

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**

28 February 2017

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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 February 2017.

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 - 28 February 2016

Description	Budget Year 2016/17									Budget Year	Budget Year
	Original Budget	Prior Adjusted 1	Accum. Funds 2	Multi-year capital 3	Unfore. Unavoid. 4	Nat. or Prov. Govt 5	Other Adjusts. 6	Total Adjusts. 7	Adjusted Budget 8	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	30 455	-	-	-	-	-	5 053	5 053	35 508	37 283	39 147
Service charges	6 011	-	-	-	-	-	-	-	6 011	6 312	6 627
Investment revenue	3 500	-	-	-	-	-	(723)	(723)	2 777	2 916	3 061
Transfers recognised - operational	127 839	-	-	-	-	-	-	-	127 839	133 933	141 699
Other own revenue	12 646	-	-	-	-	-	814	814	13 460	14 133	14 840
Total Revenue (excluding capital transfers and contributions)	180 452	-	-	-	-	-	5 143	5 143	185 595	194 577	205 375
Employee costs	48 318	-	-	-	-	-	5 977	5 977	54 296	58 096	62 163
Remuneration of councillors	11 219	-	-	-	-	-	1 704	1 704	12 923	13 569	14 248
Depreciation & asset impairment	18 500	-	-	-	-	-	1 000	1 000	19 500	20 493	21 527
Finance charges	200	-	-	-	-	-	418	418	618	649	681
Materials and bulk purchases	18 330	-	-	-	-	-	(5 430)	(5 430)	12 900	12 255	12 844
Transfers and grants	150	-	-	-	-	-	-	-	150	158	165
Other expenditure	61 677	-	-	-	-	-	13 484	13 484	75 161	78 620	80 849
Total Expenditure	158 395	-	-	-	-	-	17 153	17 153	175 548	183 840	192 478
Surplus/(Deficit)	22 057	-	-	-	-	-	(12 010)	(12 010)	10 047	10 737	12 897
Transfers recognised - capital	42 788	-	-	-	-	4 000	-	4 000	46 788	48 820	42 435
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	64 845	-	-	-	-	4 000	(12 010)	(8 010)	56 835	59 557	55 332
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	64 845	-	-	-	-	4 000	(12 010)	(8 010)	56 835	59 557	55 332
Capital expenditure & funds sources											
Capital expenditure	58 590	-	-	-	-	-	(3 317)	(3 317)	55 273	58 680	48 129
Transfers recognised - capital	42 788	-	-	-	-	-	4 000	4 000	46 788	48 820	42 435
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	15 802	-	-	-	-	-	(7 317)	(7 317)	8 485	9 860	5 694
Total sources of capital funds	58 590	-	-	-	-	-	(3 317)	(3 317)	55 273	58 680	48 129
Financial position											
Total current assets	83 226	-	-	-	-	-	24 044	24 044	107 270	130 731	146 239
Total non current assets	372 645	-	-	-	-	-	17 080	17 080	389 725	427 399	469 015
Total current liabilities	16 724	-	-	-	-	-	(2 000)	(2 000)	14 724	16 829	20 594
Total non current liabilities	11 901	-	-	-	-	-	(1 600)	(1 600)	10 301	10 908	11 551
Community wealth/Equity	427 246	-	-	-	-	-	44 724	44 724	471 970	530 393	583 108
Cash flows											
Net cash from (used) operating	70 334	-	-	-	-	4 000	(831)	3 169	73 503	75 984	70 958
Net cash from (used) investing	(58 590)	-	-	-	-	-	3 231	3 231	(55 359)	(58 127)	(61 615)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	25 868	-	-	-	-	4 000	4 437	8 437	34 304	52 161	61 504
Cash backing/surplus reconciliation											
Cash and investments available	25 868	-	-	-	-	-	8 437	8 437	34 304	52 161	61 504
Application of cash and investments	(22 300)	-	-	-	-	-	(10 179)	(10 179)	(32 479)	(35 064)	(38 619)
Balance - surplus (shortfall)	48 168	-	-	-	-	-	18 616	18 616	66 784	87 225	100 123
Asset Management											
Asset register summary (WDV)	372 383	-	-	-	-	-	17 342	17 342	389 725	427 399	469 015
Depreciation & asset impairment	18 500	-	-	-	-	-	1 000	1 000	19 500	20 493	21 527
Renewal of Existing Assets	21 500	-	-	-	-	4 000	10 450	14 450	35 950	39 000	33 000
Repairs and Maintenance	18 330	-	-	-	-	-	(5 430)	(5 430)	12 900	12 255	12 844
Free services											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	2 700	-	-	-	-	-	0	0	2 700	2 835	2 976
Households below minimum service level											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-	-
Energy :	-	-	-	-	-	-	-	-	-	-	-
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) - 28 February 2016

Standard Description	Ref	Budget Year 2016/17									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
R thousands	1, 4	A	5	6	7	8	9	10	11	12	+1 2017/18	+2 2018/19
		A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
Governance and administration		108 104	-	-	-	-	-	5 380	5 380	113 484	137 996	140 408
Executive and council		30 583	-	-	-	-	-	-	-	30 583	30 222	31 733
Budget and treasury office		67 521	-	-	-	-	-	5 380	5 380	72 901	97 774	98 675
Corporate services		10 000	-	-	-	-	-	-	-	10 000	10 000	10 000
Community and public safety		25 950	-	-	-	-	-	(216)	(216)	25 735	25 047	25 800
Community and social services		16 086	-	-	-	-	-	7	7	16 093	15 606	15 887
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		9 864	-	-	-	-	-	(223)	(223)	9 641	9 441	9 913
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		72 581	-	-	-	-	4 000	(21)	3 979	76 560	71 847	72 670
Planning and development		6 870	-	-	-	-	-	(21)	(21)	6 849	7 852	8 169
Road transport		65 711	-	-	-	-	4 000	-	4 000	69 711	63 995	64 501
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		16 604	-	-	-	-	-	-	-	16 604	8 507	8 932
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		16 604	-	-	-	-	-	-	-	16 604	8 507	8 932
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	223 240	-	-	-	-	4 000	5 143	9 143	232 383	243 397	247 809
Expenditure - Standard												
Governance and administration		89 452	-	-	-	-	-	9 022	9 022	98 474	103 880	109 517
Executive and council		28 881	-	-	-	-	-	5 615	5 615	34 496	36 323	38 248
Budget and treasury office		45 255	-	-	-	-	-	3 312	3 312	48 567	51 170	53 897
Corporate services		15 315	-	-	-	-	-	96	96	15 411	16 387	17 371
Community and public safety		25 716	-	-	-	-	-	17 252	17 252	42 969	44 693	47 360
Community and social services		20 001	-	-	-	-	-	10 425	10 425	30 425	31 490	33 249
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		5 716	-	-	-	-	-	6 827	6 827	12 543	13 203	14 111
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		28 622	-	-	-	-	-	(7 073)	(7 073)	21 549	22 315	21 882
Planning and development		7 351	-	-	-	-	-	(3 114)	(3 114)	4 237	4 494	4 774
Road transport		21 271	-	-	-	-	-	(3 959)	(3 959)	17 312	17 821	17 109
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		14 604	-	-	-	-	-	(2 048)	(2 048)	12 556	12 952	13 719
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		14 604	-	-	-	-	-	(2 048)	(2 048)	12 556	12 952	13 719
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	158 395	-	-	-	-	-	17 153	17 153	175 548	183 840	192 478
Surplus/ (Deficit) for the year		64 845	-	-	-	-	4 000	(12 010)	(8 010)	56 835	59 557	55 332

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) - 28 February 2016

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjusts. 8	Total Adjusts. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive and Council		30 583	-	-	-	-	-	-	-	30 583	30 222	31 733
Vote 2 - Budget and Treasury		67 521	-	-	-	-	-	5 380	5 380	72 901	97 774	98 675
Vote 3 - Corporate Services		10 000	-	-	-	-	-	-	-	10 000	10 000	10 000
Vote 4 - Community Services		16 086	-	-	-	-	-	7	7	16 093	15 606	15 887
Vote 5 - Planning and Economic Development		6 870	-	-	-	-	-	(21)	(21)	6 849	7 852	8 169
Vote 6 - Roads		65 711	-	-	-	-	4 000	-	4 000	69 711	63 995	64 501
Vote 7 - Public Safety		9 864	-	-	-	-	-	(223)	(223)	9 641	9 441	9 913
Vote 8 - Solid Waste		16 604	-	-	-	-	-	-	-	16 604	8 507	8 932
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	223 240	-	-	-	-	4 000	5 143	9 143	232 383	243 397	247 809
Expenditure by Vote	1											
Vote 1 - Executive and Council		28 881	-	-	-	-	-	5 615	5 615	34 496	36 323	38 248
Vote 2 - Budget and Treasury		45 255	-	-	-	-	-	3 312	3 312	48 567	51 170	53 897
Vote 3 - Corporate Services		15 315	-	-	-	-	-	96	96	15 411	16 387	17 371
Vote 4 - Community Services		20 001	-	-	-	-	-	10 425	10 425	30 425	31 490	33 249
Vote 5 - Planning and Economic Development		7 351	-	-	-	-	-	(3 114)	(3 114)	4 237	4 494	4 774
Vote 6 - Roads		21 271	-	-	-	-	-	(3 959)	(3 959)	17 312	17 821	17 109
Vote 7 - Public Safety		5 716	-	-	-	-	-	6 827	6 827	12 543	13 203	14 111
Vote 8 - Solid Waste		14 604	-	-	-	-	-	(2 048)	(2 048)	12 556	12 952	13 719
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	158 395	-	-	-	-	-	17 153	17 153	175 548	183 840	192 478
Surplus/ (Deficit) for the year	2	64 845	-	-	-	-	4 000	(12 010)	(8 010)	56 835	59 557	55 332

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) - 28 February 2016

Description	Ref	Budget Year 2016/17									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 2017/18	+2 2018/19
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	30 455	-	-	-	-	-	5 053	5 053	35 508	37 283	39 147
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	4 051	-	-	-	-	-	-	-	4 051	4 253	4 466
Service charges - other		1 961	-	-	-	-	-	-	-	1 961	2 059	2 162
Rental of facilities and equipment		206	-	-	-	-	-	48	48	254	266	280
Interest earned - external investments		3 500	-	-	-	-	-	(723)	(723)	2 777	2 916	3 061
Interest earned - outstanding debtors		7 302	-	-	-	-	-	605	605	7 907	8 303	8 718
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		1 356	-	-	-	-	-	727	727	2 084	2 188	2 297
Licences and permits		3 336	-	-	-	-	-	(948)	(948)	2 388	2 508	2 633
Agency services		-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operating		127 839	-	-	-	-	-	-	-	127 839	133 933	141 699
Other revenue	2	445	-	-	-	-	-	(194)	(194)	251	264	277
Gains on disposal of PPE		-	-	-	-	-	-	576	576	576	605	635
Total Revenue (excluding capital transfers and contributions)		180 452	-	-	-	-	-	5 143	5 143	185 595	194 577	205 375
Expenditure By Type												
Employee related costs		48 318	-	-	-	-	-	5 977	5 977	54 296	58 096	62 163
Remuneration of councillors		11 219	-	-	-	-	-	1 704	1 704	12 923	13 569	14 248
Debt impairment		9 124	-	-	-	-	-	-	-	9 124	9 589	10 073
Depreciation & asset impairment		18 500	-	-	-	-	-	1 000	1 000	19 500	20 493	21 527
Finance charges		200	-	-	-	-	-	418	418	618	649	681
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-
Other materials		18 330	-	-	-	-	-	(5 430)	(5 430)	12 900	12 255	12 844
Contracted services		18 817	-	-	-	-	-	1 864	1 864	20 681	21 716	22 803
Transfers and grants		150	-	-	-	-	-	-	-	150	158	165
Other expenditure		33 735	-	-	-	-	-	11 620	11 620	45 355	47 315	47 973
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		158 395	-	-	-	-	-	17 153	17 153	175 548	183 840	192 478
Surplus/(Deficit)		22 057	-	-	-	-	-	(12 010)	(12 010)	10 047	10 737	12 897
Transfers recognised - capital		42 788	-	-	-	-	-	4 000	4 000	46 788	48 820	42 435
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		64 845	-	-	-	-	4 000	(12 010)	(8 010)	56 835	59 557	55 332
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		64 845	-	-	-	-	4 000	(12 010)	(8 010)	56 835	59 557	55 332
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		64 845	-	-	-	-	4 000	(12 010)	(8 010)	56 835	59 557	55 332
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		64 845	-	-	-	-	4 000	(12 010)	(8 010)	56 835	59 557	55 332

The above table detailed the revenue by source and expenditure by type. No adjustment was made for Service Charge refuse, Service charge other and Transfers recognized Operational. The following was adjusted.

Revenue by source

 ➤ **Property Rates**

Income from Property Rates has been adjusted upwards by 14 percent and to a rand value of R5 million. This adjustment was based on the result of mid-year performance assessment. The increase is because of the supplementary valuation roll that was implemented in the beginning of the financial year because information relating to it was received in June when the budget was already approved. For outer years it has increase by 5 percent respectively.

- **Rentals of Facilities and Equipment**

Rentals was adjusted downwards by 19 percent and a rand value of R48 thousand. The Municipality received more income on rental as at December 2016 because of upgrade to it facilities, 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 downwards by 26 percent and a rand value of R700 thousands. The has been a significant decrease from fund that the municipality keep on investment due to projects for drought relief resulting in decrease in funds keep as investment. For outer years, Interest on investments will increase by 5 percent respectively.
- **Interest Earned-Outstanding Debtors**

Interest earned-Outstanding Debtors was budgeted to be R7.3 million and was adjusted upwards to R7.9. The percentage increase is 8 percent. The reason for this adjustment is increase in long outstanding debtors. For outer years it will increase by 5 percent.
- **Fines**

Fines has been adjusted upwards by R700 thousand. 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. For outer years it will increase by 5 percent.
- **Licence and Permit**

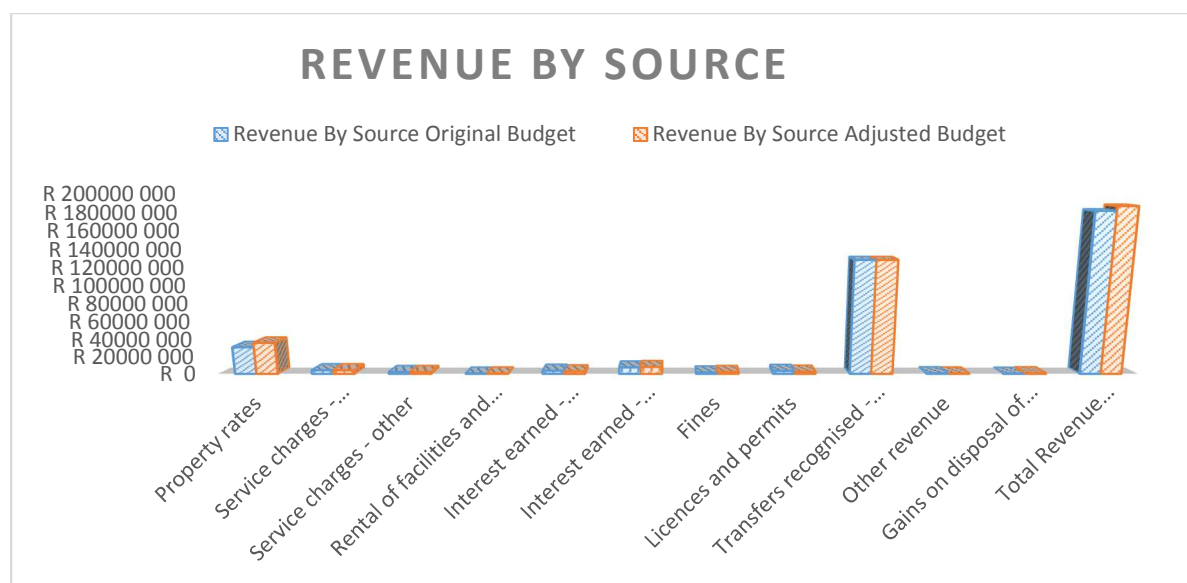
Licence and permit was adjusted downwards by R900 thousand. This is because there has been a decrease in the number of applicants for licence and permits when compared to the adjustment budget. For outer years it will increase by 5 percent
- **Transfers Recognised- Capital**

Transfers Recognised-Capital was adjusted upwards by R4 million because of additional funding from Department of Sport for rehabilitation of KwaMsane Sport field. There is a new project that was added for KwaMsane Sport field as a result of this grant. For outer years it will increase by 5 percent.
- **Other Revenue**

Other Revenue was adjusted downwards by 77 percent because of low revenue receive from different items of other revenue. This information is based on past six months performance trends and the anticipated revenue to be collected at year end.

Revenue By Source

Description	Original Budget	Adjusted Budget
Property rates	R 30 455 040	R 35 507 709
Service charges - refuse revenue	R 4 050 731	R 4 050 731
Service charges - other	R 1 960 558	R 1 960 558
Rental of facilities and equipment	R 205 566	R 253 530
Interest earned - external investments	R 3 500 000	R 2 776 741
Interest earned - outstanding debtors	R 7 302 357	R 7 907 377
Fines	R 1 356 368	R 2 083 516
Licences and permits	R 3 336 470	R 2 388 240
Transfers recognised - operating	R 127 839 150	R 127 839 150
Other revenue	R 445 442	R 251 368
Gains on disposal of PPE	R 0	R 576 185
Total Revenue (excluding capital transfers and contributions)	R 180 451 682	R 185 595 105


Expenditure by Type

There were no adjustments made in Debt impairment and transfers and Grants. The following expenditure has been adjusted.

➤ **Employee Related Cost**

Employee related costs were adjusted upwards by 11 percent from R48 million to R54 million. This is because back pays that were made during this financial year, Car allowance that were not budgeted for and newly created vacant post for senior management. 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 13 percent. This is because of the recent circular for upper limits to councillors, which determines the remunerations of office bearers.

➤ **Depreciation and Assets Impairment**

Depreciation and Assets impairment has been adjusted upwards by 5 percent. This is because this line item was under budgeted for. The variance is also insignificant.

➤ **Other Materials**

Other Materials was adjusted downwards by 42 percent from R18.3 million to R12.9 million. This is because there was no major expenditure on repairs incurred in the first quarter and the acquisition of new fleet which does not need major repairs.

➤ **Contracted Services**

Contracted Services was increased by 9 percent from R18.8 million to R20.6 million. This is because of an increase in number of office bearers requiring bodyguard. This resulted in the need for adjustment.

➤ **Other Expenditure**

Other Expenditure was increased by 26 percent from R33.7 million to R45.3 million. 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, special programmes, subsistence and travelling and public participation adjustment was therefore necessary.

The following table and graph represent expenditure by type.

Expenditure By Type		
Employee related costs	R 48 318 275	R 54 295 727
Remuneration of councillors	R 11 219 248	R 12 923 162
Debt impairment	R 9 124 464	R 9 124 464
Depreciation & asset impairment	R 18 500 000	R 19 500 000
Finance charges	R 200 000	R 617 693
Other materials	R 18 330 000	R 12 900 428
Contracted services	R 18 817 068	R 20 681 206
Transfers and grants	R 150 000	R 150 000
Other expenditure	R 33 735 464	R 45 355 089
Total Expenditure	R 158 394 519	R 175 547 769

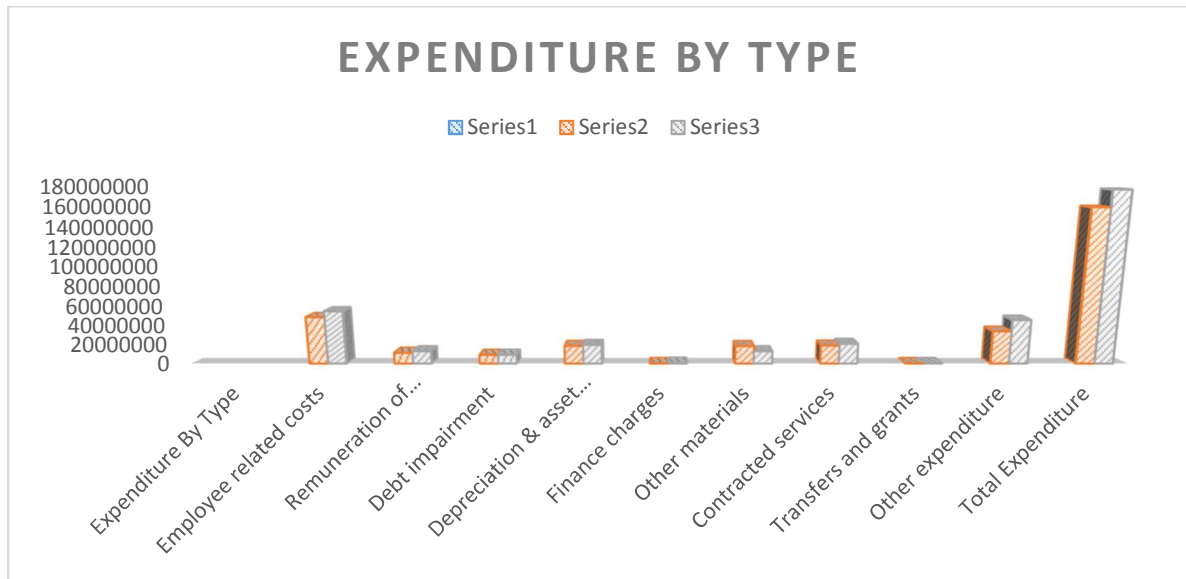


Table B5 Adjustment Capital Expenditure

KZN275 Mtubatuba - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28 February 2016

Description	Ref	Budget Year 2016/17									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	5	6	7	8	9	10	11	12		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Roads		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Public Safety		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Solid Waste		-	-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	3	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be adjusted	2											
Vote 1 - Executive and Council		1 800	-	-	-	-	-	(277)	(277)	1 523	-	-
Vote 2 - Budget and Treasury		200	-	-	-	-	-	(200)	(200)	-	-	-
Vote 3 - Corporate Services		1 050	-	-	-	-	-	100	100	1 150	1 700	2 000
Vote 4 - Community Services		3 430	-	-	-	-	-	(1 730)	(1 730)	1 700	-	-
Vote 5 - Planning and Economic Development		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Roads		49 460	-	-	-	-	-	490	490	49 950	56 980	46 129
Vote 7 - Public Safety		650	-	-	-	-	-	(550)	(550)	100	-	-
Vote 8 - Solid Waste		2 000	-	-	-	-	-	(1 150)	(1 150)	850	-	-
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]		-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		58 590	-	-	-	-	-	(3 317)	(3 317)	55 273	58 680	48 129
Total Capital Expenditure - Vote		58 590	-	-	-	-	-	(3 317)	(3 317)	55 273	58 680	48 129
Capital Expenditure - Standard												
Governance and administration		3 050	-	-	-	-	-	(377)	(377)	2 673	1 700	2 000
Executive and council		1 800	-	-	-	-	-	(277)	(277)	1 523	-	-
Budget and treasury office		200	-	-	-	-	-	(200)	(200)	-	-	-
Corporate services		1 050	-	-	-	-	-	100	100	1 150	1 700	2 000
Community and public safety		4 080	-	-	-	-	-	(2 280)	(2 280)	1 800	-	-
Community and social services		3 430	-	-	-	-	-	(1 730)	(1 730)	1 700	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		650	-	-	-	-	-	(550)	(550)	100	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		49 460	-	-	-	-	-	490	490	49 950	56 980	46 129
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		49 460	-	-	-	-	-	490	490	49 950	56 980	46 129
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
Trading services		2 000	-	-	-	-	-	(1 150)	(1 150)	850	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		2 000	-	-	-	-	-	(1 150)	(1 150)	850	-	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	58 590	-	-	-	-	-	(3 317)	(3 317)	55 273	58 680	48 129
Funded by:												
National Government		42 788	-	-	-	-	-	4 000	4 000	46 788	48 820	42 435
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
Total Capital transfers recognised	4	42 788	-	-	-	-	-	4 000	4 000	46 788	48 820	42 435
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		15 802	-	-	-	-	-	(7 317)	(7 317)	8 485	9 860	5 694
Total Capital Funding		58 590	-	-	-	-	-	(3 317)	(3 317)	55 273	58 680	48 129

Capital Expenditure

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

- **Executive and Council**
Executive has been decreased by R276 990 because of using transversal tendering for the purchase of office bearers vehicles.
- **Budget and Treasury**
Budget and treasury has been adjusted to zero because of cash flow.
- **Corporate Services**
Corporate has been increased by R100 000 because of additional computer equipment that are required.
- **Community Services**
Community Services has been decreased by R1 230 000 and the project cut is community assets-halls which was funded internally. This is because of cash flow.
- **Public Safety/ Licence and Permits**
There has been a decrease of R550 000, the project cut are speed camera and the motor vehicle. These projects were 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 downwards by R3 468 993. The projects that were cut are Infrastructure roads, Indoor and outdoor gyms, kick about, water harvesting and other small projects. There is a new project for the rehabilitation of KwaMsane sport field because of department of sport grant that was received.
- **Waste Management/ Solid Waste**
Solid waste has been adjusted downwards by R1 150 000. The project cut as plant and equipment and motor vehicle. This was also done to boost the cash flow.

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

The following table and graph depict budget for Capital Projects

Capital Budget		
	Original Budget	Adjusted Budget
Executive and Council	R 1 800 000	R 1 523 010
Budget and Treasury	R 200 000	R 0
Corporate Services	R 1 050 000	R 1 150 000
Communty Services	R 3 430 000	R 1 700 000
Roads	R 49 460 000	R 49 950 000
Public Safety	R 650 000	R 100 000
Solid Waste	R 2 000 000	R 850 000

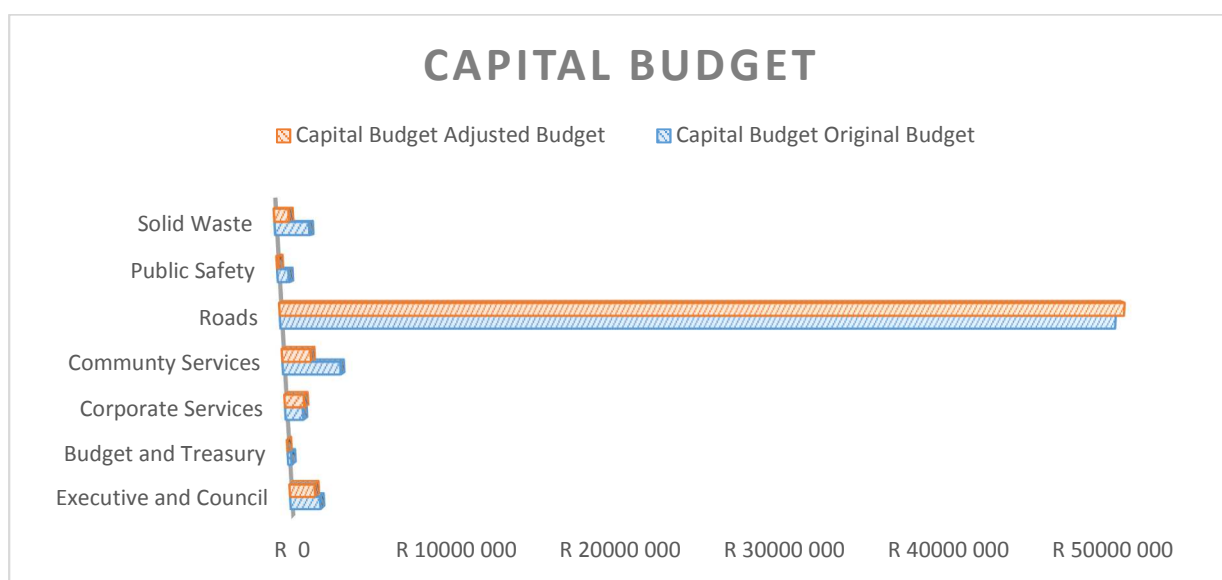


Table B6 Adjustment Budget Financial Position

KZN275 Mtubatuba - Table B6 Adjustments Budget Financial Position - 28 February 2016

Description	Ref	Budget Year 2016/17									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		
R thousands												
ASSETS												
Current assets												
Cash		5 868						(1 563)	(1 563)	4 304	22 161	31 504
Call investment deposits	1	20 000	-	-	-	-	-	10 000	10 000	30 000	30 000	30 000
Consumer debtors	1	57 359	-	-	-	-	-	15 607	15 607	72 966	78 570	84 735
Other debtors		-										
Current portion of long-term receivables		-										
Inventory		-										
Total current assets		83 226	-	-	-	-	-	24 044	24 044	107 270	130 731	146 239
Non current assets												
Long-term receivables		-										
Investments		-										
Investment property		45 832						(3 896)	(3 896)	41 936	41 936	41 936
Investment in Associate		-										
Property, plant and equipment	1	326 387	-	-	-	-	-	21 129	21 129	347 516	385 190	426 806
Agricultural		-										
Biological		-										
Intangible		165						(56)	(56)	109	109	109
Other non-current assets		262						(97)	(97)	165	165	165
Total non current assets		372 645	-	-	-	-	-	17 080	17 080	389 725	427 399	469 015
TOTAL ASSETS		455 872	-	-	-	-	-	41 124	41 124	496 996	558 130	615 254
LIABILITIES												
Current liabilities												
Bank overdraft		-										
Borrowing		100	-	-	-	-	-	-	-	100	100	1 000
Consumer deposits		-										
Trade and other payables		7 500	-	-	-	-	-	(2 000)	(2 000)	5 500	5 000	5 000
Provisions		9 124								9 124	11 729	14 594
Total current liabilities		16 724	-	-	-	-	-	(2 000)	(2 000)	14 724	16 829	20 594
Non current liabilities												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	11 901	-	-	-	-	-	(1 600)	(1 600)	10 301	10 908	11 551
Total non current liabilities		11 901	-	-	-	-	-	(1 600)	(1 600)	10 301	10 908	11 551
TOTAL LIABILITIES		28 625	-	-	-	-	-	(3 600)	(3 600)	25 025	27 737	32 146
NET ASSETS	2	427 246	-	-	-	-	-	44 724	44 724	471 970	530 393	583 108
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		427 246	-	-	-	-	-	44 724	44 724	471 970	530 393	583 108
Reserves		-	-	-	-	-	-	-	-	-	-	-
Minorities' interests		-										
TOTAL COMMUNITY WEALTH/EQUITY		427 246	-	-	-	-	-	44 724	44 724	471 970	530 393	583 108

Financial Position
Current Assets

- Cash has been adjusted by R1 563 118. This based on the revised cash flow for the municipality.
- Investment Deposits has been adjusted upwards by R10 000 000. This is because of the fact that the Municipality will invest another 30 million in March.
- Consumer Debtors are adjusted upwards from R57 358 687 to R72 965 965. This is based on current debtors less debt impairment.

Non-Current Assets

- Investment Property has been adjusted R3 896 130 due to dismantling of KwaMsane tax rank and a reduction in value of other investment properties.

Current Liabilities

- No adjustment made in current borrowing
- Trade and other Payables has been adjusted downwards by R2 million because of high expenditure on conditional grants resulting in no anticipated unspent at the year end.
- No adjustment was made on provisions.

Non-Current Liabilities

- Borrowings has not been adjusted.
- Provisions has been adjusted downwards by R1.6 million. These result cashing of leave days for other employees that got promotion and resignation

Community Wealth/ Equity

- Community wealth /Equity has increase by 9 percent from R427 246 328 to R 471 970 272.

Table B7 Adjustment Budget Cash Flows

KZN275 Mtubatuba - Table B7 Adjustments Budget Cash Flows - 28 February 2016

Description	Ref	Budget Year 2016/17									Budget Year +1 2017/18	Budget Year +2 2018/19
		Original Budget A	Prior Adjusted 3 A1	Accum. Funds 4 B	Multi-year capital 5 C	Unfore. Unavoid. 6 D	Nat. or Prov. Govt 7 E	Other Adjusts. 8 F	Total Adjusts. 9 G	Adjusted Budget 10 H	Adjusted Budget	Adjusted Budget
R thousands												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates, penalties & collection charges		18 273					3 032	3 032	21 305	22 370	23 712	
Service charges		3 607					(601)	(601)	3 006	3 156	3 345	
Other revenue		3 636					371	371	4 007	3 602	3 818	
Government - operating	1	127 839							127 839	133 933	141 699	
Government - capital	1	42 788				4 000		4 000	46 788	48 820	42 435	
Interest		2 450					49	49	2 499	2 624	2 781	
Dividends		-							-			
Payments												
Suppliers and employees		(127 909)					(3 674)	(3 674)	(131 583)	(138 162)	(146 452)	
Finance charges		(200)							(200)	(210)	(223)	
Transfers and Grants	1	(150)					(8)	(8)	(158)	(150)	(159)	
NET CASH FROM/(USED) OPERATING ACTIVITIES		70 334	-	-	-	-	4 000	(831)	3 169	73 503	75 984	70 958
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		(58 590)					3 231	3 231	(55 359)	(58 127)	(61 615)	
NET CASH FROM/(USED) INVESTING ACTIVITIES		(58 590)	-	-	-	-	3 231	3 231	(55 359)	(58 127)	(61 615)	
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-							-	-	-	
Borrowing long term/refinancing		-							-	-	-	
Increase (decrease) in consumer deposits		-							-	-	-	
Payments												
Repayment of borrowing		-							-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD		11 744	-	-	-	-	4 000	2 400	6 400	18 144	17 856	9 343
Cash/cash equivalents at the year begin:	2	14 124					2 037	2 037	16 161	34 304	52 161	
Cash/cash equivalents at the year end:	2	25 868					4 437	8 437	34 304	52 161	61 504	

Cash Flows

The Municipality used an average collection rate for the past six 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. All components of revenue were adjusted using different rates. An additional four million will be received for the KwaMsane Sportfield. In outer years the Municipality estimate a 5 percent increase respectively.

The Municipality Adjusted it's expenditure for cash items according to table B4 and estimate a 5 percent reduction on other line items of expenditure.

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

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

The municipality budgeted to end with a positive cash flow of R34.3 million.

Table B8 Cash Beck Reserves/ Accumulated Surplus Reconciliation

KZN275 Mtubatuba - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28 February 2016

Description	Ref	Budget Year 2016/17									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	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2017/18	+2 2018/19
Cash and investments available												
Cash/cash equivalents at the year end	1	25 868	-	-	-	-	4 000	4 437	8 437	34 304	52 161	61 504
Other current investments > 90 days		-	-	-	-	-	(4 000)	4 000	(0)	(0)	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		25 868	-	-	-	-	-	8 437	8 437	34 304	52 161	61 504
Applications of cash and investments												
Unspent conditional transfers		4 000	-	-	-	-	-	(2 000)	(2 000)	2 000	2 000	2 000
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	(26 300)	-	-	-	-	-	(8 179)	(8 179)	(34 479)	(37 064)	(40 619)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(22 300)	-	-	-	-	-	(10 179)	(10 179)	(32 479)	(35 064)	(38 619)
Surplus(shortfall)		48 168	-	-	-	-	-	18 616	18 616	66 784	87 225	100 123

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-FEBRUARY 2017

KZN275 Mtubatuba - Table B9 Asset Management - 28 February 2016

Description	Ref	Budget Year 2016/17									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	+1 2017/18	+2 2018/19		
	A	A1	B	C	D	E	F	G	H			
R thousands												
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	37 090	-	-	-	-	-	(17 767)	(17 767)	19 323	19 680	15 129
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		14 000	-	-	-	-	-	-	-	14 000	15 000	10 000
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		14 000	-	-	-	-	-	-	-	14 000	15 000	10 000
Community		13 700	-	-	-	-	-	(13 700)	(13 700)	-	2 000	2 100
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		9 390	-	-	-	-	-	(4 067)	(4 067)	5 323	2 680	3 029
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	21 500	-	-	-	-	4 000	10 450	14 450	35 950	39 000	33 000
Infrastructure - Road transport		14 500	-	-	-	-	-	(1 000)	(1 000)	13 500	21 500	20 000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		14 500	-	-	-	-	-	(1 000)	(1 000)	13 500	21 500	20 000
Community		3 500	-	-	-	-	4 000	-	4 000	7 500	3 500	3 500
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		3 500	-	-	-	-	-	11 450	11 450	14 950	14 000	9 500
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	14 500	-	-	-	-	-	(1 000)	(1 000)	13 500	21 500	20 000
Infrastructure - Road transport		14 000	-	-	-	-	-	-	-	14 000	15 000	10 000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		28 500	-	-	-	-	-	(1 000)	(1 000)	27 500	36 500	30 000
Community		17 200	-	-	-	-	4 000	(13 700)	(9 700)	7 500	5 500	5 600
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		12 890	-	-	-	-	-	7 383	7 383	20 273	16 680	12 529
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	2	58 590	-	-	-	-	4 000	(7 317)	(3 317)	55 273	58 680	48 129
ASSET REGISTER SUMMARY - PPE (WDV)												
Infrastructure - Road transport	5	285 518	-	-	-	-	-	21 129	21 129	306 647	344 485	386 102
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		23 769	-	-	-	-	-	-	-	23 769	23 769	23 769
Infrastructure		309 287	-	-	-	-	-	21 129	21 129	330 416	368 254	409 871
Community		6 250	-	-	-	-	-	-	-	6 250	6 250	6 250
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		45 832	-	-	-	-	-	(3 896)	(3 896)	41 936	41 936	41 936
Other assets		10 850	-	-	-	-	-	165	165	11 015	10 850	10 850
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		165	-	-	-	-	-	(56)	(56)	109	109	109
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	372 383	-	-	-	-	-	17 342	17 342	389 725	427 399	469 015
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		18 500	-	-	-	-	-	1 000	1 000	19 500	20 493	21 527
Repairs and Maintenance by asset class	3	18 330	-	-	-	-	-	(5 430)	(5 430)	12 900	12 255	12 844
Infrastructure - Road transport		10 100	-	-	-	-	-	(2 458)	(2 458)	7 642	7 951	8 348
Infrastructure - Electricity		1 500	-	-	-	-	-	(500)	(500)	1 000	1 050	1 103
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		11 600	-	-	-	-	-	(2 958)	(2 958)	8 642	9 001	9 451
Community		4 000	-	-	-	-	-	(1 688)	(1 688)	2 312	1 221	1 283
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		2 730	-	-	-	-	-	(784)	(784)	1 946	2 033	2 110
TOTAL EXPENDITURE OTHER ITEMS to be adjusted	6	36 830	-	-	-	-	-	(4 430)	(4 430)	32 400	32 748	34 371
Renewal of Existing Assets as % of total capex		36.7%	0.0%							65.0%	66.5%	68.6%
Renewal of Existing Assets as % of deprecn"		116.2%	0.0%							184.4%	190.3%	153.3%
R&M as a % of PPE		4.9%	0.0%							3.3%	2.9%	2.7%
Renewal and R&M as a % of PPE		10.7%	0.0%							12.5%	12.0%	9.8%

Table B10 Basic Services Delivery Measurement

KZN275 Mtubatuba - Table B10 Basic service delivery measurement - 28 February 2016

Description	Ref	Budget Year 2016/17									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
		7	8	9	10	11	12	13	14			
		A	A1	B	C	D	E	F	G	H		
Household service targets	1											
Water:												
Piped water inside dwelling		-	-	-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)		-	-	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	3,4	-	-	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Energy:												
Electricity (at least min. service level)		-	-	-	-	-	-	-	-	-	-	-
Electricity - prepaid (> min.service level)		-	-	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-	-	-
Refuse:												
Removed at least once a week (min.service)		-	-	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-
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)		-	-	-	-	-	-	-	-	-	-	-
Refuse (removed once a week)		-	-	-	-	-	-	-	-	-	-	-
Total cost of FBS provided (minimum social pack)		-	-	-	-	-	-	-	-	-	-	-
Highest level of free service provided												
Property rates (R'000 value threshold)		-	-	-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-	-	-
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)		1 001	-	-	-	-	0	0	1 001	-	1 051	1 104
Water		-	-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-	-
Electricity/other energy		-	-	-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-	-	-
Other		1 699	-	-	-	-	-	-	1 699	-	1 784	1 873
Total revenue cost of free services provided (total)		2 700	-	-	-	-	0	0	2 700	-	2 835	2 976

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 projects that need to be cut and 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	127 839 150		69%
	Internal Generated Funds	57 755 955		31%
				100%
Capital Expenditure	Capital Grant		46 787 850	85%
	Internal Generated Funds		8 485 160	15%
Total Expenditure		R185 595 105	R55 273 010	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 R25 867 585 and adjusted to R34 304 467 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 doesn'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 on Capital Grants- Provincial Government
- An upwards adjustment was made for an amount of R4 000 000 from Department of Sport for the rehabilitation of KwaMsane Sport field.
- The municipality has not yet received the feedback for Energy efficiency and Demand Management grant because it has applied for the roll over for this grant.

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 - 28 February 2016

Description	Ref	Budget Year 2016/17						Budget Year	Budget Year	
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	
R thousands		A	2 A1	3 B	4 C	5 D	6 E	7 F	+1 2017/18	+2 2018/19
EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:	1									
Operating expenditure of Transfers and Grants										
National Government:		125 076	-	-	-	-	-	125 076	137 882	145 839
Local Government Equitable Share		120 328						120 328	132 738	141 977
Finance Management		1 825						1 825	1 900	2 155
Municipal Systems Improvement		-						-	-	-
Energy Efficiency and Demand Management		-						-	-	-
EPWP Incentive		1 408						1 408	1 622	-
Municipal Infrastructure Grant Operational		1 515						1 515	1 622	1 707
Other transfers/grants [insert description]										
Provincial Government:		2 763	-	-	-	-	-	2 763	2 879	3 029
Community Library Service		358						358	377	396
Provincialisation Of Libraries		2 405						2 405	2 502	2 633
Department of Sport Caretakers		-						-	-	-
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants:		127 839	-	-	-	-	-	127 839	140 761	148 868
Capital expenditure of Transfers and Grants										
National Government:		42 788	-	-	-	-	-	42 788	48 820	42 435
Municipal Infrastructure Grant (MIG)		28 788						28 788	30 820	32 435
National Electrification Programme		14 000						14 000	13 000	10 000
Energy Efficiency and Demand Management		-						-	5 000	-
Other capital transfers [insert description]										
Provincial Government:		-	-	-	4 000	-	4 000	4 000	-	-
DSR-Sport facilities(Infrastructure)					4 000	-	4 000	4 000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		42 788	-	-	4 000	-	4 000	46 788	48 820	42 435
Total capital expenditure of Transfers and Grants		170 627	-	-	4 000	-	4 000	174 627	189 581	191 303

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 - 28 February 2016

Summary of remuneration	Ref	Budget Year 2016/17									% change
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	
Councillors (Political Office Bearers plus Other)											
Basic Salaries and Wages		7 636						1 265	1 265	8 900	16.6%
Pension and UIF Contributions		-						-	-	-	
Medical Aid Contributions		-						-	-	-	
Motor Vehicle Allowance		2 629						337	337	2 967	12.8%
Cellphone Allowance		954						102	102	1 056	
Housing Allowances		-						-	-	-	
Other benefits and allowances		-						-	-	-	
Sub Total - Councillors		11 219	-					1 704	1 704	12 923	15.2%
% increase			(0)							0	
Senior Managers of the Municipality											
Basic Salaries and Wages		5 163						(2 377)	(2 377)	2 786	-46.0%
Pension and UIF Contributions		91						(68)	(68)	23	-74.4%
Medical Aid Contributions		-						-	-	-	
Overtime		-						-	-	-	
Performance Bonus		-						-	-	-	
Motor Vehicle Allowance		386						75	75	462	19.5%
Cellphone Allowance		51						(19)	(19)	32	-37.5%
Housing Allowances		188						(25)	(25)	163	
Other benefits and allowances		203						-	-	203	
Payments in lieu of leave		-						-	-	-	
Long service awards		-						-	-	-	
Post-retirement benefit obligations		-						-	-	-	
Sub Total - Senior Managers of Municipality		6 083	-					(2 414)	(2 414)	3 669	-39.7%
% increase			(0)							(0)	
Other Municipal Staff											
Basic Salaries and Wages		24 671						7 466	7 466	32 137	30.3%
Pension and UIF Contributions		5 767						214	214	5 981	3.7%
Medical Aid Contributions		2 861						17	17	2 878	0.6%
Overtime		850						1 702	1 702	2 552	200.2%
Performance Bonus		2 383						(2 383)	(2 383)	-	
Motor Vehicle Allowance		2 696						1 102	1 102	3 798	40.9%
Cellphone Allowance		4						35	35	39	883.3%
Housing Allowances		790						39	39	829	
Other benefits and allowances		8 197						(5 784)	(5 784)	2 413	
Payments in lieu of leave		-						-	-	-	
Long service awards		100						(100)	(100)	-	
Post-retirement benefit obligations		-						-	-	-	
Sub Total - Other Municipal Staff		48 318	-					2 308	2 308	50 626	4.8%
% increase											
Total Parent Municipality		65 621	-					1 598	1 598	67 219	2.4%

- An adjustment was made on Councillors benefits due to application of upper limits.
- A downwards adjustment was made on senior management because of high vacancy rates in senior management.
- An upwards adjustment was made on staff benefits. That adjustment is 4.8 percent when compared to the original budget. This was as a result of back-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	Program/Project description	Individually Approved Yes/No	GPS co-ordinates	Medium Term Revenue and Expenditure Framework					
				Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousand		6	5	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget	Original Budget	Adjusted Budget
Parent municipality:									
Infrastructure Roads	Municipal assets	Yes	<i>n/a</i>	14 500	13 500	20 400	21 500	20 000	20 000
Electricitricity raticulation	Municipal assets	Yes	<i>n/a</i>	14 000	14 000	13 000	15 000	10 000	10 000
Sport Field	Municipal assets	Yes	<i>n/a</i>	3 500	7 500	3 500	3 500	3 500	3 500
Community Assets halls	Municipal assets	Yes	<i>n/a</i>	13 200	10 000	1 200	-	1 200	-
Bin and Containers	Municipal Assets	Yes	<i>n/a</i>	300	-	-	-	-	-
Plant and Equipment	municipal asset	Yes	<i>n/a</i>	1 880	1 900	700	-	-	-
Motor Vehicles	municipal asset	Yes	<i>n/a</i>	3 450	1 823	-	-	-	-
Office equipment	municipal asset	Yes	<i>n/a</i>	300	300	315	500	331	600
Furniture and Fittings	municipal asset	Yes	<i>n/a</i>	300	250	315	500	331	600
Computer Equipment	municipal asset	Yes	<i>n/a</i>	800	600	473	700	496	800
Buildings	municipal asset	Yes	<i>n/a</i>	2 500	2 500	5 000	14 000	9 500	9 500
Cemetry	municipal asset	Yes	<i>n/a</i>	500	-	-	-	-	-
Other Assets	municipal assets	Yes	<i>n/a</i>	3 360	2 900		2 980	-	3 129

- 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.