.00	

Euz

SAVING – OWN BUDGET		
Saving from EED94/ETE00183/399/0030	4 000 000.00	183 600 5005
Saving from EED96/ETE00183/395/0030	650 000.00	183 608 5025
traffic lights	500 000.00	183 600 5005
Khubu-Lwandlamuni Low Level Bridge	400 000.00	063 600 5002
Low Level Bridge-Agatha Road	400 000.00	063 600 5002
Computer Rental		
Saving PED	350 000.00	016 602 5010
Saving PED	800 000.00	016 602 5018
Furniture - Directors budget	1 000 000.00	032 608 5023
Apollo	2 080 000.00	183 600 5008
Service contribution	800 000.00	183 600 5005
Saving during 2014	9 005 000.00	See summary below
	19 985 000.00	
Amount to be budgeted	-	

With regard to the table it is confirmed that the top part represent the roll-over projects and the bottom part represent the saving identified.

The detail of the last saving on the table above which amounts to R9 005 000.00 is listed below:

Proj No	Name	Savings	Vote Number
PED 3	Land Acq Nkowa Cemetery	400 000	016 602 5018
PED 4	Transfer state land GTM regional cemetery	100 000	016 602 5018
PED 5	Talana Hostel Prog	100 000	016 602 5010
ESD 6	Thapane Moruji tar	2 500 000	195 600 5002
ESD 11	Ped Bridge Marumofase	1 000 000	063 600 5002
ESD 13	Rhikotso low level bridge	400 000	063 600 5002
ESD 14	Mokonyane low level bridge	100 000	063 600 5002
ESD 17	Khubu Lwandamui bridge	100 000	063 600 5002
ESD 27	H/burg DoC entrance rd	100 000	133 602 5029

EED 28	Nkowankowa Doc entrance rd	100 000	133 602 5029
EED 35	Survey Equip	150 000	063 608 5025
EED 43	Apollo lights Burgersdorp	50 000	183 600 5008
EED 44	Apollo lights Khopo	50 000	183 600 5008
EED 45	Apollo lights Moloko Pelana	50 000	183 600 5008
EED 46	Apollo lights Mawa 8 & 9	50 000	183 600 5008
EED 56	Traffic Lights	50 000	183 600 5005
EED 57	Traffic Lights	50 000	183 600 5005
ESD 72	Public Toilets Sanlam Tzaneen	20 000	135 602 5001
ESD 73	Public Toilets Sanlam Letsitele	20 000	135 602 5001
ESD 74	Public Toilets Jhb Tzaneen	20 000	135 602 5001
EED 87	Services Contribution	1 000 000	183 600 5005
EED 90	Rebuilding lines Eureka De Neck	70 000	183 600 5005
EED 91	Rebuilding lines Mapietskop Metzelaar	70 000	183 600 5005
EED 92	Rebuilding lines Politsi Valley Dap Naude	100 000	183 600 5005
EED 93	Telephone Network Tzaneen Control Room	300 000	183 608 5025
EED 94	11kv Network Church to Power station	1 000 000	183 600 5005
EED 96	Protection Relays	65 000	183 608 5025
EED 97	Mini Subs	100 000	183 600 5005
EED 98	Tripping Batteries	20 000	183 600 5005
EED 99	Provision Capital Tools (Urban)	100 000	183 608 5022
SCD 140	Log Splitter	50 000	133 608 5022
SCD 141	Bulk Recycle bins	20 000	133 608 5025
MM 148	Office Furn and Equip	100 000	002 608 5023
CFO 149	Office Furn and Equip	100 000	032 608 5023
PED 150	Office Furn and Equip	100 000	012 608 5023
CORP 151	Office Furn and Equip	100 000	052 608 5023
CSD 152	Office Furn and Equip	100 000	112 608 5023
ESD 153	Office Furn and Equip	100 000	062 608 5023
EED 154	Office Furn and Equip	100 000	162 608 5023
	TOTAL SAVING	9 005 000	

- c) That the following adjustments on DORA Grant allocations be approved:

ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT

REVENUE

Line Item	Description	Division	Amount
183 600 5205	EEDG	Elect Serv.	(R4 000 000)

EXPENDITURE

Line Item	Description	Division	Amount
183 600 5205	EEDG	Elect Serv	(R4 000 000)

The Grant allocation has been reduced by R4 000 000 which implies that the expenditure allocation with regard to this Grant will also have to be reduced by R4 000 000.

- d) That the following roll over projects, financed from Conditional Grants, approved by National Treasury, be included in the Adjustment Budget.

Division	Description	Amount	
PED	NDPG Projects	R16 450 694.00	NDPG
ENGINEERING	Sasekani to Nkowankowa	R 1 964 036.00	MIG
	Thapane to Moruji	R 6 941 096.00	MIG
	Refurbishment of Tzaneen Swimming Pool	R 5 944 425.00	MIG
	Refurbishing & upgrading of Lenyenye stadium	R 4 369 061.00	MIG
ELECTRICAL	Energy Efficiency Demand	<u>R6 164 740.00</u>	DOE
TOTAL		<u>R41 834 052.00</u>	

- e) That the Directors manage their respective votes/departments in the Municipality in terms of Section 77 of the MFMA to ensure that no overspending occurs at 30 June 2015.
- f) That the adjustment budget and supporting documentation be submitted to national Treasury and Provincial Treasury in both printed and electronic format within 10 working days after approval by Council in terms of Section 28 (7) of the Act.

- g) That the expenditure on the water and sewer services in Mopani's area of jurisdiction be taken up with Mopani District Municipality and that a solution be seek for these matters. That the water and sewer budgets be kept as approved by Council to ensure all obligations are met.
- h) That the budget of GTEDA be included in Councils budget as an entity and that no adjustment be approved on this budget.
- i) That the Forensic Audit be conducted to investigate the high legal cost.

COMMENTS FROM CORPORATE SERVICES (MR EL MUGARI)

The recommendations are supported

COMMENTS FROM ENGINEERING SERVICES (MRS DS MAKOTI)

The recommendations are supported

COMMENTS FROM ELECTRICAL ENGINEERING (MR P V/D HEEVER)

The recommendations are supported

COMMENTS FROM PLANNING AND ECONOMIC DEVELOPMENT (MS MN LION)

The recommendations are supported

COMMENTS FROM COMMUNITY SERVICES (MR OZ MKHOMBO)

The recommendations are supported

COMMENTS FROM THE CFO (MS MN LION)

The recommendations are supported

COMMENTS FROM THE MUNICIPAL MANAGER (MS MN LION)

The recommendations are supported

COMMITTEE OUTCOME OR STUDY GROUP OUTCOMES (FINANCE CLUSTER)

- a) That the recommendations be supported.
- b) That the Forensic Audit be conducted to investigate the high legal fees.

RESOLVED TO RECOMMEND

- a) That the following adjustment with regard to Operational Expenditure be approved:

Savings

	Opening Balance	(R20 000 000)	Cash shortfall
PLUS:	VAT Recovery		
	Less collection fees	R31 909 095.52	032 024 0256
	Savings Identified on computer rental	R 700 000.00	083 078 1360
	Savings as per list	<u>R 1 500 000.00</u>	See list 1 below
		<u>R14 109 095.52</u>	

Adjustment requests

LESS:	Legal fees and invoices	R 8 540 976.72	See list 2 below
	Gravel road	R 2 000 000.00	063 066 1142
	Tarred road	R 2 000 000.00	063 066 1138
	Audit fees	R 1 000 000.00	032 078 1303
	Electrical Repair & Maint.	<u>R 568 118.80</u>	172 066 1130
		<u>R14 109 095.52</u>	

ADDITIONAL SAVINGS (LIST ONE)

014 078 1310	R 23 432.00	Consultants & Professional fees
015 078 1353	R 66 939.00	Public Relations, Tourism & Marketing
015 074 1267	R 289 150.00	Contract Services – Town planning

016 066 1211	R	80 000.00	R & M councils own land
003 078 1322	R	30 000.00	Entertainment Public
003 078 1345	R	40 000.00	News Letter
037 066 1117	R	100 000.00	R & M Lawnmowers
103 066 1211	R	20 000.00	R & M Councils own land
105 074 1276	R	600 479.00	Contracted Services Councils own land
105 078 1310	R	100 000.00	Consultants & Professional fees
105 078 1377	R	100 000.00	Cultural Day
123 078 1343	R	50 000.00	New and lost books
TOTAL		<u>R1 500 000.00</u>	

LEGAL AND INVOICES (LIST TWO)

063 066 1138	R3 551 853.77	Tarred roads
058 078 1333	<u>R4 989 122.95</u>	Legal Fees
TOTAL	<u>R8 540 976.72</u>	

- b) That the following adjustments with regard to Capital Expenditure be approved:

OVERSPENDING - OWN BUDGET	TO BE INCLUDED BUDGET ADJUSTMENT 2014/15	VOTE NUMBER
Split meters	4 098 006.00	183 608 5010
Rebuilding of KV Lines at Grys Apple		
Apollo Lights		
Renewal of air conditioner	100 000.00	183 608 5029
New Double garage to house protection equipment trailer		
Electricity capacity building - cable network renewal		
Engineering		
Sasekane to Nkowankowa		
Senakwe to Morapalala	6 379 635.64	195 600 5002
Mafafane to Sedan	6 154 051.00	195 600 5002
Road and Stormwater		
Mopye low level Bridge	461 017.36	063 600 5002
Politsi Road		
Lenyenye cementry	412 290.00	063 600 5002
Claude Wheatley	1 900 000.00	063 600 5002

Rikhotso, mokonyane, khwekhwe & Mawa Low Level Bridge		
Council		
Speakers vehicle	480 000.00	057 608 5021
Establishment of Lenyenye Cementry		
	19 985 000.00	
SAVING – OWN BUDGET		
Saving from EED94/ETE00183/399/0030	4 000 000.00	183 600 5005
Saving from EED96/ETE00183/395/0030	650 000.00	183 608 5025
traffic lights	500 000.00	183 600 5005
Khubu-Lwandlamuni Low Level Bridge	400 000.00	063 600 5002
Low Level Bridge-Agatha Road	400 000.00	063 600 5002
Computer Rental		
Saving PED	350 000.00	016 602 5010
Saving PED	800 000.00	016 602 5018
Furniture - Directors budget	1 000 000.00	032 608 5023
Apollo	2 080 000.00	183 600 5008
Service contribution	800 000.00	183 600 5005
Saving during 2014	9 005 000.00	See summary below
	19 985 000.00	
Amount to be budgeted		

With regard to the table it is confirmed that the top part represent the roll-over projects and the bottom part represent the saving identified.

The detail of the last saving on the table above which amounts to R9 005 000.00 is listed below:

Proj No	Name	Savings	Vote Number
PED 3	Land Acq Nkowa Cemetry	400 000	016 602 5018
PED 4	Transfer state land GTM regional cemetry	100 000	016 602 5018
PED 5	Talana Hostel Prog	100 000	016 602 5010
ESD 6	Thapane Moruji tar	2 500 000	195 600 5002
ESD 11	Ped Bridge Marumofase	1 000 000	063 600 5002
ESD 13	Rhikotso low level bridge	400 000	063 600 5002
ESD 14	Mokonyane low level bridge	100 000	063 600 5002
ESD 17	Khubu Lwandamui bridge	100 000	063 600 5002
ESD 27	H/burg DoC entrance rd	100 000	133 602 5029
ESD 28	Nkowankowa Doc entrance rd	100 000	133 602 5029
ESD 35	Survey Equip	150 000	063 608 5025
EED 43	Apollo lights Burgersdorp	50 000	183 600 5008
EED 44	Apollo lights Khopo	50 000	183 600 5008
EED 45	Apollo lights Moloko Pelana	50 000	183 600 5008
EED 46	Apollo lights Mawa 8 & 9	50 000	183 600 5008
EED 56	Traffic Lights	50 000	183 600 5005
EED 57	Traffic Lights	50 000	183 600 5005
ESD 72	Public Toilets Sanlam Tzaneen	20 000	135 602 5001
ESD 73	Public Toilets Sanlam Letsitele	20 000	135 602 5001
ESD 74	Public Toilets Jhb Tzaneen	20 000	135 602 5001
EED 87	Services Contribution	1 000 000	183 600 5005
EED 90	Rebuilding lines Eureka De Neck	70 000	183 600 5005
EED 91	Rebuilding lines Mapietskop Metzelaar	70 000	183 600 5005
EED 92	Rebuilding lines Politsi Valley Dap Naude	100 000	183 600 5005
EED 93	Telephone Network Tzaneen Control Room	300 000	183 608 5025
EED 94	11kv Network Church to Power station	1 000 000	183 600 5005
EED 96	Protection Relays	65 000	183 608 5025
EED 97	Mini Subs	100 000	183 600 5005
EED 98	Tripping Batteries	20 000	183 600 5005
EED 99	Provision Capital Tools (Urban)	100 000	183 608 5022

SCD 140	Log Splitter	50 000	133 608 5022
SCD 141	Bulk Recycle bins	20 000	133 608 5025
MM 148	Office Furn and Equip	100 000	002 608 5023
CFO 149	Office Furn and Equip	100 000	032 608 5023
PED 150	Office Furn and Equip	100 000	012 608 5023
CORP 151	Office Furn and Equip	100 000	052 608 5023
CSD 152	Office Furn and Equip	100 000	112 608 5023
ESD 153	Office Furn and Equip	100 000	062 608 5023
EED 154	Office Furn and Equip	100 000	162 608 5023
	TOTAL SAVING	9 005 000	

- c) That the following adjustments on DORA Grant allocations be approved:

ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT

REVENUE

Line Item	Description	Division	Amount
183 600 5205	EEDG	Elect Serv.	(R4 000 000)

EXPENDITURE

Line Item	Description	Division	Amount
183 600 5205	EEDG	Elect Serv	(R4 000 000)

The Grant allocation has been reduced by R4 000 000 which implies that the expenditure allocation with regard to this Grant will also have to be reduced by R4 000 000.

- d) That the following roll over projects, financed from Conditional Grants, approved by National Treasury, be included in the Adjustment Budget.

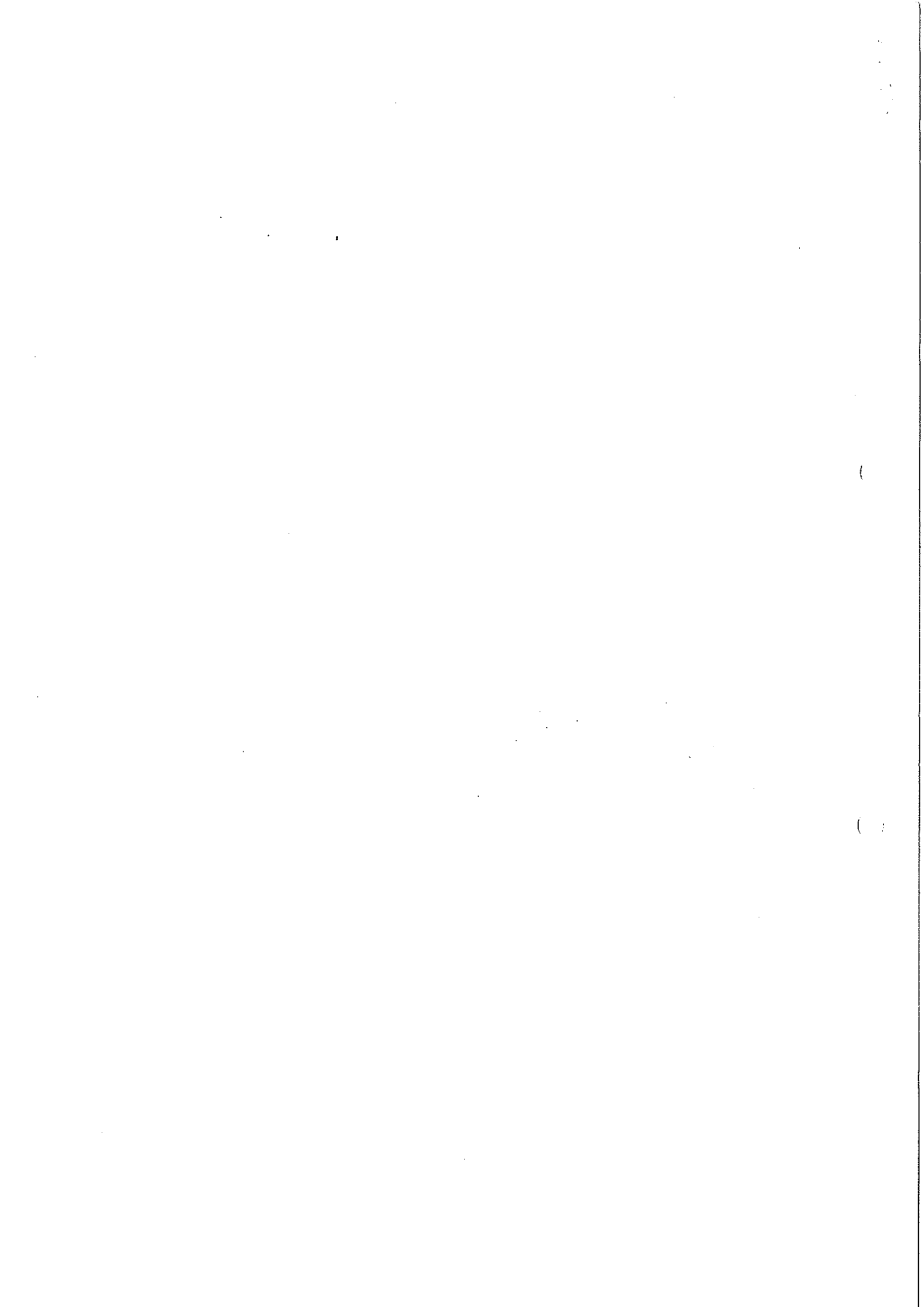
Division	Description	Amount	
PED	NDPG Projects	R16 450 694.00	NDPG
ENGINEERING	Sasekani to Nkowankowa	R 1 964 036.00	MIG
	Thapane to Moruji	R 6 941 096.00	MIG
	Refurbishment of Tzaneen Swimming Pool	R 5 944 425.00	MIG
	Refurbishing & upgrading of Lenyenye stadium	R 4 369 061.00	MIG

ELECTRICAL Energy Efficiency Demand	<u>R6 164 740.00</u>	DOE
TOTAL	<u>R41 834 052.00</u>	

- e) That the Directors manage their respective votes/departments in the Municipality in terms of Section 77 of the MFMA to ensure that no overspending occurs at 30 June 2015.
- f) That the adjustment budget and supporting documentation be submitted to national Treasury and Provincial Treasury in both printed and electronic format within 10 working days after approval by Council in terms of Section 28 (7) of the Act.
- g) That the expenditure on the water and sewer services in Mopani's area of jurisdiction be taken up with Mopani District Municipality and that a solution be seek for these matters. That the water and sewer budgets be kept as approved by Council to ensure all obligations are met.
- h) That the budget of GTEDA be included in Councils budget as an entity and that no adjustment be approved on this budget.
- i) That the Forensic Audit be conducted to investigate the high legal cost.

FOR CONSIDERATION





A12 ADJUSTMENT BUDGET 2014/2015 FINANCIAL YEAR
(E/C 2015 02 24, C 2015 02 27)

(5/1/3/2)

RESOLVED

- a) That the following adjustment with regard to Operational Expenditure be approved:

Savings

Opening Balance	(R20 000 000)	Cash shortfall
PLUS:	VAT Recovery	
	Less collection fees	R31 909 095.52 032 024 0256
	Savings Identified on computer rental	R 700 000.00 083 078 1360
	Savings as per list	<u>R 1 500 000.00</u> See list 1 below
		<u>R14 109 095.52</u>

Adjustment requests

LESS:	Legal fees and invoices	R 8 540 976.72	See list 2
below	Gravel road	R 2 000 000.00	063 066 1142
	Tarred road	R 2 000 000.00	063 066 1138
	Audit fees	R 1 000 000.00	032 078 1303
	Electrical Repair & Maint.	<u>R 568 118.80</u>	172 066 1130
		<u>R14 109 095.52</u>	

ADDITIONAL SAVINGS (LIST ONE)

014 078 1310	R 23 432.00	Consultants & Professional fees
015 078 1353	R 66 939.00	Public Relations, Tourism & Marketing
015 074 1267	R 289 150.00	Contract Services – Town planning
016 066 1211	R 80 000.00	R & M councils own land
003 078 1322	R 30 000.00	Entertainment Public
003 078 1345	R 40 000.00	News Letter
037 066 1117	R 100 000.00	R & M Lawnmowers
103 066 1211	R 20 000.00	R & M Councils own land
105 074 1276	R 600 479.00	Contracted Services Councils own land
105 078 1310	R 100 000.00	Consultants & Professional fees
105 078 1377	R 100 000.00	Cultural Day
123 078 1343	<u>R 50 000.00</u>	New and lost books
TOTAL	<u>R1 500 000.00</u>	

LEGAL AND INVOICES (LIST TWO)

063 066 1138	R3 551 853.77	Tarred roads
058 078 1333	<u>R4 989 122.95</u>	Legal Fees
TOTAL	<u>R8 540 976.72</u>	

- b) That the following adjustments with regard to Capital Expenditure be approved:

OVERSPENDING - OWN BUDGET	TO BE INCLUDED BUDGET ADJUSTMENT 2014/15	VOTE NUMBER
Split meters	4 098 006.00	183 608 5010
Rebuilding of KV Lines at Grys Apple		
Apollo Lights		
Renewal of air conditioner	100 000.00	183 608 5029
New Double garage to house protection equipment trailer		
Electricity capacity building - cable network renewal		
Engineering		
Sasekane to Nkowankowa		
Senakwe to Morapalala	6 379 635.64	195 600 5002
Mafafane to Sedan	6 154 051.00	195 600 5002
Road and Stormwater		
Mopye low level Bridge	461 017.36	063 600 5002
Politsi Road		
Lenyenye cementry	412 290.00	063 600 5002
Claude Wheatley	1 900 000.00	063 600 5002
Rikhotso, mokonyane, khwekhwe & Mawa Low Level Bridge		
Council		
Speakers vehicle	480 000.00	057 608 5021
Establishment of Lenyenye Cementry		
	19 985 000.00	
SAVING - OWN BUDGET		
Saving from EED94/ETE00183/399/0030	4 000 000.00	183 600 5005
Saving from EED96/ETE00183/395/0030	650 000.00	183 608 5025
traffic lights	500 000.00	183 600 5005
Khubu-Lwandlamuni Low Level Bridge	400 000.00	063 600 5002
Low Level Bridge-Agatha Road	400 000.00	063 600 5002

Computer Rental		
Saving PED	350 000.00	016 602 5010
Saving PED	800 000.00	016 602 5018
Furniture - Directors budget	1 000 000.00	032 608 5023
Apollo	2 080 000.00	183 600 5008
Service contribution	800 000.00	183 600 5005
Saving during 2014	9 005 000.00	See summary below
	19 985 000.00	
Amount to be budgeted	-	

With regard to the table it is confirmed that the top part represent the roll-over projects and the bottom part represent the saving identified.

The detail of the last saving on the table above which amounts to R9 005 000.00 is listed below:

Proj No	Name	Savings	Vote Number
PED 3	Land Acq Nkowa Cemetry	400 000	016 602 5018
PED 4	Transfer state land GTM regional cemetry	100 000	016 602 5018
PED 5	Talana Hostel Prog	100 000	016 602 5010
ESD 6	Thapane Moruji tar	2 500 000	195 600 5002
ESD 11	Ped Bridge Marumofase	1 000 000	063 600 5002
ESD 13	Rhikotso low level bridge	400 000	063 600 5002
ESD 14	Mokonyane low level bridge	100 000	063 600 5002
ESD 17	Khubu Lwandamui bridge	100 000	063 600 5002
ESD 27	H/burg DoC entrance rd	100 000	133 602 5029
ESD 28	Nkowankowa Doc entrance rd	100 000	133 602 5029
ESD 35	Survey Equip	150 000	063 608 5025
EED 43	Apollo lights Burgersdorp	50 000	183 600 5008
EED 44	Apollo lights Khopo	50 000	183 600 5008
EED 45	Apollo lights Moloko Pelana	50 000	183 600 5008
EED 46	Apollo lights Mawa 8 & 9	50 000	183 600 5008
EED 56	Traffic Lights	50 000	183 600 5005
EED 57	Traffic Lights	50 000	183 600 5005
ESD 72	Public Toilets Sanlam Tzaneen	20 000	135 602 5001
ESD 73	Public Toilets Sanlam Letsitele	20 000	135 602 5001
ESD 74	Public Toilets Jhb Tzaneen	20 000	135 602 5001
EED 87	Services Contribution	1 000 000	183 600 5005
EED 90	Rebuilding lines Eureka De Neck	70 000	183 600 5005

EED 91	Rebuilding lines Mapietskop Metzelaar	70 000	183 600 5005
EED 92	Rebuilding lines Politsi Valley Dap Naude	100 000	183 600 5005
EED 93	Telephone Network Tzaneen Control Room	300 000	183 608 5025
EED 94	11kv Network Church to Power station	1 000 000	183 600 5005
EED 96	Protection Relays	65 000	183 608 5025
EED 97	Mini Subs	100 000	183 600 5005
EED 98	Tripping Batteries	20 000	183 600 5005
EED 99	Provision Capital Tools (Urban)	100 000	183 608 5022
SCD 140	Log Splitter	50 000	133 608 5022
SCD 141	Bulk Recycle bins	20 000	133 608 5025
MM 148	Office Furn and Equip	100 000	002 608 5023
CFO 149	Office Furn and Equip	100 000	032 608 5023
PED 150	Office Furn and Equip	100 000	012 608 5023
CORP 151	Office Furn and Equip	100 000	052 608 5023
CSD 152	Office Furn and Equip	100 000	112 608 5023
ESD 153	Office Furn and Equip	100 000	062 608 5023
EED 154	Office Furn and Equip	100 000	162 608 5023
	TOTAL SAVING	9 005 000	

c) That the following adjustments on DORA Grant allocations be approved:

ENERGY EFFICIENCY AND DEMAND SIDE MANAGEMENT GRANT

REVENUE

Line Item	Description	Division	Amount
183 600 5205	EEDG	Elect Serv.	(R4 000 000)

EXPENDITURE


Line Item	Description	Division	Amount
183 600 5205	EEDG	Elect Serv	(R4 000 000)

The Grant allocation has been reduced by R4 000 000 which implies that the expenditure allocation with regard to this Grant will also have to be reduced by R4 000 000.

d) That the following roll over projects, financed from Conditional Grants, approved by National Treasury, be included in the Adjustment Budget.

Division	Description	Amount	
PED	NDPG Projects	R16 450 694.00	NDPG
ENGINEERING	Sasekani to Nkowankowa	R 1 964 036.00	MIG
	Thapane to Moruji	R 6 941 096.00	MIG
	Refurbishment of Tzaneen Swimming Pool	R 5 944 425.00	MIG
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SIGNED BY THE MAYOR
COUNCILLOR DJ MMETLE

