

COMPILING OF THE 2015 / 2016 ADJUSTMENT BUDGET ~ AUGUST 2015 (5/1/1 - 2015 / 2016) (CHIEF FINANCIAL OFFICER)

Purpose of Report

The purpose of the report is to submit an adjustment budget for 2015 / 2016 to Council for consideration.

Background

As some votes on the 2015 / 2016 budget needs to be adjusted as a result of projects that need to be carried forward from the 2014 / 2015 budget and as a result of the fire damage at the Bonnievale stores site, the below proposed adjustments have been compiled and are submitted to Council for consideration.

The budget document in terms of the *Municipal Budgeting & Reporting Regulations (Schedule B)* **will be distributed** at the Council meeting.

Legal Framework

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

Municipal adjustments budgets

28. (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget —
- (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the budget 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, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;**
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - (e) **may authorise the spending of funds that were unspent at the end of the financial year preceding the budget year, where the under-spending could not reasonably have been foreseen at the time when the annual budget for the budget 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.

Section 23(4) of the Municipal Budget and Reporting Regulation read as follows:

“An adjustment budget referred to in section 28(2)(c) of the Act must be tabled in the municipal council at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated in that section was incurred and within the time period set in section 29(3) of the Act.

Section 23(5) of the Municipal Budget and Reporting Regulation read as follows:

“An adjustment budget referred to in section 28(2)(e) of the Act may only be tabled after the end of the financial year to which the roll-overs relate, and must be approved by the municipal council by 25 August of the financial year following the financial year to which the roll-overs relate.”

Comments

The following adjustments to the 2015 / 2016 budget are proposed:

BUDGET

Unforeseen and unavoidable expenditure

Municipal assets were severely damaged when some community members / squatters set fire to several municipal vehicles and store building at the Municipal Stores Site in Bonnievale on 27 July 2015. It is important that the vehicles be replaced as soon as possible to ensure that service delivery can continue and therefore an amount of R 2 470 210 should be budgeted for this unforeseeable and unavoidable expenditure in terms of Section 28 (2) (e) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

Description	Dept	Type	Original Budget	Adjustment	Adjusted Budget
Insurance Claims	60	Operating	-732 800.00	-800 000.00	-1 532 800.00
Insurance Claims	60	Operating	663 010.00	1 500 000.00	2 163 010.00
Sewage Tanker	220	Capital	-	800 000.00	800 000.00
1600 LAV (bakkie)	220	Capital	-	160 000.00	160 000.00
Nissan NP200	180	Capital	-	132 000.00	132 000.00
Nissan UD35A Truck	180	Capital	-	380 000.00	380 000.00
2 x Standard 2L Petrol Bakkies	260	Capital	-	368 000.00	368 000.00
			-69 790.00	2 540 000.00	2 470 210.00

Projects to be rolled over to 2015 / 201616

The following projects needs to be carried forward from the 2014/2015 financial year. Section 28 (2) (e) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) refers.

Description	Dept	Type	Original Budget	Adjustment	Adjusted Budget
Enterprise development	400	Operating	180 000.00	64 500.00	244 500.00
Upgrading of McGregor Sport Facilities	140	Capital	-	80 400.00	80 400.00
New Sewer Pump Station Main Road	220	Capital	-	327 900.00	327 900.00
Purchase of Jet Vac machine	220	Capital	-	2 645 000.00	2 645 000.00
New high pressure jetting SPUIT	220	Capital	-	140 000.00	140 000.00
Gekalvaniseerde hekke van kampie Bonnievale	260	Capital	-	14 150.00	14 150.00
			180 000.00	3 271 950.00	3 451 950.00

TARIFF LIST

Irrigation water

That the following tariffs that refer to McGregor be removed:

Basic charge (McGregor)		
1500	Per minute per year	R 32.40
1502	Per minute per year (only farmers) (0 – 20 minutes)	R 32.40
1502	Per minute per year (only farmers) (> 120 minutes)	R 32.40
Consumption charge (McGregor)		
1504	Per minute per year	R 27.00
1505	Per minute per year (only farmers) (0 - 120 minutes)	R 27.00
1505	Per minute per year (only farmers) (> 120 minutes)	R 27.00

That the basic charge for irrigation water for 2015/16 be indicated as R 32.40 per month and not per minute.

Electricity

That the following tariffs be included in the tariff list:

Tariff 1381 - Sport Grounds – 3phase connection <=80amp was not included in tariff list – the same as tariff 7381 (Departmental).

The adjustment budget for 2015/16 is referred to Council to ensure that the municipality comply with Section 23 of the Municipal Budget and Reporting Regulations, which indicate the timeframes for tabling of adjustment budgets.

Aanbeveling / Recommendation

Dat die aansuiweringsbegroting vir 2015 / 2016 soos voorgelê, goedgekeur word.

That the adjustment budget for 2015 / 2016 as submitted, be approved.

This item served before the Executive Mayoral Committee on 18 August 2015

Hierdie item het voor die Uitvoerende Burgemeesterskomitee gedien op 18 Augustus 2015

Recommendation / Aanbeveling

That the report be referred to the Council Meeting of 24 August 2015 for consideration.

Dat die verslag na die Raadsvergadering van 24 Augustus 2015 verwys word vir oorweging.

Hierdie verslag het voor die Raad gedien op 24 Augustus 2015

This item served before Council on 24 August 2015

Eenparig Besluit / Unanimously Resolved

Dat die aansuiweringsbegroting vir 2015 / 2016 soos voorgelê, goedgekeur word.

That the adjustment budget for 2015 / 2016 as submitted, be approved.