

# BIG 5 HLABISA MUNICIPALITY(KZN276)

2/26/2019

## ADJUSTMENT BUDGET 2018/19 TO 2020/2021



**Table of Contents**

**PART 1 – ANNUAL BUDGET**

1.1 MAYOR’S REPORT  
.....5

1.2 COUNCIL RESOLUTIONS  
.....8

1.3 EXECUTIVE SUMMARY  
.....8-9

1.4 ADJUSTMENT BUDGET TABLES  
.....10

**PART 2 – SUPPORTING DOCUMENTATION**

2.1. ADJUSTMENT TO BUDGET ASSUMPTIONS.....21

2.2. ADJUSTMENT TO BUDGET FUNDING..... 26

2.3. ADJUSTMENT TO EXPENDITURE ON ALLOCATIONS & GRANTS PROGRAMMES.....26

2.4. ADJUSTMENT TO ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY.....27

2.5. ADJUSTMENT TO COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS.....27

2.6. ADJUSTMENT TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN.....27

2.7. ADJUSTMENT TO CAPITAL EXPENDITURE.....27

2.8. OTHER SUPPORTING DOCUMENTS.....27

2.9. MUNICIPAL MANAGER QUALITY CERTIFICATE.....28

## 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 asset 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 of 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 more than, 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 Big 5 Hlabisa Municipality is made up as follows:

Vote	Description	Sub-vote
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
		Sports and Recreation
Vote 5	Planning Services	Planning & Development Roads & Technical Refuse Removal
Vote 6	Public Safety	Police Services Disaster Management

## PART 1 – ANNUAL BUDGET

### 1.1 MAYOR'S REPORT

It is with great pleasure that I present the 2018/19 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

**☒ An increase in total revenue amounting to R10 492 million. This increase is attributable to increase in the following revenue line items:**

- (a) Adjusted increase of R 58 thousand on Rental of Facilities is mainly due to increase that is anticipated on Facilities that will be rented as we are preparing for elections and it is based on the mid-year assessment for the line item.
- (b) Adjusted increase in Interest earned on External Investments is based on the actual interest earned as at 31 December 2018, although the municipality will not be making a lot of investments in the coming months the increase of R 374 thousand is possible to be achieved by year end and it also covers the extra inflow that was not originally anticipated, the municipality is aiming at investing all cash inflows for targets that are set for periods towards the end of the financial year.
- (c) Adjusted increase in Interest earned on Outstanding Debtors is based on the actual interest earned as at 31 December 2018, although the municipality based the original budget for this line item to the current years billing, the actual year to date also included the interest charged to all accumulating debt from previous years hence the adjustment increase.
- (d) Decrease in Traffic Fines of R546 thousand is based on the actual to date for this line item, the municipality is closely monitoring this and is foreseeing an improvement in the next financial year as the municipality has engaged the department concerned and the new system to capture fines will be available at the beginning of the new financial year as the process of acquiring the system has started.
- (e) Increase in Transfers and Subsidies of R 5.8 million is the new allocation of Massification Grant that has been transferred to the municipality.
- (f) Increase in other revenue of R3 543 million and the main contributor is income received from claims from the insurance, other income is from sale of documents and building plans.

- (g) (Gains on disposal of PPE) the municipality has decreased the line item as it does not include income from sale of land but the R2 million is the income that is expected to be generated from disposal of municipal asset i.e Grader, motor vehicles and other office equipment's.

**An increase in total expenditure amounting to R12 970 million. This increase is mainly because of the following-**

- (a) The adjustment increase on this line item is informed by actual expenditure to date, despite the already high budget on employee related costs which was originally above the norm range of 25-40 percent as per MFMA Circular No. 71, at mid-year the municipality has already incurred 60.3 percent of the budgeted amount of R65.2 million high expenditure was partly due to unions and LLF rectifying the minimum wage matters and all matters raised were addressed the municipality is not foreseeing any other issues of the same nature as a thorough exercise was done. The municipality is aware of the high volume of employees and is ensuring that the municipal employees with skills are utilised for all other services that were in the past outsourced to cut down on payment to suppliers. The municipality is currently not filling any vacant posts unless it's critical positions.
- (b) The municipality calculates Debt impairment costs based on a 30 percent of the current Property rates billings and 70 percent Traffic fines, therefore the decrease in Debt Impairment is informed by adjustments done on Traffic Fines.
- (c) Increase in Finance Charges is because the municipality was billed penalties by SARS the adjustment done was to take into account the high expenditure incurred in the 1<sup>st</sup> six months of the financial year and any other anticipated expenditure, which was not initially considered.
- (d) At Mid-Year there was a miss allocation of R2.3 million that was supposed to be reported as Transfers and Grants, which made the actual Contracted Services look higher than expected. The adjustments were made and a minor adjustment increase was done mainly because of applying MSCOA budgeting a new breakdown of what forms part of the line item is provided in SB1; however, a close monitoring will be done in some sub line items to ensure that the municipality is within budget at year-end.
- (e) Increase in Transfers and Subsidies the municipality received Massification Grant of R5.8 million that is treated like the INEP that was previously reported under this line item, there was a decrease of R200 thousand from Free Basic Electricity and a few new additional items that are listed in table SB10.
- (f) Decrease in other expenditure of R 1.2 million is a result of decrease in a lot of items and such items are listed in SB1 the municipality has cut down on all nice to have items and other items that have not spent much to date and there are no other targets set for the upcoming months that have financial implications.

## Funding Cash Flows

The budget for 2018/19 is fully cash funded, the municipality has decreased cash outflows and needs to strengthen the debts collection 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	13 880
Transfers Recognised- OPEX	109 168
Transfers Recognised- Capex	21 000
Other Revenue Inflows incl. VAT	18 360
<b>TOTAL CASH INFLOW</b>	<b>162 408</b>
<b>OUTFLOWS</b>	
Employee Related costs	71 740
Councillors Allowances	7 411
Contracted Services	11 596
General & Other Expenses	46 104
Capital Expenditure	21 820
Other cash outflows incl. Creditors	2 000
<b>TOTAL CASH OUTFLOW</b>	<b>136 851</b>
<b>NET INFLOWS/ (OUTFLOWS)</b>	<b>-8 282</b>
<b>BALANCE AS AT 1 JULY 2018</b>	<b>13 072</b>
<b>NET CASH AT YEAR END</b>	<b>4 790</b>

As per the table above the municipality's cash resources at year-end is R 4 790 million.

## 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.
- 2) That the Council notes Treasury assessment Mid-Year Report 2018/2019 and accept remedies implemented by management.

### 1.2 COUNCIL RESOLUTIONS

On 26/02/2019, the Council of Big 5 Hlabisa Municipality will meet in the Council Chamber to consider the adjustment budget of the municipality for the financial year 2018/19. The Council will approve and adopt the following resolutions:

1.2.1 The council of Big 5 Hlabisa 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 2018/19 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 2018/2019 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 of the compilation of the 2018/19 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 to address those where additional funding was required.

Due to the available surpluses from the 2018/19 financial year, the under mentioned principles gave guidance to the compilation of the 2018/19 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, considering –
    - a) Projected revenue for the year considering 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 their 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 critical positions;
  - Furniture and office equipment;
  - Use of consultants

In view of the following table is a consolidated overview of the Adjusted 2018/19 Medium - Term Revenue and Expenditure Framework:

## Effect of the adjustment budget

The overall changes made to the 2018/19 budget can be summarised as follows:

- An increase in total expenditure amounting to R12 970 million.
- A decrease in total revenue amounting to R10 492 million

### Summary of the changes/ Adjustments Adjusted versus original Budget

Source	Original Budget (R'000)	Adjusted Budget (R'000)
Rental of Facilities	216	273
Interest on Investments	676	1 050
Interest on Outstanding g Debtors	636	3 200
Traffic Fines	1 500	954
Licenses and Permits	636	3 200
Transfers and Subsidies	103 368	109 168
Other Revenue	251	3 794
Gains on disposal of PPE	3 300	2 000
Employee Related Costs	65 226	71 740
Debt Impairment	6 999	6 616
Finance Charges	220	440
Transfers and Subsidies	800	7 825
Other Expenditure	24 899	23 650
Contracted Services	10 755	11 596
<b>SURPLUS AT YEAR END</b>	<b>23 507</b>	<b>21 403</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

KZN276 The New Big 5 False Bay - Table B1 Adjustments Budget Summary - 28/02/2018

Description	Budget Year 2018/19									Budget Year +1	Budget Year +2
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	A1	B	C	D	E	F	G	H		
<b>Financial Performance</b>											
Property rates	17,566	-	-	-	-	-	-	-	17,566	18,269	18,999
Service charges	2,263	-	-	-	-	-	-	-	2,263	2,354	2,448
Investment revenue	676	-	-	-	-	-	374	374	1,050	703	731
Transfers recognised - operational	103,368	-	-	-	-	5,800	-	5,800	109,168	117,497	129,269
Other own revenue	8,212	-	-	-	-	-	4,318	4,318	12,530	5,294	5,505
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>132,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>4,692</b>	<b>10,492</b>	<b>142,577</b>	<b>144,116</b>	<b>156,952</b>
Employee costs	65,226	-	-	-	-	-	6,514	6,514	71,740	69,792	74,677
Remuneration of councillors	7,411	-	-	-	-	-	-	-	7,411	7,930	8,485
Depreciation & asset impairment	8,100	-	-	-	-	-	-	-	8,100	8,600	9,000
Finance charges	220	-	-	-	-	-	220	220	440	260	300
Materials and bulk purchases	5,168	-	-	-	-	-	-	-	5,168	5,600	6,000
Transfers and grants	800	-	-	-	-	-	7,025	7,025	7,825	8,360	11,030
Other expenditure	42,652	-	-	-	-	-	(790)	(790)	41,862	43,528	45,107
<b>Total Expenditure</b>	<b>129,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,970</b>	<b>12,970</b>	<b>142,547</b>	<b>144,070</b>	<b>154,600</b>
<b>Surplus/(Deficit)</b>	<b>2,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,277)</b>	<b>(2,477)</b>	<b>30</b>	<b>46</b>	<b>2,353</b>
Transfers recognised - capital	21,000	-	-	-	-	-	-	-	21,000	21,357	22,344
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>23,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,277)</b>	<b>(2,477)</b>	<b>21,030</b>	<b>21,403</b>	<b>24,697</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>23,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,277)</b>	<b>(2,477)</b>	<b>21,030</b>	<b>21,403</b>	<b>24,697</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>23,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,580)</b>	<b>(1,580)</b>	<b>21,820</b>	<b>23,457</b>	<b>24,544</b>
Transfers recognised - capital	21,000	-	-	-	-	-	-	-	21,000	21,357	22,344
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	2,400	-	-	-	-	-	(1,580)	(1,580)	820	2,100	2,200
<b>Total sources of capital funds</b>	<b>23,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,580)</b>	<b>(1,580)</b>	<b>21,820</b>	<b>23,457</b>	<b>24,544</b>
<b>Financial position</b>											
Total current assets	38,834	-	-	-	-	-	(2,849)	(2,849)	35,986	40,291	41,578
Total non current assets	335,610	-	-	-	-	-	(2,000)	(2,000)	333,610	349,034	362,996
Total current liabilities	16,679	-	-	-	-	-	(5,451)	(5,451)	11,228	11,000	9,000
Total non current liabilities	5,500	-	-	-	-	-	-	-	5,500	6,000	7,000
<b>Community wealth/Equity</b>	<b>352,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603</b>	<b>603</b>	<b>352,868</b>	<b>372,325</b>	<b>388,574</b>
<b>Cash flows</b>											
Net cash from (used) operating	24,055	-	-	-	-	-	(11,231)	(11,231)	12,824	27,453	29,021
Net cash from (used) investing	(20,100)	-	-	-	-	-	9,013	9,013	(11,087)	(23,457)	(24,544)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>7,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,218)</b>	<b>(2,218)</b>	<b>4,790</b>	<b>11,217</b>	<b>15,694</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	7,898	-	-	-	-	-	(3,108)	(3,108)	4,790	11,921	16,426
Application of cash and investments	(1,651)	-	-	-	-	-	(7,058)	(7,058)	(8,709)	(7,124)	(6,964)
<b>Balance - surplus (shortfall)</b>	<b>9,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,950</b>	<b>3,950</b>	<b>13,499</b>	<b>19,045</b>	<b>23,390</b>
<b>Asset Management</b>											
Asset register summary (WDV)	306,793	-	-	-	-	-	(2,000)	(2,000)	304,793	319,064	331,827
Depreciation & asset impairment	8,100	-	-	-	-	-	-	-	8,100	8,600	9,000
Renewal of Existing Assets	5,300	-	-	-	-	-	-	-	5,300	6,150	6,350
Repairs and Maintenance	5,572	-	-	-	-	-	-	-	5,572	6,033	6,463
<b>Free services</b>											
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	696	-	-	-	-	-	-	-	696	724	753
<b>Households below minimum service level</b>											
Water:	0	-	-	-	-	-	-	-	0	0	0
Sanitation/sew erage:	0	-	-	-	-	-	-	-	0	0	0
Energy:	0	-	-	-	-	-	-	-	0	0	0
Refuse:	9	-	-	-	-	-	-	-	9	9	9

KZN276 The New Big 5 False Bay - Table B2 Adjustments Budget Financial Performance (functional classification) - 28/02/2018

Standard Description	Ref	Budget Year 2018/19									Budget	Budget	
		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 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H			
<b>Revenue - Functional</b>													
<b>Governance and administration</b>		121,558	-	-	-	-	-	4,490	4,490	126,047	132,684	141,991	
Executive and council		98,346	-	-	-	-	-	7,168	7,168	105,514	107,280	113,571	
Finance and administration		23,212	-	-	-	-	-	(2,678)	(2,678)	20,533	25,405	28,420	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	
<b>Community and public safety</b>		6,668	-	-	-	-	-	489	489	7,156	6,935	10,312	
Community and social services		2,817	-	-	-	-	-	(57)	(57)	2,760	2,930	3,547	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		3,851	-	-	-	-	-	546	546	4,397	4,005	6,765	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		21,072	-	-	-	-	-	5,815	5,815	26,887	21,915	22,896	
Planning and development		21,000	-	-	-	-	-	5,800	5,800	26,800	21,840	22,809	
Road transport		72	-	-	-	-	-	15	15	87	75	87	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		3,788	-	-	-	-	-	(302)	(302)	3,486	3,939	4,097	
Energy sources		-	-	-	-	-	-	-	-	-	-	-	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	
Waste management		3,788	-	-	-	-	-	(302)	(302)	3,486	3,939	4,097	
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Revenue - Functional</b>	2	153,085	-	-	-	-	-	10,492	10,492	163,577	165,473	179,296	
<b>Expenditure - Functional</b>													
<b>Governance and administration</b>		66,568	-	-	-	-	-	7,469	7,469	74,036	71,314	78,072	
Executive and council		34,417	-	-	-	-	-	5,843	5,843	40,260	36,913	39,808	
Finance and administration		32,151	-	-	-	-	-	1,626	1,626	33,777	34,401	38,263	
Internal audit		-	-	-	-	-	-	-	-	-	-	-	
<b>Community and public safety</b>		33,672	-	-	-	-	-	-	-	33,672	35,785	38,014	
Community and social services		19,088	-	-	-	-	-	-	-	19,088	20,181	21,317	
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	
Public safety		14,584	-	-	-	-	-	-	-	14,584	15,605	16,697	
Housing		-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		25,733	-	-	-	-	5,800	-	5,800	31,533	33,090	34,534	
Planning and development		5,527	-	-	-	-	5,800	-	5,800	11,327	5,914	6,328	
Road transport		20,206	-	-	-	-	-	-	-	20,206	27,176	28,206	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		3,605	-	-	-	-	-	(300)	(300)	3,305	3,880	3,980	
Energy sources		-	-	-	-	-	-	-	-	-	-	-	
Water management		-	-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	
Waste management		3,605	-	-	-	-	-	(300)	(300)	3,305	3,880	3,980	
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure - Functional</b>	3	129,578	-	-	-	-	5,800	7,169	12,969	142,546	144,070	154,600	
<b>Surplus/ (Deficit) for the year</b>		23,507	-	-	-	-	(5,800)	3,324	(2,476)	21,031	21,403	24,697	

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.

KZN276 The New Big 5 False Bay - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - 28/02/2018

Vote Description  <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2018/19									Budget Year +1 2019/20	Budget Year +2 2020/21
		Original Budget	Prior Adjusted 3	Accum. Funds 4	Multi-year capital 5	Unfore. Unavoid. 6	Nat. or Prov. Govt 7	Other Adjus. 8	Total Adjus. 9	Adjusted Budget 10	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
<b>Revenue by Vote</b>	1											
Vote 1 - Executive & Council		98,346	-	-	-	-	-	7,168	7,168	105,514	107,280	113,571
Vote 2 - Budget & Treasury Office		23,189	-	-	-	-	-	(2,678)	(2,678)	20,511	24,302	26,274
Vote 3 - Corporate Services		22	-	-	-	-	-	-	-	22	1,103	2,147
Vote 4 - Community Servives		2,817	-	-	-	-	-	(57)	(57)	2,760	2,930	3,547
Vote 5 - Planning Services		24,860	-	-	-	-	5,800	(286)	5,514	30,373	25,854	26,993
Vote 6 - Public Safety		3,851	-	-	-	-	-	546	546	4,397	4,005	6,765
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>153,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>4,692</b>	<b>10,492</b>	<b>163,577</b>	<b>165,473</b>	<b>179,296</b>
<b>Expenditure by Vote</b>	1											
Vote 1 - Executive & Council		34,417	-	-	-	-	-	5,843	5,843	40,260	36,913	39,808
Vote 2 - Budget & Treasury Office		14,580	-	-	-	-	-	(298)	(298)	14,282	15,600	18,692
Vote 3 - Corporate Services		17,571	-	-	-	-	-	1,924	1,924	19,495	18,801	19,571
Vote 4 - Community Servives		19,088	-	-	-	-	-	-	-	19,088	20,181	21,317
Vote 5 - Planning Services		29,338	-	-	-	-	-	5,500	5,500	34,838	36,970	38,514
Vote 6 - Public Safety		14,584	-	-	-	-	-	-	-	14,584	15,605	16,697
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>129,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,969</b>	<b>12,969</b>	<b>142,546</b>	<b>144,070</b>	<b>154,600</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>23,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,276)</b>	<b>(2,476)</b>	<b>21,031</b>	<b>21,403</b>	<b>24,697</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.

KZN276 The New Big 5 False Bay - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 28/02/2018

Description	Ref	Budget Year 2018/19									Budget	Budget	
		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	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	2019/20	2020/21	
<b>Revenue By Source</b>													
Property rates	2	17,566	-	-	-	-	-	-	-	17,566	18,269	18,999	
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	2	2,263	-	-	-	-	-	-	-	2,263	2,354	2,448	
Service charges - other													
Rental of facilities and equipment		216						58	58	273	225	233	
Interest earned - external investments		676						374	374	1,050	703	731	
Interest earned - outstanding debtors		636						2,564	2,564	3,200	846	880	
Dividends received													
Fines, penalties and forfeits		1,500						(546)	(546)	954	1,560	1,622	
Licences and permits		2,309								2,309	2,402	2,498	
Agency services													
Transfers and subsidies		103,368					5,800	-	5,800	109,168	117,497	129,269	
Other revenue	2	251	-	-	-	-	-	3,543	3,543	3,794	261	271	
Gains on disposal of PPE		3,300						(1,300)	(1,300)	2,000			
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>132,085</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>4,692</b>	<b>10,492</b>	<b>142,577</b>	<b>144,116</b>	<b>156,952</b>	
<b>Expenditure By Type</b>													
Employee related costs		65,226	-	-	-	-	-	6,514	6,514	71,740	69,792	74,677	
Remuneration of councillors		7,411								7,411	7,930	8,485	
Debt impairment		6,999						(383)	(383)	6,616	5,500	6,000	
Depreciation & asset impairment		8,100	-	-	-	-	-	-	-	8,100	8,600	9,000	
Finance charges		220						220	220	440	260	300	
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	
Other materials		5,168								5,168	5,600	6,000	
Contracted services		10,755	-	-	-	-	-	841	841	11,596	12,990	13,690	
Transfers and subsidies		800						7,025	7,025	7,825	8,360	11,030	
Other expenditure		24,899	-	-	-	-	-	(1,248)	(1,248)	23,650	25,038	25,417	
Loss on disposal of PPE													
<b>Total Expenditure</b>		<b>129,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,970</b>	<b>12,970</b>	<b>142,547</b>	<b>144,070</b>	<b>154,600</b>	
<b>Surplus/(Deficit)</b>		<b>2,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,277)</b>	<b>(2,477)</b>	<b>30</b>	<b>46</b>	<b>2,353</b>	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		21,000								21,000	21,357	22,344	
allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)													
<b>Surplus/(Deficit) before taxation</b>		<b>23,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,277)</b>	<b>(2,477)</b>	<b>21,030</b>	<b>21,403</b>	<b>24,697</b>	
Taxation													
<b>Surplus/(Deficit) after taxation</b>		<b>23,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,277)</b>	<b>(2,477)</b>	<b>21,030</b>	<b>21,403</b>	<b>24,697</b>	
Attributable to minorities													
<b>Surplus/(Deficit) attributable to municipality</b>		<b>23,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,277)</b>	<b>(2,477)</b>	<b>21,030</b>	<b>21,403</b>	<b>24,697</b>	
Share of surplus/ (deficit) of associate													
<b>Surplus/ (Deficit) for the year</b>		<b>23,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,800</b>	<b>(8,277)</b>	<b>(2,477)</b>	<b>21,030</b>	<b>21,403</b>	<b>24,697</b>	

<u>Revenue By Source</u>	Original Budget	Total Adjusts.	Adjusted Budget	Comments
Rental of Facilities	216	273		Adjusted increase of R 58 thousand on Rental of Facilities is mainly due to increase that is anticipated on Facilities that will be rented as we are preparing for elections and it is based on the mid-year assessment for the line item.
Interest earned - external investments	676	374	1 050	Adjusted increase in Interest earned on External Investments is based on the actual interest earned as at 31 December 2018, although the municipality will not be making a lot of investments in the coming months the increase of R 374 thousand is possible to be achieved by year end and it also covers the extra inflow that was not originally anticipated, the municipality is aiming at investing all cash inflows for targets that are set for periods towards the end of the financial year
Interest earned – Outstanding Debtors	636	2 564	3 200	Adjusted increase in Interest earned on Outstanding Debtors is based on the actual interest earned as at 31 December 2018, although the municipality based the original budget for this line item to the current years billing, the actual year to date also included the interest charged to all accumulating debt from previous years hence the adjustment increase.
Fines, penalties and forfeits	1 500	(546)	954	Decrease in Traffic Fines of R546 thousand is based on the actual to date for this line item, the municipality is closely monitoring this and is foreseeing an improvement in the next financial year as the municipality has engaged the department concerned and the new system to capture fines will be available at the beginning of the new financial year as the process of acquiring the system has started
Transfers and subsidies	103 368	5 800	109 168	Increase in Transfers and Subsidies of R 5.8 million is the new allocation of Massification Grant that has been transferred to the municipality.
Other revenue	251	3 543	3 794	Increase in other revenue of R3 543 million and the main contributor is income received

				from claims from the insurance, other income is from sale of documents and building plans.
Gains on disposal of PPE	3 300	1 300	2 000	(Gains on disposal of PPE) the municipality has decreased the line item, as it does not include income from sale of land but the R2 million is the income that is expected to be generated from disposal of municipal asset i.e Grader, motor vehicles and other office equipment's.
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>132 085</b>	<b>10 492</b>	<b>142 577</b>	
<b>Expenditure By Type</b>				
Employee related costs	65 226	6 514	71 740	The adjustment increase on this line item is informed by actual expenditure to date, despite the already high budget on employee related costs which was originally above the norm range of 25-40 percent as per MFMA Circular No. 71, at mid-year the municipality has already incurred 60.3 percent of the budgeted amount of R65.2 million high expenditure was partly due to unions and LLF rectifying the minimum wage matters and all matters raised were addressed the municipality is not foreseeing any other issues of the same nature as a thorough exercise was done. The municipality is aware of the high volume of employees and is ensuring that the municipal employees with skills are utilised for all other services that were in the past outsourced to cut down on payment to suppliers. The municipality is currently not filling any vacant posts unless it's critical positions.
Debt Impairment	6 999	383	6 616	The municipality calculates Debt impairment costs based on a 30 percent of the current Property rates billings and 70 percent Traffic fines, therefore the decrease in Debt Impairment is informed by adjustments done on Traffic Fines.
Finance charges	220	220	440	Increase in Finance Charges is because the municipality was billed penalties by SARS the adjustment done was to take into account the high expenditure incurred in the 1st six months of the financial year and any other



				anticipated expenditure, which was not initially considered.
Contracted services	10 755	841	11 596	At Mid-Year there was a miss allocation of R2.3 million that was supposed to be reported as Transfers and Grants, which made the actual Contracted Services look higher than expected. The adjustments were made and a minor adjustment increase was done mainly because of applying MSCOA budgeting a new breakdown of what forms part of the line item is provided in SB1; however, a close monitoring will be done in some sub line items to ensure that the municipality is within budget at year-end.
Transfers and Subsidies				Increase in Transfers and Subsidies the municipality received Massification Grant of R5.8 million that is treated like the INEP that was previously reported under this line item, there was a decrease of R200 thousand from Free Basic Electricity and a few new additional items that are listed in table SB10.
Other expenditure	24 899	(1 248)	23 650	Decrease in other expenditure of R 1.2 million is a result of decrease in a lot of items and such items are listed in SB1 the municipality has cut down on all nice to have items and other items that have not spent much to date and there are no other targets set for the upcoming months that have financial implications.
<b>Total Expenditure</b>	<b>129 578</b>	<b>12 970</b>	<b>142 547</b>	
<b>Surplus/(Deficit)</b>	<b>200</b>	<b>86</b>	<b>287</b>	

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 judicious attainable. The municipality has considered 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.

KZN276 The New Big 5 False Bay - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 28/02/2018

Description	Ref	Budget Year 2018/19									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		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		100	-	-	-	-	-	489	489	589	150	100
Vote 2 - Budget & Treasury Office		550	-	-	-	-	-	(200)	(200)	350	600	550
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		13,850	-	-	-	-	-	(1,000)	(1,000)	12,850	13,800	13,550
Vote 5 - Planning Services		7,600	-	-	-	-	-	(380)	(380)	7,220	7,307	9,044
Vote 6 - Public Safety		1,300	-	-	-	-	-	(489)	(489)	811	1,600	1,300
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	<b>23,400</b>	-	-	-	-	-	<b>(1,580)</b>	<b>(1,580)</b>	<b>21,820</b>	<b>23,457</b>	<b>24,544</b>
<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>		<b>23,400</b>	-	-	-	-	-	<b>(1,580)</b>	<b>(1,580)</b>	<b>21,820</b>	<b>23,457</b>	<b>24,544</b>
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		650	-	-	-	-	-	289	289	939	750	650
Executive and council		100	-	-	-	-	-	489	489	589	150	100
Finance and administration		550	-	-	-	-	-	(200)	(200)	350	600	550
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		15,150	-	-	-	-	-	(1,489)	(1,489)	13,661	15,400	14,850
Community and social services		7,614	-	-	-	-	-	-	-	7,614	7,364	7,314
Sport and recreation		6,236	-	-	-	-	-	(1,000)	(1,000)	5,236	6,436	6,236
Public safety		1,300	-	-	-	-	-	(489)	(489)	811	1,600	1,300
Housing		-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		7,600	-	-	-	-	-	(380)	(380)	7,220	7,307	9,044
Planning and development		2,600	-	-	-	-	-	(380)	(380)	2,220	2,800	2,600
Road transport		5,000	-	-	-	-	-	-	-	5,000	4,507	6,444
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	<b>23,400</b>	-	-	-	-	-	<b>(1,580)</b>	<b>(1,580)</b>	<b>21,820</b>	<b>23,457</b>	<b>24,544</b>
<b>Funded by:</b>												
National Government		21,000	-	-	-	-	-	-	-	21,000	21,357	22,344
Provincial Government		-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>21,000</b>	-	-	-	-	-	-	-	<b>21,000</b>	<b>21,357</b>	<b>22,344</b>
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2,400	-	-	-	-	-	(1,580)	(1,580)	820	2,100	2,200
<b>Total Capital Funding</b>		<b>23,400</b>	-	-	-	-	-	<b>(1,580)</b>	<b>(1,580)</b>	<b>21,820</b>	<b>23,457</b>	<b>24,544</b>

This table provide an overview of the estimated budget based on year to date actual, of capital expenditure by Council's departmental structure, standard classification and the sources necessary to fund the capital expenditure. The was an adjustment from R2.4 million to R820 thousand on internally generated funds, this was based on the actual year to date of the said item, and implementation of cost cutting measures.

**KZN276 The New Big 5 False Bay - Table B6 Adjustments Budget Financial Position - 28/02/2018**

Description	Ref	Budget Year 2018/19									Budget Year +1	Budget Year +2
		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	4	5	6	7	8	9	10		
			A1	B	C	D	E	F	G	H		
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		7,222						(3,482)	(3,482)	3,740	11,217	15,694
Call investment deposits	1	676	-	-	-	-	-	374	374	1,050	703	731
Consumer debtors	1	29,577	-	-	-	-	-	259	259	29,836	26,957	23,682
Other debtors		417							-	417	434	451
Current portion of long-term receivables		939							-	939	977	1,016
Inventory		3							-	3	3	3
<b>Total current assets</b>		<b>38,834</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,849)</b>	<b>(2,849)</b>	<b>35,986</b>	<b>40,291</b>	<b>41,578</b>
<b>Non current assets</b>												
Long-term receivables									-	-		
Investments									-	-		
Investment property		28,817							-	28,817	29,970	31,169
Investment in Associate									-	-		
Property, plant and equipment	1	306,065	-	-	-	-	-	(2,000)	(2,000)	304,065	318,307	331,039
Agricultural									-	-		
Biological									-	-		
Intangible		728							-	728	757	787
Other non-current assets									-	-		
<b>Total non current assets</b>		<b>335,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>333,610</b>	<b>349,034</b>	<b>362,996</b>
<b>TOTAL ASSETS</b>		<b>374,444</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,849)</b>	<b>(4,849)</b>	<b>369,595</b>	<b>389,325</b>	<b>404,574</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft									-	-		
Borrowing		-	-	-	-	-	-	-	-	-	-	-
Consumer deposits									-	-		
Trade and other payables		16,679	-	-	-	-	-	(5,451)	(5,451)	11,228	11,000	9,000
Provisions									-	-		
<b>Total current liabilities</b>		<b>16,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,451)</b>	<b>(5,451)</b>	<b>11,228</b>	<b>11,000</b>	<b>9,000</b>
<b>Non current liabilities</b>												
Borrowing	1	-	-	-	-	-	-	-	-	-	-	-
Provisions	1	5,500	-	-	-	-	-	-	-	5,500	6,000	7,000
<b>Total non current liabilities</b>		<b>5,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,500</b>	<b>6,000</b>	<b>7,000</b>
<b>TOTAL LIABILITIES</b>		<b>22,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,451)</b>	<b>(5,451)</b>	<b>16,728</b>	<b>17,000</b>	<b>16,000</b>
<b>NET ASSETS</b>	2	<b>352,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603</b>	<b>603</b>	<b>352,868</b>	<b>372,325</b>	<b>388,574</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		352,265	-	-	-	-	-	603	603	352,868	372,325	388,574
Reserves		-	-	-	-	-	-	-	-	-	-	-
Minorities' interests									-	-		
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>352,265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>603</b>	<b>603</b>	<b>352,868</b>	<b>372,325</b>	<b>388,574</b>

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

KZN276 The New Big 5 False Bay - Table B7 Adjustments Budget Cash Flows - 28/02/2018

Description	Ref	Budget Year 2018/19									Budget	Budget
		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
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	2019/20	2020/21
<b>R thousands</b>												
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates		12,296							-	12,296	12,790	13,302
Service charges		1,584							-	1,584	1,428	1,485
Other revenue		1,610						4,967	4,967	6,577	3,355	3,489
Government - operating	1	103,368						5,800	5,800	109,168	117,497	129,269
Government - capital	1	21,000								21,000	21,357	22,344
Interest		676						374	374	1,050	703	731
Dividends									-	-		
<b>Payments</b>												
Suppliers and employees		(115,459)						(16,572)	(16,572)	(132,031)	(122,168)	(131,400)
Finance charges		(220)						(200)	(200)	(420)	(260)	(300)
Transfers and Grants	1	(800)						(5,600)	(5,600)	(6,400)	(7,250)	(9,900)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>24,055</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,231)</b>	<b>(11,231)</b>	<b>12,824</b>	<b>27,453</b>	<b>29,021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE		3,300							-	3,300		
Decrease (Increase) in non-current debtors									-	-		
Decrease (increase) other non-current receivables		-						5,433	5,433	5,433		
Decrease (increase) in non-current investments								2,000	2,000	2,000		
<b>Payments</b>												
Capital assets		(23,400)						1,580	1,580	(21,820)	(23,457)	(24,544)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(20,100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,013</b>	<b>9,013</b>	<b>(11,087)</b>	<b>(23,457)</b>	<b>(24,544)</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									-	-		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>3,955</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,218)</b>	<b>(2,218)</b>	<b>1,737</b>	<b>3,996</b>	<b>4,477</b>
Cash/cash equivalents at the year begin:	2	3,053							-	3,053	7,222	11,217
Cash/cash equivalents at the year end:	2	7,008						(2,218)	(2,218)	4,790	11,217	15,694

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.

## ADJUSTMENTS TO BUDGETS ASSUMPTIONS

<u>Cash flows are based on the below mentioned assumptions:</u>	
<b>Property rates, penalties &amp; collection charges</b>	<p>Based on the total billed revenue of R17 566 million, it is anticipated that the municipality will be able to collect 70% of the revenue. The municipality has applied a more conservative approach by not considering long outstanding debtors, whereas they are part of the scope of the debtors contacted by the collection team.</p> <p>The second half of the year indicates that the municipality can collect not less than R272 thousand per month.</p>
<b>Service charges- refuse removal</b>	<p>Based on the total billed revenue of R2,263 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 collection team that is tasked to collect from debtors. The municipality has applied a more conservative approach by not considering long outstanding debtors, whereas they are part of the scope of the collection team. Although at mid-year the cash flow did not show actuals for this line item, it is mainly because most of the consumers that are billed for Property Rates are also billed for Refuse and when making payments they do so inclusively (Property and Refuse). The municipality has engaged all the consumers to make clear reference upon payment to ensure that reporting is clear going forward.</p>
<b>Rental of facilities</b>	<p>The municipality's assumption is solely based on previous semester's actual performance, Adjusted increase of R 58 thousand on Rental of Facilities is mainly due to increase that is anticipated on Facilities that will be rented as we are preparing for elections.</p>
<b>Other Revenue</b>	<p>Increase in other revenue of R3 543 million and the main contributor is income received from claims from the insurance, other income is from sale of documents and building plans. There is a (R14 327) under this line which is income received as a Housing Grant of which the municipality is acting as an Agent.</p>
<b>Proceeds from Disposal of PPE</b>	<p>The municipality sold land however the actual year to date at mid-year was below the year to date budget however there has been an offer to purchase for land amounting to R2 million, actual cash will be transferred to the municipal bank account before year end, offer to purchase is attached.</p>
<b>Decrease (increase) other non-current receivables</b>	<p>The line item only includes Vat refunds to date, SARS statements and control account attached.</p>
<b>Decrease (increase) in non-current investments</b>	<p>The municipality is in the process of disposing some of the municipal assets and budgeted under this line item is the (Gains on disposal of PPE) i.e Grader, motor vehicles and other office equipment's.</p>

<b>Employee Related Cost</b>	The municipality has assumed 100% when compare to expenditure allocation in statement of financial performance. The municipality may end up with less than 100% expenditure at year end on this line item as employees will be encouraged to use their leave days accrue to them, this is due to measures that are put in place to minimise employee costs expenditure i.e. Travelling Claims, overtime, not filling posts when the employee leaves etc.
<b>Contracted services</b>	The municipality has assumed 100% of the amount budgeted as per table B4 i.e. R11 596 000. At Mid-Year there was a miss allocation of R2.3 million that was supposed to be reported as Transfers and Grants, which made the actual Contracted Services look higher than expected. The adjustments were made and a minor adjustment increase was done mainly because of applying MSCOA budgeting a new breakdown of what forms part of the line item is provided in SB1; however, a close monitoring will be done in some sub line items to ensure that the municipality is within budget at year-end.
<b>Other expenditure</b>	The municipality has assumed 100% of the amount budgeted as per table B4 i.e. R23 650 000, an additional R9 million was budgeted for accruals. There is a (R14 327) under this line item which is expenditure incurred from Housing Grant of which the municipality is acting as an Agent.
<b>Other Cash flow assumptions</b>	The municipality has assumed that most creditors as per audited annual financial statements might 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 be able to implement the strategy in one financial year.

There will be a close monitoring on spending patterns to reduce outflow of cash to suppliers and cost-cutting measures are being implemented to reduce current obligations and pay outstanding creditors.

The municipality is aware of the cash flow challenges and is committed to try to partially settle all long outstanding creditors even though this will be a long process and will affect the outer years.

The noted Adjusted 2018/19 MTREF provide for Cash and cash equivalents of R4 790 million for the 2018/19 financial year resulting in an overall projected positive cash position.

The Adjusted 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

KZN276 The New Big 5 False Bay - Table B8 Cash backed reserves/accumulated surplus reconciliation - 28/02/2018

Description	Ref	Budget Year 2018/19									Budget	Budget	
		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	A1	B	C	D	E	F	G	H	2019/20	2020/21	
<b>Cash and investments available</b>													
Cash/cash equivalents at the year end	1	7,008	-	-	-	-	-	(2,218)	(2,218)	4,790	11,217	15,694	
Other current investments > 90 days		890	-	-	-	-	-	(890)	(890)	-	703	731	
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-	
<b>Cash and investments available:</b>		<b>7,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,108)</b>	<b>(3,108)</b>	<b>4,790</b>	<b>11,921</b>	<b>16,426</b>	
<b>Applications of cash and investments</b>													
Unspent conditional transfers		3,719	-	-	-	-	-	(2,451)	(2,451)	1,268	-	-	
Unspent borrowing		-	-	-	-	-	-	-	-	-	-	-	
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-	
Other working capital requirements	2	(5,819)	-	-	-	-	-	(4,606)	(4,606)	(10,425)	(7,573)	(7,365)	
Other provisions		449	-	-	-	-	-	-	-	449	449	401	
Long term investments committed		-	-	-	-	-	-	-	-	-	-	-	
Reserves to be backed by cash/investments		-	-	-	-	-	-	-	-	-	-	-	
<b>Total Application of cash and investments:</b>		<b>(1,651)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,058)</b>	<b>(7,058)</b>	<b>(8,709)</b>	<b>(7,124)</b>	<b>(6,964)</b>	
<b>Surplus(shortfall)</b>		<b>9,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,950</b>	<b>3,950</b>	<b>13,499</b>	<b>19,045</b>	<b>23,390</b>	

### Explanatory notes to Table B8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 86 – Funding a Municipal Budget.

In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

Unspent conditional transfers includes old transfers that has been recorded in the municipal Audited Annual Financial Statements 2017/2018, and R2.4 million decrease is the adjustment made based on follow ups with departments concerned as there were no records of transferring bodies. The municipality was then granted authorisation to write off all those old grants, excluding the R1.2 million that is reflected.

Other working capital there are adjustments based on the creditors and debtors.

Other provisions relate to leave provision as stated in municipal reserves policy which states that 75% of the leave accrued must be cash backed however employees are encouraged to take their leave days to insure that there's a decrease in this line item should it happen that the municipality pays out any leave.

As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 Adjusted MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

7. Other working Capital requirements budget amount of -10 425 million is based on the anticipated increase in debtors. There has been no write off as the Indigent Register has not yet been finalised and will have to consolidate. The corresponding Debt Impairment is also budgeted to increase over the years. Trade Creditors are budgeted at R9 960 million in Table SB3 for 2018/19 financial year. As indicated against payments to suppliers and employees, the municipality is in a process of ensuring full payment of creditors.

KZN276 The New Big 5 False Bay - Table B9 Asset Management - 28/02/2018

Description	Ref	Budget Year 2018/19									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
		7	8	9	10	11	12	13	14			
R thousands	A	A1	B	C	D	E	F	G	H			
<b>CAPITAL EXPENDITURE</b>												
<b>Total New A</b>	1	6,600	-	-	-	-	-	-	-	6,600	6,850	7,150
Roads Infrastructure		4,500	-	-	-	-	-	-	-	4,500	4,500	4,650
Infrastructure		4,500	-	-	-	-	-	-	-	4,500	4,500	4,650
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		2,100	-	-	-	-	-	-	-	2,100	2,350	2,500
Community Assets		2,100	-	-	-	-	-	-	-	2,100	2,350	2,500
<b>Total Renew</b>	2	5,300	-	-	-	-	-	-	-	5,300	6,150	6,350
Roads Infrastructure		5,300	-	-	-	-	-	-	-	5,300	6,150	6,350
Infrastructure		5,300	-	-	-	-	-	-	-	5,300	6,150	6,350
<b>Total Upgrade</b>	2a	11,500	-	-	-	-	-	-	-	11,500	10,457	11,044
Roads Infrastructure		11,500	-	-	-	-	-	-	-	11,500	10,457	11,044
Information and Communication Technology		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		11,500	-	-	-	-	-	-	-	11,500	10,457	11,044
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital</b>	4	21,300	-	-	-	-	-	-	-	21,300	21,107	22,044
Roads Infrastructure		21,300	-	-	-	-	-	-	-	21,300	21,107	22,044
Infrastructure		21,300	-	-	-	-	-	-	-	21,300	21,107	22,044
Community Facilities		-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		2,100	-	-	-	-	-	-	-	2,100	2,350	2,500
Community Assets		2,100	-	-	-	-	-	-	-	2,100	2,350	2,500
Heritage Assets		-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL</b>	4	23,400	-	-	-	-	-	-	-	23,400	23,457	24,544
<b>ASSET REGISTER</b>												
Roads Infrastructure		101,049	-	-	-	-	-	-	-	101,049	98,918	96,271
Sanitation Infrastructure		1,070	-	-	-	-	-	-	-	1,070	1,145	1,225
Information and Communication Technology		94,941	-	-	-	-	-	(2,000)	(2,000)	92,941	101,587	108,698
Infrastructure		197,060	-	-	-	-	-	(2,000)	(2,000)	195,060	201,650	206,194
Community Facilities		50,774	-	-	-	-	-	-	-	50,774	54,328	58,131
Sport and Recreation Facilities		27,616	-	-	-	-	-	-	-	27,616	29,549	31,617
Community Assets		78,389	-	-	-	-	-	-	-	78,389	83,877	89,748
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		30,594	-	-	-	-	-	-	-	30,594	32,736	35,027
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		30,594	-	-	-	-	-	-	-	30,594	32,736	35,027
Licences and Rights		749	-	-	-	-	-	-	-	749	801	858
Intangible Assets		749	-	-	-	-	-	-	-	749	801	858
<b>TOTAL ASSET</b>	5	306,793	-	-	-	-	-	(2,000)	(2,000)	304,793	319,064	331,827
<b>EXPENDITURE OTHER ITEMS</b>												
<b>Depreciation &amp; asset impairment</b>		8,100	-	-	-	-	-	-	-	8,100	8,600	9,000
<b>Repairs and maintenance</b>	3	5,572	-	-	-	-	-	-	-	5,572	6,033	6,463
Roads Infrastructure		2,000	-	-	-	-	-	-	-	2,000	2,080	2,163
Storm water Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Electrical Infrastructure		390	-	-	-	-	-	-	-	390	406	422
Infrastructure		2,390	-	-	-	-	-	-	-	2,390	2,486	2,585
Community Facilities		2,050	-	-	-	-	-	-	-	2,050	2,132	2,217
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-	-	-
Community Assets		2,050	-	-	-	-	-	-	-	2,050	2,132	2,217
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Operational Buildings		428	-	-	-	-	-	-	-	428	446	463
Housing		-	-	-	-	-	-	-	-	-	-	-
Other Assets		428	-	-	-	-	-	-	-	428	446	463
Furniture and Office Equipment		404	-	-	-	-	-	-	-	404	433	463
Machinery and Equipment		-	-	-	-	-	-	-	-	-	225	410
Transport Assets		300	-	-	-	-	-	-	-	300	312	324
Land		-	-	-	-	-	-	-	-	-	-	-
Zoo's, Museums and Parks	6	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER</b>		13,672	-	-	-	-	-	-	-	13,672	14,633	15,463



# KZN276 The New Big 5 False Bay - Table B10 Basic service delivery measurement - 28 February 2018

KZN276 The New Big 5 False Bay - Table B10 Basic service delivery measurement - 28/02/2018												
Description	Ref	Budget Year 2018/19									Budget Year +1 2019/20	Budget Year +2 2020/21
		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		
<b>Household services</b>	1											
<b>Water:</b>												
Piped water inside dwelling		1800							-	2	1800	1800
Piped water inside yard (but not inside dwelling)		3000							-	3	3000	3000
Using public supply	2	2884							-	3	2884	2884
Other water supply (at least min. service level)		963							-	1	1	1
<i>vel sub-total</i>		9	-	-	-	-	-	-	-	9	9	9
Using public supply	3								-	-		
Other water supply	3,4								-	-		
No water supply		93							-	0	93	93
<i>vel sub-total</i>		0	-	-	-	-	-	-	-	0	0	0
<b>Total number</b>	5	9	-	-	-	-	-	-	-	9	9	9
<b>Sanitation/sewerage:</b>												
Flush toilet (connected to sewerage)		1800							-	1,800	1800	1800
Flush toilet (with septic tank)		3000							-	3,000	3000	3000
Chemical toilet		900							-	900	900	900
Pit toilet (ventilated)		2700							-	2,700	2700	2700
Other toilet provisions (> min. service level)		183							-	183	183	183
<i>vel sub-total</i>		8,583	-	-	-	-	-	-	-	8,583	8,583	8,583
Bucket toilet									-	-		
Other toilet provisions (< min. service level)		93							-	93	93	93
No toilet provisions		63							-	63	63	63
<i>vel sub-total</i>		156	-	-	-	-	-	-	-	156	156	156
<b>Total number</b>	5	8,739	-	-	-	-	-	-	-	8,739	8,739	8,739
<b>Energy:</b>												
Electricity (at least min. service level)		8400							-	8,400	8400	8400
Electricity - prepaid (> min. service level)									-	-		
<i>vel sub-total</i>		8,400	-	-	-	-	-	-	-	8,400	8,400	8,400
Electricity (< min. service level)									-	-		
Electricity - prepaid (< min. service level)									-	-		
Other energy sources		339							-	339	339	339
<i>vel sub-total</i>		339	-	-	-	-	-	-	-	339	339	339
<b>Total number</b>	5	8,739	-	-	-	-	-	-	-	8,739	8,739	8,739
<b>Refuse:</b>												
Removed at least once a week (min. service level)									-	-		
Minimum Service Level and above									-	-		
Removed less frequently than once a week									-	-		
Using communal refuse dump		4497							-	4,497	4497	4497
Using own refuse dump		4242							-	4,242	4242	4242
Other rubbish disposal									-	-		
No rubbish disposal									-	-		
<i>vel sub-total</i>		8,739	-	-	-	-	-	-	-	8,739	8,739	8,739
<b>Total number</b>	5	8,739	-	-	-	-	-	-	-	8,739	8,739	8,739
<b>Highest level of free service provided</b>												
Property rates (R'000 value)		60000							-	60,000	60000	60000
Water (kilolitres per household per month)		4							-	4	4	4
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</b>	17											
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		696	-	-	-	-	-	-	-	696	724	753
<b>Total revenue cost of subsidised services provided</b>		696	-	-	-	-	-	-	-	696	724	753

## **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 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, Big 5 Hlabisa Municipality has done the strategic planning where they resolved in doing the turnaround strategy after which a fully funded long-term financial plan will be adopted. 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 2019.

## **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 changes to the grants and subsidies made by the municipality informed by MSCOA 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, Dr Vusumuzi . J Mthembu, Municipal Manager of Big 5 Hlabisa 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 Big 5 Hlabisa Municipality (KZN276)

Signature .....

Date .....