

## **15 OVERVIEW OF BUDGET FUNDING**

### **SUMMARY**

The operating budget for 2014/2015 to 2016/2017 will be financed as follows:

|  | <b>2014/2015</b>   | <b>2015/2016</b>   | <b>2016/2017</b>   |
|--|--------------------|--------------------|--------------------|
| Provincial and National Operating Grants               | 312,569,000        | 328,802,000        | 354,986,000        |
| Depreciation Reserve                                   | 45,618,000         | 45,618,000         | 45,618,000         |
| Accumulated Surplus                                    | 136,055,000        | 135,997,000        | 141,016,000        |
| Water and sewerage charges                             | 29,297,000         | 30,879,000         | 32,547,000         |
| Rental Income  | 65,000             | 68,000             | 72,000             |
| Interest Earned  | 8,581,000          | 9,043,000          | 9,533,000          |
| <b>Total Operating Revenue excl. Capital Transfers</b> | <b>532,184,000</b> | <b>533,810,000</b> | <b>566,222,000</b> |

The capital budget for 2014/2015 to 2016/2017 will be financed as follows:

|                             | <b>2014/2015</b>   | <b>2015/2016</b>   | <b>2016/2017</b>   |
|-----------------------------|--------------------|--------------------|--------------------|
| Own Funds                   | 18,014,000         | 11,029,000         | 11,624,000         |
| Grants                      | 336,994,000        | 429,235,000        | 507,693,000        |
| <b>Total Capital Budget</b> | <b>354,508,000</b> | <b>440,263,000</b> | <b>519,317,000</b> |

The SA10 is detailing the funding in terms of grants

#### **Reserves**

The process to accumulate sufficient funds is a long term process as tariff increases must be kept to a minimum, and service delivery must be continued.

#### **Sustainability of municipality**

The way that the budget is funded will ensure that the municipality will be sustainable on the short term.

#### **Impact on tariffs**

The way that the budget is funded will ensure that, increase will be 10% to make equalisation. The municipality has no control over the increases of electricity tariffs and the 7.39 % increase in electricity tariffs of Eskom; will have a negative impact on the local economy, although tariffs charged by the municipality will only increase by 10% on average.

Water, sewerage together with the sundry tariffs are listed in tariffs schedule. The tariff increases are also indicated.

**Collection Rate**

Income levels for service charges and rates for the budget year are based on the following

Collection rates

Water 75%

Sanitation 75%

**Planned savings and efficiencies**

The following areas were identified for possible savings after the efficiency of the usage of the assets/services has been evaluated:

Telephone costs

Overtime

**Investments**

Particulars of monetary investments as at 31 January 2014:

Investments Amount

|              |                      |
|--------------|----------------------|
| Absa         | R 125,000,000        |
| First Rand   | R 10,000,000         |
| <b>TOTAL</b> | <b>R 135,000,000</b> |

**Planned proceeds of sale of assets**

No significant revenue is expected from the sale of redundant assets.

**Planned use of previous year's cash backed accumulated surplus**

The previous year's surplus is cash backed.

**New borrowings**

There are no new borrowings proposed.