

**THE BIG 5 FALSE BAY MUNICIPALITY (KZN 273)**  
**ADJUSTMENT BUDGET 2015/16**



**ADJUSTED MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK**

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## Glossary

**Adjustments budget-** Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

**Allocations-** money received from the provincials or National Government or other municipalities.

**Budget-** the financial plan of the municipality.

**Budget Related Policy** – policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

**Capital Expenditure** – spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an assets on the Municipality`s balance sheet.

**Cash flow statements** – a statement showing when actual cash will be received and spent by the municipality. Cash payments do not always coincide with budgeted expenditure timings. For examples, when an invoice is received by the municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division or revenue Act. Annual legislation that shows the total allocations made by national to provincial and local governments.

**Equitable Share-** a general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The new standard planning documents of the municipality.

**KPI`s** – Key Performance Indicators. Measures of service output and/ or outcome.

**MFMA** - The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first years and indicatives further two

years budget allocations. Also includes details of the previous and current year's financial position.

**Net Assets** – Net Assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets were of the municipality equates to the “net wealth” of the municipality, after all assets were sold/ recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

**Operating Expenditure** – Spending on the day to day expense of the Municipality such as salaries and wages.

**Rates** – local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

**SDBIP** – Service Delivery and Budget implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic Objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorised expenditure** – Generally, spending without, or in excess of, an approved budget.

**Virement** – A transfer of budget

**Vote** - one of the main segments of a budget. The structure is for reporting requirements and links the accounting performance both to the IDP and to the responsible officials. The vote structure at The Big 5 False Bay Municipality is made up as follows:

<b>Vote</b>	<b>Description</b>	<b>Sub-vote</b>
Vote 1	Executive & Council	Mayor & Council
		Municipal Manager
Vote 2	Budget & Treasury Office	Budget & Treasury Office
Vote 3	Corporate Services	Corporate Services
		Human Resources
Vote 4	Community Services	Other Community & Social
		Libraries & Archives
		Refuse Removal
Vote 5	Planning Services	Planning & development
		Roads & Technical
Vote 6	Public Safety	Police Services

## PART 1 - ANNUAL BUDGET

### 1.1 MAYOR'S REPORT

It is with great pleasure that I present the 2015/16 Adjustment Budget to the Council for consideration.

I am specifically pleased to announce that our budget now materially complies with the latest budget regulations as well as the requirements of the National Treasury. The municipality utilised the solid base created in the prior year to build on and refine the budgeting processes, for which I must thank the Chief financial Officer and his staff for the tremendous effort.

The reason for the tabling of an adjustment budget is fully disclosed in the executive summary of the budget documentations.

The Council's main priority is to ensure that all members of the community have access to high quality basic service. This objective is largely supported by the municipality capital budget allocation. The capital budget places great emphasis on the upgrading of infrastructure, especially in previously disadvantaged communities.

The main adjustments proposed in this adjustment budget are:

#### **Operating Budget**

- A decrease in total expenditure amounting to R3.7 million. This decrease is mainly as a result of the following-
  - (a) A decrease in employee related costs amounting to R2.7 million. This decrease is as result of budgeted vacant positions, which were supposed to be filled within the financial year, but because of the new demarcation (major) and instruction from CoGTA the municipality will no longer fill vacant posts unless it's a crucial post.
  - (b) Decrease in general expenditure of R1 million is a result of decrease in Audit Fees, upon investigation we discovered that we over budgeted for Audit fees.

## Funding Cash Flows

The budget for 2015/16 is fully cash funded, the municipality has decreased cash outflows and needs to strengthen the debts collection in order to cover trade creditors. The below table summarises the cash flow projection of the municipality

Source	(R'000)
<b>INFLOWS</b>	
Rates and refuse Collection	8 377
Transfers Recognised- OPEX	45 398
Transfers Recognised- Capex	11 419
Other Revenue Inflows incl. VAT	6 700
<b>TOTAL CASH INFLOW</b>	<b>71 894</b>
<b>OUTFLOWS</b>	
Employee Related costs	17 701
Councillors Allowances	1 866
Contracted Services	16 437
General Expenses	11 625
Capital Expenditure	11 419
Other cash outflows incl. Creditors	10 668
<b>TOTAL CASH OUTFLOW</b>	<b>69 716</b>
<b>NET INFLOWS/ (OUTFLOWS)</b>	<b>2 178</b>
<b>BALANCE AS AT 1 JULY 2015</b>	<b>(1 841)</b>
<b>NET CASH AT YEAR END</b>	<b>337</b>

As can be seen from the above the municipality's cash resources will increase by R337 000.

## Recommendations

It is recommended:

- 1) That the Council approves the adjustment budget; and that the Council approves the changes to the service delivery and budget implementation plan.

## 1.2 COUNCIL RESOLUTIONS

On 25/11/2015, the Council of Big 5 False Bay Municipality will meet in the Council Chambers to consider the adjustment budget of the municipality for the financial year 2015/16. The Council will approve and adopt the following resolutions:

1.2.1 The council of Big 5 False bay Municipality, acting in terms of section 28 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.2.1.1 The adjustment budget of the municipality for the financial year 2015/16 and the capital appropriations as set out in the following tables:

- (a) Adjusted Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table B2
- (b) Adjusted Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table B3
- (c) Adjusted Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table B4
- (d) Adjusted Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table B5

1.2.1.2 The financial position, cash flow budget, cash-backed reserves/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- (a) Adjusted Budgeted Financial Position as contained in Table B6
- (b) Adjusted Budgeted Cash Flows as contained in Table B7
- (c) Adjusted Cash backed reserves and accumulated surplus reconciliation as contained in Table B8
- (d) Adjusted Asset management as contained in Table B9
- (e) Adjusted Basic service delivery measurement as contained in Table B10

### 1.3 EXECUTIVE SUMMARY

The 2015/2016 Adjustments Budget has been prepared in terms of the guidelines contained in Section 28(2) of the MFMA and furthermore ensures that the municipality continues to deliver on its core mandate and identified priorities, achieves its strategic goals and entails prioritising all available resources towards addressing the basic needs of its citizens.

The aim for the compilation of the 2015/16 adjustments budget is to align the expenditure to the anticipated revenue and ensure that the budget is adequately funded. Heads of Departments were requested to identify areas where possible savings were identified in order to address those where additional funding was required.

Due to the no available surpluses from the 2014/15 financial year, the under mentioned principles gave guidance to the compilation of the 2015/16 adjustment budget;

- The budget must be funded as required by Section 18 of the MFMA, which states that;
  - An annual budget may only be funded from –
    - a) Realistically anticipated revenues to be collected;
    - b) cash-backed surpluses from previous years not committed for other purposes; and
    - c) Borrowed funds, but only for the capital budget referred to in section 17(2).
  - Revenue projections in the budget must be realistic, taking into account –
    - a) Projected revenue for the year taking into account collection levels to date; and
    - b) Actual revenue collected in the previous financial years.
- Adjustment in revenue should be accompanied by adjustments in expenditure in the following circumstances;
  - A projected under collection/decrease in revenue must be accompanied by a corresponding decrease in expenditure.
  - Should there additional grant funding to be received, that increase in revenue should be accompanied by an increase in expenditure, subject to the conditions of the grant,
  - Any anticipated additional revenue to be collected should be prioritised for the funding of the municipality's core functions;
  - For any additional funding expenditure request this should be funded from savings that would have been identified in another vote.



- Submissions which relate to external funding sources must be accompanied by proof of confirmation from the relevant funder or such funding should have been appropriated in terms of a government Gazette.
- An in-depth analysis was done for the following items and allocations to these items had to be supported by a motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - New positions;
  - Furniture and office equipment;
  - Use of consultants

In view of the aforementioned, the following table is a consolidated overview of the Adjusted 2015/16 Medium - Term Revenue and Expenditure Framework:

### Effect of the adjustment budget

The overall changes made to the 2015/16 budget can be summarised as follows:

- A decrease in total expenditure amounting to R7,367 million.
- A decrease in total revenue amounting to R7,088 million.

### Summary of the changes/ Adjustments

#### Adjusted versus original Budget

Source	Original Budget (R'000)	Adjusted Budget (R'000)	Difference (R'000)
Rental of facilities	140	50	(90)
Traffic Fines	12 000	5 000	(7 000)
			<b>(7 088)</b>
Employee Related Costs	21 134	18 467	(2 667)
Other Expenditure	14 817	12 917	(1 900)
Debt Impairment	7 000	4 000	(3 000)
Finance Charges	150	500	350
Contracted Services	18 264	18 114	(150)
<b>NET EFFECT</b>	<b>70 031</b>	<b>62 664</b>	<b>(7 367)</b>

## 1.4. ADJUSTMENT BUDGET TABLES

Table B1 – Adjustment Budget Summary

Table B2 – Adjustment Budget Financial Performance (Standard Classification)

Table B3 – Adjustment Budget Financial Performance (By Municipal vote)

Table B4 – Adjustment budget Financial Performance (Revenue and expenditure)

Table B5 – Adjustment Capital Expenditure Budget by vote and funding

Table B6 – Adjustment Budget Financial Position

Table B7 – Adjustment Budget Cash Flows

Table B8 – Cash Backed Reserves/ Accumulated Surplus Reconciliation

Table B9 – Asset Management

Table B10 – Basic Service delivery measurement

**KZN273 The Big 5 False Bay - Table B1 Adjustments Budget Summary -**

Description	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
R thousands	A	1	2	3	4	5	6	7	8		
	A	A1	B	C	D	E	F	G	H		
<b>Financial Performance</b>											
Property rates	10 310	-	-	-	-	-	-	-	10 310	10 877	11 421
Service charges	1 657	-	-	-	-	-	-	-	1 657	1 748	1 835
Investment revenue	150	-	-	-	-	-	-	-	150	158	166
Transfers recognised - operational	45 398	-	-	-	-	-	2	2	45 400	44 528	46 390
Other own revenue	13 340	-	-	-	-	-	(7 090)	(7 090)	6 250	12 492	12 642
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>70 855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 088)</b>	<b>(7 088)</b>	<b>63 767</b>	<b>69 803</b>	<b>72 454</b>
Employee costs	21 134	-	-	-	-	-	(2 667)	(2 667)	18 467	19 759	21 143
Remuneration of councillors	1 866	-	-	-	-	-	-	-	1 866	1 968	2 073
Depreciation & asset impairment	4 000	-	-	-	-	-	-	-	4 000	4 500	5 000
Finance charges	150	-	-	-	-	-	350	350	500	200	200
Materials and bulk purchases	2 500	-	-	-	-	-	-	-	2 500	2 500	2 500
Transfers and grants	300	-	-	-	-	-	-	-	300	300	300
Other expenditure	40 081	-	-	-	-	-	(5 050)	(5 050)	35 031	38 000	39 000
<b>Total Expenditure</b>	<b>70 031</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 367)</b>	<b>(7 367)</b>	<b>62 664</b>	<b>67 227</b>	<b>70 216</b>
<b>Surplus/(Deficit)</b>	<b>824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>279</b>	<b>1 103</b>	<b>2 576</b>	<b>2 238</b>
Transfers recognised - capital	11 419	-	-	-	-	-	-	-	11 419	11 696	12 111
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>12 243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>279</b>	<b>12 522</b>	<b>14 272</b>	<b>14 349</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>12 243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>279</b>	<b>12 522</b>	<b>14 272</b>	<b>14 349</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>11 719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 719</b>	<b>11 996</b>	<b>12 411</b>
Transfers recognised - capital	11 419	-	-	-	-	-	-	-	11 419	11 696	12 111
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	300	-	-	-	-	-	-	-	300	300	300
<b>Total sources of capital funds</b>	<b>11 719</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 719</b>	<b>11 996</b>	<b>12 411</b>
<b>Financial position</b>											
Total current assets	26 273	-	-	-	-	-	(3 747)	(3 747)	22 526	36 120	43 316
Total non current assets	123 655	-	-	-	-	-	-	-	123 655	131 151	138 562
Total current liabilities	6 500	-	-	-	-	-	148	148	6 648	8 000	8 000
Total non current liabilities	5 100	-	-	-	-	-	-	-	5 100	5 200	5 500
<b>Community wealth/Equity</b>	<b>138 328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 895)</b>	<b>(3 895)</b>	<b>134 433</b>	<b>154 071</b>	<b>168 378</b>
<b>Cash flows</b>											
Net cash from (used) operating	11 818	-	-	-	-	-	2 088	2 088	13 906	14 256	14 843
Net cash from (used) investing	(11 419)	-	-	-	-	-	-	-	(11 419)	(11 696)	(12 111)
Net cash from (used) financing	(360)	-	-	-	-	-	50	50	(310)	(400)	(500)
<b>Cash/cash equivalents at the year end</b>	<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>253</b>	<b>253</b>	<b>336</b>	<b>2 401</b>	<b>4 474</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	83	-	-	-	-	-	253	253	336	1 299	2 632
Application of cash and investments	(969)	-	-	-	-	-	(1 174)	(1 174)	(2 143)	(2 556)	(4 560)
<b>Balance - surplus (shortfall)</b>	<b>1 052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 427</b>	<b>1 427</b>	<b>2 479</b>	<b>3 855</b>	<b>7 192</b>
<b>Asset Management</b>											
Asset register summary (WDV)	123 655	-	-	-	-	-	-	-	123 655	131 151	138 562
Depreciation & asset impairment	4 000	-	-	-	-	-	-	-	4 000	4 500	5 000
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	2 500	-	-	-	-	-	-	-	2 500	2 645	2 707
<b>Free services</b>											
Cost of Free Basic Services provided	148	-	-	-	-	-	-	-	148	148	148
Revenue cost of free services provided	860	-	-	-	-	-	-	-	860	860	860
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Refuse:	0	-	-	-	-	-	-	-	0	0	0

KZN273 The Big 5 False Bay - Table B2 Adjustments Budget Financial Performance (standard classification) -

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	5	6	7	8	9	10	11	12		
		A	A1	B	C	D	E	F	G	H		
<b>Revenue - Standard</b>												
<i>Governance and administration</i>		34 956	-	-	-	-	-	2	2	34 958	36 878	38 722
Executive and council		13 631	-	-	-	-	-	-	-	13 631	14 381	15 100
Budget and treasury office		15 847	-	-	-	-	-	2	2	15 849	16 719	17 555
Corporate services		5 478	-	-	-	-	-	-	-	5 478	5 779	6 068
<i>Community and public safety</i>		22 600	-	-	-	-	-	(7 090)	(7 090)	15 510	22 628	23 756
Community and social services		10 600	-	-	-	-	-	(90)	(90)	10 510	11 628	12 756
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		12 000	-	-	-	-	-	(7 000)	(7 000)	5 000	11 000	11 000
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		23 061	-	-	-	-	-	-	-	23 061	20 244	20 251
Planning and development		3 641	-	-	-	-	-	-	-	3 641	-	-
Road transport		19 420	-	-	-	-	-	-	-	19 420	20 244	20 251
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 657	-	-	-	-	-	-	-	1 657	1 748	1 835
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1 657	-	-	-	-	-	-	-	1 657	1 748	1 835
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	82 274	-	-	-	-	-	(7 088)	(7 088)	75 186	81 499	84 565
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>		34 197	-	-	-	-	-	(5 467)	(5 467)	28 730	33 541	35 594
Executive and council		13 631	-	-	-	-	-	(5 667)	(5 667)	7 964	11 844	12 764
Budget and treasury office		15 088	-	-	-	-	-	350	350	15 438	15 918	16 761
Corporate services		5 478	-	-	-	-	-	(150)	(150)	5 328	5 779	6 068
<i>Community and public safety</i>		21 233	-	-	-	-	-	(1 900)	(1 900)	19 333	23 325	25 622
Community and social services		10 600	-	-	-	-	-	(1 900)	(1 900)	8 700	11 628	12 756
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		10 633	-	-	-	-	-	-	-	10 633	11 696	12 866
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13 161	-	-	-	-	-	-	-	13 161	8 778	7 258
Planning and development		5 161	-	-	-	-	-	-	-	5 161	5 677	6 245
Road transport		8 000	-	-	-	-	-	-	-	8 000	3 101	1 013
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 440	-	-	-	-	-	-	-	1 440	1 584	1 742
Electricity		-	-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		1 440	-	-	-	-	-	-	-	1 440	1 584	1 742
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	70 031	-	-	-	-	-	(7 367)	(7 367)	62 664	67 227	70 216
<b>Surplus/ (Deficit) for the year</b>		12 243	-	-	-	-	-	279	279	12 522	14 272	14 349

This table reflects the operating budget in the standard classifications which are the Government Finance statistics Functions and Sub-Functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of the unique organisational structures used by the different institutions.

The main functions are Governance and administration; Community and Public safety; Economic and environmental services.

KZN273 The Big 5 False Bay - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -

Vote Description  <i>[Insert departmental structure etc]</i>	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
R thousands		3	4	5	6	7	8	9	10			
		A	A1	B	C	D	E	F	G	H		
<b>Revenue by Vote</b>	1											
Vote 1 - Executive & Council		13 631	-	-	-	-	-	-	-	13 631	14 381	15 100
Vote 2 - Budget & Treasury Office		15 847	-	-	-	-	-	2	2	15 849	16 719	17 555
Vote 3 - Corporate Services		5 478	-	-	-	-	-	-	-	5 478	5 779	6 068
Vote 4 - Community Services		10 600	-	-	-	-	-	(90)	(90)	10 510	11 628	12 756
Vote 5 - Planning Services		24 718	-	-	-	-	-	-	-	24 718	21 992	22 087
Vote 6 - Public Safety		12 000	-	-	-	-	-	(7 000)	(7 000)	5 000	11 000	11 000
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>82 274</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 088)</b>	<b>(7 088)</b>	<b>75 186</b>	<b>81 499</b>	<b>84 565</b>
<b>Expenditure by Vote</b>	1											
Vote 1 - Executive & Council		13 631	-	-	-	-	-	(5 667)	(5 667)	7 964	11 844	12 764
Vote 2 - Budget & Treasury Office		15 088	-	-	-	-	-	350	350	15 438	15 918	16 761
Vote 3 - Corporate Services		5 478	-	-	-	-	-	(150)	(150)	5 328	5 779	6 068
Vote 4 - Community Services		10 600	-	-	-	-	-	(1 900)	(1 900)	8 700	11 628	12 756
Vote 5 - Planning Services		14 601	-	-	-	-	-	-	-	14 601	10 362	9 000
Vote 6 - Public Safety		10 633	-	-	-	-	-	-	-	10 633	11 696	12 866
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>70 031</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 367)</b>	<b>(7 367)</b>	<b>62 664</b>	<b>67 227</b>	<b>70 216</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>12 243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>279</b>	<b>12 522</b>	<b>14 272</b>	<b>14 349</b>

The operating expenditure budget is approved by Council at the municipal vote level.

The municipal votes reflect the organisational structure of the municipality which is made up of: Executive and council; Corporate services; Budget and Treasury; Planning and Development (which include technical services); Community services.

KZN273 The Big 5 False Bay - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

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	A	A1	B	C	D	E	F	G	H	+1 2016/17	+2 2017/18	
<b>Revenue By Source</b>													
Property rates	2	10 310	-	-	-	-	-	-	-	-	10 310	10 877	11 421
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	1 657	-	-	-	-	-	-	-	-	1 657	1 748	1 835
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		140	-	-	-	-	-	(90)	(90)	50	148	155	
Interest earned - external investments		150	-	-	-	-	-	-	-	150	158	166	
Interest earned - outstanding debtors		800	-	-	-	-	-	-	-	800	844	886	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	
Fines		12 000	-	-	-	-	-	(7 000)	(7 000)	5 000	11 000	11 000	
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	
Agency services		-	-	-	-	-	-	-	-	-	-	-	
Transfers recognised - operating		45 398	-	-	-	-	-	2	2	45 400	44 528	46 390	
Other revenue	2	400	-	-	-	-	-	-	-	400	500	601	
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>70 855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 088)</b>	<b>(7 088)</b>	<b>63 767</b>	<b>69 803</b>	<b>72 454</b>	
<b>Expenditure By Type</b>													
Employee related costs		21 134	-	-	-	-	-	(2 667)	(2 667)	18 467	19 759	21 143	
Remuneration of councillors		1 866	-	-	-	-	-	-	-	1 866	1 968	2 073	
Debt impairment		7 000	-	-	-	-	-	(3 000)	(3 000)	4 000	7 000	7 000	
Depreciation & asset impairment		4 000	-	-	-	-	-	-	-	4 000	4 500	5 000	
Finance charges		150	-	-	-	-	-	350	350	500	200	200	
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	
Other materials		2 500	-	-	-	-	-	-	-	2 500	2 500	2 500	
Contracted services		18 264	-	-	-	-	-	(150)	(150)	18 114	17 000	18 000	
Transfers and grants		300	-	-	-	-	-	-	-	300	300	300	
Other expenditure		14 817	-	-	-	-	-	(1 900)	(1 900)	12 917	14 000	14 000	
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure</b>		<b>70 031</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 367)</b>	<b>(7 367)</b>	<b>62 664</b>	<b>67 227</b>	<b>70 216</b>	
<b>Surplus/(Deficit)</b>													
Transfers recognised - capital		11 419	-	-	-	-	-	-	-	11 419	11 696	12 111	
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) before taxation</b>		<b>12 243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>279</b>	<b>12 522</b>	<b>14 272</b>	<b>14 349</b>	
Taxation		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after taxation</b>		<b>12 243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>279</b>	<b>12 522</b>	<b>14 272</b>	<b>14 349</b>	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) attributable to municipality</b>		<b>12 243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>279</b>	<b>12 522</b>	<b>14 272</b>	<b>14 349</b>	
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/ (Deficit) for the year</b>		<b>12 243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>279</b>	<b>279</b>	<b>12 522</b>	<b>14 272</b>	<b>14 349</b>	

This table provides an overview of the monthly actual, year to date actual and year to date budget of revenue by source and expenditure by type.

KZN273 THE BIG 5 FALSE BAY MUNICIPALITY				
SUMMARY OF ADJUSTMENTS				
Revenue Source	Original Budget	Adjustments	Adjusted Budget	Reason for Adjustment
Rental of Equipment	140 000	-90 000	50 000	Due to performance in the first quarter of the financial year, the municipality had revised the projected revenue
Fines	12 000 000	-7 000 000	5 000 000	Due to performance in the first quarter of the financial year, the municipality had revised the projected revenue
			-	
<b>Expenditure by Type</b>			-	
Employee Cost	21 134 000	-2 667 000	18 467 000	Due to the financial position of the municipal and CMC resolution, most of the budgeted vacant position will not be filled, hence the budget was adjusted accordingly.
Debt impairment	7 000 000	-3 000 000	4 000 000	Reference was made to the audited Annual Financial Statement, and also based on the projected increase in consumer debtors, the amount was therefore reduced.
Finance Charges	150 000	350 000	500 000	The municipality has increase this expenditure with an increase in landfill site provision factor. GRAP is the reference.
Contracted Services	18 264 000	-150 000	18 114 000	Delays in appointing contractors, resulted the municipality to relook at the contracted service budget and a reduction was applied accordingly.
Other Expenditure	148 170 000	-1 900 000	146 270 000	Due to financial constrains and cost cutting measures, the municipality decided to cut down on some of the general expenditure items (refer to SB1 for list of other expenditures)
			-	

The above table indicate with explanations, the adjusted revenues and expenditures.

Apart from above, the municipality is generating its revenue from property rates, the amount was not adjusted in the adjustment budget on the assumption that is judiciously attainable. The municipality has taken into account changes in the Municipal Property rates act, and the amended MPRA policy. The municipality has relied on other spheres of government for this assessment of alignment between the policy and the ACT.

The interest charged on outstanding debtors is part of the revenues that the municipality generates. This amount was not adjusted on an assumption that, with most accounts being handed over to attorney, most debtors would settle their accounts. It is also assumed that the municipal council will agree on the proposal to relinquish interest on certain debtors when they settle their accounts within a judicious timeframe.

KZN273 The Big 5 False Bay - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

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
	5	6	7	8	9	10	11	12				
	A	A1	B	C	D	E	F	G	H			
<b>R thousands</b>												
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	
Vote 2 - Budget & Treasury Office		300	-	-	-	-	-	-	-	300	300	
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-	
Vote 5 - Planning Services		11,419	-	-	-	-	-	-	-	11,419	11,696	
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	
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]		-	-	-	-	-	-	-	-	-	-	
<b>Capital multi-year expenditure sub-total</b>	3	11,719	-	-	-	-	-	-	-	11,719	11,996	
<b>Single-year expenditure to be adjusted</b>	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	
Vote 2 - Budget & Treasury Office		-	-	-	-	-	-	-	-	-	-	
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	
Vote 4 - Community Services		-	-	-	-	-	-	-	-	-	-	
Vote 5 - Planning Services		-	-	-	-	-	-	-	-	-	-	
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-	
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-	
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]		-	-	-	-	-	-	-	-	-	-	
<b>Capital single-year expenditure sub-total</b>		-	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure - Vote</b>		11,719	-	-	-	-	-	-	-	11,719	11,996	
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>		300	-	-	-	-	-	-	-	300	300	
Executive and council		-	-	-	-	-	-	-	-	-	-	
Budget and treasury office		300	-	-	-	-	-	-	-	300	300	
Corporate services		-	-	-	-	-	-	-	-	-	-	
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-	-	
Community and social services		-	-	-	-	-	-	-	-	-	-	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	
Public safety		-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		11,419	-	-	-	-	-	-	-	11,419	11,696	
Planning and development		-	-	-	-	-	-	-	-	-	-	
Road transport		11,419	-	-	-	-	-	-	-	11,419	11,696	
Environmental protection		-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	
Electricity		-	-	-	-	-	-	-	-	-	-	
Water		-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	-	-	-	
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure - Standard</b>	3	11,719	-	-	-	-	-	-	-	11,719	11,996	
<b>Funded by:</b>												
National Government		11,419	-	-	-	-	-	-	-	11,419	11,696	
Provincial Government		-	-	-	-	-	-	-	-	-	-	
District Municipality		-	-	-	-	-	-	-	-	-	-	
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	
<b>Total Capital transfers recognised</b>	4	11,419	-	-	-	-	-	-	-	11,419	11,696	
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	
<b>Internally generated funds</b>		300	-	-	-	-	-	-	-	300	300	
<b>Total Capital Funding</b>		11,719	-	-	-	-	-	-	-	11,719	11,996	



This table provide an overview of the monthly actual, year to date actual and year to date budget of capital expenditure by Council's departmental structure, standard classification and the sources necessary to fund the capital expenditure.

KZN273 The Big 5 False Bay - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	Budget	Budget
<b>R thousands</b>												
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		83						253	253	336	1,299	2,632
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	25,190	-	-	-	-	-	(9,455)	(9,455)	15,735	33,821	39,684
Other debtors		1,000								1,000	1,000	1,000
Current portion of long-term receivables												
Inventory												
<b>Total current assets</b>		<b>26,273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,202)</b>	<b>(9,202)</b>	<b>17,071</b>	<b>36,120</b>	<b>43,316</b>
<b>Non current assets</b>												
Long-term receivables												
Investments												
Investment property												
Investment in Associate												
Property, plant and equipment	1	123,475	-	-	-	-	-	-	-	123,475	130,971	138,382
Agricultural												
Biological												
Intangible		180								180	180	180
Other non-current assets												
<b>Total non current assets</b>		<b>123,655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123,655</b>	<b>131,151</b>	<b>138,562</b>
<b>TOTAL ASSETS</b>		<b>149,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,202)</b>	<b>(9,202)</b>	<b>140,726</b>	<b>167,271</b>	<b>181,878</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft												
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-	-	-
Trade and other payables		6,500	-	-	-	-	-	148	148	6,648	8,000	8,000
Provisions												
<b>Total current liabilities</b>		<b>6,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>148</b>	<b>6,648</b>	<b>8,000</b>	<b>8,000</b>
<b>Non current liabilities</b>												
Borrowing	1	200	-	-	-	-	-	-	-	200	-	-
Provisions	1	4,900	-	-	-	-	-	-	-	4,900	5,200	5,500
<b>Total non current liabilities</b>		<b>5,100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,100</b>	<b>5,200</b>	<b>5,500</b>
<b>TOTAL LIABILITIES</b>		<b>11,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>148</b>	<b>11,748</b>	<b>13,200</b>	<b>13,500</b>
<b>NET ASSETS</b>	2	<b>138,328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,350)</b>	<b>(9,350)</b>	<b>128,978</b>	<b>154,071</b>	<b>168,378</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		138,328	-	-	-	-	-	(9,350)	(9,350)	128,978	154,071	168,378
Reserves		-	-	-	-	-	-	-	-	-	-	-
Minorities' interests												
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>138,328</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,350)</b>	<b>(9,350)</b>	<b>128,978</b>	<b>154,071</b>	<b>168,378</b>

This table is aligned to GRAP 1, which is generally aligned to international standards of good financial management practice.

KZN273 The Big 5 False Bay - Table B7 Adjustments Budget Cash Flows -

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
		A	A1	B	C	D	E	F	G	H		
<b>R thousands</b>												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates, penalties & collection charges		7 217							-	7 217	7 614	7 995
Service charges		1 160							-	1 160	1 224	1 285
Other revenue		2 000						4 550	4 550	6 550	2 648	2 756
Government - operating	1	45 398							-	45 398	44 528	46 390
Government - capital	1	11 419							-	11 419	11 696	12 111
Interest		150							-	150	158	166
Dividends									-			
<b>Payments</b>												
Suppliers and employees		(55 076)						(2 462)	(2 462)	(57 538)	(53 112)	(55 360)
Finance charges		(150)							-	(150)	(200)	(200)
Transfers and Grants	1	(300)							-	(300)	(300)	(300)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>11 818</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 088</b>	<b>2 088</b>	<b>13 906</b>	<b>14 256</b>	<b>14 843</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE									-	-		
Decrease (Increase) in non-current debtors									-	-		
Decrease (increase) other non-current receivables									-	-		
Decrease (increase) in non-current investments									-	-		
<b>Payments</b>												
Capital assets		(11 419)							-	(11 419)	(11 696)	(12 111)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(11 419)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11 419)</b>	<b>(11 696)</b>	<b>(12 111)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans									-	-		
Borrowing long term/refinancing									-	-		
Increase (decrease) in consumer deposits									-	-		
<b>Payments</b>												
Repayment of borrowing		(360)						50	50	(310)	(400)	(500)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(360)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>(310)</b>	<b>(400)</b>	<b>(500)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>												
Cash/cash equivalents at the year begin:	2	44						(1 885)	(1 885)	(1 841)	241	2 242
Cash/cash equivalents at the year end:	2	83						253	253	336	2 401	4 474

This table is consistent with international standards of good financial management practice. There is a clear separation of receipts and payments, capital and operating receipts from Government, borrowing and loan repayment.

Cash flows are based on the below mentioned assumptions:

Property rates, penalties & collection charges	Based on the total billed revenue of R10,310 million, it is anticipated that the municipality will be able to collect 70% of the revenue. This projection is based on the performance of the service provider (attorneys) who is tasked to collect from debtors. The municipality has applied a more conservative approach by not taking into account long outstanding debtors, whereas they are part of the scope of the service provider appointed.
Service charges-refuse removal	Based on the total billed revenue of R1,657 million, it is anticipated that the municipality will be able to collect 70% of the revenue. This projection is based on the performance of the service provider (attorneys) who is tasked to collect from debtors. The municipality has applied a more conservative approach by not taking into account long outstanding debtors, whereas they are part of the scope of the service provider appointed.

Rental of facilities	The municipality's assumption is solely based on previous year's performance, in 2014/15 financial year the municipality only collected R55 000 hence the amount was adjusted accordingly.
Other Revenue	The municipality increased the amount based on the VAT refunds that were not accounted for in the original budget. On average the municipality is claiming R400 000 per month on VAT refunds. The amount includes VAT on conditional grants which according to NT guidelines is a municipal revenue. In the first four month of the financial year, the municipality has claimed almost R2 million on VAT refunds. Other revenues included in this category includes inter alia revenue from firefighting on air strip, cemeteries and sale of documents.
Employee related cost	The municipality has assumed 96% when compare to expenditure allocation in statement of financial performance of R18 467. The approach is based on the assumption that employees will be encouraged to use their leave days accrue to them, hence the leave provision as budgeted was excluded in the cash flow projections.
Contracted services	The municipality has assumed 91% of the amount budgeted as per table B4 i.e. R18114, the reason the municipality has apply this approached is, over the past few year, it has been a practice that the municipality usually pays creditors in July the following year, hence an allocation of R6,5 million the statement of financial position was set aside for this purpose.
Other expenditure	The municipality has assumed 90% of the amount budgeted as per table B4 i.e. R12,917, the reason the municipality has apply this approached is, over the past few year, it has been a practice that the municipality usually pays creditors in July the following year, hence an allocation of R6,5 million the statement of financial position was set aside for this purpose.
Other Cash flow assumptions	<ul style="list-style-type: none"> <li>• The municipality has assumed that creditors amounting to R7.4 million as per audited annual financial statement will be settled in the current financial year. The municipality is currently busy developing a strategy of settling all creditors due within the financial year where they are incurred. It is not feasible to assume that the municipality will implement the strategy in one financial year.</li> <li>• The long term provisions (i.e. landfill site), as part of the above mentioned strategy underdevelopment, the municipality will be securing funds to cash back the provision for landfill site.</li> </ul>

KZN273 The Big 5 False Bay - Table B8 Cash backed reserves/accumulated surplus reconciliation -

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		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
<b>R thousands</b>												
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end	1	83	-	-	-	-	-	253	253	336	2,401	4,474
Other current investments > 90 days		-	-	-	-	-	-	(0)	(0)	(0)	(1,102)	(1,842)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>83</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>253</b>	<b>253</b>	<b>336</b>	<b>1,299</b>	<b>2,632</b>
<b>Applications of cash and investments</b>												
Unspent conditional transfers		-	-	-	-	-	-	148	148	148	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	(969)	-	-	-	-	-	839	839	(130)	(2,556)	(4,560)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(969)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>987</b>	<b>987</b>	<b>18</b>	<b>(2,556)</b>	<b>(4,560)</b>
<b>Surplus(shortfall)</b>		<b>1,052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(734)</b>	<b>(734)</b>	<b>318</b>	<b>3,855</b>	<b>7,192</b>

KZN273 The Big 5 False Bay - Table B9 Asset Management -

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		7	8	9	10	11	12	13	14			
		A	A1	B	C	D	E	F	G	H		
<b>CAPITAL EXPENDITURE</b>												
<b>Total New Assets to be adjusted</b>	1	11,719	-	-	-	-	-	-	-	11,719	11,996	12,411
Infrastructure - Road transport		11,419	-	-	-	-	-	-	-	11,419	11,696	12,111
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		11,419	-	-	-	-	-	-	-	11,419	11,696	12,111
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	300	-	-	-	-	-	-	-	300	300	300
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets to be adjusted</b>	2	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to be adjusted</b>	4	11,419	-	-	-	-	-	-	-	11,419	11,696	12,111
Infrastructure - Road transport		11,419	-	-	-	-	-	-	-	11,419	11,696	12,111
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		11,419	-	-	-	-	-	-	-	11,419	11,696	12,111
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	300	-	-	-	-	-	-	-	300	300	300
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE to be adjusted</b>	2	11,719	-	-	-	-	-	-	-	11,719	11,996	12,411
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5											
Infrastructure - Road transport		28,500	-	-	-	-	-	-	-	28,500	28,500	28,500
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		83,730	-	-	-	-	-	-	-	83,730	90,926	98,037
Infrastructure		112,230	-	-	-	-	-	-	-	112,230	119,426	126,537
Community		1,039	-	-	-	-	-	-	-	1,039	1,039	1,039
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		10,206	-	-	-	-	-	-	-	10,206	10,506	10,806
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		180	-	-	-	-	-	-	-	180	180	180
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	123,655	-	-	-	-	-	-	-	123,655	131,151	138,562
<b>EXPENDITURE OTHER ITEMS</b>												
<b>Depreciation &amp; asset impairment</b>		4,000	-	-	-	-	-	-	-	4,000	4,500	5,000
<b>Repairs and Maintenance by asset class</b>	3	2,500	-	-	-	-	-	-	-	2,500	2,645	2,707
Infrastructure - Road transport		600	-	-	-	-	-	-	-	600	635	637
Infrastructure - Electricity		300	-	-	-	-	-	-	-	300	317	318
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		300	-	-	-	-	-	-	-	300	317	318
Infrastructure		1,200	-	-	-	-	-	-	-	1,200	1,270	1,274
Community		360	-	-	-	-	-	-	-	360	381	382
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	940	-	-	-	-	-	-	-	940	995	1,052
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>		6,500	-	-	-	-	-	-	-	6,500	7,145	7,707

KZN273 The Big 5 False Bay - Table B10 Basic service delivery measurement -

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 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
<b>Household service targets</b>	1											
<b>Water:</b>												
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>		-	-	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>												
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>		-	-	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-	-	-
<b>Energy:</b>												
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>		-	-	-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>												
Removed at least once a week (min.service)		410								410	410	410
<i>Minimum Service Level and Above sub-total</i>		410	-	-	-	-	-	-	-	410	410	410
Removed less frequently than once a week												
Using communal refuse dump		13								13	13	13
Using own refuse dump		9								9	9	9
Other rubbish disposal												
No rubbish disposal												
<i>Below Minimum Service Level sub-total</i>		22	-	-	-	-	-	-	-	22	22	22
<b>Total number of households</b>	5	432	-	-	-	-	-	-	-	432	432	432
<b>Households receiving Free Basic Service</b>	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)		102								102	102	102
<b>Cost of Free Basic Services provided (R'000)</b>	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)		148								148	148	148
<b>Total cost of FBS provided (minimum social package)</b>		148	-	-	-	-	-	-	-	148	148	148
<b>Highest level of free service provided</b>												
Property rates (R'000 value threshold)		60000								60,000	60000	60000
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)												
<b>Revenue cost of free services provided (R'000)</b>	17											
Property rates (R15 000 threshold rebate)		172								172	172	172
Property rates (other exemptions, reductions and rebates)		688								688	688	688
Water												
Sanitation												
Electricity/other energy												
Refuse												
Municipal Housing - rental rebates												
Housing - top structure subsidies	6											
Other												
<b>Total revenue cost of free services provided (total social package)</b>		860	-	-	-	-	-	-	-	860	860	860

## **PART 2 - SUPPORTING DOCUMENTATION**

### **2.1. Adjustment to Budget Assumptions**

#### Budget Assumptions

There are no changes to the budget assumptions proposed in the adjustments budget except in GRAP 23.

### **2.2. Adjustment to budget funding**

#### Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows.

#### **A Credible Budget**

Amongst other things, a credible budget is a budget that:

- Funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- Is achievable in terms of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are consistent with current and on past performance and supported by documented evidence of future assumptions;
- Does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

A budget sets out certain service delivery levels and associated financial implications. Therefore the community should realistically expect to receive these promised service delivery levels and understand the associated financial implications. Major under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and unrealistic.

Furthermore, budgets tabled for consultation at least 90 days prior to the start of the budget year should already be credible and fairly close to the final approved budget.

### **Funding of operating and capital expenditure**

The municipal budget is cash funded, however the decrease in cash available at year requires the municipality to put more effort in collecting more revenues.

### **Financial plans**

At this stage The Big 5 False Bay Municipality has not yet adopted a long-term financial plan that is fully funded. It is therefore difficult to provide inputs on how the adjustment budget will influence the financial plan.

### **Reserves**

None of the reserves will be cash backed at 30 June 2015.

### **Financial sustainability of the municipality**

The municipality's financial position is still not sound as the current liabilities are almost equal to the current assets, meaning the municipality might have going concern issues.

The municipality plans to continue exercising strict financial management and ensuring a cash flow which meets the requirements.

The municipality must ensure that the principle of "the user pays for the use of the assets" be applied in its long-term financial strategy. It is for this reason that the municipality will in future provide for cash-backed reserves, which consist of Employee Benefits provisions, the cost of replacing the existing valuation roll and contributions to the Capital Replacement Reserve with the idea being a contribution at least equal to the depreciation charges on those assets being used.

## **2.3. Expenditure on allocations and grant programmes**

### **Grant allocations**

Details of each grant to be received and spent are shown in the schedules SB7 to SB9 attached to the report.

## **2.4. Allocations and grants made by the Municipality**

### **Allocations Made by the Municipality**

There were no changes to the grants and subsidies made by the municipality refer to schedule SB10.



## **2.5. Councillor Allowances and employee benefits**

Salaries, Allowances and Benefits

Details of Councillor Allowances and employee benefits are included in supporting table SB11 attached.

## **2.6. Measurable Performance Objectives and Indicators**

Changes to measurable performance objectives and indicators are not included as a supporting table (SB3) resulted from the need to review SDBIP

## **2.7. Capital expenditure details**

Capital expenditure details are listed in Supporting Table SB 18 to SB 19.

## **2.8. Other Supporting Documents**

Other supporting schedules are listed.

## 2.9. Municipal Manager's quality certification

### QUALITY CERTIFICATE

I, Mfundiso Archibald Mngadi, Acting Municipal Manager of The Big 5 False Bay Municipality, hereby certify that the adjustments budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the adjustments budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

\_\_\_\_\_  
Municipal Manager of The Big 5 False Bay Municipality (KZN273)

Signature .....

Date .....