

MTUBATUBA



UMASIPALA . MUNICIPALITY . MUNISIPALITEIT

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Mtubatuba Municipality Special Adjustment Budget in terms of section 28 of the MFMA and other Municipal Budget Reporting Regulations

27 May 2016

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PART 1-ADJUSTMENT BUDGET

Mayor's report

The Mayor's Report is attached in annexure D

Resolutions

The Municipal Council resolved after Mid-Year budget Assessment that the Adjustment Budget, Service Delivery and Budget Implementation Plan (SDBIP) and the supporting schedule be approved on the 27 May 2016.

Background

Section 28 of the MFMA (Act no: 56 of 2003) Municipal adjustments budgets state that:

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 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, 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 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 adjustments budget must be in a prescribed form.
- 4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.
- 5) When an adjustments budget is tabled, it must be accompanied by-
 - a) an explanation how the adjustments 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

Executive Summary

The MFMA requires the accounting officer of a municipality to assess the municipality's performance for the first half of the financial year by 25 January of each year. Specific matters are to be reviewed and reported to the mayor of the municipality as well as National and Provincial Treasury.

The application of sound financial management principles for the compilation of the municipal budget is essential and critical to ensure that the municipality remains financially viable and that the municipal services are provided sustainably, economically and equitably to all communities

The adjustment budget is based on the consultation with various departments, expenditure trends for the past six months of the financial year. The critical review is undertaken and non-core and nice to have expenditures are eliminated with a purpose of improving on service delivery as the core function of the Municipality.

Revenue and expenditure projections are projected in such a way that it is consistent with current and past performance and it does not jeopardize the financial viability of the municipality (ensures that the financial position is maintained within the generally acceptable prudential limits and obligations can be met in a short ,medium and long term. The budget set out certain service delivery levels and associated financial implications.

The municipality will continue with its revenue enhancement project of implementing range of revenue collection strategies to optimize the collection of debt owed to the municipality.

ADJUSTMENT BUDGET TABLES

Table B1 Adjustment Budget Summary

KZN275 Mtubatuba - Table B1 Adjustments Budget Summary - 27 May 2016

Description	Budget Year 2015/16									Budget Year	Budget Year
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	+1 2016/17	+2 2017/18
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	25,482	-	-	-	-	-	618	618	26,100	27,405	28,775
Service charges	7,472	-	-	-	-	-	(1,712)	(1,712)	5,760	6,048	6,351
Investment revenue	2,128	-	-	-	-	-	1,196	1,196	3,324	3,490	3,665
Transfers recognised - operational	125,711	-	-	-	-	-	(1,000)	(1,000)	124,711	133,991	134,630
Other own revenue	6,567	-	-	-	-	-	5,547	5,547	12,114	12,720	13,355
Total Revenue (excluding capital transfers and contributions)	167,361	-	-	-	-	-	4,648	4,648	172,009	183,655	186,776
Employee costs	46,146	-	-	-	-	-	(392)	(392)	45,754	48,041	50,443
Remuneration of councillors	11,022	-	-	-	-	-	197	197	11,219	11,780	12,369
Depreciation & asset impairment	16,520	-	-	-	-	-	-	-	16,520	17,346	18,213
Finance charges	442	-	-	-	-	-	-	-	442	464	487
Materials and bulk purchases	12,619	-	-	-	-	-	7,764	7,764	20,383	21,402	22,472
Transfers and grants	147	-	-	-	-	-	-	-	147	155	163
Other expenditure	48,360	-	-	-	-	-	5,360	5,360	53,720	56,408	59,229
Total Expenditure	135,257	-	-	-	-	-	12,928	12,928	148,185	155,596	163,376
Surplus/(Deficit)	32,104	-	-	-	-	-	(8,280)	(8,280)	23,824	28,059	23,400
Transfers recognised - capital	30,000	-	-	-	-	8,400	(6,400)	2,000	32,000	38,794	40,377
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	62,104	-	-	-	-	8,400	(14,680)	(6,280)	55,824	66,852	63,777
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	62,104	-	-	-	-	8,400	(14,680)	(6,280)	55,824	66,852	63,777
Capital expenditure & funds sources											
Capital expenditure	48,250	-	-	-	-	8,400	(3,298)	5,102	53,352	44,123	46,330
Transfers recognised - capital	30,000	-	-	-	-	8,400	(6,400)	2,000	32,000	38,794	40,377
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	18,250	-	-	-	-	-	3,102	3,102	21,352	5,330	5,952
Total sources of capital funds	48,250	-	-	-	-	8,400	(3,298)	5,102	53,352	44,123	46,330
Financial position											
Total current assets	74,866	-	-	-	-	-	18,626	18,626	93,492	112,928	120,012
Total non current assets	351,031	-	-	-	-	-	20,575	20,575	371,605	377,660	387,523
Total current liabilities	19,502	-	-	-	-	-	(3,466)	(3,466)	16,036	22,960	32,349
Total non current liabilities	9,816	-	-	-	-	-	(3,393)	(3,393)	6,423	6,184	6,459
Community wealth/Equity	396,579	-	-	-	-	-	46,060	46,060	442,639	461,444	468,727
Cash flows											
Net cash from (used) operating	74,240	-	-	-	-	8,400	(14,212)	(5,812)	68,428	75,448	72,803
Net cash from (used) investing	(48,250)	-	-	-	-	(8,400)	3,298	(5,102)	(53,352)	(44,123)	(46,330)
Net cash from (used) financing	(1,250)	-	-	-	-	-	-	-	(1,250)	-	-
Cash/cash equivalents at the year end	29,483	-	-	-	-	-	(2,474)	(2,474)	27,009	58,334	84,808
Cash backing/surplus reconciliation											
Cash and investments available	29,483	-	-	-	-	-	(2,474)	(2,474)	27,009	60,388	86,862
Application of cash and investments	50,335	-	-	-	-	-	(78,790)	(78,790)	(28,455)	(20,022)	(10,603)
Balance - surplus (shortfall)	(20,852)	-	-	-	-	-	76,316	76,316	55,464	80,409	97,464
Asset Management											
Asset register summary (WDV)	351,031	-	-	-	-	-	20,575	20,575	371,605	377,660	387,523
Depreciation & asset impairment	16,520	-	-	-	-	-	-	-	16,520	17,346	18,213
Renewal of Existing Assets	22,000	-	-	-	-	6,400	3,682	10,082	32,082	26,966	28,314
Repairs and Maintenance	12,619	-	-	-	-	-	7,814	7,814	20,433	21,468	22,550
Free services											
Cost of Free Basic Services provided	147	-	-	-	-	-	-	-	147	155	163
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-	-
Households below minimum service level											
Water:	29	-	-	-	-	-	-	-	29	29	29
Sanitation/sew erage:	17	-	-	-	-	-	-	-	17	17	17
Energy :	80	-	-	-	-	-	-	-	80	80	80
Refuse:	-	-	-	-	-	-	-	-	-	-	-

Table B1 summarises the Revenue and Expenditure Operational, Capital Expenditure and Source of Funding, Financial Position, Cash Flow, Cash backing/Surplus reserve reconciliation, Assets Management and Free Services.

Table B2 Adjustment Budget Financial Performance (Standard Classification)

KZN275 Mtubatuba - Table B2 Adjustments Budget Financial Performance (standard classification) - 27 May 2016

Standard Description	Ref	Budget Year 2015/16										Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted	
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget	
R thousands	1, 4	A	A1	B	C	D	E	F	G	H			
Revenue - Standard													
<i>Governance and administration</i>		108,310	-	-	-	-	-	5,615	5,615	113,925	126,028	129,679	
Executive and council		22,338	-	-	-	-	-	-	-	22,338	23,612	24,960	
Budget and treasury office		73,309	-	-	-	-	-	5,615	5,615	78,924	88,909	90,312	
Corporate services		12,663	-	-	-	-	-	-	-	12,663	13,507	14,407	
<i>Community and public safety</i>		27,513	-	-	-	-	-	2,323	2,323	29,836	30,246	32,168	
Community and social services		19,152	-	-	-	-	-	481	481	19,633	19,729	20,880	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		8,361	-	-	-	-	-	1,842	1,842	10,203	10,518	11,287	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		43,762	-	-	-	-	8,400	(7,390)	1,010	44,772	49,984	51,971	
Planning and development		4,286	-	-	-	-	-	10	10	4,296	4,596	4,916	
Road transport		39,476	-	-	-	-	8,400	(7,400)	1,000	40,476	45,388	47,055	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		17,776	-	-	-	-	-	(2,300)	(2,300)	15,477	16,190	13,335	
Electricity		-	-	-	-	-	-	-	-	-	-	-	
Water		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	
Waste management		17,776	-	-	-	-	-	(2,300)	(2,300)	15,477	16,190	13,335	
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	
Total Revenue - Standard	2	197,361	-	-	-	-	8,400	(1,752)	6,648	204,009	222,448	227,153	
Expenditure - Standard													
<i>Governance and administration</i>		77,462	-	-	-	-	-	6,212	6,212	83,674	87,858	92,250	
Executive and council		22,338	-	-	-	-	-	4,943	4,943	27,282	28,646	30,078	
Budget and treasury office		41,911	-	-	-	-	-	(537)	(537)	41,374	43,443	45,615	
Corporate services		13,213	-	-	-	-	-	1,806	1,806	15,018	15,770	16,558	
<i>Community and public safety</i>		26,526	-	-	-	-	-	1,856	1,856	28,382	29,801	31,291	
Community and social services		18,165	-	-	-	-	-	223	223	18,388	19,307	20,272	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		8,361	-	-	-	-	-	1,633	1,633	9,994	10,494	11,019	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>		18,871	-	-	-	-	-	1,556	1,556	20,427	21,448	22,521	
Planning and development		4,286	-	-	-	-	-	(1,148)	(1,148)	3,138	3,295	3,460	
Road transport		14,585	-	-	-	-	-	2,704	2,704	17,289	18,154	19,061	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<i>Trading services</i>		12,398	-	-	-	-	-	3,304	3,304	15,702	16,488	17,314	
Electricity		-	-	-	-	-	-	-	-	-	-	-	
Water		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	
Waste management		12,398	-	-	-	-	-	3,304	3,304	15,702	16,488	17,314	
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure - Standard	3	135,257	-	-	-	-	-	12,928	12,928	148,185	155,596	163,376	
Surplus/ (Deficit) for the year		62,104	-	-	-	-	8,400	(14,680)	(6,280)	55,824	66,852	63,777	

Table B2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports.

Table B3 Adjustment Budget Financial Performance (Revenue and Expenditure per Municipal Vote)

KZN275 Mtubatuba - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 27 May 2016

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2015/16									Budget Year	Budget Year
		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	A1	B	C	D	E	F	G	H	+1 2016/17	+2 2017/18
R thousands												
Revenue by Vote	1											
Vote 1 - Executive and Council		22,338	-	-	-	-	-	-	-	22,338	23,612	24,960
Vote 2 - Budget and Treasury		73,309	-	-	-	-	-	5,615	5,615	78,924	88,909	90,312
Vote 3 - Corporate Services		12,663	-	-	-	-	-	-	-	12,663	13,507	14,407
Vote 4 - Community Services		19,152	-	-	-	-	-	481	481	19,633	19,729	20,880
Vote 5 - Planning and Economic Development		4,286	-	-	-	-	-	10	10	4,296	4,596	4,916
Vote 6 - Roads		39,476	-	-	-	-	8,400	(7,400)	1,000	40,476	45,388	47,055
Vote 7 - Licence and Permits		8,361	-	-	-	-	-	1,842	1,842	10,203	10,518	11,287
Vote 8 - Solid Waste		17,776	-	-	-	-	-	(2,300)	(2,300)	15,477	16,190	13,335
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	197,361	-	-	-	-	8,400	(1,752)	6,648	204,009	222,448	227,153
Expenditure by Vote	1											
Vote 1 - Executive and Council		22,338	-	-	-	-	-	4,943	4,943	27,282	28,646	30,078
Vote 2 - Budget and Treasury		41,911	-	-	-	-	-	(537)	(537)	41,374	43,443	45,615
Vote 3 - Corporate Services		13,213	-	-	-	-	-	1,806	1,806	15,018	15,770	16,558
Vote 4 - Community Services		18,165	-	-	-	-	-	223	223	18,388	19,307	20,272
Vote 5 - Planning and Economic Development		4,286	-	-	-	-	-	(1,148)	(1,148)	3,138	3,295	3,460
Vote 6 - Roads		14,585	-	-	-	-	-	2,704	2,704	17,289	18,154	19,061
Vote 7 - Licence and Permits		8,361	-	-	-	-	-	1,633	1,633	9,994	10,494	11,019
Vote 8 - Solid Waste		12,398	-	-	-	-	-	3,304	3,304	15,702	16,488	17,314
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	135,257	-	-	-	-	-	12,928	12,928	148,185	155,596	163,376
Surplus/ (Deficit) for the year	2	62,104	-	-	-	-	8,400	(14,680)	(6,280)	55,824	66,852	63,777

Table B3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

TableB4 Adjustment Budget Financial Performance (Revenue and Expenditure)

KZN275 Mtubatuba - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 27 May 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		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
R thousands	1	A	A1	B	C	D	E	F	G	H	+1 2016/17	+2 2017/18
Revenue By Source												
Property rates	2	25,482	-	-	-	-	-	618	618	26,100	27,405	28,775
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	5,778	-	-	-	-	-	(2,300)	(2,300)	3,478	3,652	3,835
Service charges - other		1,694	-	-	-	-	-	588	588	2,282	2,396	2,516
Rental of facilities and equipment		262	-	-	-	-	-	(76)	(76)	186	196	205
Interest earned - external investments		2,128	-	-	-	-	-	1,196	1,196	3,324	3,490	3,665
Interest earned - outstanding debtors		3,262	-	-	-	-	-	3,693	3,693	6,955	7,302	7,667
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		202	-	-	-	-	-	1,102	1,102	1,304	1,369	1,438
Licences and permits		2,468	-	-	-	-	-	740	740	3,208	3,369	3,537
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operating		125,711	-	-	-	-	-	(1,000)	(1,000)	124,711	133,991	134,630
Other revenue	2	373	-	-	-	-	-	88	88	461	484	508
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		167,361	-	-	-	-	-	4,648	4,648	172,009	183,655	186,776
Expenditure By Type												
Employee related costs		46,146	-	-	-	-	-	(392)	(392)	45,754	48,041	50,443
Remuneration of councillors		11,022	-	-	-	-	-	197	197	11,219	11,780	12,369
Debt impairment		8,617	-	-	-	-	-	(100)	(100)	8,517	8,943	9,390
Depreciation & asset impairment		16,520	-	-	-	-	-	-	-	16,520	17,346	18,213
Finance charges		442	-	-	-	-	-	-	-	442	464	487
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-
Other materials		12,619	-	-	-	-	-	7,764	7,764	20,383	21,402	22,472
Contracted services		13,904	-	-	-	-	-	2,709	2,709	16,612	17,444	18,317
Transfers and grants		147	-	-	-	-	-	-	-	147	155	163
Other expenditure		25,840	-	-	-	-	-	2,751	2,751	28,591	30,021	31,522
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		135,257	-	-	-	-	-	12,928	12,928	148,185	155,596	163,376
Surplus/(Deficit)		32,104	-	-	-	-	-	(8,280)	(8,280)	23,824	28,059	23,400
Transfers recognised - capital		30,000	-	-	-	-	-	8,400	(6,400)	2,000	38,794	40,377
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		62,104	-	-	-	-	-	8,400	(14,680)	(6,280)	66,852	63,777
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		62,104	-	-	-	-	-	8,400	(14,680)	(6,280)	66,852	63,777
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		62,104	-	-	-	-	-	8,400	(14,680)	(6,280)	66,852	63,777
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		62,104	-	-	-	-	-	8,400	(14,680)	(6,280)	66,852	63,777

The above table detailed the revenue by source and expenditure by type.

Revenue by source

 ➤ **Property Rates**

Income from Property Rates has been adjusted upwards by 2 percent and to a rand value of R617 722. This adjustment was based on the result of mid-year performance assessment. The increase is because of the new valuation roll that was implemented in the beginning of the financial year hence other information was not available at the start of the financial year like number of objections, number of successful appeals etc. For outer years it has increase by 5 percent respectively.

➤ **Services Charge-Refuse**

Services Charge-Refuse has been adjusted downwards by 40 percent and a rand value of R2, 299,723. This adjustment is also based on mid-year performance assessment, which has shown that the municipality budgeted more for this line item, therefore the municipality has adjusted downward. For outer year it has increase by 5 percent.

➤ **Service Charge-Other**

Service Charge-Other was adjusted upwards by 35 percent and a rand value of R587 815. The municipality has under budgeted for this line item on original budget. For outer years the municipality will adjust by 5 percent respectively.

➤ **Rentals of Facilities and Equipment**

Rentals was adjusted downwards by 29 percent and a rand value of R 76 142. The Municipality received less income on rental as at December 2015, therefore it has recommended the adjustment to this line item. For outer years, rentals will increase by 5 percent.

➤ **Interest Earned-External Investments**

Interest Earned- External Investments has been adjusted upwards by 56 percent and a rand value of R1, 196, 124. The municipality has set aside the funds to the investment account so that it will generate interest. From July to December 2015. For outer years, Interest on investments will increase by 5 percent respectively.

➤ **Interest Earned-Outstanding Debtors**

Interest earned-Outstanding Debtors was budgeted to be R3, 261, 822 and was adjusted upwards to R6, 954,626. The percentage increase is 113 percent. The reason for this adjustment is increase in long outstanding debtors. For outer years it is anticipated to increase by 5 percent.

➤ **Fines**

Fines has been adjusted upwards by R1, 102,330. This is based on the revised ticket for fines issued. The municipality has in the current financial year increased its fleet and thus improved its visibility thus improving on revenue in this department. Although the municipality has stated it will adjust downwards for fines in the mid-year report, the proper review of actual results shown great improvement compared to the prior year results. It has transpired that the traffic fines were not raised in the accounting system during the mid-year review and this has since been adjusted.

➤ **Licence and Permit**

Licence and permit was budgeted to be R2, 446, 329, after Mid-year assessment it was then adjusted to be R3, 208,144. This adjustment is based on prior collection rates on licence and permit performance for the past six months. The percentage increase is 30 percent.

➤ **Transfers Recognised-Operating**

Transfers Recognised-Operating was budgeted to be R127 711 000 and was decreased to be R126 711 000. This adjustment was based on revised allocation for Energy Efficiency and Demand Management Grant of an amount of R2 000 000 and was reduced to R1 000 000 due to low spending. The percentage decrease in total for transfers recognised -Operating is 1 percent.

➤ **Transfers Recognised- Capital**

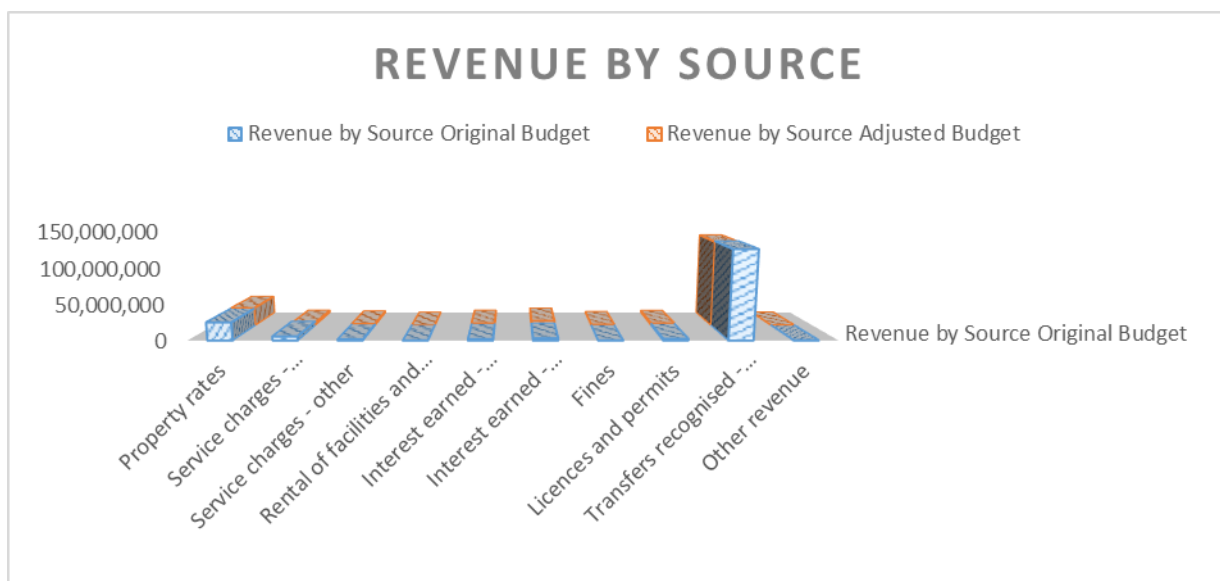
Transfers Recognised-Capital was adjusted downwards to R23 600 000 because of withholding by National CoGTA the amount of R6 400 000 due to low spending by Municipality on MIG projects. National CoGTA has now release that amount of R6 400 000 that was going to be withheld. The Municipality has also receive the R2 000 000 from Department of energy to cater for two specifically project of Nordale and Hlazane electrification. Capital project has now increase by R8 400 000 as a result of these grants.

➤ **Other Revenue**

Other Revenue was budgeted to be R372 835 and was adjusted upwards to be R460 531. The percentage increase is 24 percent. This based on past six months performance trends and the anticipated revenue to be collected at year-end.

Although all items of revenue were adjusted, the adjustments are not significant as depicted by the following table and graph.

Revenue by Source		
Description	Original Budget	Adjusted Budget
Property rates	25,482,294	26,100,016
Service charges - refuse revenue	5,778,013	3,478,290
Service charges - other	1,694,026	2,281,841
Rental of facilities and equipment	262,469	186,327
Interest earned - external investments	2,128,089	3,324,213
Interest earned - outstanding debtors	3,261,822	6,954,626
Fines	201,871	1,304,201
Licences and permits	2,468,329	3,208,144
Transfers recognised - operating	125,711,000	124,711,000
Transfers recognised - Capital	30,000,000	32,000,000
Other revenue	372,835	460,531



Expenditure by Type

There were no adjustments made in Depreciation and Assets Impairment, Finance Charges and transfers and Grants. The following expenditure has been adjusted.

➤ **Employee Related Cost**

Employee related costs were adjusted downwards by 1 percent from R46 145 858 to R45 753 584. This is because of the unfilled budgeted vacant posts. Although the variance is insignificant, it was going to be more if the municipality did not made back pays that were as a result of salary adjustments made in December 2015. An agreement with the organised labour was reached and it has financial implications. Thus an adjustment was therefore necessary.

➤ **Remuneration to Councillors**

Remuneration to Councillors has been adjusted upwards by 2 percent. This is because of the recent circular for upper limits to councillors, which was not properly accounted for in the original budget. The variance is insignificant.

➤ **Debts Impairment**

Debt impairment has been adjusted downwards by 1 percent. This is based on prior collection. The variance is also insignificant.

➤ **Other Materials**

Other Materials was adjusted upwards by 38 percent from R12 618 828 to R20 382 586. The major contributor to this adjustment is repairs and maintenance on Roads, storm water and refuse dump site.

➤ **Contracted Services**

Contracted Services was increase by 16 percent from R13 903 539 to R16 612 296. This is because of the appointment of bodyguards service providers for office bearers and speed management contract that was not budgeted for in the initial budget. This resulted in the need for adjustment.

➤ **Other Expenditure**

Other Expenditure was increase by 10 percent from R25 839 808 to R28 581 201. This is as a result of high cost in other expenditure in the first half of the financial year. The major contributors to the increase are consultancy fees, Disaster management relief, Subsistence and travelling and public participation adjustment was therefore necessary.

The following table and graph represent expenditure by type.

Expenditure by Type		
Description	Original Budget	Adjusted Budget
Employee related costs	46,145,858	45,753,584
Remuneration of councillors	11,022,440	11,219,248
Debt impairment	8,616,849	8,516,849
Depreciation & asset impairment	16,520,000	16,520,000
Finance charges	441,991	441,991
Other materials	12,618,828	20,382,586
Contracted services	13,903,539	16,612,296
Transfers and grants	147,408	147,408
Other expenditure	25,839,808	28,591,201

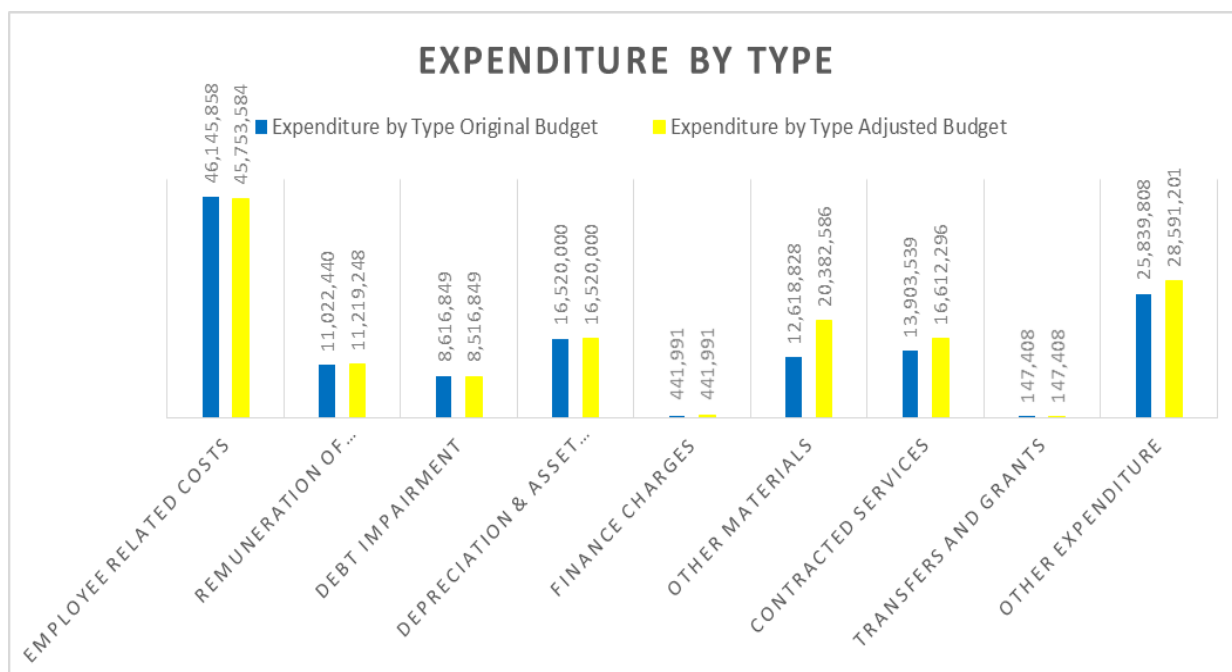


Table B5 Adjustment Capital Expenditure

KZN275 Mtubatuba - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 27 May 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2016/17	+2 2017/18
R thousands		A	A1	B	C	D	E	F	G	H		
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		900	-	-	-	-	-	703	703	1,603	1,683	1,767
Vote 4 - Community Services		8,000	-	-	-	-	-	(1,570)	(1,570)	6,430	3,675	3,859
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Roads		27,200	-	-	-	-	8,400	782	9,182	36,382	29,381	30,850
Vote 7 - Licence and Permits		5,000	-	-	-	-	-	(4,263)	(4,263)	737	774	813
Vote 8 - Solid Waste		7,150	-	-	-	-	-	1,050	1,050	8,200	8,610	9,041
Capital single-year expenditure sub-total		48,250	-	-	-	-	8,400	(3,298)	5,102	53,352	44,123	46,330
Total Capital Expenditure - Vote		48,250	-	-	-	-	8,400	(3,298)	5,102	53,352	44,123	46,330

Capital Expenditure

This Municipality has spent insignificant portion on Capital Project in the first six months as a result CoGTA withheld an amount of R6 400 000. This was because of project reprioritization and the late registering of projects on MIG Municipal Information System in order to be approved thus delaying the project implementation. Most of the projects are now approved for MIG and appointments has been made. The municipality has improve dramatically the spending on capital project and COGTA decided to release the R6 400 000 that was going to be withheld. The Municipality has now receive the full amount for MIG totalling R30 776 000. . The return R6 400 000 will fund the project of KwaMsane CBD. Also the department of Energy has issued R2 000 000 for Nordale (Ward 05) and Hlazane (Ward 11) electrification. The following table depict MIG current commitments and expenditure acceleration plan as at beginning of January 2016. These project are budgeted under Roads departments.

PROJECT NAME	MIG PROJECT NUMBER	AWARD VALUE	CONTRACTOR
Emchakwini Access Road, Ward 10	2015MIGFK275213623	R 7,500,042.33	Sele and Musa Trading & Tours
Shunqa Access Road, Ward 17	2015MIGFK275214521	R 3,315,820.53	Makheleni Construction
Madondo Access Road, Ward 09	2013MIGFK275123659	R 1,598,897.50	Dinlengs Trading
Nkodibe, Nkombose Road, ward 6	2015MIGFK275123623	R 1,696,408.00	Nhlangulela Contruction and Projects
Mfekayi Pension Point, Ward 08	2015MIGFK275230527	R 799,723.68	Luyeza Trading
Ezwelishisa Market Stalls, Ward 04	2015MIGFK275228571	R 792,533.83	Mzimkhulu Trading Enterprise
TOTAL		R 15,703,425.87	

The Municipality has decided to adjust its capital project as follows.

➤ **Corporate Services**

Corporate has been increased by R703 021 and the projects added are motor vehicle and additional computer equipment for server upgrade for which will be funded by internally generated funds.

➤ **Community Services**

Community Services has been decreased by R1 570 000 and the project cut is community assets-halls which was funded internally. New projects for water support were added due to water crisis affecting Mtuba local communities.

➤ **Public Safety/ Licence and Permits**

There has been a decrease of R4 262 652, the reduction emanating from downward adjustment on capital project for building of testing ground. There has been new projects of office equipment and computer equipment. These projects are internally funded.

➤ **Roads**

Roads departments are the core for Capital project as significant portion of Capital Projects are budgeted in this department. Capital Project for Road department has been adjusted upwards by R9 181 909. The projects that were increased are Infrastructure roads, Infrastructure other and added new project of Sport fields. This exercise was done through reprioritization of capital projects. This was done because of delays on the projects that were identified in the last financial year.

➤ **Waste Management/ Solid Waste**

Solid waste has been adjusted upwards by R1 050 000. The projects that have been increased are Bins and Containers.

Although the Municipality has adjusted its Capex but it is still in line with its Integrated Development Plan (IDP) priorities and Services Delivery Budget and Implementation Plan (SDBIP).

The following table and graph depict expenditure for Capital Projects

Capital Expenditure Trends		
Description	Original	Adjusted Budget
Vote 3 - Corporate Services	900,000	1,603,021
Vote 4 - Community Services	8,000,000	6,430,000
Vote 6 - Roads	27,200,000	36,381,909
Vote 7 - Licence and Permits	5,000,000	737,348
Vote 8 - Solid Waste	7,150,000	8,200,000

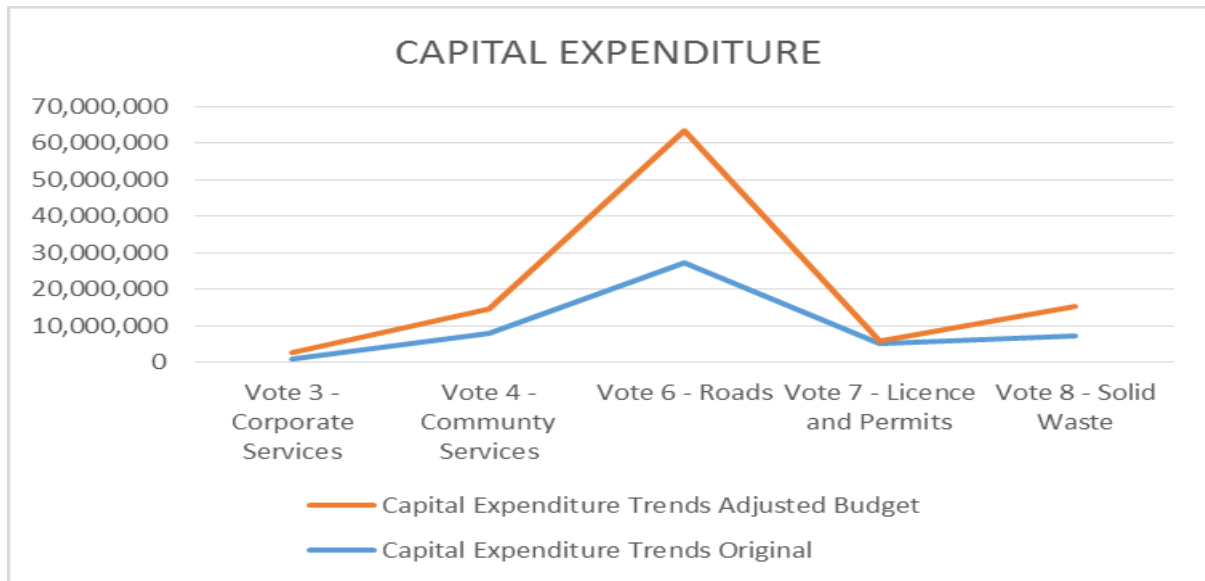


Table B6 Adjustment Budget Financial Position

KZN275 Mtubatuba - Table B6 Adjustments Budget Financial Position - 27 May 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		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
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash		4,743					-	2,266	2,266	7,009	30,388	56,862
Call investment deposits	1	24,740	-	-	-	-	-	(4,740)	(4,740)	20,000	30,000	30,000
Consumer debtors	1	45,383	-	-	-	-	-	21,100	21,100	66,483	52,540	33,151
Other debtors		-						-	-	-	-	-
Current portion of long-term receivables		-						-	-	-	-	-
Inventory		-						-	-	-	-	-
Total current assets		74,866	-	-	-	-	-	18,626	18,626	93,492	112,928	120,012
Non current assets												
Long-term receivables		-						-	-	-	-	-
Investments		-						-	-	-	-	-
Investment property		25,684						20,148	20,148	45,832	45,832	45,832
Investment in Associate		-						-	-	-	-	-
Property, plant and equipment	1	325,347	-	-	-	-	-	-	-	325,347	331,401	341,265
Agricultural		-						-	-	-	-	-
Biological		-						-	-	-	-	-
Intangible		-						262	262	262	262	262
Other non-current assets		-						165	165	165	165	165
Total non current assets		351,031	-	-	-	-	-	20,575	20,575	371,605	377,660	387,523
TOTAL ASSETS		425,896	-	-	-	-	-	39,201	39,201	465,097	490,588	507,535
LIABILITIES												
Current liabilities												
Bank overdraft		-						-	-	-	-	-
Borrowing		750	-	-	-	-	-	-	-	750	-	-
Consumer deposits		-						-	-	-	-	-
Trade and other payables		10,185	-	-	-	-	-	(3,416)	(3,416)	6,769	5,500	5,500
Provisions		8,566	-	-	-	-	-	(49)	(49)	8,517	17,460	26,849
Total current liabilities		19,502	-	-	-	-	-	(3,466)	(3,466)	16,036	22,960	32,349
Non current liabilities												
Borrowing	1	1,250	-	-	-	-	-	-	-	1,250	750	750
Provisions	1	8,566	-	-	-	-	-	(3,393)	(3,393)	5,173	5,434	5,709
Total non current liabilities		9,816	-	-	-	-	-	(3,393)	(3,393)	6,423	6,184	6,459
TOTAL LIABILITIES		29,318	-	-	-	-	-	(6,859)	(6,859)	22,459	29,144	38,808
NET ASSETS	2	396,579	-	-	-	-	-	46,060	46,060	442,639	461,444	468,727
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		337,062	-	-	-	-	-	108,506	108,506	445,569	461,444	468,727
Reserves		59,516	-	-	-	-	-	(62,446)	(62,446)	(2,930)	-	-
Minorities' interests		-						-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		396,579	-	-	-	-	-	46,060	46,060	442,639	461,444	468,727

Financial Position
Current Assets

- Cash has been adjusted by R2 266 000. This based on the revised cash flow for the municipality.
- Investment Deposits has been adjusted by R20 000 000. This is because of the fact that the Municipality has invested cash.
- Consumer Debtors are adjusted upwards from R45 383 000 to R66 483 000. This is based on current debtors less debt impairment.

Non-Current Assets

- Investment Property has been adjusted R20 148 000 due to new valuation roll.
- Intangible asset and Heritage asset has been separately disclosed as per the new assets register and general ledger

Current Liabilities

- No adjustment made in current borrowing
- Trade and other Payables has been adjusted downwards by R3 416 000.
- Provisions downwards has been adjusted by R49 000.

Non-Current Liabilities

- Borrowings has not been adjusted.
- Provisions has been adjusted downwards by R3 393 000. These provisions are for leave and other operating grants.

Community Wealth/ Equity

- Community wealth /Equity has increase by 10 percent form R396 579 000 to R 442 639 000.

Table B7 Adjustment Budget Cash Flows

KZN275 Mtubatuba - Table B7 Adjustments Budget Cash Flows - 27 May 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2016/17	+2 2017/18
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges		16,865						4,495	4,495	21,360	22,428	23,550
Service charges		4,965						(1,413)	(1,413)	3,552	3,730	3,916
Other revenue		3,306						(358)	(358)	2,948	3,095	3,250
Government - operating	1	125,711						(1,000)	(1,000)	124,711	133,991	134,630
Government - capital	1	30,000					8,400	(6,400)	2,000	32,000	38,794	40,377
Interest		2,128						302	302	2,431	2,552	2,680
Dividends		-						-	-	-	-	-
Payments												
Suppliers and employees		(108,146)						(9,838)	(9,838)	(117,984)	(128,687)	(135,121)
Finance charges		(442)						-	-	(442)	(300)	(315)
Transfers and Grants	1	(147)						-	-	(147)	(155)	(163)
NET CASH FROM/(USED) OPERATING ACTIVITIES		74,240	-	-	-	-	8,400	(14,212)	(5,812)	68,428	75,448	72,803
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		-						-	-	-	-	-
Decrease (Increase) in non-current debtors		-						-	-	-	-	-
Decrease (increase) other non-current receivables		-						-	-	-	-	-
Decrease (increase) in non-current investments		-						-	-	-	-	-
Payments												
Capital assets		(48,250)					(8,400)	3,298	(5,102)	(53,352)	(44,123)	(46,330)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(48,250)	-	-	-	-	(8,400)	3,298	(5,102)	(53,352)	(44,123)	(46,330)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-						-	-	-	-	-
Borrowing long term/refinancing		-						-	-	-	-	-
Increase (decrease) in consumer deposits		-						-	-	-	-	-
Payments												
Repayment of borrowing		(1,250)						-	-	(1,250)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,250)	-	-	-	-	-	-	-	(1,250)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		24,740	-	-	-	-	-	(10,914)	(10,914)	13,826	31,325	26,474
Cash/cash equivalents at the year begin:	2	4,743						8,441	8,441	13,183	27,009	58,334
Cash/cash equivalents at the year end:	2	29,483						(2,474)	(2,474)	27,009	58,334	84,808

Cash Flows

The Municipality used an average collection rate for the past 6 months to adjust the income component of Property Rates, Service Charge-Refuse, Service Charge-Other, Rentals Facilities and Equipment, Interest Earned- External Investments, Fines, Licence and Permits and Other Revenue. The 50 percent rebate for property rates was also taken into account in calculating the cash flow. In prior years the Municipality estimate a 5 percent increase respectively.

The Municipality will receive 99 percent receipts on operational grants because the municipality will no longer receive the full amount for Energy Efficiency and Demand Management Grant. For capital projects, the Municipality will now receive only 100 percent for MIG and a new capital project grant from department of energy. The National Electrification grant will fund Nordale and Hlazane electrification.

The Municipality Adjusted it's expenditure for cash items according to table B4.

Payments for capital projects have been adjusted as per the increase/decrease amount for capital project.

The Municipality plans to keep a positive cash flow. Cash flow is broken-down on supporting Schedule SB15.

Table B8 Cash Beck Reserves/ Accumulated Surplus Reconciliation

KZN275 Mtubatuba - Table B8 Cash backed reserves/accumulated surplus reconciliation - 27 May 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2016/17	+2 2017/18
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Cash and investments available												
Cash/cash equivalents at the year end	1	29,483	-	-	-	-	-	(2,474)	(2,474)	27,009	58,334	84,808
Other current investments > 90 days		0	-	-	-	-	-	(0)	(0)	(0)	2,054	2,054
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		29,483	-	-	-	-	-	(2,474)	(2,474)	27,009	60,388	86,862
Applications of cash and investments												
Unspent conditional transfers		6,685	-	-	-	-	-	(3,416)	(3,416)	3,269	2,000	2,000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	(15,867)	-	-	-	-	-	(12,927)	(12,927)	(28,794)	(22,022)	(12,603)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		59,516	-	-	-	-	-	(62,446)	(62,446)	(2,930)	-	-
Total Application of cash and investments:		50,335	-	-	-	-	-	(78,790)	(78,790)	(28,455)	(20,022)	(10,603)
Surplus(shortfall)		(20,852)	-	-	-	-	-	76,316	76,316	55,464	80,409	97,464

Municipal Reserves are cash-beck as reflected by positive figures in the above table B8.

Table B9 Assets Management

MTUBATUBA LOCAL MUNICIPALITY (KZN275)-ADJUSTMENT BUDGET-MAY 2016

KZN275 Mtubatuba - Table B9 Asset Management - 27 May 2016

Description	Ref	Budget Year 2015/16									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
	7	8	9	10	11	12	13	14				
	A	A1	B	C	D	E	F	G	H			
R thousands												
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	26,250	-	-	-	-	2,000	(6,980)	(4,980)	21,270	17,157	18,015
Infrastructure - Road transport		3,400	-	-	-	-	-	(3,400)	(3,400)	-	-	-
Infrastructure - Electricity		-	-	-	-	-	2,000	-	2,000	2,000	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		5,000	-	-	-	-	-	(3,500)	(3,500)	1,500	1,575	1,654
Infrastructure		8,400	-	-	-	-	2,000	(6,900)	(4,900)	3,500	1,575	1,654
Community		4,500	-	-	-	-	-	2,430	2,430	6,930	4,200	4,410
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	13,350	-	-	-	-	-	(2,510)	(2,510)	10,840	11,382	11,952
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	22,000	-	-	-	-	6,400	3,682	10,082	32,082	26,966	28,314
Infrastructure - Road transport		18,800	-	-	-	-	6,400	3,682	10,082	28,882	23,606	24,786
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		3,200	-	-	-	-	-	-	-	3,200	3,360	3,528
Infrastructure		22,000	-	-	-	-	6,400	3,682	10,082	32,082	26,966	28,314
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	22,200	-	-	-	-	6,400	282	6,682	28,882	23,606	24,786
Infrastructure - Road transport		-	-	-	-	-	2,000	-	2,000	2,000	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		8,200	-	-	-	-	-	(3,500)	(3,500)	4,700	4,935	5,182
Infrastructure		30,400	-	-	-	-	8,400	(3,218)	5,182	35,582	28,541	29,968
Community		4,500	-	-	-	-	-	2,430	2,430	6,930	4,200	4,410
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	13,350	-	-	-	-	-	(2,510)	(2,510)	10,840	11,382	11,952
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	2	48,250	-	-	-	-	8,400	(3,298)	5,102	53,352	44,123	46,330
ASSET REGISTER SUMMARY - PPE (WDV)												
Infrastructure - Road transport	5	284,478	-	-	-	-	-	-	-	284,478	250,442	240,779
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		23,769	-	-	-	-	-	-	-	23,769	64,958	82,432
Infrastructure		308,247	-	-	-	-	-	-	-	308,247	315,400	323,211
Community		6,250	-	-	-	-	-	-	-	6,250	3,650	4,650
Heritage assets		-	-	-	-	-	-	165	165	-	165	165
Investment properties		25,684	-	-	-	-	-	20,148	20,148	45,832	45,832	45,832
Other assets		10,850	-	-	-	-	-	-	-	10,850	12,351	13,404
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	262	262	262	262	262
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	351,031	-	-	-	-	-	20,575	20,575	371,605	377,660	387,523
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment	3	16,520	-	-	-	-	-	-	-	16,520	17,346	18,213
Repairs and Maintenance by asset class	3	12,619	-	-	-	-	-	7,814	7,814	20,433	21,468	22,550
Infrastructure - Road transport		6,500	-	-	-	-	-	5,310	5,310	11,810	12,411	13,037
Infrastructure - Electricity		1,000	-	-	-	-	-	(500)	(500)	500	525	552
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		7,500	-	-	-	-	-	4,810	4,810	12,310	12,936	13,589
Community		2,150	-	-	-	-	-	531	531	2,681	2,816	2,958
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	2,969	-	-	-	-	-	2,474	2,474	5,443	5,715	6,003
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		29,139	-	-	-	-	-	7,814	7,814	36,953	38,814	40,763

Table B10 Basic Services Delivery Measurement

KZN275 Mtubatuba - Table B10 Basic service delivery measurement - 27 May 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjus.	Adjus.	Budget	Budget	Budget
	A	7	8	9	10	11	12	13	14			
		A1	B	C	D	E	F	G	H			
Household service targets	1											
Water:												
Piped water inside dwelling		27000							27	30245	30245	
Piped water inside yard (but not in dwelling)		42000							42	45691	45691	
Using public tap (at least min.service level)	2	30000							30	37013	37013	
Other water supply (at least min.service level)		7000							7	9	9	
<i>Minimum Service Level and Above sub-total</i>		106							106	122	122	
Using public tap (< min.service level)	3											
Other water supply (< min.service level)	3,4											
No water supply		28950							29	28950	28950	
<i>Below Minimum Service Level sub-total</i>		29							29	29	29	
Total number of households	5	135							135	151	151	
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		13737							13,737	13737	13737	
Flush toilet (with septic tank)		5133							5,133	5633	5633	
Chemical toilet		27755							27,755	32255	32255	
Pit toilet (ventilated)		37275							37,275	39525	39525	
Other toilet provisions (> min.service level)		29786							29,786	32894	32894	
<i>Minimum Service Level and Above sub-total</i>		113,686							113,686	124,044	124,044	
Bucket toilet		100							100	95	95	
Other toilet provisions (< min.service level)		5793							5,793	6543	6543	
No toilet provisions		11120							11,120	10012	10012	
<i>Below Minimum Service Level sub-total</i>		17,013							17,013	16,650	16,650	
Total number of households	5	130,699							130,699	140,694	140,694	
Energy:												
Electricity (at least min. service level)		50207							50,207	60207	60207	
Electricity - prepaid (> min.service level)		0								0	0	
<i>Minimum Service Level and Above sub-total</i>		50,207							50,207	60,207	60,207	
Electricity (< min.service level)												
Electricity - prepaid (< min. service level)												
Other energy sources		79987							79,987	80487	80487	
<i>Below Minimum Service Level sub-total</i>		79,987							79,987	80,487	80,487	
Total number of households	5	130,194							130,194	140,694	140,694	
Refuse:												
Removed at least once a week (min.service)		242.46							242	242.46	242.46	
<i>Minimum Service Level and Above sub-total</i>		242							242	242	242	
Removed less frequently than once a week												
Using communal refuse dump												
Using own refuse dump												
Other rubbish disposal												
No rubbish disposal												
<i>Below Minimum Service Level sub-total</i>												
Total number of households	5	242							242	242	242	
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)												
Sanitation (free minimum level service)												
Electricity/other energy (50kwh per household per month)												
Refuse (removed at least once a week)												
Cost of Free Basic Services provided (R'000)	16											
Water (6 kilolitres per household per month)												
Sanitation (free sanitation service)												
Electricity/other energy (50kwh per household per month)		147							147	155	163	
Refuse (removed once a week)												
Total cost of FBS provided (minimum social pack)		147							147	155	163	
Highest level of free service provided												
Property rates (R'000 value threshold)												
Water (kilolitres per household per month)		38629							38,629	40000	40000	
Sanitation (kilolitres per household per month)												
Sanitation (Rand per household per month)												
Electricity (kw per household per month)												
Refuse (average litres per week)												
Revenue cost of free services provided (R'000)	17											
Property rates (R15 000 threshold rebate)												
Property rates (other exemptions, reductions and rebates)												
Water												
Sanitation												
Electricity/other energy												
Refuse												
Municipal Housing - rental rebates												
Housing - top structure subsidies	6											
Other												
Total revenue cost of free services provided (total s		-							-	-	-	

➤ The information relating to Basic Service Delivery Measurement was extracted to the district municipality.

PART 2- SUPPORTING DOCUMENTS

2.1. Adjustment to Budget Assumption

The adjustment budget was made on the assumption of the going concern basis. The Municipality used the historical information and past trends in preparing its adjustment budget. A zero based and incremental budgeting principles were incorporated in this adjustment budget. The Mid-Year Budget and performance assessment has also informed the adjustment budget because it has guided the Municipality and has assisted to detect areas where opportunity for improvement is necessary.

2.2. Adjustment to Budget Funding.

- The adjusted Operational Expenditure is funded by Operational Grants and internal generated revenue.
- The Adjusted Capital Expenditure is funded by Capital Grants and Internal generated funds.

Break-down		Operational Expenditure	Capital Expenditure	Percentage
Operational Expenditure	Operational Grant	124,711,000		73%
	Internal Generated Funds	47,298,186		27%
				100%
Capital Expenditure	Capital Grant		32,000,000	60%
	Internal Generated Funds		21,352,278	40%
Total Expenditure		R172,009,186	R53,352,278	100%

- The sustainability of the Municipality is positive as shown in the positive cash flow throughout and the reserves are cashback.
- Collection level has been adjusted upwards to 10 percent. In rand value we budgeted to collect R27 265 000 and adjusted to R30 290 000 in total.
- An adjustment was made to investment that would be remaining at year end. This has been explained under table B6 on page sixteen.
- No Adjustment was made to contributions and donations because the Municipality don't have any.
- No adjustment was made for new loan because there is no proposal for new loan.

2.3. Adjustment to Expenditure on Allocations and Grants Programmes

- An Adjustment was made under Operational Grants- National Government.
 - A downwards adjustment of R1 000 000 for Energy Efficiency and Demand Management Grant due to low spending.
- An adjustment was made on Capital Grants- National government
 - A upwards adjustment was made for an amount of R6 400 000 from MIG due to dramatic improvement in spending on MIG
 - An upwards adjustment was made for an amount of R2 000 000 from Department of energy to cater for two electrification projects.

The following table depict the above explanation.

Supporting Table SB8-Expenditure on Transfers and Grant Programme

KZN275 Mtubatuba - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 27 May 2016

Description	Ref	Budget Year 2015/16						Budget Year	Budget Year	
		Original	Prior	Multi-year	Nat. or Prov.	Other	Total	Adjusted	Adjusted	
		Budget	Adjusted	capital	Govt	Adjusts.	Adjusts.	Budget	Budget	
R thousands										
		A	2	3	4	5	6	7		
		A1		B	C	D	E	F		
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		122,993	-	-	-	(1,000)	(1,000)	121,993	131,130	131,626
Local Government Equitable Share		116,487				-	-	116,487	121,754	122,015
Finance Management		1,800				-	-	1,800	1,825	1,900
Municipal Systems Improvement		930				-	-	930	957	1,033
Energy Efficiency and Demand Management		2,000			-	(1,000)	(1,000)	1,000	5,000	5,000
EPWP Incentive		1,000				-	-	1,000	-	-
Municipal Infrastructure Grant Operational		776				-	-	776	1,594	1,678
Provincial Government:		2,718	-	-	-	-	-	2,718	2,861	3,004
Community Library Service		340				-	-	340	358	376
Provincialisation Of Libraries		2,378				-	-	2,378	2,503	2,628
Department of Sport Caretakers						-	-	-	-	-
Other transfers and grants [insert description]						-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]						-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]						-	-	-	-	-
Total operating expenditure of Transfers and Grants:		125,711	-	-	-	(1,000)	(1,000)	124,711	133,991	134,630
Capital expenditure of Transfers and Grants										
National Government:		30,000	-	-	8,400	(6,400)	2,000	32,000	38,794	41,877
Municipal Infrastructure Grant (MIG)		30,000			6,400	(6,400)	-	30,000	30,294	31,877
Energy Efficiency and Demand Management					-	-	-	-	-	-
Small Town Rehabilitation					-	-	-	-	-	-
Corridor Development					-	-	-	-	-	-
National Electrification Programme					2,000	-	2,000	2,000	8,500	10,000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]						-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]						-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]						-	-	-	-	-
Total capital expenditure of Transfers and Grants		30,000	-	-	8,400	(6,400)	2,000	32,000	38,794	41,877
Total capital expenditure of Transfers and Grants		155,711	-	-	8,400	(7,400)	1,000	156,711	172,785	176,507

2.4. Adjustments to Allocations and Grants made by the Municipality.

- No allocations was made by the municipality to other institutions.

2.5. Adjustment to Councillors, Board Members Allowance and Employee Benefits.

KZN275 Mtubatuba - Supporting Table SB11 Adjustments Budget - councillor and staff benefits - 27 May 2016

Summary of remuneration	Ref	Budget Year 2015/16									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	
R thousands		A	A1	B	C	D	E	F	G	H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		7,503						214	214	7,717	2.8%
Pension and UIF Contributions		-						-	-	-	
Medical Aid Contributions		-						-	-	-	
Motor Vehicle Allowance		2,501						71	71	2,572	2.8%
Cellphone Allowance		1,018						(88)	(88)	930	
Housing Allowances		-						-	-	-	
Other benefits and allowances		-						-	-	-	
Sub Total - Councillors		11,022	-					197	197	11,219	1.8%
% increase			(0)							0	
Senior Managers of the Municipality											
Basic Salaries and Wages		2,924						-	-	2,924	0.0%
Pension and UIF Contributions		-						-	-	-	
Medical Aid Contributions		-						-	-	-	
Overtime		-						-	-	-	
Performance Bonus		625						-	-	625	
Motor Vehicle Allowance		808						-	-	808	0.0%
Cellphone Allowance		120						-	-	120	0.0%
Housing Allowances		554						-	-	554	
Other benefits and allowances		741						-	-	741	
Payments in lieu of leave		-						-	-	-	
Long service awards		-						-	-	-	
Post-retirement benefit obligations	5	-						-	-	-	
Sub Total - Senior Managers of Municipality		5,771	-					-	-	5,771	0.0%
% increase			(0)							-	
Other Municipal Staff											
Basic Salaries and Wages		22,263						5,425	5,425	27,688	24.4%
Pension and UIF Contributions		6,877						(1,085)	(1,085)	5,791	-15.8%
Medical Aid Contributions		4,125						(1,406)	(1,406)	2,719	-34.1%
Overtime		2,032						1,453	1,453	3,485	71.5%
Performance Bonus		-						-	-	-	
Motor Vehicle Allowance		2,492						2,191	2,191	4,684	87.9%
Cellphone Allowance		124						-	-	124	0.0%
Housing Allowances		1,587						(1,288)	(1,288)	299	
Other benefits and allowances		1,855						(891)	(891)	963	
Payments in lieu of leave		-						-	-	-	
Long service awards		-						-	-	-	
Post-retirement benefit obligations	5	-						-	-	-	
Sub Total - Other Municipal Staff		41,354	-					4,399	4,399	45,754	10.6%
% increase											
Total Parent Municipality		58,148	-					4,596	4,596	62,744	7.9%

- An adjustment was made on Councillors and senior management benefits due to application of upper limits.
- An adjustment was made on staff benefits. That adjustment is 10.6% when compared to the original budget and amounts to R4 399 000. This was as a result of beck-pays.
- The above supporting table depict the adjustment made to councillors and staff benefits.

2.6. Adjustment to Services Delivery and Budget Implementation Plan.

- Due to adjustments made to all departments, The SDBIP of Departments and the consolidated SDBIP were also adjusted. The SDBIP will be attached as annexures.

2.7 Adjustment to Capital Expenditure

Municipal Vote/Capital project	Asset Sub-Class	GPS co-ordinates	Medium Term Revenue and Expenditure Framework					
			Budget Year 2015/16		Budget Year +1 2016/17		Budget Year +2 2017/18	
R thousand	4	5	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
Parent municipality:								
Infrastructure Roads	<i>Roads, Pavements & Bridges</i>	<i>n/a</i>	27,200	30,382	20,000	25,181	20,000	26,440
Electricity raticulation	<i>Transmission & Reticulation</i>	<i>n/a</i>	–	2,000	–	–	–	–
Sport Field	<i>Sportsfields & stadia</i>	<i>n/a</i>	–	4,000	4,783	4,200	5,025	4,410
Community Assets halls	<i>Community halls</i>	<i>n/a</i>	4,500	–	–	–	–	–
Bin and Containers	<i>Other</i>	<i>n/a</i>	150	1,200	450	1,260	450	1,323
Plant and Equipment	<i>Plant & equipment</i>	<i>n/a</i>	5,500	5,500	3,600	5,775	130	6,064
Motor Vehicles	<i>General vehicles</i>	<i>n/a</i>	1,300	2,006	–	2,107	–	2,212
Office equipment	<i>Other</i>	<i>n/a</i>	300	350	315	368	331	386
Furniture and Fittings	<i>Furniture and other office equipment</i>	<i>n/a</i>	450	450	473	473	497	496
Computer Equipment	<i>Furniture and other office equipment</i>	<i>n/a</i>	150	810	158	850	166	893
Buildings	<i>Other</i>	<i>n/a</i>	5,500	500	11,000	525	12,000	551
Dumpsite Maintinance	<i>Waste Management</i>	<i>n/a</i>	3,200	3,200	–	3,360	–	3,528
Ammunition	<i>public safety</i>	<i>n/a</i>	–	24	–	25	–	26
Water support	<i>Boholes/ water tanks</i>	<i>n/a</i>	–	2,930	–	–	–	–

- An adjustment was made on capital expenditure. This was explained in page 13 through 15.

The above table reflect the project that was affected as a result this adjustment.

2.8 Other Supporting Documents

All supporting documents will be attached as annexures.

