

# Knysna Municipality



## Medium Term Revenue & Expenditure Framework (MTREF)

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# Adjustments Budget 2015/2016 - 2017/2018



## Table of Contents

Table of Contents .....	2
Glossary .....	3
<b>PART 1 – ADJUSTMENTS BUDGET .....</b>	<b>5</b>
Section 1 – Purpose .....	5
Section 2 – Legal Requirement.....	5
Section 3 – Mayor’s Report .....	7
Section 4 - Executive Summary .....	11
Section 5 – Adjustments budget tables.....	11
Section 6 – Resolutions .....	23
<b>PART 2 – SUPPORTING DOCUMENTATION .....</b>	<b>23</b>
Section 7 – Adjustments to budget assumptions.....	24
Section 8 – Adjustments to budget funding.....	25
Section 9 – Adjustments to expenditure on allocations and grant programmes .....	26
Section 10 – Adjustments to allocations or grants made by the municipality.....	28
Section 11 – Adjustments to councillors and board members allowances and employee benefits.....	29
Section 12 – Adjustments to service delivery and budget implementation plan .....	31
Section 13 – Adjustments to capital expenditure .....	33
Section 14 – Other supporting documents .....	33
Section 15 – Municipal manager’s quality certification .....	34

## 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.

**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 – Purpose

To implement the following recommendations of the Section 72 report that was approved by Ordinary Council on 28 January 2016:

- (1) An adjustments budget for 2015/16 be prepared and approved by Council by no later than 29 February 2016;
- (2) Revenue and Expenditure projections be revised up or down wards where necessary
- (3) Following the approval of the adjustments budget the revised SDBIP which forms the basis of the mid-year assessments must be approved by Council;
- (4) Following the approval of the adjustments budget the revised IDP must be approved by Council.

### Section 2 – Legal Requirements

#### Municipal adjustments budgets

**28.** (1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget—

(a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

(b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;

(c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;

(d) may authorise the utilisation of projected savings in one vote towards spending under another vote;

(e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;

(f) may correct any errors in the annual budget; and

(g) may provide for any other expenditure within a prescribed framework.

(3) An adjustments budget must be in a prescribed form.

(4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.

(5) When an adjustments budget is tabled, it must be accompanied by—

(a) an explanation how the adjustments budget affects the annual budget;

(b) a motivation of any material changes to the annual budget;

(c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and

(d) any other supporting documentation that may be prescribed.

(6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.

(7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.

## Section 3 – Mayor’s Report

An Adjustments Budget is the means in which a municipality may revise its annual budget during the course of a financial year. It results from the mid-year budget and performance review report Section 72 tabled and approved by Council on 28 January 2016.

The Adjustments Budget does not alter 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 2016/2017 MTREF.

### 3.1. Reasons for the adjustments budget

#### 3.1.1. *Adjust Revenue and Expenditure budget downwards*

##### **3.1.1.1 Revenue**

The monthly revenue for Service Charges - Electricity is lower than the monthly budget provision and the forecast projects about R3 million under collection by year end.

The under collection is mainly due to the decrease in consumption on conventional metres since the increase on tariffs were implemented with effect from 1 July 2015 as well as alternative energy sources possibly being preferred by our consumers.

In the current financial year the municipality implemented improved cash management techniques therefore the interest on external investments was more than what was budgeted. The increase in interest received on investments will be utilised to off-set the downward adjustment of Service Charges - Electricity.

Traffic Fines forecasted for the remainder of the financial year will be increased by R5 million as a result of more revenue realised to date. Cognisance should be taken that this revenue source is not within the total control of the municipality and that there is no reliable historical trend to accurately base annual projections on.

##### **3.1.1.2 Expenditure**

The expenditure incurred for the Bulk purchases – Electricity is more than budget. The forecast projects an additional expenditure by year end. Of this shortfall R6 million was identified as additional expenditure to address the Bulk Purchases shortfalls.

There are possible areas where savings are projected by year end. These will be determined and utilised in order to supplement the R7 million shortfall.

#### 3.1.2 *Allocations and grant adjustments*

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

An additional grant of R 300 000 for mSCOA implementation was received from the Provincial Government of the Western Cape. This has been included in this Adjustment budget.

### **3.1.3 Roll-overs**

The following are the approved roll-overs that are incorporated into this into this budget for implementation in this financial year:

- R7.098 million for Nekkies Intersection,
- R3.5 million Disaster Relief Grant for Retaining Walls and for adding Stepping Stones Creche storm water channel;
- R264 000 for the Housing survey project grant;
- R48 000 for the Danish Grant;
- R314 760 Masibambane grant (more than 5 years ago), will be utilised for the AS Build GIS Capture project;
- R790 000 for the upgrading of the Bigai Stream in Hornlee;
- R 21 379 for the Western Cape Financial Management Systems Grant for finance related initiatives.
- R4.7 million for the 2014/15 financial year relating to Fleet and Electrical Projects

### **3.1.4 Appropriate additional revenues for Departmental Request**

The following additional requests were received from various departments in order to fund shortfalls in their core functions:

#### **3.1.4.1 Operating:**

##### **Community Services**

- R 1.5 million budget requested under Employee Related Costs to address the Overtime and Volunteers Remuneration under Traffic, Law Enforcement and Fire Brigade Departments,
- R319 000 for Alien Vegetation clearing and sports field requirements
- R1.9 million mainly for Security Services External; Overtime, Travel expenses, materials and Casuals for the Buffelskop Caravan Park and removal of dangerous trees.
- R200 000 to maintain infrastructure at Fishermans Walk and Play Parks
- R 50 000 additional budget be allocated to each Ward project (R 500 000 in totality)

##### **Corporate Services**

- R250 000 additional requests to cover the increase on the Interns Stipend as approved by Council.
- R250 000 for Legal Services additional request to address for the urgent court interdicts in the Joodse Kamp and area the Mosque High court application and Labour Court Cases.

##### **Executive and Council**

- R 1 million for External Audit Fees



- R 600 000 for Council's Advertising
- R45 000 for the Pledge Nature Reserve

#### **Financial Services**

- All requests made by Finance were compensated for within the savings from the CFO and IT Manager salary savings accumulated to date.

#### **Planning and Development**

- R7 million allocations to the Hornlee Toilets project will be compensated from the Buffalo Bay Property sale
- R1 million be allocated for rectification of housing

#### **Technical Services**

- R2.4 million request to address the Water Leakage Repair programme and to repair the Belvidere Biodiscs
- R645 100 for the Desalination plant.
- R500 000 for damage to storm water drains

#### **3.1.4.2 Capital**

- R9.3 million request for the upgrading of the second phase of the Sewer works of which R2 million to be allocated in this financial year and the remaining R7.3 million in 2016/17 financial year.
- R2.1 million for the new inlet system
- R800 000 for the Vigilance Drive project
- R2 million for the upgrading of roads infrastructure
- R200 000 for the Hornlee Taxi Rank staircase
- R600 000 additional requests for the Hornlee Recreational facilities
- This together with the 2014/15 Expenditure will be covered in this financial year by the unspent borrowings of previous years and potentially new loan facilities

#### **3.1.5 Budget movements within current allocation**

- R600 000 initially budgeted for the White Location sports field funds were transferred to the Bongani Sports field,
- R150 000 for the Taxi Rank Trade Stalls and R218 400 for the Finance Generator was moved from the R1 million allocation of Upgrade Council Buildings to Planning and Development and IT respectively;
- R380 000 originally budgeted under the CFO project vote was transferred to Technical Services for the Management of the councillors ward projects by Teniqua Consultants;

- R1.9 million from the CFO Agency payments was transferred to Housing for Ward 5 building of the Wendy Houses, Installation of Services and the connection of Bio Solar Toilets to the Sewer;
- R680 000 was transferred from the Provincial Library Operating Grant to Capital;
- R10 million initially budgeted under Capital for the Housing Raft Foundation was transferred to Operating Expenses;
- R600 000 transferred from Capital to Operating for the upgrading of the transfer station; and
- R1 million was transferred from Operating to Capital for Ward 4 roads infrastructure project.
- R600 000 from the establishment of the Waste Facilities project in Sedgefield, the Cemetery and Multi-Purpose Centre (in Sedgefield);
- R10 000 was transferred from the Program Air Conditioning to Parks and Recreation for the Walkway
- R200 000 from the CFO's Agency payment vote to the Mayoral Bursary Fund

### **3.2 Any other information considered relevant by the mayor**

Capital spend on certain projects is accelerating specifically Housing and emergency work at the CBD for the sewer works, North East Bulk Water and Charlesford pump scheme.

The PMU chairs a weekly project committee meeting that monitors progress on all major capital and operating projects in order to ensure that the Projects are fully expensed by year end and identify any delays that needs to be addressed urgently.

### **3.3 Recommendation to council regarding the MTREF**

Taking into consideration the reasons listed in above, it is recommended that Council approves the adjustments budget for 2015/2016.

### **3.4 Recommendation to council regarding the SDBIP**

Taking into account the impact that the adjustments budget will have on the SDBIP, it is recommended that the SDBIP be reviewed with the directorates, where applicable, approved by the Executive Mayor and submitted to Council for noting at the next Council meeting.

## Section 4 – Executive Summary

### 4.1 Introduction

There are no material implications for service delivery for the remainder of this financial year resulting from 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.

### 4.2 Provision of basic services

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

### 4.3 Effect of the adjustments budget

As stated above the base revenue changes will impact on the next MTREF including a reduction in Electricity Service Charges, an increase in Interest on External Investments, as well as Fines (Accounting Treatment for Traffic Fines).

### 4.4 Adjustment highlights

Further details on the various income and expenditure changes are reflected in this document in different formats in the tables.

#### Operating Budget

The major highlights as detailed in this adjustments budget are the downward adjustments of Service Charges: Electricity, the upward adjustment of Bulk Purchases Electricity; additional government grants that impact on revenue and expenditure as well as approved roll-overs.

#### Capital Budget

There is an increase of R 5.1 million which increases the capital budget to R107.8 million in this Adjustments Budget.

The R 5.1 million is mainly as a result of additional requests on current projects as well as 2014/15 Fleet expenditure that was incurred in current year.

Fuller detail is provided in Table B5 of this report.

### 3.5 Conclusion

The Operating expenditure budget will increase by R45.8 million comprising of approved roll-overs, movement from capital expenditure to operating expenditure and vice versa, unauthorised expenditure that is critical to operations and additional requests. To date funding of R9 million remains unfunded. There are possible areas where savings are projected by year end and these will be prioritised to supplement the shortfall above.

The net impact on the Capital budget is an increase of R 5.1 million which consists of roll-overs, movement from capital expenditure to operating expenditure and vice versa, unauthorised expenditure that is critical to operations and additional requests. All this expenditure will be addressed in this financial year by the unspent borrowings from previous financial years and potentially new loan facilities.

## Section 5 – Adjustments budget tables

### Table B1 Adjustments Budget Summary

WC048 Knysna - Table B1 Adjustments Budget Summary - 25 Feb 2016

Description	Budget Year 2015/16									Budget Year	Budget Year
	Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
	Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget
R thousands	A	1 A1	2 B	3 C	4 D	5 E	6 F	7 G	8 H		
<b>Financial Performance</b>											
Property rates	174 430	-	-	-	-	-	-	-	174 430	191 866	205 364
Service charges	300 395	-	-	-	-	-	(3 000)	(3 000)	297 395	348 898	387 924
Investment revenue	3 200	-	-	-	-	-	2 000	2 000	5 200	3 400	3 600
Transfers recognised - operational	93 803	-	-	-	-	300	19 763	20 063	113 866	104 483	108 783
Other own revenue	96 393	-	-	-	-	-	5 360	5 360	101 753	104 973	114 889
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>668 222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>24 123</b>	<b>24 423</b>	<b>692 645</b>	<b>753 620</b>	<b>820 560</b>
Employee costs	196 737	-	-	-	-	-	(246)	(246)	196 491	214 147	228 781
Remuneration of councillors	6 817	-	-	-	-	-	-	-	6 817	7 294	7 804
Depreciation & asset impairment	25 918	-	-	-	-	-	-	-	25 918	32 544	34 749
Finance charges	13 962	-	-	-	-	-	(312)	(312)	13 650	15 586	16 520
Materials and bulk purchases	154 328	-	-	-	-	-	13 393	13 393	167 720	174 825	189 690
Transfers and grants	5 631	-	-	-	-	-	291	291	5 922	5 665	5 781
Other expenditure	232 441	-	-	-	-	300	32 408	32 708	265 149	195 822	201 865
<b>Total Expenditure</b>	<b>635 833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>45 533</b>	<b>45 833</b>	<b>681 666</b>	<b>645 882</b>	<b>685 191</b>
<b>Surplus/(Deficit)</b>	<b>32 388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21 410)</b>	<b>(21 410)</b>	<b>10 979</b>	<b>107 738</b>	<b>135 369</b>
Transfers recognised - capital	56 265	-	-	-	-	-	(7 730)	(7 730)	48 535	46 586	41 027
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>88 653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29 139)</b>	<b>(29 139)</b>	<b>59 514</b>	<b>154 324</b>	<b>176 396</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>88 653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29 139)</b>	<b>(29 139)</b>	<b>59 514</b>	<b>154 324</b>	<b>176 396</b>
<b>Capital expenditure &amp; funds sources</b>											
<b>Capital expenditure</b>	<b>102 683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 128</b>	<b>5 128</b>	<b>107 810</b>	<b>70 240</b>	<b>58 992</b>
Transfers recognised - capital	56 265	-	-	-	-	-	(7 730)	(7 730)	48 535	46 586	41 027
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	14 732	-	-	-	-	-	7 474	7 474	22 206	12 570	10 660
Internally generated funds	31 686	-	-	-	-	-	5 383	5 383	37 069	11 084	7 305
<b>Total sources of capital funds</b>	<b>102 683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 128</b>	<b>5 128</b>	<b>107 810</b>	<b>70 240</b>	<b>58 992</b>
<b>Financial position</b>											
Total current assets	120 513	-	-	-	-	-	40 200	40 200	160 713	186 388	242 694
Total non current assets	1 096 615	-	-	-	-	-	(22 420)	(22 420)	1 074 195	1 114 891	1 142 134
Total current liabilities	105 627	-	-	-	-	-	10 879	10 879	116 506	122 389	128 625
Total non current liabilities	226 004	-	-	-	-	-	18 932	18 932	244 935	234 796	225 490
<b>Community wealth/Equity</b>	<b>885 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 030)</b>	<b>(12 030)</b>	<b>873 467</b>	<b>944 094</b>	<b>1 030 713</b>
<b>Cash flows</b>											
Net cash from (used) operating	115 053	-	-	-	-	12 333	(44 780)	(32 446)	82 606	98 123	123 829
Net cash from (used) investing	(103 444)	-	-	-	-	-	(6 690)	(6 690)	(110 133)	(72 563)	(61 315)
Net cash from (used) financing	(4 536)	-	-	-	-	-	7 466	7 466	2 931	(7 333)	(13 940)
<b>Cash/cash equivalents at the year end</b>	<b>22 338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 333</b>	<b>1 631</b>	<b>13 964</b>	<b>36 302</b>	<b>54 530</b>	<b>103 103</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	46 195	-	-	-	-	-	17 139	17 139	63 334	84 563	136 136
Application of cash and investments	22 523	-	-	-	-	-	(7 068)	(7 068)	15 455	(91 747)	(101 214)
<b>Balance - surplus (shortfall)</b>	<b>23 672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 207</b>	<b>24 207</b>	<b>47 880</b>	<b>176 310</b>	<b>237 350</b>
<b>Asset Management</b>											
Asset register summary (WDV)	1 070 790	-	-	-	-	-	(23 753)	(23 753)	1 047 037	1 084 734	1 108 977
Depreciation & asset impairment	25 918	-	-	-	-	-	-	-	25 918	32 544	34 749
Renewal of Existing Assets	35 139	-	-	-	-	-	5 112	5 112	40 250	17 246	15 336
Repairs and Maintenance	42 968	-	-	-	-	-	770	770	43 738	44 117	46 655
<b>Free services</b>											
Cost of Free Basic Services provided	46 520	-	-	-	-	-	-	-	46 520	50 707	55 271
Revenue cost of free services provided	52 267	-	-	-	-	-	-	-	52 267	56 251	56 251
<b>Households below minimum service level</b>											
Water:	1	-	-	-	-	-	(0)	(0)	1	2	2
Sanitation/sewage:	4	-	-	-	-	-	(0)	(0)	4	4	5
Energy:	3	-	-	-	-	-	(0)	(0)	3	3	4
Refuse:	-	-	-	-	-	-	2	2	2	-	-

**Table B2 Adjustments Budget Financial Performance (standard classification)**

WC048 Knysna - Table B2 Adjustments Budget Financial Performance (standard classification) - 25 Feb 2016

Standard Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1, 4	A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H	+1 2016/17	+2 2017/18
<b>Revenue - Standard</b>												
<i>Governance and administration</i>		196 867	-	-	-	-	300	2 360	2 660	199 527	225 596	241 964
Executive and council		8 491	-	-	-	-	-	360	360	8 851	9 596	10 584
Budget and treasury office		183 454	-	-	-	-	300	2 000	2 300	185 754	210 782	225 645
Corporate services		4 921	-	-	-	-	-	-	-	4 921	5 218	5 735
<i>Community and public safety</i>		144 619	-	-	-	-	-	8 030	8 030	152 649	150 292	151 395
Community and social services		9 843	-	-	-	-	-	-	-	9 843	9 402	11 352
Sport and recreation		1 168	-	-	-	-	-	-	-	1 168	1 273	1 387
Public safety		80 133	-	-	-	-	-	5 000	5 000	85 133	87 785	95 648
Housing		53 474	-	-	-	-	-	3 030	3 030	56 505	51 832	43 008
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9 233	-	-	-	-	-	7 098	7 098	16 331	7 631	8 161
Planning and development		3 593	-	-	-	-	-	-	-	3 593	2 836	3 142
Road transport		5 640	-	-	-	-	-	7 098	7 098	12 738	4 795	5 019
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		373 768	-	-	-	-	-	(1 095)	(1 095)	372 673	416 687	460 067
Electricity		238 108	-	-	-	-	-	(3 000)	(3 000)	235 108	268 266	300 204
Water		76 963	-	-	-	-	-	315	315	77 278	88 341	94 633
Waste water management		28 850	-	-	-	-	-	1 590	1 590	30 441	26 755	28 697
Waste management		29 847	-	-	-	-	-	-	-	29 847	33 325	36 533
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	724 487	-	-	-	-	300	16 393	16 693	741 180	800 206	861 587
<b>Expenditure - Standard</b>												
<i>Governance and administration</i>		151 548	-	-	-	-	300	1 571	1 871	153 419	179 691	188 079
Executive and council		38 751	-	-	-	-	-	1 923	1 923	40 674	46 762	48 788
Budget and treasury office		38 376	-	-	-	-	300	(2 735)	(2 435)	35 941	51 502	54 195
Corporate services		74 420	-	-	-	-	-	2 384	2 384	76 804	81 427	85 096
<i>Community and public safety</i>		155 885	-	-	-	-	-	26 069	26 069	181 953	103 383	107 563
Community and social services		16 851	-	-	-	-	-	(176)	(176)	16 675	18 195	20 841
Sport and recreation		13 654	-	-	-	-	-	1 136	1 136	14 790	14 944	15 925
Public safety		91 475	-	-	-	-	-	3 417	3 417	94 892	24 086	25 141
Housing		29 471	-	-	-	-	-	21 692	21 692	51 163	41 445	40 639
Health		4 434	-	-	-	-	-	-	-	4 434	4 714	5 016
<i>Economic and environmental services</i>		53 863	-	-	-	-	-	6 693	6 693	60 556	52 634	55 803
Planning and development		14 400	-	-	-	-	-	(21)	(21)	14 378	16 710	17 879
Road transport		37 679	-	-	-	-	-	6 716	6 716	44 395	33 771	35 621
Environmental protection		1 785	-	-	-	-	-	(2)	(2)	1 783	2 153	2 302
<i>Trading services</i>		274 538	-	-	-	-	-	11 200	11 200	285 738	310 174	333 747
Electricity		168 672	-	-	-	-	-	7 978	7 978	176 650	197 923	214 644
Water		51 891	-	-	-	-	-	3 144	3 144	55 035	57 315	60 881
Waste water management		25 044	-	-	-	-	-	(244)	(244)	24 800	27 024	28 979
Waste management		28 931	-	-	-	-	-	322	322	29 253	27 912	29 244
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	635 833	-	-	-	-	300	45 533	45 833	681 666	645 882	685 191
<b>Surplus/ (Deficit) for the year</b>		88 653	-	-	-	-	-	(29 139)	(29 139)	59 514	154 324	176 396

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) - 25 Feb 2016

Vote Description <i>[Insert departmental structure etc]</i>	Ref	Budget Year 2015/16								Budget Year	Budget Year	
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	A	A1	B	C	D	E	F	G	H	+1 2016/17	+2 2017/18	
<b>Revenue by Vote</b>	1											
Vote 1 - Executive & Council		8 491	-	-	-	-	-	360	360	8 851	9 596	10 584
Vote 2 - Corporate Services		3 644	-	-	-	-	-	-	-	3 644	3 986	4 411
Vote 3 - Financial Services		183 534	-	-	-	-	300	2 000	2 300	185 834	210 872	225 758
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning & Development		57 068	-	-	-	-	-	3 030	3 030	60 098	54 668	46 150
Vote 6 - Community Services		125 282	-	-	-	-	-	5 000	5 000	130 282	135 924	149 329
Vote 7 - Electrical Services		238 609	-	-	-	-	-	(3 000)	(3 000)	235 609	269 243	301 188
Vote 8 - Technical Services		107 858	-	-	-	-	-	9 003	9 003	116 861	115 917	124 167
<b>Total Revenue by Vote</b>	2	<b>724 487</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>16 393</b>	<b>16 693</b>	<b>741 180</b>	<b>800 206</b>	<b>861 587</b>
<b>Expenditure by Vote</b>	1											
Vote 1 - Executive & Council		38 751	-	-	-	-	-	1 923	1 923	40 674	46 762	48 788
Vote 2 - Corporate Services		29 104	-	-	-	-	-	746	746	29 850	33 213	34 184
Vote 3 - Financial Services		53 382	-	-	-	-	300	(2 235)	(1 935)	51 447	68 205	71 434
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning & Development		49 056	-	-	-	-	-	21 733	21 733	70 790	63 369	64 059
Vote 6 - Community Services		166 027	-	-	-	-	-	5 216	5 216	171 243	100 549	107 684
Vote 7 - Electrical Services		178 034	-	-	-	-	-	6 523	6 523	184 557	207 901	225 203
Vote 8 - Technical Services		121 480	-	-	-	-	-	11 626	11 626	133 106	125 883	133 841
<b>Total Expenditure by Vote</b>	2	<b>635 833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>45 533</b>	<b>45 833</b>	<b>681 666</b>	<b>645 882</b>	<b>685 191</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>88 653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29 139)</b>	<b>(29 139)</b>	<b>59 514</b>	<b>154 324</b>	<b>176 396</b>

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.

Through an extensive process, Council approved High level Macro Structure Late last year December 2015, that Vote 7 – Electrical Services to be no more a Vote on its own but a Department under Technical Services.

#### Revenue by Vote

Total adjustments amount to R16.7 million addition into the current budget mainly as a result of the R9 million under Technical Services for the recognition of the approved Roll-over funds; R5 million under Community Services for the projected revenue on traffic fines, R3 million under Planning and Development for the Retaining Walls; R 2.3 million under Financial Services for the Interest on External Investments and additional Provincial Grant.

R3 million reduction on Electrical Services due to the under recovery of Electrical Sales.

#### Expenditure by Vote

Total adjustments on the Expenditure leg amounts to R43.7 million addition to the Expenditure budget mainly as a result of the R20.9 million under Planning and Development for the Community Based Initiatives in Hornlee and Raft Foundation movements from Capex to Opex; R11.1 million under Technical Services in order to accommodate the roll-overs as well as additional requests for the operational projects: Desalination Plant and Water leakage programme; R6.5 million under Electrical Services to cover the under provision of Bulk Purchases, R4.7 million under Community Services to cover mainly additional requests within Parks programmes, Law Enforcement as well as Security Services External and R1.9 million under Executive and Council to cover Audit fees External as well as Council Advertising vote.

Financial Services reflects R2.3 million reduction mainly as a result of GV project not materialising this financial year hence funds prioritised between Technical Services and Planning and Development for the Consultants currently running the Ward councillors projects as well as Human Settlement Emergency Programmes.

**Table B4 Adjustments Budget Financial Performance (revenue and expenditure)**

WC048 Knysna - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 25 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands	1	3	4	5	6	7	8	9	10	11	12	
		A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	171 416	-	-	-	-	-	-	-	171 416	188 535	201 733
Property rates - penalties & collection charges		3 014								3 014	3 331	3 631
Service charges - electricity revenue	2	215 015	-	-	-	-	-	(3 000)	(3 000)	212 015	245 359	276 495
Service charges - water revenue	2	52 571	-	-	-	-	-	-	-	52 571	67 132	71 829
Service charges - sanitation revenue	2	12 329	-	-	-	-	-	-	-	12 329	13 499	14 445
Service charges - refuse revenue	2	16 504	-	-	-	-	-	-	-	16 504	18 575	20 433
Service charges - other		3 976								3 976	4 333	4 722
Rental of facilities and equipment		5 482								5 482	5 977	6 516
Interest earned - external investments		3 200						2 000	2 000	5 200	3 400	3 600
Interest earned - outstanding debtors		3 542						-	-	3 542	3 753	4 089
Dividends received		-						-	-	-	-	-
Fines		79 471						5 000	5 000	84 471	86 623	94 418
Licences and permits		2 179						-	-	2 179	2 331	2 541
Agency services		1 850						-	-	1 850	1 950	1 960
Transfers recognised - operational		93 803					300	19 763	20 063	113 866	104 483	108 783
Other revenue	2	3 619	-	-	-	-	-	360	360	3 979	4 089	5 115
Gains on disposal of PPE		250						-	-	250	250	250
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>668 222</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>24 123</b>	<b>24 423</b>	<b>692 645</b>	<b>753 620</b>	<b>820 560</b>
<b>Expenditure By Type</b>												
Employee related costs		196 737	-	-	-	-	-	(246)	(246)	196 491	214 147	228 781
Remuneration of councillors		6 817						-	-	6 817	7 294	7 804
Debt impairment		76 339						-	-	76 339	23 000	24 000
Depreciation & asset impairment		25 918						-	-	25 918	32 544	34 749
Finance charges		13 962						(312)	(312)	13 650	15 586	16 520
Bulk purchases		132 465						13 000	13 000	145 465	154 954	168 900
Other materials		21 863						393	393	22 256	19 871	20 790
Contracted services		26 425						(2 877)	(2 877)	23 547	24 598	24 903
Transfers and grants		5 631						291	291	5 922	5 665	5 781
Other expenditure		129 678					300	35 285	35 585	165 263	148 223	152 962
Loss on disposal of PPE		-						-	-	-	-	-
<b>Total Expenditure</b>		<b>635 833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>45 533</b>	<b>45 833</b>	<b>681 666</b>	<b>645 882</b>	<b>685 191</b>
<b>Surplus/(Deficit)</b>		<b>32 388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21 410)</b>	<b>(21 410)</b>	<b>10 979</b>	<b>107 738</b>	<b>135 369</b>
Transfers recognised - capital		56 265						(7 730)	(7 730)	48 535	46 586	41 027
Contributions recognised - capital		-						-	-	-	-	-
Contributed assets		-						-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>		<b>88 653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29 139)</b>	<b>(29 139)</b>	<b>59 514</b>	<b>154 324</b>	<b>176 396</b>
Taxation		-						-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>88 653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29 139)</b>	<b>(29 139)</b>	<b>59 514</b>	<b>154 324</b>	<b>176 396</b>
Attributable to minorities		-						-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>88 653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29 139)</b>	<b>(29 139)</b>	<b>59 514</b>	<b>154 324</b>	<b>176 396</b>
Share of surplus/ (deficit) of associate		-						-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>88 653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29 139)</b>	<b>(29 139)</b>	<b>59 514</b>	<b>154 324</b>	<b>176 396</b>

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 - 25 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unavoid. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	5	6	7	8	9	10	11	12		
<b>Capital expenditure - Vote</b>												
<b>Multi-year expenditure to be adjusted</b>	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Financial Services		-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning & Development		29 372	-	-	-	-	-	(9 850)	(9 850)	19 522	22 029	16 522
Vote 6 - Community Services		1 030	-	-	-	-	-	(600)	(600)	430	1 000	-
Vote 7 - Electrical Services		15 863	-	-	-	-	-	69	69	15 932	7 209	3 432
Vote 8 - Technical Services		28 617	-	-	-	-	-	1 245	1 245	29 862	18 170	20 195
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	74 882	-	-	-	-	-	(9 136)	(9 136)	65 746	48 408	40 149
<b>Single-year expenditure to be adjusted</b>	2											
Vote 1 - Executive & Council		4 600	-	-	-	-	-	1 522	1 522	6 122	20	20
Vote 2 - Corporate Services		10	-	-	-	-	-	-	-	10	10	10
Vote 3 - Financial Services		1 975	-	-	-	-	-	(150)	(150)	1 825	1 504	745
Vote 4 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Planning & Development		260	-	-	-	-	-	-	-	260	20	20
Vote 6 - Community Services		9 952	-	-	-	-	-	2 917	2 917	12 869	6 639	7 859
Vote 7 - Electrical Services		4 257	-	-	-	-	-	1 431	1 431	5 688	1 427	1 147
Vote 8 - Technical Services		6 747	-	-	-	-	-	8 544	8 544	15 291	12 212	9 042
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>		27 801	-	-	-	-	-	14 263	14 263	42 064	21 832	18 843
<b>Total Capital Expenditure - Vote</b>		102 683	-	-	-	-	-	5 128	5 128	107 810	70 240	58 992
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>		6 995	-	-	-	-	-	1 362	1 362	8 357	1 744	995
Executive and council		4 600	-	-	-	-	-	1 522	1 522	6 122	20	20
Budget and treasury office		1 215	-	-	-	-	-	(368)	(368)	847	120	-
Corporate services		1 180	-	-	-	-	-	208	208	1 388	1 604	975
<b>Community and public safety</b>		37 304	-	-	-	-	-	(8 131)	(8 131)	29 173	27 688	23 851
Community and social services		5 312	-	-	-	-	-	1 058	1 058	6 370	2 509	2 509
Sport and recreation		2 400	-	-	-	-	-	776	776	3 176	2 220	1 600
Public safety		-	-	-	-	-	-	35	35	35	930	3 220
Housing		29 592	-	-	-	-	-	(10 000)	(10 000)	19 592	22 029	16 522
Health		-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		3 747	-	-	-	-	-	2 936	2 936	6 683	2 050	1 870
Planning and development		-	-	-	-	-	-	150	150	150	-	-
Road transport		3 747	-	-	-	-	-	2 786	2 786	6 533	2 050	1 870
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		54 637	-	-	-	-	-	8 961	8 961	63 598	38 758	32 276
Electricity		20 120	-	-	-	-	-	1 500	1 500	21 620	8 636	4 579
Water		20 677	-	-	-	-	-	2 864	2 864	23 541	22 050	22 075
Waste water management		11 360	-	-	-	-	-	4 039	4 039	15 399	6 182	5 182
Waste management		2 480	-	-	-	-	-	558	558	3 038	1 890	440
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	102 683	-	-	-	-	-	5 128	5 128	107 810	70 240	58 992
<b>Funded by:</b>												
National Government		25 532	-	-	-	-	-	-	-	25 532	24 557	24 505
Provincial Government		30 733	-	-	-	-	-	(7 730)	(7 730)	23 003	22 029	16 522
District Municipality		-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital transfers recognised</b>	4	56 265	-	-	-	-	-	(7 730)	(7 730)	48 535	46 586	41 027
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		14 732	-	-	-	-	-	7 474	7 474	22 206	12 570	10 660
<b>Internally generated funds</b>		31 686	-	-	-	-	-	5 383	5 383	37 069	11 084	7 305
<b>Total Capital Funding</b>		102 683	-	-	-	-	-	5 128	5 128	107 810	70 240	58 992

Additional supporting tables relating to capital expenditure are referred to in Section 12 and included in Annexure 2 – Supporting Adjustment Budget Tables.

Capital budget has increased from R102.7 million to R107.8 million mainly due to the additional departmental requests from Technical Services as well as Community Services that will be funded by borrowings.

**Table B6 Adjustments Budget Financial Position**

WC048 Knysna - Table B6 Adjustments Budget Financial Position - 25 Feb 2016												
Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjus.	Total Adjus.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H	+1 2016/17	+2 2017/18
<b>ASSETS</b>												
<b>Current assets</b>												
Cash		12 338						13 964	13 964	26 302	44 530	93 103
Call investment deposits	1	10 000	-	-	-	-	-	-	-	10 000	10 000	10 000
Consumer debtors	1	72 107	-	-	-	-	-	43 018	43 018	115 125	122 018	129 164
Other debtors		18 102						(15 000)	(15 000)	3 102	3 288	3 485
Current portion of long-term receivables		125						(58)	(58)	67	67	67
Inventory		7 841						(1 723)	(1 723)	6 118	6 485	6 874
<b>Total current assets</b>		<b>120 513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40 200</b>	<b>40 200</b>	<b>160 713</b>	<b>186 388</b>	<b>242 694</b>
<b>Non current assets</b>												
Long-term receivables		1 968						(1 843)	(1 843)	125	125	125
Investments		23 857						3 176	3 176	27 033	30 033	33 033
Investment property		110 321						(7 000)	(7 000)	103 321	103 321	103 321
Investment in Associate		-						-	-	-	-	-
Property, plant and equipment	1	940 712	-	-	-	-	-	(16 080)	(16 080)	924 632	962 328	986 571
Agricultural												
Biological												
Intangible		700						(673)	(673)	27	27	27
Other non-current assets		19 057						-	-	19 057	19 057	19 057
<b>Total non current assets</b>		<b>1 096 615</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22 420)</b>	<b>(22 420)</b>	<b>1 074 195</b>	<b>1 114 891</b>	<b>1 142 134</b>
<b>TOTAL ASSETS</b>		<b>1 217 128</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 781</b>	<b>17 781</b>	<b>1 234 908</b>	<b>1 301 279</b>	<b>1 384 828</b>
<b>LIABILITIES</b>												
<b>Current liabilities</b>												
Bank overdraft												
Borrowing		17 500	-	-	-	-	-	(484)	(484)	17 016	17 016	17 016
Consumer deposits		11 246						(833)	(833)	10 413	11 038	11 700
Trade and other payables		54 495	-	-	-	-	-	10 685	10 685	65 180	69 004	73 058
Provisions		22 386						1 511	1 511	23 897	25 331	26 851
<b>Total current liabilities</b>		<b>105 627</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 879</b>	<b>10 879</b>	<b>116 506</b>	<b>122 389</b>	<b>128 625</b>
<b>Non current liabilities</b>												
Borrowing	1	100 354	-	-	-	-	-	22 741	22 741	123 095	106 079	89 064
Provisions	1	125 650	-	-	-	-	-	(3 809)	(3 809)	121 841	128 717	136 426
<b>Total non current liabilities</b>		<b>226 004</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 932</b>	<b>18 932</b>	<b>244 935</b>	<b>234 796</b>	<b>225 490</b>
<b>TOTAL LIABILITIES</b>		<b>331 631</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29 810</b>	<b>29 810</b>	<b>361 441</b>	<b>357 185</b>	<b>354 115</b>
<b>NET ASSETS</b>	2	<b>885 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 030)</b>	<b>(12 030)</b>	<b>873 467</b>	<b>944 094</b>	<b>1 030 713</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		817 347	-	-	-	-	-	(28 871)	(28 871)	788 475	859 102	945 721
Reserves		68 151	-	-	-	-	-	16 841	16 841	84 992	84 992	84 992
Minorities' interests												
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>885 497</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 030)</b>	<b>(12 030)</b>	<b>873 467</b>	<b>944 094</b>	<b>1 030 713</b>

The main reasons for the adjustments in the Statement of Financial position is to align it with the 2014/15 audited outcome taking into account current financial position and revised surplus.

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

## Table B7 Adjustments Budget Cash Flows

WC048 Knysna - Table B7 Adjustments Budget Cash Flows - 25 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	+1 2016/17	+2 2017/18
R thousands		A	A1	B	C	D	E	F	G	H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates, penalties & collection charges		165 709								165 709	182 273	195 096
Service charges		285 376								282 526	331 453	368 528
Other revenue		29 327								29 327	28 542	33 047
Government - operating	1	93 803					20 063		20 063	113 866	104 483	108 783
Government - capital	1	56 265					(7 730)		(7 730)	48 535	46 586	41 027
Interest		6 565						2 000	2 000	8 565	6 965	7 485
Dividends		-								-		
<b>Payments</b>												
Suppliers and employees		(502 399)						(44 533)	(44 533)	(546 932)	(580 929)	(607 835)
Finance charges		(13 962)						312	312	(13 650)	(15 586)	(16 520)
Transfers and Grants	1	(5 631)						291	291	(5 340)	(5 665)	(5 781)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>115 053</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 333</b>	<b>(44 780)</b>	<b>(32 446)</b>	<b>82 606</b>	<b>98 123</b>	<b>123 829</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE		250								250	250	250
Decrease (Increase) in non-current debtors		-								-	-	-
Decrease (increase) other non-current receivables		125								125	125	125
Decrease (increase) in non-current investments		(1 136)						(1 562)	(1 562)	(2 698)	(2 698)	(2 698)
<b>Payments</b>												
Capital assets		(102 683)						(5 128)	(5 128)	(107 810)	(70 240)	(58 992)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(103 444)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6 690)</b>	<b>(6 690)</b>	<b>(110 133)</b>	<b>(72 563)</b>	<b>(61 315)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short term loans												
Borrowing long term/refinancing		14 732						7 474	7 474	22 206	12 570	10 660
Increase (decrease) in consumer deposits		433						(8)	(8)	425	450	477
<b>Payments</b>												
Repayment of borrowing		(19 700)								(19 700)	(20 353)	(25 077)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(4 536)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 466</b>	<b>7 466</b>	<b>2 931</b>	<b>(7 333)</b>	<b>(13 940)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>7 073</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 333</b>	<b>(44 003)</b>	<b>(31 669)</b>	<b>(24 596)</b>	<b>18 228</b>	<b>48 574</b>
Cash/cash equivalents at the year begin:	2	15 265						45 633	45 633	60 898	36 302	54 530
Cash/cash equivalents at the year end:	2	22 338						12 333	1 631	13 964	54 530	103 103

Knysna Municipality originally budgeted for a positive R 22.3 million Cash and Cash equivalent for the current financial year, after taking into consideration all adjustments Cash flow reflects more Cash and Cash equivalent at year.

**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 2014/2015 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 - 25 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H	+1 2016/17	+2 2017/18
<b>Cash and investments available</b>												
Cash/cash equivalents at the year end	1	22 338	-	-	-	-	12 333	1 631	13 964	36 302	54 530	103 103
Other current investments > 90 days		0	-	-	-	-	(12 333)	12 333	(0)	(0)	0	(0)
Non current assets - Investments	1	23 857	-	-	-	-	-	3 176	3 176	27 033	30 033	33 033
<b>Cash and investments available:</b>		<b>46 195</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 139</b>	<b>17 139</b>	<b>63 334</b>	<b>84 563</b>	<b>136 136</b>
<b>Applications of cash and investments</b>												
Unspent conditional transfers		1 754	-	-	-	-	-	(315)	(315)	(1 439)	(1 439)	(1 439)
Unspent borrowing												
Statutory requirements												
Other working capital requirements	2	(24 816)	-	-	-	-	-	(10 025)	(10 025)	(34 841)	(37 808)	(40 289)
Other provisions												
Long term investments committed		23 857	-	-	-	-	-	-	-	(23 857)	(25 050)	(26 302)
Reserves to be backed by cash/investments		21 728	-	-	-	-	-	3 272	3 272	(25 000)	(27 450)	(33 184)
<b>Total Application of cash and investments:</b>		<b>22 523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7 068)</b>	<b>(7 068)</b>	<b>(85 137)</b>	<b>(91 747)</b>	<b>(101 214)</b>
<b>Surplus(shortfall)</b>		<b>23 672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24 207</b>	<b>24 207</b>	<b>(21 803)</b>	<b>(7 185)</b>	<b>34 922</b>

Other working capital requirements

Debtors	77 557	-	98 582	105 373	111 908
Creditors due	52 741	-	63 741	67 565	71 619
<b>Total</b>	<b>24 816</b>	<b>-</b>	<b>34 841</b>	<b>37 808</b>	<b>40 289</b>

Debtors collection assumptions:

Balance outstanding - debtors	92 176	-	118 351	125 431	132 775
Estimate of debtors collection rate	84%	0%	83%	84%	84%

Long term investments committed

<b>DBSA Security</b>	<b>23 857</b>	<b>-</b>	<b>23 857</b>	<b>25 050</b>	<b>26 302</b>
	<b>23 857</b>	<b>-</b>	<b>23 857</b>	<b>25 050</b>	<b>26 302</b>

Reserves to be backed by cash/investments

<b>Employee Benefits Reserve</b>	<b>15 044</b>	<b>-</b>	<b>20 044</b>	<b>25 044</b>
<b>Capital Replacement Reserves</b>	<b>4 448</b>	<b>-</b>	<b>25 000</b>	<b>4 670</b>
<b>Valuation Roll Reserve</b>	<b>2 236</b>	<b>-</b>	<b>2 736</b>	<b>3 236</b>
	<b>21 728</b>	<b>-</b>	<b>25 000</b>	<b>27 450</b>
				<b>33 184</b>

Table B9 Asset Management

WC048 Knysna - Table B9 Asset Management - 25 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjus.	Adjus.	Budget	Budget	Budget
R thousands	A	7	8	9	10	11	12	13	14			
		A1	B	C	D	E	F	G	H			
<b>CAPITAL EXPENDITURE</b>												
<b>Total New Assets to be adjusted</b>	1	67 544	-	-	-	-	-	16	16	67 560	52 994	43 656
Infrastructure - Road transport		3 238	-	-	-	-	-	2 301	2 301	5 539	2 450	3 450
Infrastructure - Electricity		14 640	-	-	-	-	-	674	674	15 314	4 366	3 489
Infrastructure - Water		6 241	-	-	-	-	-	2 900	2 900	9 141	14 921	16 021
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	2 164	1 164
Infrastructure - Other		1 430	-	-	-	-	-	(600)	(600)	830	1 000	-
Infrastructure		25 549	-	-	-	-	-	5 276	5 276	30 825	24 901	24 124
Community		36 245	-	-	-	-	-	(7 807)	(7 807)	28 438	22 029	16 522
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	5 750	-	-	-	-	-	2 547	2 547	8 297	6 064	3 010
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets to be adjusted</b>	2	35 139	-	-	-	-	-	5 112	5 112	40 250	17 246	15 336
Infrastructure - Road transport		600	-	-	-	-	-	2 000	2 000	2 600	-	-
Infrastructure - Electricity		3 600	-	-	-	-	-	69	69	3 669	2 200	800
Infrastructure - Water		14 436	-	-	-	-	-	(256)	(256)	14 180	7 129	6 054
Infrastructure - Sanitation		8 229	-	-	-	-	-	1 838	1 838	10 067	1 018	1 018
Infrastructure - Other		600	-	-	-	-	-	(600)	(600)	-	-	-
Infrastructure		27 465	-	-	-	-	-	3 051	3 051	30 516	10 347	7 872
Community		4 819	-	-	-	-	-	897	897	5 716	3 259	2 909
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	2 855	-	-	-	-	-	1 164	1 164	4 019	3 640	4 555
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to be adjusted</b>	4	102 683	-	-	-	-	-	5 128	5 128	107 810	70 240	58 992
Infrastructure - Road transport		3 838	-	-	-	-	-	4 301	4 301	8 139	2 450	3 450
Infrastructure - Electricity		18 240	-	-	-	-	-	743	743	18 983	6 566	4 289
Infrastructure - Water		20 677	-	-	-	-	-	2 644	2 644	23 321	22 050	22 075
Infrastructure - Sanitation		8 229	-	-	-	-	-	1 838	1 838	10 067	3 182	2 182
Infrastructure - Other		2 030	-	-	-	-	-	(1 200)	(1 200)	830	1 000	-
Infrastructure		53 014	-	-	-	-	-	8 327	8 327	61 340	35 248	31 996
Community		41 064	-	-	-	-	-	(6 910)	(6 910)	34 154	25 288	19 431
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets		8 605	-	-	-	-	-	3 711	3 711	12 316	9 704	7 565
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	87 093	-	-	-	-	-	20 450	20 450	107 543	102 570	98 093
Infrastructure - Road transport		174 235	-	-	-	-	-	1 103	1 103	175 339	176 452	174 918
Infrastructure - Electricity		222 500	-	-	-	-	-	(38 185)	(38 185)	184 315	199 066	213 348
Infrastructure - Water		90 428	-	-	-	-	-	30 162	30 162	120 590	119 196	116 491
Infrastructure - Sanitation		4 148	-	-	-	-	-	(1 584)	(1 584)	2 564	3 404	3 234
Infrastructure - Other		578 404	-	-	-	-	-	11 946	11 946	590 350	600 688	606 084
Infrastructure		111 898	-	-	-	-	-	165 103	165 103	277 001	301 777	320 662
Community		19 053	-	-	-	-	-	4	4	19 057	19 057	19 057
Heritage assets		110 321	-	-	-	-	-	(7 000)	(7 000)	103 321	103 321	103 321
Investment properties		250 414	-	-	-	-	-	(193 132)	(193 132)	57 282	59 863	59 825
Other assets		-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		700	-	-	-	-	-	(673)	(673)	27	27	27
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	1 070 790	-	-	-	-	-	(23 753)	(23 753)	1 047 037	1 084 734	1 108 977
<b>EXPENDITURE OTHER ITEMS</b>												
Depreciation & asset impairment		25 918	-	-	-	-	-	-	-	25 918	32 544	34 749
Repairs and Maintenance by asset class	3	42 968	-	-	-	-	-	770	770	43 738	44 117	46 655
Infrastructure - Road transport		15 936	-	-	-	-	-	(908)	(908)	15 029	11 682	12 480
Infrastructure - Electricity		6 639	-	-	-	-	-	(1 570)	(1 570)	5 069	9 486	10 146
Infrastructure - Water		5 185	-	-	-	-	-	687	687	5 872	5 548	5 937
Infrastructure - Sanitation		3 162	-	-	-	-	-	2 420	2 420	5 582	3 384	3 621
Infrastructure - Other		181	-	-	-	-	-	(65)	(65)	116	400	400
Infrastructure		31 103	-	-	-	-	-	565	565	31 668	30 500	32 583
Community		1 099	-	-	-	-	-	285	285	1 384	1 124	1 124
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	10 765	-	-	-	-	-	(80)	(80)	10 685	12 493	12 948
<b>TOTAL EXPENDITURE OTHER ITEMS to be adjusted</b>		68 886	-	-	-	-	-	770	770	69 656	76 661	81 404
<b>Renewal of Existing Assets as % of total capex</b>		34.2%	0.0%	-	-	-	-	-	-	37.3%	24.6%	26.0%
<b>Renewal of Existing Assets as % of deprecn"</b>		135.6%	0.0%	-	-	-	-	-	-	155.3%	53.0%	44.1%
<b>R&amp;M as a % of PPE</b>		4.0%	0.0%	-	-	-	-	-	-	4.2%	4.1%	4.2%
<b>Renewal and R&amp;M as a % of PPE</b>		7.3%	0.0%	-	-	-	-	-	-	8.0%	5.7%	5.6%

Table B10 Basic service delivery measurement

WC048 Knysna - Table B10 Basic service delivery measurement - 25 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or Prov.	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Govt	Adjus.	Adjus.	Budget	Budget	Budget
	A	A1	B	C	D	E	F	G	H			
<b>Household service targets</b>	1											
<b>Water:</b>												
Piped water inside dwelling		18 103						-1762	(1 762.00)	16	19 732	21 508
Piped water inside yard (but not in dwelling)		3 209						-310	(310.00)	3	3 498	3 813
Using public tap (at least min.service level)	2	4 243						-499	(499.00)	4	4 625	5 041
Other water supply (at least min.service level)												
<i>Minimum Service Level and Above sub-total</i>		26	-	-	-	-	-	(3)	(2 571.00)	23	28	30
Using public tap (< min.service level)	3	1 029						-100	(100.00)	1	1 121	1 222
Other water supply (< min.service level)	3,4	441						-59	(59.00)	0	480	524
No water supply												
<i>Below Minimum Service Level sub-total</i>		1	-	-	-	-	-	(0)	(159.00)	1	2	2
<b>Total number of households</b>	5	27	-	-	-	-	-	(3)	(2 730.00)	24	29	32
<b>Sanitation/sewerage:</b>												
Flush toilet (connected to sewerage)		20 478						-2024	(2 024.00)	18	22 321	24 330
Flush toilet (with septic tank)												
Chemical toilet												
Pit toilet (ventilated)		2 464						-355	(355.00)	2	2 686	2 928
Other toilet provisions (> min.service level)												
<i>Minimum Service Level and Above sub-total</i>		22 942	-	-	-	-	-	(2 379)	(2 379.00)	20 563	25 007	27 258
Bucket toilet		606						-78	(78.00)	1	660	720
Other toilet provisions (< min.service level)												
No toilet provisions		3 476						-272	(272.00)	3	3 789	4 130
<i>Below Minimum Service Level sub-total</i>		4 082	-	-	-	-	-	(350)	(350.00)	3 732	4 450	4 850
<b>Total number of households</b>	5	27 025	-	-	-	-	-	(2 729)	(2 729.00)	24 296	29 457	32 108
<b>Energy:</b>												
Electricity (at least min. service level)		23 930						-2382	(2 382.00)	22	26 083	28 431
Electricity - prepaid (> min.service level)												
<i>Minimum Service Level and Above sub-total</i>		23 930	-	-	-	-	-	(2 382)	(2 382.00)	21 548	26 083	28 431
Electricity (< min.service level)												
Electricity - prepaid (< min. service level)												
Other energy sources		3 095						-348	(348.00)	3	3 374	3 677
<i>Below Minimum Service Level sub-total</i>		3 095	-	-	-	-	-	(348)	(348.00)	2 747	3 374	3 677
<b>Total number of households</b>	5	27 025	-	-	-	-	-	(2 730)	(2 730.00)	24 295	29 457	32 108
<b>Refuse:</b>												
Removed at least once a week (min.service)		27 353						-4723	(4 723.00)	23	28 179	28 179
<i>Minimum Service Level and Above sub-total</i>		27 353	-	-	-	-	-	(4 723)	(4 723.00)	22 630	28 179	28 179
Removed less frequently than once a week								172	172.00	172		
Using communal refuse dump								351	351.00	351		
Using own refuse dump								622	622.00	622		
Other rubbish disposal								191	191.00	191		
No rubbish disposal								329	329.00	329		
<i>Below Minimum Service Level sub-total</i>			-	-	-	-	-	1 665	1 665.00	1 665		
<b>Total number of households</b>	5	27 353	-	-	-	-	-	(3 058)	(3 058.00)	24 295	28 179	28 179
<b>Households receiving Free Basic Service</b>	15											
Water (6 kilolitres per household per month)		17 299						-		17	17 818	17 818
Sanitation (free minimum level service)		12 237						-		12	12 605	12 605
Electricity/other energy (50kwh per household per month)		8 573						-		9	8 830	8 830
Refuse (removed at least once a week)		10 568						-		11	10 568	10 568
<b>Cost of Free Basic Services provided (R'000)</b>	16											
Water (6 kilolitres per household per month)		22 225						-		22 225	24 225	26 406
Sanitation (free sanitation service)		10 945						-		10 945	11 930	13 003
Electricity/other energy (50kwh per household per month)		3 418						-		3 418	3 725	4 061
Refuse (removed once a week)		9 933						-		9 933	10 826	11 801
<b>Total cost of FBS provided (minimum social pack)</b>		46 520	-	-	-	-	-	-	-	46 520	50 707	55 271
<b>Highest level of free service provided</b>												
Property rates (R'000 value threshold)		100000						-		100 000	100000	100000
Water (kilolitres per household per month)		6						-		6	6	6
Sanitation (kilolitres per household per month)								-				
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
<b>Revenue cost of free services provided (R'000)</b>	17											
Property rates (R15 000 threshold rebate)								-				
Property rates (other exemptions, reductions and rebates)		27 239						-		27 239	29 893	29 893
Water		8 084						-		8 084	8 569	8 569
Sanitation		1 089						-		1 089	1 155	1 155
Electricity/other energy		3 529						-		3 529	3 634	3 634
Refuse		8 750						-		8 750	9 362	9 362
Municipal Housing - rental rebates								-				
Housing - top structure subsidies	6	3 577						-		3 577	3 638	3 638
Other								-				
<b>Total revenue cost of free services provided (total)</b>		52 267	-	-	-	-	-	-	-	52 267	56 251	56 251

## Section 6 - Resolutions

Knysna Municipality

### ADJUSTMENTS MTREF 2015/2016

#### RECOMMENDATION:

- [a]. That the annual adjustments budget of Knysna Municipality for the financial year 2015/2016, 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 and Expenditure by Type)
  - [iv] Table B5: Adjustments Budget Capital Expenditure for both multi-year and single year by vote, standard classification and funding source
- [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;
  - [ii] That the utilisation of projected savings in one vote toward spending under another vote be authorised; and
  - [iii] That any errors in the annual budget be corrected
- [c] That revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan be approved by the Executive Mayor and submitted to Council at its next meeting for noting to correspond with the financial implications of the adjustments budget

## **PART 2 –SUPPORTING DOCUMENTATION**

### **Section 7–Adjustments to budget assumptions**

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

#### **7.1 Revenue**

##### **7.1.1 *Transfers Recognised – Operational***

Mainly due to the approved roll-overs for the projects that has started and the expected completion period is 2016/17 financial year.

##### **7.1.2 *Fines***

Based on actual revenue realised to date Traffic fines revenue has been adjusted accordingly

##### **7.1.3 *Interest on External Investments***

Interest accumulated is 105% against the original provision hence more revenue is projected by year end due to more investments invested.

#### **7.2 Expenditure**

##### **7.2.1 *Bulk Purchases***

Bulk Purchases was under provided at start of the financial year hence savings were identified in order to cater for the shortfall, the difference will be correctly accounted for at year end.



## **Section 8–Adjustments to budget funding**

### **8.1. Summary of the impact of the adjustments budget**

#### **8.1.1 *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 R115 million to R84.4 million.

#### **8.1.2 *Financial plans***

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

### **8.2 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 9–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

The Total adjustment on Grants amounts to R12 million for both Capital and Operating and they are presented are follows:

Description	Ref	Budget Year 2015/16			Budget Year	Budget Year
		Original	Total	Adjusted	+1 2016/17	+2 2017/18
		Budget	Adjusts.	Budget	Adjusted	Adjusted
		6	7	Budget	Budget	
		A	E	F		
<b>R thousands</b>						
<b>EXPENDITURE ON TRANSFERS AND GRANT PROGRAM:</b>	1					
<u>Operating expenditure of Transfers and Grants</u>						
<b>National Government:</b>		64 318	315	64 633	69 249	75 046
Local Government Equitable Share		56 163	-	56 163	62 237	67 761
DWA: Masibambane		-	315	315	-	-
Finance Management		1 450	-	1 450	1 475	1 550
Municipal Systems Improvement		930	-	930	957	1 033
CoGTA: Municipal Infrastructure Grant (MIG)		4 036	-	4 036	4 089	4 334
DME: Integrated National Electrification (INEP)		737	-	737	491	368
NT: Neighbourhood Development Partnership (NDPG)		-	-	-	-	-
Extended Public Works Program		1 002	-	1 002	-	-
<b>Provincial Government:</b>		29 485	19 748	49 233	35 234	33 737
LG&H: Integrated Housing & Human Settlements		24 012	10 000	34 012	29 706	26 378
LG&H: Community Development Worker		54	-	54	57	60
LG&H: Housing Consumer Education		-	-	-	-	-
PW: Maintenance of Proclaimed Roads		67	-	67	-	-
PT: LG Financial Management Support Grant		-	300	300	-	-
PW: Hazardous Locations		-	7 098	7 098	-	-
CA: Library Conditional Grant		5 161	(680)	4 481	5 471	7 299
Disaster Management Grant		191	3 030	3 221	-	-
<b>District Municipality:</b>		-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		93 803	20 063	113 866	104 483	108 783
<u>Capital expenditure of Transfers and Grants</u>						
<b>National Government:</b>		25 532	-	25 532	24 557	24 505
CoGTA: Municipal Infrastructure Grant (MIG)		20 269	-	20 269	21 048	21 873
DME: Integrated National Electrification (INEP)		5 263	-	5 263	3 509	2 632
		-	-	-	-	-
		-	-	-	-	-
Other capital transfers <i>[insert description]</i>		-	-	-	-	-
<b>Provincial Government:</b>		30 733	(7 730)	23 003	22 029	16 522
LG&H: Integrated Housing & Human Settlements		29 372	(10 000)	19 372	22 029	16 522
Disaster Management Grant		1 361	1 590	2 951	-	-
CA: Library Conditional Grant		-	680	680	-	-
<b>District Municipality:</b>		-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		56 265	(7 730)	48 535	46 586	41 027
<b>Total capital expenditure of Transfers and Grants</b>		150 068	12 333	162 401	151 069	149 810

## Section 10 – Adjustments to allocations or grants made by the municipality

Description	Budget Year 2015/16			Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	A	G	H		
<b>Cash Transfers to Groups of Individuals</b>					
<i>Bursary Scheme</i>	223	200	423	238	255
<i>Grants-in-aid and Donations</i>	214	-	214	229	245
		-	-		
<b>TOTAL ALLOCATIONS TO OTHER ORGANS OF STATE:</b>	<b>437</b>	<b>200</b>	<b>637</b>	<b>467</b>	<b>500</b>
<b>Cash transfers to other Organisations</b>					
<i>Leisure Isle Residents Association</i>	41	-	41	44	47
<i>Animal Welfare</i>	462	-	462	495	529
<i>Grants-in-aid and Donations</i>	616	-	616	659	706
<i>Knysna Tourism</i>	4 000	-	4 000	4 000	4 000
<i>Pledge Nature Reserve</i>		45	45	100	100
<i>Sedgefield Island Conservancy</i>	-	10	10	10	10
<b>TOTAL CASH TRANSFERS TO OTHER ORGANISATIONS:</b>	<b>5 119</b>	<b>55</b>	<b>5 174</b>	<b>5 308</b>	<b>5 391</b>
<b>TOTAL CASH TRANSFERS</b>	<b>5 556</b>	<b>255</b>	<b>5 811</b>	<b>5 775</b>	<b>5 891</b>
<b>Cash Transfers to Groups of Individuals</b>					
<i>Social Relief of Distress</i>	75	-	75		
<b>Total Non-Cash Grants To Groups Of Individuals:</b>	<b>75</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>
<b>TOTAL NON-CASH TRANSFERS</b>	<b>75</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS</b>	<b>5 631</b>	<b>255</b>	<b>5 886</b>	<b>5 775</b>	<b>5 891</b>

An additional R255 000 was requested on the Grants made to the Public by the Municipality basically for

- Sedgefield Island Conservancy R10 000
- Pledge Nature Reserve R45 000
- Bursary Scheme R200 000

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

## Section 11 – Adjustments to councillors and board members allowances and employee benefits

Refer to Annexure 2, 'Supporting Table SB11 Adjustments Budget – councillor, Senior Management as well as staff benefits' for further details.

Summary of remuneration	Ref	Budget Year 2015/16				% change
		Original Budget	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	
R thousands		A	F	G	H	
<b>Councillors (Political Office Bearers plus Other)</b>						
Basic Salaries and Wages		4 579	-	-	4 579	0.0%
Pension and UIF Contributions		243	-	-	243	0.0%
Medical Aid Contributions		-	-	-	-	
Motor Vehicle Allowance		1 579	-	-	1 579	0.0%
Cellphone Allowance		416	-	-	416	
Housing Allowances		-	-	-	-	
Other benefits and allowances		-	-	-	-	
<b>Sub Total - Councillors</b>		<b>6 817</b>	<b>-</b>	<b>-</b>	<b>6 817</b>	<b>0.0%</b>
<b>% increase</b>					-	
<b>Senior Managers of the Municipality</b>						
Basic Salaries and Wages		6 689	(1 181)	(1 181)	5 508	-17.7%
Pension and UIF Contributions		510	(142)	(142)	368	-27.8%
Medical Aid Contributions		113	(45)	(45)	68	-40.1%
Overtime		-	-	-	-	
Performance Bonus		870	122	122	992	
Motor Vehicle Allowance		466	(130)	(130)	336	-27.9%
Cellphone Allowance		-	-	-	-	
Housing Allowances		-	-	-	-	
Other benefits and allowances		238	(15)	(15)	223	
Payments in lieu of leave		-	-	-	-	
Long service awards		-	-	-	-	
Post-retirement benefit obligations	5	-	-	-	-	
<b>Sub Total - Senior Managers of Municipality</b>		<b>8 887</b>	<b>(1 392)</b>	<b>(1 392)</b>	<b>7 494</b>	<b>-15.7%</b>
<b>% increase</b>					(0)	
<b>Other Municipal Staff</b>						
Basic Salaries and Wages		110 931	666	666	111 596	0.6%
Pension and UIF Contributions		20 647	16	16	20 663	0.1%
Medical Aid Contributions		12 591	-	-	12 591	0.0%
Overtime		11 252	900	900	12 151	8.0%
Performance Bonus		9 156	7	7	9 163	
Motor Vehicle Allowance		4 394	(580)	(580)	3 815	-13.2%
Cellphone Allowance		-	-	-	-	
Housing Allowances		2 031	14	14	2 045	
Other benefits and allowances		5 612	111	111	5 723	
Payments in lieu of leave		1 091	13	13	1 104	1.2%
Long service awards		1 872	-	-	1 872	0.0%
Post-retirement benefit obligations	5	8 274	-	-	8 274	0.0%
<b>Sub Total - Other Municipal Staff</b>		<b>187 851</b>	<b>1 146</b>	<b>1 146</b>	<b>188 997</b>	<b>0.6%</b>
<b>% increase</b>						
<b>Total Parent Municipality</b>		<b>203 554</b>	<b>(246)</b>	<b>(246)</b>	<b>203 307</b>	<b>-0.1%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>203 554</b>	<b>(246)</b>	<b>(246)</b>	<b>203 307</b>	<b>-0.1%</b>
<b>% increase</b>						
<b>TOTAL MANAGERS AND STAFF</b>		<b>196 737</b>	<b>(246)</b>	<b>(246)</b>	<b>196 491</b>	<b>-0.1%</b>

There are no proposed changes on Councillors Remuneration, even after the pack pay as well their percentage increase this will be accommodated within the original allocation.

Proposed changes implemented on Senior Managers is a reduction of R1.4 million in total mainly the CFO position savings that was vacant for half of the financial year as well as Electrical Engineer position still vacant to date. These savings were utilised for the Departmental requests as well as to cover Bulk purchases under provision.

Various Directorates requested additional funding on overtime and Volunteers Remuneration of which they've been accommodated within the Salary band.

## Section 12 – Adjustments to service delivery and budget implementation plan

Reasons for adjustments to the Service Delivery and Budget Implementation Plan

Various factors have had an impact on the current years SDBIP requiring a review of performance indicators. These can be grouped into internal and external factors.

### Internal factors

#### Adjustment Budget

The capital budget an additional R 5.1 million equating to a nominal increase of 5 % measured against original budget. The operating budget reflects an increase in revenue of R 24.4 million (3.6%). A decrease in expected service charges income of R 3 million. The expenditure budget shows an increase of R 43.9 million including;

- A net additional 11,5 million addition operational grant expenditure;
- R 13 million for electrical bulk purchases;
- R 7 million Community Based Initiatives,
- R 2.4 million Sewerage (Leakage Repair Programme R 0.5 million, repair Belvidere Biodiscs 0.5 million and Operational Expenditure R1.4 million)
- R 1.1 million for external security services
- R 1 million for external (Auditor General) fees.

### Quarter One and Two SDBIP Reviews

During the quarterly reviews held with the Mayor and the various directors PI's were identified that required either adjustment or removal. The reasons for these changes are that they either did not adhere to the SMART principle, mainly due to measurability (Specific, **Measurable**, Achievable, Relevant and Time-bound); were as a result of changes to the organisation and/or functions; or where targets were based on incorrect assumptions or base information.

### Mid-year Performance Reviews

Performance and quarterly SDBIP reviews undertaken with the Municipal Manager and directors have highlighted issues raised.

**External Factors**

The Predetermined Objective Audit (PDO) highlighted several problematic areas which included the reliability of information and achievement of planned targets.

**Financial Indicators**

The SDBIP financial indicators for 2015/2016 have been aligned with the approved adjustment budget.



## **Section 13 – 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

## **Section 14 – Other supporting documents**

Various supporting documents are attached to enable fuller understanding of the 2015/2016 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 SB20

### **Annexure 3 - Top Level SDBIP Amendments 2015/2016**

## Section 15 –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, 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: PS EASTON

Municipal Manager of Knysna Municipality (WC048)

Signature: [Handwritten Signature]

Date: 19/2/16