

11 OVERVIEW OF BUDGET FUNDING

SUMMARY

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

	2014/2015	2015/2016	2016/2017
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	131,816,000	128,953,000	133,537,000
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
Total Operating Revenue excl. Capital Transfers	510,432,000	533,810,000	566,222,000

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

	2014/2015	2015/2016	2016/2017
Own Funds	17,513,000	11,028,000	11,624,000
Grants	336,994,000	429,235,000	507,693,000
Total Capital Budget	354,507,000	440,263,000	519,317,000

Reserves

All the reserves of the municipality are not cash funded. 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
TOTAL	R 135,000,000

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.