

Knysna Municipality



Medium Term Revenue & Expenditure Framework (MTREF)

Adjustments Budget 2013/2014 - 2015/2016



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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 Provincial or National Government or other municipalities.

AFS - Annual Financial Statements

AG - Auditor-General

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 Statement of Financial Performance.

Cash Flow Statement - 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 example, 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.

CFO - Chief Financial Officer

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

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.

GGP - Gross Geographical Product

GRAP - Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality.

iMAP - IDP implementation plan

KPI's - Key Performance Indicators.

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

MIG - Municipal Infrastructure Grant

MTREF - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

NDPG - Neighbourhood Development Partnership Grant

NT - National Treasury

Net Assets - Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets 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 expenses of the Municipality such as salaries and wages.

PI's - Performance Indicators

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.

R&M - Repairs and maintenance on property, plant and equipment.

SALGA - South African Local Government Association

SCM - Supply Chain Management.

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.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are usually allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote - One of the main segments into which a budget is divided. In Knysna Municipality this means at directorate level.

PART 1 - ADJUSTMENTS BUDGET

Section 1 -Mayor's Report

An Adjustments Budget is the formal method whereby a municipality may revise its annual budget during the course of a financial year. It follows on the mid-year budget and performance review process which culminated in the report tabled at Council for consideration and recommended a report be tabled before or on 28 February for adjustment.

The Adjustments Budget does not shift the priorities and overall direction of the current budget; it merely allows for scope to accelerate or decelerate certain programmes and is a very important precursor to the new budget being prepared for the 2014/2015 financial year.

1.1 Reasons for the adjustments budget

1.1.1 *Adjust Revenue and Expenditure budget downwards*

The negative impact on property values of the revaluation, objection process as well as the time delays between the approved budget and the actual debit run has resulted in an over-budget of assessment rate revenue requiring a reduction of R6 million for the current financial year. This was reported as early as October 2013 but the change can only be effected now. This will also impact on future MTREFs as objections are approved going forward.

A further reduction of R1.5 million and R 500 000 on Service Charges Electricity as well as Investment Revenue respectively, is also required to be implemented mainly as a result of residents purchasing less electricity and lower investment returns on cash.

This R8 million reduction is covered on the expenditure leg by adjusting downwards Employee Related Costs by R2.6 million, Finance Charges of R3.3 million and Agency Payments of R1 million without hindering service delivery.

Extremely strict control measures will be put in place on all Directors to manage their revised budgets.

1.1.2 *Allocations and grant adjustments*

Allocation and grant adjustments are included as a result of the approved Provincial Government Adjustments Budgets.

The Provincial Adjustments budget contained changes in the following allocations made to the municipality: R400 000 increase to the Financial Management Support Grant, R 800 000 new allocation of for

the Western Cape Management Support Grant and R49 200 for the Community Development Workers (CDW's) operational support grant.

Details of these are contained in Annexure 2, Supporting Table SB7 Adjustments Budget - transfers and grant receipts.

1.1.3 *Appropriate additional revenues for Departmental Request*

In total the projected savings on Employee Related Costs amounts to R 6.4 million:

R 2.2 million from the Conversion of Contract Post to Permanent and

R 4.2 million from savings identified on Council Vacant posts.

The following additional requests were received from various departments in order to fund shortfalls on their core functions and are covered within the R4.2 million Vacancy Savings within Employee Related Costs:

- R200 000 for the removal of dead oak trees in the CBD. There is now a considerable insurance risk in regard to these trees.
- R500 000 for the Ward Committee projects that were omitted during the 13/14 budget process.
- R300 000 to cover shortfall within Council and General expenses mainly office accommodation, advertising, hire charges as well as the telephone accounts.
- R 100 000 for external security charges within Community Services
- R400 000 for External Auditing Fees
- R120 000 for the Water samples as well as Transfer Station costs at Refuse Department and
- The balance of R2.5 million will fund the downward adjustments within revenue.

1.1.4 Budget movements within current allocation

- The R2.2 million Savings identified from the conversion of Contract Posts within Employee Related Cost will cover the shortfall of R1.5 million on Standby Allowance, Volunteers Remuneration as well as Overtime within Community Services; and R700 000 Electricity Annual charges for the Pump stations to Eskom.

Council must also note that these budget items do not seem to be controlled as well as they could be and shift systems should be examined for further extension within Community Services as soon as possible. Alternately current service levels must be adjusted accordingly.

- There has had to be a decision to reprioritise the Multi-purpose Centre's (MPCs) for the current financial year as follows:
 - The balance provision for the Rheenendal MPC to be moved to the Smutsville MPC and
 - R600 000 from White Location MPC to be transferred to accommodate the Hornlee Sports field.
- An amount of R5.2 million to be transferred from Electricity Repairs and Maintenance to cover new Asset Replacement and Refurbishment. This is a normal annual occurrence. An amount of R150 000 from this amount is identified to cover the over expenditure of Council vehicles purchased already.
- Refuse Removal: After considering expenditure to date, an over expenditure is projected by year end, hence an additional R1 million was requested to fund fuel costs and tip costs. These costs will be covered from Savings identified within Refuse Department Agency payments.

It should be noted that going forward, the budget for our core functions will be ring-fenced from next year's budget in order to avoid future over expenditure and the Council virement policy amendments will be strictly adhered to.

1.1.5. Roll-Overs

- The following roll-overs were approved by Provincial Gazette from unspent 2012/13 Grants in order to be incorporated into the current years' budget:
 - R236 000 Financial Management Support Grant
 - R216 000 for the Public Transport Infrastructure Grant as well as
 - R23 902 for CDW's which was already fully spent at the start of the current financial year.

1.1.6. Roll-overs of unspent borrowings from previous financial years

- Council has unspent borrowings emanating from previous financial years that are currently invested in order to earn interest and the following are Capital projects on current financial year that are funded by various funding source and require additional funding for their completion:
 - R437 000 shortfall on renovations of Finance and Corporate Service Building. Finance (R237 000) resulted from the discovery and subsequent removal of broken asbestos in the roof and; Corporate building (R 200 000).
 - R 487 000 for the Extension of the Library for additional Professional Fees.
- R1.4 million is required for the purchase of the Property in Clyde Street erf number 1114 which will be of benefit in the long run to Council.

1.2 Any other information considered relevant by the mayor

Progress on the current Capital Expenditure appears reasonable when compared to Expenditure at the same time last year.

However the slow spending on MIG has raised concern as expenditure to date is currently at 26% against total allocation. COGTA and National Treasury have now threatened to withhold the final tranche payment should Council not present details as to how R17million will be spent in the remaining four months.

The other area of concern is the under recovery on Housing Grant of which Council is currently sitting with a debtor of R 11million.

In total the accompanying tables indicate an additional amount of R8.9 million approval on the Capital Budget mainly due to the transfer of R5 million on the Electricity budget for Asset Replacement and refurbishment and R2.3 million to be rolled over from previous years unspent borrowings.

1.3 Recommendation to council regarding the MTREF

Taking into consideration the reasons listed in paragraph 1.1, it is recommended that Council approves the adjustments budget.

Section 2 - Resolutions

Knysna Municipality

ADJUSTMENTS MTREF 2013/2014

RECOMMENDATION:

[a]. That the annual adjustments budget of Knysna Municipality for the financial year 2013/2014, as set-out in the schedules contained in Section 4, be approved:

- [i] Table B2: Adjustments Budget Financial Performance (expenditure by standard classification)
 - [ii] Table B3: Adjustments Budget Financial Performance (expenditure by municipal vote)
 - [iii] Table B4: Adjustments Budget Financial Performance (revenue by source)
 - [iv] Table B5: Adjustments Budget Capital Expenditure for both multi-year and single year by vote, standard classification and funding
- [b]. That the following adjustments permitted in terms of section 28(2) of the Municipal Finance Management Act and reflected in the tables referred to in resolution [a] above be approved:

- [i] That those additional revenues that have become available over and above those anticipated in the annual budget be appropriated to revise or accelerate spending programmes already budgeted for;

Section 3 - Executive Summary

3.1 Introduction

There are no material implications on service delivery for the remainder of this financial year as a result of this adjustments budget.

An Adjustments Budget, as indicated in the Mayor's Report, is mainly technical in nature. It is also an important precursor for the new Annual Budget.

3.2 Provision of basic services

There is no negative effect by the Adjustments Budget on the provision of basic services.

The concern at this stage is the under recovery of the Housing Grant by R11.9million from the Provincial Housing Department. Major Housing payments have been curtailed until an additional R9 million is received to cover the Debt. The Housing department must seriously consider suspending all future activity until the Provincial moves back into considerable credit. Council cannot afford to fund projects in advance of Grants.

There are also infrastructure related projects within the Housing projects that are currently underway and there has been no indication from the department as to how much should be incorporated into the Budget. These will have to be adjusted at year end with concomitant external audit concerns raised.

Knysna Municipality has been identified as one of the Municipalities reflecting under expenditure on its MIG allocation and a meeting has been scheduled between officials and COGTA to provide further detail of spending. There is a possibility of the last MIG tranche being held back. An alternative is that Council may be forced to repay MIG at year-end which has much larger concerns.

3.3 Effect of the adjustments budget

As stated above the base revenue changes will impact upon the MTREF going forward reduction of Property Rates by R6 million for upcoming MTREF period.

3.4 Adjustment highlights

Fuller details of the various income and expenditure changes are shown in this document.

Operating Budget

The major highlights as detailed in this adjustment process are the downward adjustments of Property Rates and Service Charges: Electricity as well as Investment Revenue by the amount of R8 million. The additional provincial government grant allocations that impact on both revenue and expenditure as well as roll-overs to cover shortfall of current Capital Projects.

Capital Budget

With regards to the capital budget there is an increase of R8.9 million to R84million in this Adjustments Budget.

Projects funded from borrowings will increase by R 2.3 million.

Changes have been made in regard to the implementation of the 3 MPC's. Rheenendal funds to be allocated to Smutsville, while its execution will only commence next financial year and White Location MPC funds to be moved to Hornlee Sportsfield and its implementation will be executed next financial year or in line with the NDPG. Business plans were submitted to NT for the White Location MPC and its funding will be mainly covered by the NDPG.

3.5 Conclusion

The Adjustments Budget has required an R8 million reduction on revenues; R1.2 million additional government allocations that have become available and R2.3 million roll-over of unspent borrowings. Operating expenditure budget will decrease by R11.2 million of which R5.5 million will be transferred from Operating Repairs and Maintenance to Capital for Electricity Asset Replacement and Refurbishment projects; and the capital budget will increase by R8.9 million.

Section 4 - Adjustments budget tables

This adjustments budget is for Knysna Municipality only and does not include a consolidation with KEDA, Knysna Economic Development Agency. KEDA is currently in the final process of being wound up. For this reason no consolidated tables have been prepared.

Table B1 Adjustments Budget Summary

WC048 Knysna - Table B1 Adjustments Budget Summary - February 2014

Description	Budget Year 2013/14									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	A	1	2	3	4	5	6	7	8	+1 2014/15	+2 2015/16	
	A1	B	C	D	E	F	G	H				
Financial Performance												
Property rates	155 182	-	-	-	-	-	(6 000)	(6 000)	149 182	164 567	174 675	
Service charges	256 197	-	-	-	-	-	(1 500)	(1 500)	254 697	272 717	290 381	
Investment revenue	8 309	-	-	-	-	-	(500)	(500)	7 809	9 934	11 436	
Transfers recognised - operational	81 877	-	-	-	-	1 210	260	1 470	83 347	73 911	88 628	
Other own revenue	26 557	-	-	-	-	-	-	-	26 557	27 647	29 676	
Total Revenue (excluding capital transfers and contributions)	528 123	-	-	-	-	1 210	(7 740)	(6 530)	521 593	548 775	594 795	
Employee costs	168 789	-	-	-	-	-	(4 211)	(4 211)	164 578	181 603	192 385	
Remuneration of councillors	6 348	-	-	-	-	-	-	-	6 348	6 747	7 158	
Depreciation & asset impairment	23 655	-	-	-	-	-	-	-	23 655	22 670	22 413	
Finance charges	17 055	-	-	-	-	-	(3 300)	(3 300)	13 755	18 171	21 286	
Materials and bulk purchases	142 946	-	-	-	-	-	613	613	143 559	154 050	166 015	
Transfers and grants	5 642	-	-	-	-	-	(20)	(20)	5 622	5 644	5 727	
Other expenditure	168 055	-	-	-	-	1 096	(5 428)	(4 332)	163 723	153 759	160 358	
Total Expenditure	532 490	-	-	-	-	1 096	(12 346)	(11 250)	521 240	542 644	575 342	
Surplus/(Deficit)	(4 367)	-	-	-	-	114	4 606	4 720	353	6 131	19 453	
Transfers recognised - capital	42 885	-	-	-	-	39	274	313	43 198	40 036	35 847	
Contributions recognised - capital & contributed a	3 717	-	-	-	-	-	-	-	3 717	-	-	
Surplus/(Deficit) after capital transfers & contributions	42 235	-	-	-	-	153	4 880	5 033	47 268	46 167	55 300	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	
Surplus/ (Deficit) for the year	42 235	-	-	-	-	153	4 880	5 033	47 268	46 167	55 300	
Capital expenditure & funds sources												
Capital expenditure	75 959	-	-	-	-	39	8 934	8 973	84 932	61 284	49 215	
Transfers recognised - capital	42 885	-	-	-	-	39	274	313	43 198	40 036	35 847	
Public contributions & donations	3 717	-	-	-	-	-	-	-	3 717	-	-	
Borrowing	15 487	-	-	-	-	-	1 873	1 736	17 360	9 050	6 890	
Internally generated funds	13 870	-	-	-	-	-	6 787	6 787	20 657	12 198	6 478	
Total sources of capital funds	75 959	-	-	-	-	39	8 934	8 973	84 932	61 284	49 215	
Financial position												
Total current assets	109 589	-	-	-	-	-	7 961	7 961	117 550	128 962	158 227	
Total non current assets	957 548	-	-	-	-	-	17 418	17 418	974 966	1 014 671	1 042 631	
Total current liabilities	93 418	-	-	-	-	-	16 243	16 243	109 662	117 274	125 427	
Total non current liabilities	231 274	-	-	-	-	-	(11 027)	(11 027)	220 247	217 584	211 356	
Community wealth/Equity	742 444	-	-	-	-	-	20 163	20 163	762 608	808 774	864 075	
Cash flows												
Net cash from (used) operating	79 809	-	-	-	-	1 249	(941)	309	80 118	80 623	90 317	
Net cash from (used) investing	(78 125)	-	-	-	-	(39)	(7 595)	(7 634)	(85 759)	(62 129)	(50 078)	
Net cash from (used) financing	(6 191)	-	-	-	-	-	(3 763)	(3 763)	(9 953)	(9 696)	(13 356)	
Cash/cash equivalents at the year end	42 963	-	-	-	-	1 210	(13 607)	(12 397)	30 566	39 364	66 247	
Cash backing/surplus reconciliation												
Cash and investments available	72 344	-	-	-	-	-	(21 611)	(21 611)	50 733	60 740	88 906	
Application of cash and investments	63 095	-	-	-	-	-	(30 902)	(30 902)	32 193	41 560	69 758	
Balance - surplus (shortfall)	9 249	-	-	-	-	-	9 291	9 291	18 540	19 180	19 148	
Asset Management												
Asset register summary (WDV)	925 136	-	-	-	-	-	(2 849)	(2 849)	922 286	960 900	987 702	
Depreciation & asset impairment	23 655	-	-	-	-	-	-	-	23 655	22 670	22 413	
Renewal of Existing Assets	33 669	-	-	-	-	-	7 164	7 164	40 833	16 390	14 922	
Repairs and Maintenance	34 713	-	-	-	-	-	(6 218)	(6 218)	28 495	36 997	39 179	
Free services												
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-	-	
Revenue cost of free services provided	41 947	-	-	-	-	-	-	-	41 947	37 198	31 872	
Households below minimum service level												
Water:	-	-	-	-	-	-	-	-	-	-	-	
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-	
Energy:	-	-	-	-	-	-	-	-	-	-	-	
Refuse:	-	-	-	-	-	-	-	-	-	-	-	

Table B2 Adjustments Budget Financial Performance (standard classification)

WC048 Knysna - Table B2 Adjustments Budget Financial Performance (standard classification) - February 2014

Standard Description	Ref	Budget Year 2013/14									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2014/15	+2 2015/16
Revenue - Standard												
<i>Governance and administration</i>		177 884	-	-	-	-	1 249	(6 182)	(4 933)	172 951	191 051	205 240
Executive and council		6 938	-	-	-	-	800	-	800	7 738	8 653	10 798
Budget and treasury office		166 942	-	-	-	-	400	(6 264)	(5 864)	161 078	178 155	189 858
Corporate services		4 004	-	-	-	-	49	82	131	4 135	4 243	4 584
<i>Community and public safety</i>		68 814	-	-	-	-	-	-	-	68 814	53 320	56 405
Community and social services		9 313	-	-	-	-	-	-	-	9 313	7 287	6 317
Sport and recreation		1 011	-	-	-	-	-	-	-	1 011	1 056	1 104
Public safety		12 008	-	-	-	-	-	-	-	12 008	13 949	14 092
Housing		46 483	-	-	-	-	-	-	-	46 483	31 028	34 892
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		21 244	-	-	-	-	-	216	216	21 460	15 267	8 040
Planning and development		3 226	-	-	-	-	-	-	-	3 226	2 325	2 481
Road transport		18 018	-	-	-	-	-	216	216	18 234	12 942	5 559
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		306 783	-	-	-	-	-	(1 500)	(1 500)	305 283	329 173	360 957
Electricity		199 912	-	-	-	-	-	(1 500)	(1 500)	198 412	212 953	231 261
Water		66 685	-	-	-	-	-	-	-	66 685	67 117	72 138
Waste water management		17 024	-	-	-	-	-	-	-	17 024	23 273	29 238
Waste management		23 162	-	-	-	-	-	-	-	23 162	25 831	28 320
Other		-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	574 725	-	-	-	-	1 249	(7 466)	(6 217)	568 508	588 811	630 642
Expenditure - Standard												
<i>Governance and administration</i>		141 558	-	-	-	-	1 096	(2 923)	(1 827)	139 731	147 251	156 229
Executive and council		36 382	-	-	-	-	702	(512)	190	36 572	37 832	39 479
Budget and treasury office		40 444	-	-	-	-	351	(1 167)	(1 167)	39 277	42 186	43 655
Corporate services		64 733	-	-	-	-	43	(893)	(850)	63 882	67 233	73 094
<i>Community and public safety</i>		92 408	-	-	-	-	-	504	504	92 913	87 921	94 362
Community and social services		11 909	-	-	-	-	-	(644)	(644)	11 265	13 194	13 990
Sport and recreation		12 824	-	-	-	-	-	157	157	12 981	13 670	14 467
Public safety		29 345	-	-	-	-	-	991	991	30 336	31 293	33 322
Housing		38 330	-	-	-	-	-	-	-	38 330	29 765	32 582
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		41 324	-	-	-	-	-	(495)	(495)	40 829	37 056	38 588
Planning and development		10 248	-	-	-	-	-	(235)	(235)	10 013	10 074	10 677
Road transport		31 076	-	-	-	-	-	(260)	(260)	30 816	26 982	27 912
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		257 200	-	-	-	-	-	(9 432)	(9 432)	247 768	270 415	286 164
Electricity		178 816	-	-	-	-	-	(8 556)	(8 556)	170 260	187 676	199 251
Water		39 204	-	-	-	-	-	(128)	(128)	39 076	41 144	42 959
Waste water management		18 663	-	-	-	-	-	(876)	(876)	17 787	20 087	21 532
Waste management		20 516	-	-	-	-	-	128	128	20 645	21 508	22 421
Other		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	532 490	-	-	-	-	1 096	(12 346)	(11 250)	521 240	542 644	575 342
Surplus/ (Deficit) for the year		42 235	-	-	-	-	153	4 880	5 033	47 268	46 167	55 300

The table in terms of standard classification is required by National Treasury to be able to compare all local authorities and prepare consolidated governmental reports.

For specific information relating to the macro structure of the municipality and specific revenue and expenditure types, refer to Table B3 and Table B4.

Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

WC048 Knysna - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) - February 2014

Vote Description <i>(Insert departmental structure etc)</i>	Ref	Budget Year 2013/14									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2014/15	+2 2015/16
Revenue by Vote	1											
Vote 1 - Executive & Council		6 938	-	-	-	-	800	-	800	7 738	8 653	10 798
Vote 2 - Corporate Services		3 190	-	-	-	-	49	24	73	3 263	3 316	3 450
Vote 3 - Financial Services		166 969	-	-	-	-	400	(6 264)	(5 864)	161 105	178 182	189 885
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning & Development		49 708	-	-	-	-	-	-	-	49 708	33 353	37 374
Vote 6 - Community Services		49 254	-	-	-	-	-	58	58	49 312	50 635	53 907
Vote 7 - Electrical Services		200 412	-	-	-	-	-	(1 500)	(1 500)	198 912	214 853	231 761
Vote 8 - Technical Services		98 254	-	-	-	-	-	216	216	98 470	99 819	103 467
Total Revenue by Vote	2	574 725	-	-	-	-	1 249	(7 466)	(6 217)	568 508	588 811	630 642
Expenditure by Vote	1											
Vote 1 - Executive & Council		36 382	-	-	-	-	702	(512)	190	36 572	37 832	39 479
Vote 2 - Corporate Services		24 768	-	-	-	-	43	712	756	25 524	25 825	27 118
Vote 3 - Financial Services		50 391	-	-	-	-	351	(2 370)	(2 019)	48 371	52 928	56 607
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning & Development		54 355	-	-	-	-	-	(137)	(137)	54 217	44 631	48 275
Vote 6 - Community Services		81 302	-	-	-	-	-	727	727	82 029	86 758	92 177
Vote 7 - Electrical Services		185 779	-	-	-	-	-	(8 539)	(8 539)	177 240	195 044	207 053
Vote 8 - Technical Services		99 513	-	-	-	-	-	(2 226)	(2 226)	97 286	99 627	104 632
Total Expenditure by Vote	2	532 490	-	-	-	-	1 096	(12 346)	(11 250)	521 240	542 644	575 342
Surplus/ (Deficit) for the year	2	42 235	-	-	-	-	153	4 880	5 033	47 268	46 167	55 300

The municipal votes reflect the organisational structure of the municipality which is made up of the following directorates: Executive & Council; Corporate Services; Financial Services; Strategic Services (which due to restructuring ceased to exist from 1 January 2011); Planning & Development; Community Services; Electrical Services; and Technical Services.

Revenue by Vote

R1.2 million Grants were received R800 000 for the Management Support Grant at the Executive and Council Directorate; R 49 200 current years CDW allocation, and an additional R 400 000 for the Financial Management Grant.

The R24 000, R58 000 and R216 000 upward adjustments within Corporate Services, Community Services as well as Technical Services respectively, are unspent grants emanating from previous financial years and requested by Services to be rolled over

The cut on Financial as well as Electrical Services are the R8 million downwards adjustments within Revenue.

Expenditure by Vote

The R1.096 million expenditure Province are the additional Grants received excluding VAT.

The reduction of R8.5 million from Electrical Services is the R5million Repairs and Maintenance budget that is transferred to Capital for Electrical Asset Replacement and Refurbishment.

Table B4 Adjustments Budget Financial Performance (revenue and expenditure)

WC048 Knysna - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - February 2014

Description	Ref	Budget Year 2013/14									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 2014/15	+2 2015/16
R thousands	1	A	3	4	5	6	7	8	9	10		
		A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	152 574	-	-	-	-	-	(6 000)	(6 000)	146 574	161 841	171 813
Property rates - penalties & collection charges		2 608	-	-	-	-	-	-	-	2 608	2 726	2 862
Service charges - electricity revenue	2	182 411	-	-	-	-	-	(1 500)	(1 500)	180 911	195 069	208 610
Service charges - water revenue	2	45 492	-	-	-	-	-	-	-	45 492	47 732	50 082
Service charges - sanitation revenue	2	10 619	-	-	-	-	-	-	-	10 619	11 378	12 193
Service charges - refuse revenue	2	14 281	-	-	-	-	-	-	-	14 281	14 975	15 703
Service charges - other		3 393	-	-	-	-	-	-	-	3 393	3 563	3 793
Rental of facilities and equipment		4 745	-	-	-	-	-	-	-	4 745	5 027	5 255
Interest earned - external investments		8 309	-	-	-	-	-	(500)	(500)	7 809	9 934	11 436
Interest earned - outstanding debtors		3 192	-	-	-	-	-	-	-	3 192	3 281	3 374
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines		11 369	-	-	-	-	-	-	-	11 369	11 912	13 458
Licences and permits		1 902	-	-	-	-	-	-	-	1 902	1 993	2 090
Agency services		1 700	-	-	-	-	-	-	-	1 700	1 709	1 718
Transfers recognised - operating		81 877	-	-	-	-	1 210	260	1 470	83 347	73 911	88 628
Other revenue	2	3 449	-	-	-	-	-	-	-	3 449	3 475	3 481
Gains on disposal of PPE		200	-	-	-	-	-	-	-	200	250	300
Total Revenue (excluding capital transfers and contributions)		528 123	-	-	-	-	1 210	(7 740)	(6 530)	521 593	548 775	594 795
Expenditure By Type												
Employee related costs		168 789	-	-	-	-	-	(4 211)	(4 211)	164 578	181 603	192 385
Remuneration of councillors		6 348	-	-	-	-	-	-	-	6 348	6 747	7 158
Debt impairment		28 454	-	-	-	-	-	-	-	28 454	24 492	22 354
Depreciation & asset impairment		23 655	-	-	-	-	-	-	-	23 655	22 670	22 413
Finance charges		17 055	-	-	-	-	-	(3 300)	(3 300)	13 755	18 171	21 286
Bulk purchases		127 000	-	-	-	-	-	-	-	127 000	137 160	148 132
Other materials		15 946	-	-	-	-	-	613	613	16 559	16 890	17 883
Contracted services		20 452	-	-	-	-	-	(738)	(738)	19 714	21 707	23 015
Transfers and grants		5 642	-	-	-	-	-	(20)	(20)	5 622	5 644	5 727
Other expenditure		119 149	-	-	-	-	1 096	(4 690)	(3 594)	115 555	107 560	114 989
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		532 490	-	-	-	-	1 096	(12 346)	(11 250)	521 240	542 644	575 342
Surplus/(Deficit)		(4 367)	-	-	-	-	114	4 606	4 720	353	6 131	19 453
Transfers recognised - capital		42 885	-	-	-	-	39	274	313	43 198	40 036	35 847
Contributions		3 717	-	-	-	-	-	-	-	3 717	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) before taxation		42 235	-	-	-	-	153	4 880	5 033	47 268	46 167	55 300
Taxation		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		42 235	-	-	-	-	153	4 880	5 033	47 268	46 167	55 300
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		42 235	-	-	-	-	153	4 880	5 033	47 268	46 167	55 300
Share of surplus / (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		42 235	-	-	-	-	153	4 880	5 033	47 268	46 167	55 300

Additional supporting detail can be found in Annexure 2, 'Supporting Table SB1: Supporting detail to 'Budgeted Financial Performance''.

Table B5 Adjustments Capital Expenditure Budget by vote and funding

WC048 Knysna - Table B5 Adjustments Capital Expenditure Budget by vote and funding - February 2014

Description	Ref	Budget Year 2013/14									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2014/15	+2 2015/16
R thousands												
Capital expenditure - Vote												
Multi-year expenditure to be adjusted												
Vote 1 - Executive & Council	2	1 730	-	-	-	-	-	200	200	1 930	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		1 502	-	-	-	-	-	128	128	1 630	-	-
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning & Development		14 000	-	-	-	-	-	-	-	14 000	9 333	10 500
Vote 6 - Community Services		-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Electrical Services		1 500	-	-	-	-	-	-	-	1 500	500	500
Vote 8 - Technical Services		13 073	-	-	-	-	-	400	400	13 473	15 166	11 671
Capital multi-year expenditure sub-total	3	31 805	-	-	-	-	-	728	728	32 533	24 999	22 671
Single-year expenditure to be adjusted												
Vote 1 - Executive & Council	2	2 048	-	-	-	-	-	1 236	1 236	3 284	2 045	52
Vote 2 - Corporate Services		80	-	-	-	-	39	-	39	119	28	31
Vote 3 - Financial Services		642	-	-	-	-	-	1 191	1 191	1 833	660	713
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning & Development		4 617	-	-	-	-	-	-	-	4 617	60	64
Vote 6 - Community Services		13 277	-	-	-	-	-	1 051	1 051	14 328	9 569	4 505
Vote 7 - Electrical Services		14 456	-	-	-	-	-	5 546	5 546	20 002	9 671	9 752
Vote 8 - Technical Services		9 034	-	-	-	-	-	(818)	(818)	8 216	14 252	11 427
Capital single-year expenditure sub-total	2	44 154	-	-	-	-	39	8 206	8 245	52 399	36 285	26 544
Total Capital Expenditure - Vote		75 959	-	-	-	-	39	8 934	8 973	84 932	61 284	49 215
Capital Expenditure - Standard												
Governance and administration												
Executive and council		3 778	-	-	-	-	-	1 436	1 436	5 214	2 045	52
Budget and treasury office		1 569	-	-	-	-	-	315	315	1 884	70	76
Corporate services		1 286	-	-	-	-	39	1 283	1 322	2 608	1 318	1 423
Community and public safety		27 149	-	-	-	-	-	957	957	28 106	17 257	14 361
Community and social services		10 099	-	-	-	-	-	(113)	(113)	9 986	4 197	3 422
Sport and recreation		500	-	-	-	-	-	680	680	1 180	3 027	439
Public safety		2 100	-	-	-	-	-	390	390	2 490	700	-
Housing		14 450	-	-	-	-	-	-	-	14 450	9 333	10 500
Health		-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		11 068	-	-	-	-	-	(434)	(434)	10 634	10 491	1 246
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		6 951	-	-	-	-	-	(434)	(434)	6 517	10 491	1 246
Environmental protection		4 117	-	-	-	-	-	-	-	4 117	-	-
Trading services		31 109	-	-	-	-	-	5 377	5 377	36 486	30 103	32 057
Electricity		15 956	-	-	-	-	-	5 466	5 466	21 422	10 171	10 252
Water		13 603	-	-	-	-	-	(1 010)	(1 010)	12 593	14 032	14 249
Waste water management		1 550	-	-	-	-	-	921	921	2 471	4 620	7 556
Waste management		-	-	-	-	-	-	-	-	-	1 280	-
Other		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	75 959	-	-	-	-	39	8 934	8 973	84 932	61 284	49 215
Funded by:												
National Government		24 969	-	-	-	-	-	-	-	24 969	23 476	25 347
Provincial Government		17 916	-	-	-	-	39	216	255	18 171	16 560	10 500
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	58	58	58	-	-
Total Capital transfers recognised	4	42 885	-	-	-	-	39	274	313	43 198	40 036	35 847
Public contributions & donations		3 717	-	-	-	-	-	-	-	3 717	-	-
Borrowing		15 487	-	-	-	-	-	1 873	1 873	17 360	9 050	6 890
Internally generated funds		13 870	-	-	-	-	-	6 787	6 787	20 657	12 198	6 478
Total Capital Funding		75 959	-	-	-	-	39	8 934	8 973	84 932	61 284	49 215

Additional supporting tables relating to capital expenditure are referred to in Section 11 and included in Annexure 2 - Supporting Adjustment Budget Tables.

Capital budget has increased from R75 million to R84.9 million mainly due to the Electrical Asset Replacement and Refurbishment funds being moved from Operating budget to Capital Budget as well as additional R2.3 million roll overs requested by Services for current financial year.

Table B6 Adjustments Budget Financial Position

WC048 Knysna - Table B6 Adjustments Budget Financial Position - February 2014

Description	Ref	Budget Year 2013/14								Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget
	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2014/15	+2 2015/16
R thousands											
ASSETS											
Current assets											
Cash		12 963	-	-	-	-	(397)	(397)	12 566	14 364	14 247
Call investment deposits	1	30 000	-	-	-	-	(12 000)	(12 000)	18 000	25 000	52 000
Consumer debtors	1	60 670	-	-	-	-	8 640	8 640	69 311	70 735	71 842
Other debtors		3 561	-	-	-	-	6 695	6 695	10 256	11 077	11 963
Current portion of long-term receivables		70	-	-	-	-	50	50	120	125	130
Inventory		2 324	-	-	-	-	4 973	4 973	7 297	7 661	8 044
Total current assets		109 589	-	-	-	-	7 961	7 961	117 550	128 962	158 227
Non current assets											
Long-term receivables		380	-	-	-	-	2 474	2 474	2 853	2 734	2 609
Investments		29 381	-	-	-	-	(9 214)	(9 214)	20 167	21 377	22 659
Investment property		134 998	-	-	-	-	(4 353)	(4 353)	130 645	130 645	130 645
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	789 510	-	-	-	-	8 100	8 100	797 610	836 264	863 106
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		627	-	-	-	-	323	323	950	910	870
Other non-current assets		2 652	-	-	-	-	20 089	20 089	22 741	22 741	22 741
Total non current assets		957 548	-	-	-	-	17 418	17 418	974 966	1 014 671	1 042 631
TOTAL ASSETS		1 067 137	-	-	-	-	25 379	25 379	1 092 516	1 143 632	1 200 857
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Borrowing		16 030	-	-	-	-	3 550	3 550	19 580	21 147	22 838
Consumer deposits		11 852	-	-	-	-	(1 421)	(1 421)	10 431	11 265	12 166
Trade and other payables		48 721	-	-	-	-	9 280	9 280	58 001	61 481	65 170
Provisions		16 816	-	-	-	-	4 834	4 834	21 650	23 382	25 252
Total current liabilities		93 418	-	-	-	-	16 243	16 243	109 662	117 274	125 427
Non current liabilities											
Borrowing	1	134 396	-	-	-	-	(16 975)	(16 975)	117 421	105 324	89 376
Provisions	1	96 878	-	-	-	-	5 948	5 948	102 826	112 260	121 980
Total non current liabilities		231 274	-	-	-	-	(11 027)	(11 027)	220 247	217 584	211 356
TOTAL LIABILITIES		324 693	-	-	-	-	5 216	5 216	329 908	334 858	336 783
NET ASSETS	2	742 444	-	-	-	-	20 163	20 163	762 608	808 774	864 075
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		647 283	-	-	-	-	45 573	45 573	692 855	723 320	752 907
Reserves		95 162	-	-	-	-	(25 410)	(25 410)	69 752	85 455	111 168
TOTAL COMMUNITY WEALTH/EQUITY		742 444	-	-	-	-	20 163	20 163	762 608	808 774	864 075

Additional supporting detail can be found in Annexure 2, 'Supporting Table SB2: Supporting detail to 'Budgeted Financial Position'.

Table B7 Adjustments Budget Cash Flows

The budgeted cash flow now takes into account the audited actual closing balance for 2012/2013.

WC048 Knysna - Table B7 Adjustments Budget Cash Flows - February 2014

Description	Ref	Budget Year 2013/14									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other		411 608	-	-	-	-	-	(14 150)	(14 150)	397 459	434 662	466 710
Government - operating	1	81 877	-	-	-	-	1 210	-	1 210	83 087	73 911	88 628
Government - capital	1	42 885	-	-	-	-	39	-	39	42 924	40 036	35 847
Interest		10 764	-	-	-	-	-	237	237	11 001	13 215	14 810
Dividends		-	-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees		(446 677)	-	-	-	-	-	11 701	11 701	(434 976)	(457 387)	(488 665)
Finance charges		(15 006)	-	-	-	-	-	1 251	1 251	(13 755)	(18 171)	(21 286)
Transfers and Grants	1	(5 642)	-	-	-	-	-	20	20	(5 622)	(5 644)	(5 727)
NET CASH FROM/(USED) OPERATING ACTIVITIES		79 809	-	-	-	-	1 249	(941)	309	80 118	80 623	90 317
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE		200	-	-	-	-	-	-	-	200	250	300
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		60	-	-	-	-	-	55	55	115	115	120
Decrease (increase) in non-current investments		(2 426)	-	-	-	-	-	1 284	1 284	(1 142)	(1 210)	(1 283)
Payments												
Capital assets		(75 959)	-	-	-	-	-	(39)	(8 934)	(8 973)	(61 284)	(49 215)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(78 125)	-	-	-	-	-	(39)	(7 634)	(85 759)	(62 129)	(50 078)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		11 944	-	-	-	-	-	5 416	5 416	17 360	9 050	6 890
Increase (decrease) in consumer deposits		1 077	-	-	-	-	-	(305)	(305)	773	834	901
Payments												
Repayment of borrowing		(19 212)	-	-	-	-	-	(8 874)	(8 874)	(28 086)	(19 580)	(21 147)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(6 191)	-	-	-	-	-	(3 763)	(3 763)	(9 953)	(9 696)	(13 356)
NET INCREASE/ (DECREASE) IN CASH HELD												
Cash/cash equivalents at the year begin:	2	47 470	-	-	-	-	1 210	(12 298)	(11 088)	(15 594)	8 797	26 883
Cash/cash equivalents at the year end:	2	42 963	-	-	-	-	1 210	(13 607)	(12 397)	30 566	39 364	66 247

Knysna Municipality originally budgeted for a positive R42.9 million Cash and Cash equivalent at start of current financial year, after taking into consideration all adjustments Cash flow reflects lower Cash and Cash equivalent at year end however positive.

Table B8 Cash backed reserves/accumulated surplus reconciliation

More important than the budgeted cash flow is the application of cash and investments. Table B8 takes into account the adjustments for 2013/2014 which will impact on the cash resources that must be set aside against certain commitments, such as unspent borrowings and certain reserves.

WC048 Knysna - Table B8 Cash backed reserves/accumulated surplus reconciliation - February 2014

Description	Ref	Budget Year 2013/14									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 2014/15	+2 2015/16
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	42 963	-	-	-	-	1 210	(13 607)	(12 397)	30 566	39 364	66 247
Other current investments > 90 days		(0)	-	-	-	-	(1 210)	1 210	0	0	0	0
Non current assets - Investments	1	29 381	-	-	-	-	-	(9 214)	(9 214)	20 167	21 377	22 659
Cash and investments available:		72 344	-	-	-	-	-	(21 611)	(21 611)	50 733	60 740	88 906
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	8 083	8 083	8 083	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	2	(13 553)	-	-	-	-	-	(4 587)	(4 587)	(18 140)	(17 603)	(16 400)
Other provisions		-	-	-	-	-	-	-	-	-	-	-
Long term investments committed		29 381	-	-	-	-	-	(9 214)	(9 214)	20 167	21 377	22 659
Reserves to be backed by cash/investments		47 268	-	-	-	-	-	(25 184)	(25 184)	22 084	37 787	63 499
Total Application of cash and investments:		63 095	-	-	-	-	-	(30 902)	(30 902)	32 193	41 560	69 758
Surplus(shortfall)		9 249	-	-	-	-	-	9 291	9 291	18 540	19 180	19 148

Table B9 Asset Management

WC048 Knysna - Table B9 Asset Management - February 2014

Description	Ref	Budget Year 2013/14									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
	A	A1	B	C	D	E	F	G	H			
R thousands												
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	42 290	-	-	-	-	39	1 771	1 810	44 100	44 894	34 293
Infrastructure - Road transport		6 101	-	-	-	-	-	-	-	6 101	9 501	1 246
Infrastructure - Electricity		8 752	-	-	-	-	-	187	187	8 939	5 276	4 825
Infrastructure - Water		10 580	-	-	-	-	-	(671)	(671)	9 909	12 762	9 191
Infrastructure - Sanitation		700	-	-	-	-	-	521	521	1 221	4 209	7 017
Infrastructure - Other		-	-	-	-	-	-	216	216	216	-	-
Infrastructure		26 133	-	-	-	-	-	253	253	26 386	31 748	22 279
Community		16 065	-	-	-	-	-	(706)	(706)	15 360	13 126	11 992
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	92	-	-	-	-	39	2 223	2 262	2 354	20	22
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets to be adjusted	2	33 669	-	-	-	-	-	7 164	7 164	40 833	16 390	14 922
Infrastructure - Road transport		4 517	-	-	-	-	-	-	-	4 517	211	289
Infrastructure - Electricity		6 746	-	-	-	-	-	5 240	5 240	11 986	4 500	5 000
Infrastructure - Water		3 023	-	-	-	-	-	(339)	(339)	2 684	1 270	5 058
Infrastructure - Sanitation		400	-	-	-	-	-	400	400	800	200	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		14 686	-	-	-	-	-	5 301	5 301	19 987	6 181	10 347
Community		10 465	-	-	-	-	-	1 087	1 087	11 552	3 681	2 369
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	8 518	-	-	-	-	-	776	776	9 294	6 528	2 206
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	10 618	-	-	-	-	-	-	-	10 618	9 712	1 535
Infrastructure - Road transport		15 498	-	-	-	-	-	5 427	5 427	20 925	9 776	9 825
Infrastructure - Electricity		13 603	-	-	-	-	-	(1 010)	(1 010)	12 593	14 032	14 249
Infrastructure - Water		1 100	-	-	-	-	-	921	921	2 021	4 409	7 017
Infrastructure - Sanitation		-	-	-	-	-	-	216	216	216	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		40 819	-	-	-	-	-	5 554	5 554	46 373	37 929	32 626
Community		26 530	-	-	-	-	-	381	381	26 911	16 807	14 361
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	8 610	-	-	-	-	39	2 999	3 038	11 648	6 548	2 228
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE to be adjusted	2	75 959	-	-	-	-	39	8 934	8 973	84 932	61 284	49 215
ASSET REGISTER SUMMARY - PPE (WDV)												
Infrastructure - Road transport	5	88 100	-	-	-	-	-	2 148	2 148	90 248	96 014	93 647
Infrastructure - Electricity		137 739	-	-	-	-	-	5 759	5 759	143 498	147 659	151 932
Infrastructure - Water		182 058	-	-	-	-	-	(8 377)	(8 377)	173 681	182 564	191 722
Infrastructure - Sanitation		77 759	-	-	-	-	-	(689)	(689)	77 070	79 222	84 008
Infrastructure - Other		1 903	-	-	-	-	-	(1 243)	(1 243)	660	647	633
Infrastructure		487 559	-	-	-	-	-	(2 401)	(2 401)	485 157	506 105	521 943
Community		80 852	-	-	-	-	-	(19 161)	(19 161)	61 691	78 053	91 974
Heritage assets		1 551	-	-	-	-	-	21 187	21 187	22 738	22 735	22 732
Investment properties		134 998	-	-	-	-	-	(4 354)	(4 354)	130 645	130 645	130 645
Other assets		219 549	-	-	-	-	-	1 556	1 556	221 105	222 453	219 539
Intangibles		627	-	-	-	-	-	323	323	950	910	870
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	925 136	-	-	-	-	-	(2 849)	(2 849)	922 286	960 900	987 702
EXPENDITURE OTHER ITEMS												
Depreciation & asset impairment		23 655	-	-	-	-	-	-	-	23 655	22 670	22 413
Repairs and Maintenance by asset class	3	34 713	-	-	-	-	-	(6 218)	(6 218)	28 495	36 997	39 179
Infrastructure - Road transport		7 643	-	-	-	-	-	-	-	7 643	8 170	8 316
Infrastructure - Electricity		10 908	-	-	-	-	-	(5 409)	(5 409)	5 499	11 656	12 568
Infrastructure - Water		3 705	-	-	-	-	-	(388)	(388)	3 317	3 961	4 274
Infrastructure - Sanitation		1 700	-	-	-	-	-	(117)	(117)	1 583	1 817	1 961
Infrastructure - Other		455	-	-	-	-	-	(294)	(294)	161	482	511
Infrastructure		24 411	-	-	-	-	-	(6 209)	(6 209)	18 202	26 087	27 629
Community		1 169	-	-	-	-	-	(97)	(97)	1 073	1 238	1 311
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	9 133	-	-	-	-	-	87	87	9 220	9 672	10 239
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		58 368	-	-	-	-	-	(6 218)	(6 218)	52 150	59 667	61 592
% of capital exp on renewal of assets		44.3%	0.0%							48.1%	26.7%	30.3%
Renewal of existing assets as % of deprecn		142.3%	0.0%							172.6%	72.3%	66.6%
R&M as a % of PPE		3.8%	0.0%							3.1%	3.9%	4.0%
Renewal and R&M as a % of PPE		7.4%	0.0%							7.5%	5.6%	5.5%

Table B10 Basic service delivery measurement

WC048 Knysna - Table B10 Basic service delivery measurement - February 2014

Description	Ref	Budget Year 2013/14									Budget Year	Budget Year	
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted	
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H	+1 2014/15	+2 2015/16	
Household service targets	1												
Water:													
Piped water inside dwelling													
Piped water inside yard (but not in dwelling)													
Using public tap (at least min.service level)	2												
Other water supply (at least min.service level)													
<i>Minimum Service Level and Above sub-total</i>													
Using public tap (< min.service level)	3												
Other water supply (< min.service level)	3.4												
No water supply													
<i>Below Minimum Service Level sub-total</i>													
Total number of households	5												
Sanitation/sewerage:													
Flush toilet (connected to sewerage)													
Flush toilet (with septic tank)													
Chemical toilet													
Pit toilet (ventilated)													
Other toilet provisions (> min.service level)													
<i>Minimum Service Level and Above sub-total</i>													
Bucket toilet													
Other toilet provisions (< min.service level)													
No toilet provisions													
<i>Below Minimum Service Level sub-total</i>													
Total number of households	5												
Energy:													
Electricity (at least min. service level)													
Electricity - prepaid (> min.service level)													
<i>Minimum Service Level and Above sub-total</i>													
Electricity (< min.service level)													
Electricity - prepaid (< min. service level)													
Other energy sources													
<i>Below Minimum Service Level sub-total</i>													
Total number of households	5												
Refuse:													
Removed at least once a week (min.service)													
<i>Minimum Service Level and Above sub-total</i>													
Removed less frequently than once a week													
Using communal refuse dump													
Using own refuse dump													
Other rubbish disposal													
No rubbish disposal													
<i>Below Minimum Service Level sub-total</i>													
Total number of households	5												
Households receiving Free Basic Service	15												
Water (6 kilolitres per household per month)													
Sanitation (free minimum level service)													
Electricity/other energy (50kwh per household per month)													
Refuse (removed at least once a week)													
Cost of Free Basic Services provided (R'000)	16												
Water (6 kilolitres per household per month)													
Sanitation (free sanitation service)													
Electricity/other energy (50kwh per household per month)													
Refuse (removed once a week)													
Total cost of FBS provided (minimum social pack)													
Highest level of free service provided													
Property rates (R'000 value threshold)		100000								100 000	100 000	100 000	
Water (kilolitres per household per month)		6								6	6	6	
Sanitation (kilolitres per household per month)		0											
Sanitation (Rand per household per month)													
Electricity (kw per household per month)		50								50	50	50	
Refuse (average litres per week)		170								170	170	170	
Revenue cost of free services provided (R'000)	17												
Property rates (R15 000 threshold rebate)													
Property rates (other exemptions, reductions and rebates)		26 233								26 233	20 541	14 218	
Water		7 520								7 520	7 896	8 291	
Sanitation		1 009								1 009	1 089	1 176	
Electricity/other energy		3 005								3 005	3 216	3 441	
Refuse		1 060								1 060	1 113	1 169	
Municipal Housing - rental rebates													
Housing - top structure subsidies	6	3 120								3 120	3 343	3 577	
Other													
Total revenue cost of free services provided (total s		41 947								41 947	37 198	31 872	

PART 2 -SUPPORTING DOCUMENTATION

Section 5-Adjustments to budget assumptions

The main adjustment in budget assumptions relates to the decrease in revenue allocation.

5.1 Revenue

5.1.1 *Property Rates*

The year-to-date realised revenue is lower because of an over-estimation at the time of the approved annual budget hence downward adjustments must be implemented on both operating revenue and expenditure.

5.2 Expenditure

5.2.1 *Employee related costs*

Savings identified on Contract Conversion as well as savings from vacancies filled later than anticipated, will be utilised to cover over expenditure of standby allowances, overtime payments as well as volunteers remuneration within Salaries; Additional Departmental Requests and the balance will be utilised to cover the revenue shortfall.

Section 6-Adjustments to budget funding

6.1 Summary of the impact of the adjustments budget

6.1.1 Funding of operating and capital expenditure

Funding of operating expenditure is still in line with the original budget. The cash flows from operating activities has decreased from R42.9 million to R30.6 million

6.1.2 Financial plans

The current MTREF is still in line with the with the financial plans an strategies approved by Council.

6.1.3 Reserves

In recent years Council has implemented a policy of maximising its cash-backed reserves whenever possible. This is a problem, most especially in regard to the reserves supporting water and waste water. The issue cannot be solved in the short term unless rates and tariff charges are increased to a level that is unsustainable however Council will receive an additional Equitable Share from 2014/15 from NT which will be ring-fenced to accommodate reserves for Council Core Functional areas.

6.2 Expenditure funded in accordance with MFMA section 18

See paragraph 6.1.1 and Table B7 Cash Flow Statement.

6.3 Adjustments related to new proposed loans to be raised in the budget year

R2.3 million emanating from previous financial years borrowings has been brought into the budget in order to accommodate the shortfall on Current Capital projects as well as purchasing of new asset for Council.

6.4 Adjustments related to allocations and grants to the municipality, distinguishing between operating and capital, from national government, provincial government, other municipalities and other donors.

Refer to Annexure 2 - 'Supporting Table SB7 Adjustments Budget - transfers and grant receipts'.

Section 7-Adjustments to expenditure on allocations and grant programmes

Disclosure on expenditure on allocations and grant programmes is done by way of the following tables in Annexure 2:

- Supporting Table SB7 Adjustments Budget - transfers and grant receipts
- Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme
- Supporting Table SB9 Adjustments Budget - reconciliation of transfers, grant receipts, and unspent funds

Section 8 - Adjustments to allocations or grants made by the municipality

No changes effected on grants made by Council to public.

Refer to Annexure 2, 'Supporting Table SB10 Adjustments Budget - transfers and grants made by the municipality'.

Section 9 - Adjustments to councillors and board members allowances and employee benefits

Refer to Annexure 2, 'Supporting Table SB11 Adjustments Budget - councillor and staff benefits' for further details.

The percentage increase budgeted for Staff as well as Councillors was as anticipated except for the Capacity Building and Insurance of Property and Assets of Councillors. The impact of these on Council are financially irrelevant.

Section 10 - Adjustments to service delivery and budget implementation plan

Quarterly service delivery targets and performance indicators in the SDBIP

No adjustments are required to the top level SDBIP for 2013/2014

Section 11 - Adjustments to capital expenditure

The disclosures on adjustments to the capital programme are provided in Annexure 2 in the following supporting tables:

- Supporting Table SB16 Adjustments Budget - monthly capital expenditure (municipal vote)
- Supporting Table SB17 Adjustments Budget - monthly capital expenditure (standard classification)
- Supporting Table SB18a Adjustments Budget - capital expenditure on new assets by asset class
- Supporting Table SB18b Adjustments Budget - capital expenditure on renewal of existing assets by asset class
- Supporting Table SB18c Adjustments Budget - expenditure on repairs and maintenance by asset class
- Annexure 3 - Capital projects by directorate

Section 12 - Other supporting documents

Various supporting documents are attached to enable the reader a fuller understanding of the MTREF adjustments budget. These are:

Annexure 1 – Main Adjustment Budget Tables

Tables B1 to B10

Annexure 2 – Supporting Adjustment Budget Tables

Supporting Tables SB1 to SB18

Annexure 3

Capital projects by directorate (vote)

Section 13 -Municipal manager's quality certification

An adjustments budget and supporting documentation must be covered by a quality certificate in the format as per page 75 of the Government Gazette 32141 - 17 April 2009.

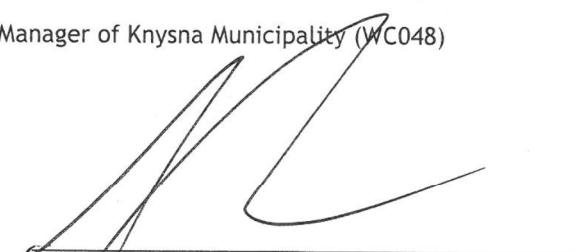
QUALITY CERTIFICATE

I, Grant Easton, Acting Municipal Manager of Knysna 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.

Print Name GRANT SCOTT EASTON

Municipal Manager of Knysna Municipality (WC048)

Signature



Date

25/2/14