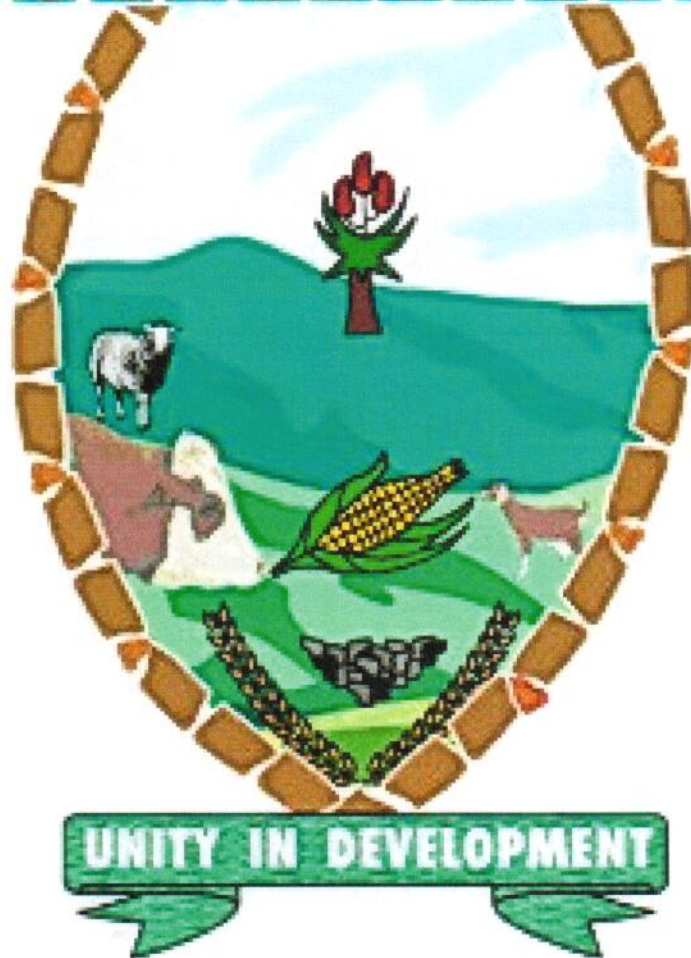


EMALAHLENI MUNICIPALITY



2015/16 ADJUSTMENTS BUDGET

Prepared in terms of the Local Government: Municipal Finance Management Act (56 of 2003): Municipal Budget and Reporting Regulations

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

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ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

PART 1 – 2015/16 ADJUSTMENTS BUDGET

1.1 Mayor's Report

The adjustment budget is prepared as informed by the Mid-year Budget and Performance assessment in terms of section 72 of the MFMA and Municipal budget and reporting regulations.

1.1.1 Summary of reasons for the 2015/16 Adjustments Budget

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA), a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- (i) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
- (ii) To 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;
- (iii) To authorise the utilisation of projected savings in one vote towards spending under another vote;
- (iv) To 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 rollovers when the annual budget for the current year was approved by the Council;
- (v) To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the Municipal Council during a financial year. The Adjustments Budget must normally be approved by Council by the end of February.

In line with the MFMA and the Municipal Budget and Reporting Regulations, the 2015/16 approved Budget has been adjusted. The adjustment has been mainly necessitated as a result of the following:

- The need to adjust revenue and expenditure estimates, in line with revenue collection levels.
- The need to appropriate additional revenues that became available over and above those anticipated in the approved 2015/16 Budget.
- The need to authorise the utilisation of projected savings in one vote towards spending under another vote.
- The need to authorise the spending of unspent funds at the end of the 2013/14 financial year.

1.1.2 The Mayor recommends that the Council approves the 2015/16 Adjustments Budget.

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

1.2 2015/16 Adjustments Budget Resolutions

1.2.1 Approval of the Adjustments Budget

(i) The Mayor recommends that the Council, by resolution taken and in terms of Section 30(2) of the Local Government: Municipal Structures Act No. 117 of 1998 (as amended), read in conjunction with Section 28 of the Local Government: Municipal Finance Management Act, Act 56 of 2003, approves the 2015/16 Adjustments Budget as set-out in the following tables:

- Table B1 Adjustments Budget Summary: page 8;
- Table B2 Adjustments Budget Financial Performance (revenue and expenditure by standard classification): page 10;
- Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote): page 11;
- Table B4 Adjustments Budget Financial Performance (revenue by source and expenditure by type): page 12;
- Table B5 Adjustments Budget Capital Expenditure by vote and standard classification and funding source: page 16;
- Table B6 Adjustments Budget Financial Position: page 18;
- Table B7 Adjustments Budgeted Cash Flows: page 20;
- Table B8 Cash backed reserves/accumulated surplus reconciliation: page 21;
- Table B9 Asset Management: page 22;
- Table B10 Basic Service Delivery: page 24.

1.2.2 That the 2015/16 Adjustments Budget be noted.

ADJUSTMENT BUDGET FOR 2015/16 FINANCIAL YEAR

1.3 Executive Summary

The overall effect of the adjustments resulted in a total operating revenue budget decrease of R 866 000 (from R 171.463 million to R 170.597 million) whilst the total expenditure budget has increased by R 287 thousand (from R 201.002 million to 201.289 million) ultimately resulting in a surplus budget position of R 41 839.41.

Revenue

A brief summary of the revenue adjustments budget are highlighted in table format below.

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		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
		3	4	5	6	7	8	9	10			
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	2 851	–	–	–	–	–	592	592	3 443	3 649	3 868
Service charges - electricity revenue	2	13 483	–	–	–	–	–	(4 798)	(4 798)	8 685	9 206	9 758
Service charges - refuse revenue	2	2 533	–	–	–	–	–	313	313	2 846	3 017	3 198
Rental of facilities and equipment		633						101	101	733	777	824
Interest earned - external investments		2 186						1 213	1 213	3 399	3 603	3 819
Interest earned - outstanding debtors		2 681						1 433	1 433	4 114	4 361	4 623
Licences and permits		1 532						(710)	(710)	822	871	924
Agency services		1 345						(1 271)	(1 271)	74	79	84
Transfers recognised - operational		143 753						1 674	1 674	145 427	154 153	163 402
Other revenue	2	467	–	–	–	–	–	176	176	643	682	723
Gains on disposal of PPE		–						410	410	410	435	461
Total Revenue (excluding capital transfers and contributions)		171 463	–	–	–	–	–	(866)	(866)	170 597	180 833	191 683

Property rates, Interest on external investments and debtors as well as grants and subsidies have been adjusted upwards, whilst service charges income have been adjusted downwards with the amounts as per table above.

Service charges as well as Agency services revenue have been adjusted significantly downwards due to actual collection rates being below the anticipated collection rates after the first half of the year.

The increase of R 1.674 million in Grants and subsidies is due to the following additional grants received:

CHDM PAVING PROJECT GRANT	R 1 000 000
DSRAC Library subsidy (unspent from prior years)	R 274 055
CHDM IT SUPPORT GRANT	R 200 000
GREENEST MUNICIPALITY	R 200 000

Total increase

R 1 674 055

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Expenditure

The table gives a summary of the total expenditure budget that has been adjusted upwards by a total of R 287 00.

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Prior Adjust ed	Accum. Funds	Multi-year capital	Unfore. Unavoi d.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
Expenditure By Type											
Employee related costs	59 207	–	–	–	–	–	(4 439)	(4 439)	54 768	58 054	61 537
Remuneration of councillors	10 739						157	157	10 896	11 550	12 243
Debt impairment	1 300						1 000	1 000	2 300	2 438	2 584
Depreciation & asset impairmen	24 503	–	–	–	–	–	(71)	(71)	24 432	25 897	27 451
Finance charges	730						(230)	(230)	500	530	562
Bulk purchases	18 040	–	–	–	–	–	–	–	18 040	19 122	20 269
Other materials	–						–	–	–	–	–
Contracted services	4 327	–	–	–	–	–	(347)	(347)	3 980	4 219	4 472
Transfers and grants	–						–	–	–	–	–
Other expenditure	82 157	–	–	–	–	–	4 217	4 217	86 374	91 556	97 050
Loss on disposal of PPE	–						–	–	–	–	–
Total Expenditure	201 002	–	–	–	–	–	287	287	201 289	213 366	226 168

Downward adjustments have been effected on the following votes:

Employee related costs have been adjusted downwards by R 4.439 million whilst remuneration of councilors have been adjusted upwards with R 157 000 to ensure that the upper limits implementation is budgeted for.

Upward adjustments have been effected on the following votes:

Grants and subsidies expenditure budget have been adjusted upwards. This is due to the new grants received as indicated in the revenue section as well as the adjustments relating to the subsidisation of indigents that where under budgeted for. The Electricity FBS budget has been increased by R 650 000 and the refuse FBS budget by R 423 684 and these subsidies are provided for through the equitable share.

Provision for Bad debt has been adjusted upwards by R 1 million.

General expenditure has been adjusted upwards by R 4.2 million. The approach was that no additional funds were available to justify upward adjustment in the general expenditure budget and thus Directorates were only allowed to move funds between votes within their directorates.

However, the following votes had to be topped up due to contractual obligations as well as Legislative requirements.

Security costs	R 1 856 000
Audit fees	R 1 434 679
Provision for bad debt	R 1 000 000

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Capital Expenditure

The capital expenditure budget has been adjusted upwards from a total of R 42.515 million in the original budget to an amount of R 49.947 million in the adjustment budget. The total upward adjustment amounts to R 7.432 million.

The following projects have been adjusted upwards and corrected in the capital budget

Topped up and corrected projects

Bankies road (As MIG Funding- previously reflected as own funding)	R 1 346 717
Council Chambers	R 3 976 655
Computers	R 562 000
Furniture and Office equipment	R 58 000
Plant and Equipment	R 3 200 000

Corrected projects between Operating and Capital budget

Audio visual equipment in Council Chamber	R 336 000
Upgrading of BTO Offices	R 200 000
Air conditioning	R 240 000

ADJUSTMENT BUDGET FOR 2015/16 FINANCIAL YEAR

1.4 Adjustments Budget Tables

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section. These tables set out the Municipality's 2015/16 Adjustments Budget to be considered for approval by Council. Each table is accompanied by *explanatory notes*.

Table B1 - Adjustments Budget Summary

EC136 Emalahleni (Ec) - Table B1 Adjustments Budget Summary - 26 Feb 2016

Description	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
	Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unforeseen. Unav. oid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
	A	1	2	3	4	5	6	7	8		
R thousands	A	A1	B	C	D	E	F	G	H		
Financial Performance											
Property rates	2 851	-	-	-	-	-	592	592	3 443	3 649	3 868
Service charges	16 015	-	-	-	-	-	(4 485)	(4 485)	11 530	12 222	12 956
Investment revenue	2 186	-	-	-	-	-	1 213	1 213	3 399	3 603	3 819
Transfers recognised - operational	143 753	-	-	-	-	-	1 674	1 674	145 427	154 153	163 402
Other own revenue	6 776	-	-	-	-	-	140	140	6 916	7 331	7 771
contributions)	171 582	-	-	-	-	-	(866)	(866)	170 716	180 959	191 817
Employee costs	59 207	-	-	-	-	-	(4 439)	(4 439)	54 768	58 054	61 537
Remuneration of councillors	10 739	-	-	-	-	-	157	157	10 896	11 550	12 243
Depreciation & asset impairment	24 503	-	-	-	-	-	(71)	(71)	24 432	25 897	27 451
Finance charges	730	-	-	-	-	-	(230)	(230)	500	530	562
Materials and bulk purchases	18 040	-	-	-	-	-	-	-	18 040	19 122	20 269
Other expenditure	87 784	-	-	-	-	-	4 870	4 870	92 654	98 213	104 106
Total Expenditure	201 002	-	-	-	-	-	287	287	201 289	213 366	226 168
Surplus/(Deficit)	(29 420)	-	-	-	-	-	(1 153)	(1 153)	(30 573)	(32 407)	(34 352)
Transfers recognised - capital	30 615	-	-	-	-	-	(1)	(1)	30 615	32 452	34 399
Surplus/(Deficit) after capital transfers & contributions	1 195	-	-	-	-	-	(1 153)	(1 153)	42	44	47
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1 195	-	-	-	-	-	(1 153)	(1 153)	42	44	47
Capital expenditure & funds sources											
Capital expenditure	42 515	-	-	-	-	-	7 433	7 433	49 948	36 716	35 589
Transfers recognised - capital	30 615	-	-	-	-	-	(0)	(0)	30 615	32 452	34 399
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	11 900	-	-	-	-	-	7 433	7 433	19 333	4 264	1 190
Total sources of capital funds	42 515	-	-	-	-	-	7 433	7 433	49 948	36 716	35 589

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Cash flows												
Net cash from (used) operating	29 768	-	-	-	-	-	35 719	35 719	65 487	52 801	58 709	
Net cash from (used) investing	(42 515)	-	-	-	-	-	(7 022)	(7 022)	(49 537)	(36 281)	(35 128)	
Net cash from (used) financing	(5)	-	-	-	-	-	(255)	(255)	(260)	(245)	(255)	
Cash/cash equivalents at the year end	21 156	-	-	-	-	-	26 309	26 309	16 578	(114)	(11 492)	
Cash backing/surplus reconciliation												
Cash and investments available	21 156	-	-	-	-	-	(4 578)	(4 578)	16 578	(114)	(11 492)	
Application of cash and investments	(965)	-	-	-	-	-	9 702	9 702	8 737	4 773	2 845	
Balance - surplus (shortfall)	22 121	-	-	-	-	-	(14 279)	(14 279)	7 842	(4 887)	(14 336)	
Asset Management												
Asset register summary (WDV)	465 646	-	-	-	-	-	5 975	5 975	471 621	481 246	489 384	
Depreciation & asset impairment	24 503	-	-	-	-	-	(71)	(71)	24 432	25 897	27 451	
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance	12 386	-	-	-	-	-	(2 413)	(2 413)	9 973	10 572	11 206	
Free services												
Cost of Free Basic Services provided	1 700	-	-	-	-	-	-	-	1 700	1 700	1 700	
Revenue cost of free services provided	2 400	-	-	-	-	-	-	-	2 400	2 400	2 400	
Households below minimum service level												
Water:	9	-	-	-	-	-	-	-	9	9	9	
Sanitation/sewerage:	5	-	-	-	-	-	-	-	5	5	5	
Energy:	-	-	-	-	-	-	-	-	-	-	-	
Refuse:	8	-	-	-	-	-	-	-	8	8	8	

Explanatory notes to Table B1 – Adjustments Budget Summary

The aim of the Adjustments Budget Summary is to provide a concise overview of the proposed Adjustments Budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs.

ADJUSTMENT BUDGET FOR 2015/16 FINANCIAL YEAR

Table B2 - Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

EC136 Emalahleni (Ec) - Table B2 Adjustments Budget Financial Performance (standard classification) - 26 Feb 2016

Standard Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfor e. Unav. oid.	Nat. or Prov. Govt	Other Adjusts	Total Adjusts	Adjusted Budget	Adjusted Budget	Adjusted Budget
		5	6	7	8	9	10	11	12			
R thousands	1, 4	A	A1	B	C	D	E	F	G	H		
Revenue - Standard												
<i>Governance and administration</i>		125 711	-	-	-	-	-	2 166	2 166	127 877	135 984	144 143
Executive and council		6 140	-	-	-	-	-	200	200	6 340	6 720	7 124
Budget and treasury office		119 570	-	-	-	-	-	1 927	1 927	121 497	129 222	136 975
Corporate services		1	-	-	-	-	-	39	39	40	42	45
<i>Community and public safety</i>		1 623	-	-	-	-	-	454	454	2 077	2 201	2 333
Community and social services		1 331	-	-	-	-	-	692	692	2 023	2 145	2 274
Public safety		291	-	-	-	-	-	(238)	(238)	53	56	60
<i>Economic and environmental services</i>		36 227	-	-	-	-	-	(1 030)	(1 030)	35 196	37 308	39 547
Planning and development		5	-	-	-	-	-	20	20	25	27	28
Road transport		36 221	-	-	-	-	-	(1 050)	(1 050)	35 171	37 282	39 518
<i>Trading services</i>		38 360	-	-	-	-	-	(2 689)	(2 689)	35 671	37 811	40 080
Electricity		34 424	-	-	-	-	-	(4 292)	(4 292)	30 132	31 939	33 856
Waste management		3 936	-	-	-	-	-	1 603	1 603	5 539	5 871	6 224
<i>Other</i>		207	-	-	-	-	-	(177)	(177)	30	32	34
Total Revenue - Standard	2	202 127	-	-	-	-	-	(1 276)	(1 276)	200 850	213 336	226 136
Expenditure - Standard												
<i>Governance and administration</i>		81 292	-	-	-	-	-	1 729	1 729	83 021	88 438	93 744
Executive and council		34 389	-	-	-	-	-	(243)	(243)	34 146	36 195	38 367
Budget and treasury office		28 521	-	-	-	-	-	2 223	2 223	30 744	33 023	35 005
Corporate services		18 382	-	-	-	-	-	(251)	(251)	18 131	19 219	20 372
<i>Community and public safety</i>		20 387	-	-	-	-	-	993	993	21 380	22 663	24 023
Community and social services		14 557	-	-	-	-	-	2 330	2 330	16 887	17 900	18 974
Sport and recreation		1 153	-	-	-	-	-	1	1	1 154	1 223	1 296
Public safety		3 757	-	-	-	-	-	(1 675)	(1 675)	2 082	2 207	2 340
Housing		920	-	-	-	-	-	337	337	1 257	1 332	1 412
<i>Economic and environmental services</i>		50 161	-	-	-	-	-	(2 638)	(2 638)	47 523	50 375	53 397
Planning and development		6 514	-	-	-	-	-	(564)	(564)	5 950	6 307	6 685
Road transport		43 647	-	-	-	-	-	(2 074)	(2 074)	41 573	44 068	46 712
<i>Trading services</i>		48 716	-	-	-	-	-	(145)	(145)	48 571	51 485	54 574
Electricity		41 419	-	-	-	-	-	363	363	41 782	44 289	46 946
Waste management		7 297	-	-	-	-	-	(508)	(508)	6 789	7 196	7 628
<i>Other</i>		446	-	-	-	-	-	(63)	(63)	383	406	431
Total Expenditure - Standard	3	201 002	-	-	-	-	-	(123)	(123)	200 879	213 366	226 168
Surplus/ (Deficit) for the year		1 125	-	-	-	-	-	(1 153)	(1 153)	(28)	(30)	(32)

Explanatory notes to Table B2 – Adjustments Budget Financial Performance (revenue and expenditure by standard classification)

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities. It should be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

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

**EC136 Emalahleni (Ec) - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -
26 Feb 2016**

Vote Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Accu m. Fund s	Multi- year capita l	Unfor e. Unav oid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	4	5	6	7	8	9	10		
<i>[Insert departmental structure etc]</i>												
R thousands		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Executive & Council		6 140	-	-	-	-	-	200	200	6 340	6 720	7 124
Vote 2 - Budget and Treasury		119 570	-	-	-	-	-	1 927	1 927	121 497	129 222	136 975
Vote 3 - Corporate Services		1	-	-	-	-	-	39	39	40	42	45
Vote 4 - Community and Social Services		75 771	-	-	-	-	-	(2 902)	(2 902)	72 868	77 241	81 875
Vote 5 - Economic Development Tourism & Agriculture		5	-	-	-	-	-	20	20	25	27	28
Vote 6 - Infrastructure & Human Settlement		710	-	-	-	-	-	(560)	(560)	150	159	169
Total Revenue by Vote	2	202 197	-	-	-	-	-	(1 276)	(1 276)	200 920	213 411	226 215
Expenditure by Vote	1											
Vote 1 - Executive & Council		34 330	-	-	-	-	-	(243)	(243)	34 088	36 133	38 301
Vote 2 - Budget and Treasury		28 521	-	-	-	-	-	2 223	2 223	30 744	33 023	35 005
Vote 3 - Corporate Services		17 386	-	-	-	-	-	49	49	17 435	18 481	19 590
Vote 4 - Community and Social Services		113 441	-	-	-	-	-	(939)	(939)	112 502	119 252	126 407
Vote 5 - Economic Development Tourism & Agriculture		6 514	-	-	-	-	-	(564)	(564)	5 950	6 307	6 685
Vote 6 - Infrastructure & Human Settlement		810	-	-	-	-	-	(650)	(650)	160	170	180
Total Expenditure by Vote	2	201 002	-	-	-	-	-	(123)	(123)	200 879	213 366	226 168
Surplus/ (Deficit) for the year	2	1 195	-	-	-	-	-	(1 153)	(1 153)	42	44	47

Explanatory notes to Table B3 – Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

1. The purpose of the format in which the Adjustments Budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

ADJUSTMENT BUDGET FOR 2015/16 FINANCIAL YEAR

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

EC136 Emalahleni (Ec) - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) - 26 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		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
		3	4	5	6	7	8	9	10			
R thousands	1	A	A1	B	C	D	E	F	G	H		
Revenue By Source												
Property rates	2	2 851	-	-	-	-	-	592	592	3 443	3 649	3 868
Service charges - electricity revenue	2	13 483	-	-	-	-	-	(4 798)	(4 798)	8 685	9 206	9 758
Service charges - refuse revenue	2	2 533	-	-	-	-	-	313	313	2 846	3 017	3 198
Rental of facilities and equipment		633						101	101	733	777	824
Interest earned - external investments		2 186						1 213	1 213	3 399	3 603	3 819
Interest earned - outstanding debtors		2 681						1 433	1 433	4 114	4 361	4 623
Fines		119						-	-	119	126	133
Licences and permits		1 532						(710)	(710)	822	871	924
Agency services		1 345						(1 271)	(1 271)	74	79	84
Transfers recognised - operational		143 753						1 674	1 674	145 427	154 153	163 402
Other revenue	2	467	-	-	-	-	-	176	176	643	682	723
Gains on disposal of PPE		-						410	410	410	435	461
Total Revenue (excluding capital transfers and contributions)		171 582	-	-	-	-	-	(866)	(866)	170 716	180 959	191 817
Expenditure By Type												
Employee related costs		59 207	-	-	-	-	-	(4 439)	(4 439)	54 768	58 054	61 537
Remuneration of councillors		10 739						157	157	10 896	11 550	12 243
Debt impairment		1 300						1 000	1 000	2 300	2 438	2 584
Depreciation & asset impairment		24 503	-	-	-	-	-	(71)	(71)	24 432	25 897	27 451
Finance charges		730						(230)	(230)	500	530	562
Bulk purchases		18 040	-	-	-	-	-	-	-	18 040	19 122	20 269
Contracted services		4 327	-	-	-	-	-	(347)	(347)	3 980	4 219	4 472
Transfers and grants		-						-	-	-	-	-
Other expenditure		82 157	-	-	-	-	-	4 217	4 217	86 374	91 556	97 050
Total Expenditure		201 002	-	-	-	-	-	287	287	201 289	213 366	226 168
Surplus/(Deficit)		(29 420)	-	-	-	-	-	(1 153)	(1 153)	(30 573)	(32 407)	(34 352)
Transfers recognised - capital		30 615						(1)	(1)	30 615	32 452	34 399
Surplus/(Deficit) before taxation		1 195	-	-	-	-	-	(1 153)	(1 153)	42	44	47
Taxation												
Surplus/(Deficit) after taxation		1 195	-	-	-	-	-	(1 153)	(1 153)	42	44	47
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		1 195	-	-	-	-	-	(1 153)	(1 153)	42	44	47
Share of surplus/ (deficit) of associate												
Surplus/ (Deficit) for the year		1 195	-	-	-	-	-	(1 153)	(1 153)	42	44	47

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Explanatory notes to Table B4 – Adjustments Budget Financial Performance (revenue and expenditure)

Revenue

1. The Financial Performance Adjustments Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the Adjustments Budget, so as to assess performance.
2. Total revenue amounts to R170 million in the 2015/16 Adjustments Budget, compared to the amount of R 171 million in the original 2015/16 Budget. This represents a decrease of R866 000.
3. The significant variations in revenue, compared to the original budget are as follows:

3.1 Service Charges

Service charges decreased by R4.485 million, compared to the original budget. The net decrease is made up as follows:

	<u>R'000</u>
Decrease in electricity revenue	(4.798)
Increase in refuse revenue	313
Net Decrease in service charges	<u>(4.485)</u>

The decrease in electricity revenue is mainly attributable to electricity not yet quantified.

3.2 Interest Earned – Outstanding debtors

Interest earned on outstanding debtors increased by R1.433 million, compared to the original budget. This increase can be attributed to the monthly increasing debtors book.

3.3 Transfers Recognised - Operating

This includes the local government equitable share and other operating grants from national and provincial government. Transfers increased by R 1.674 million, compared to the original budget. This increase is mainly made up as follows:

CHDM PAVING PROJECT GRANT	R 1 000 000
DSRAC Library subsidy (unspent from prior years)	R 274 055
CHDM IT SUPPORT GRANT	R 200 000
GREENEST MUNICIPALITY	R 200 000
Total increase	<u>R 1 674 055</u>

3.4 Other revenue

Other revenue increased by R 176 000, compared to the original budget.

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Expenditure

4. Total expenditure amounts to R 201.289 million in the 2015/16 Adjustments Budget, compared to the amount of R 201.002 million in the original 2015/16 Budget. This represents an increase of R 287 000.
5. The significant variations in expenditure, compared to the original budget, are as follows:

5.1 Debt Impairment

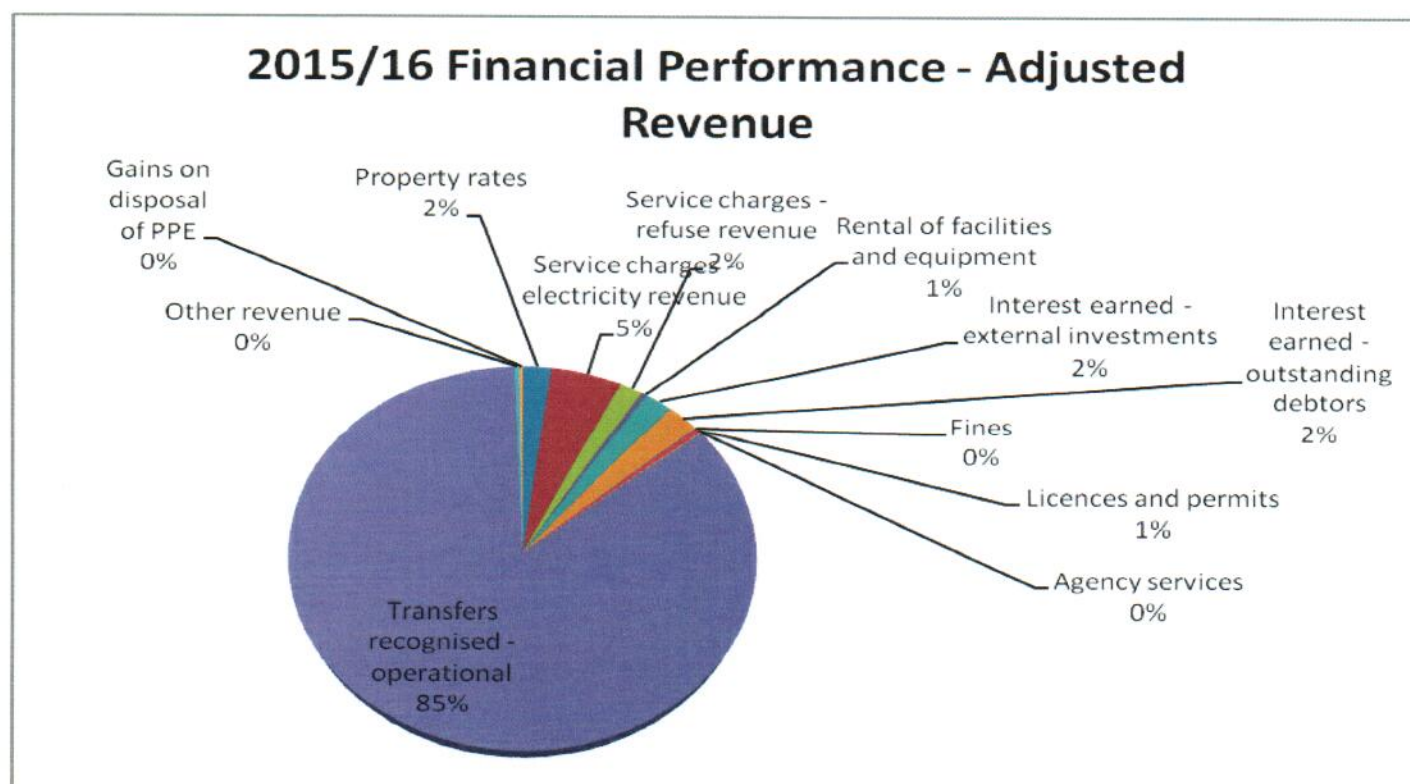
Debt impairment increased R 1 million, compared to the original budget. This increase is attributable to an increase in debtors due from service charges, requiring an increased provision for debt impairment.

5.2 General Expenses

General expenses increased by R4.217 million, compared to the original budget. This increase is mainly attributable to the following:

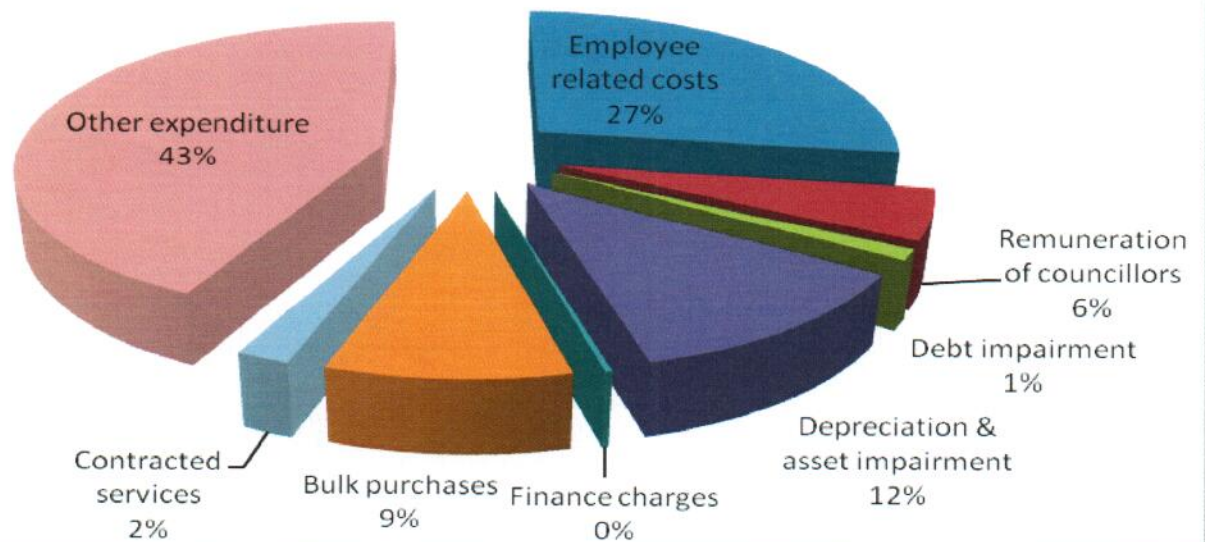
Security costs	R 1 856 000
Audit fees	R 1 434 679

The following graphs explain the revenue and expenditure components in more detail:



ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

2015/16 Financial Performance - Adjusted Expenditure



ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Table B5 - Adjustments Capital Expenditure Budget by vote, standard classification and funding source

EC136 Emalahleni (Ec) - Table B5 Adjustments Capital Expenditure Budget by vote and funding - 26 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Accu. m. Funds	Multi-year capital	Unfore. Unavoi d.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	5 A1	6 B	7 C	8 D	9 E	10 F	11 G	12 H		
Capital expenditure - Vote												
Multi-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	270	270
Vote 2 - Budget and Treasury		-	-	-	-	-	-	638	638	638	290	290
Vote 3 - Corporate Services		-	-	-	-	-	-	1 682	1 682	1 682	1 240	1 240
Vote 4 - Community and Social Services		18 922	-	-	-	-	-	(18 922)	(18 922)	-	1 747	1 240
Vote 5 - Economic Development Tourism & Agriculture		-	-	-	-	-	-	10	10	10	105	105
Vote 6 - Infrastructure & Human Settlement		11 693	-	-	-	-	-	(11 693)	(11 693)	-	30 263	14 944
Capital multi-year expenditure sub-total	3	30 615	-	-	-	-	-	(28 285)	(28 285)	2 330	33 915	18 089
Single-year expenditure to be adjusted	2											
Vote 1 - Executive & Council		2 210	-	-	-	-	-	3 767	3 767	5 977	-	-
Vote 2 - Budget and Treasury		260	-	-	-	-	-	(60)	(60)	200	1 194	-
Vote 3 - Corporate Services		900	-	-	-	-	-	5 636	5 636	6 536	-	-
Vote 4 - Community and Social Services		2 750	-	-	-	-	-	11 516	11 516	14 266	1 607	-
Vote 5 - Economic Development Tourism & Agriculture		4 280	-	-	-	-	-	(3 080)	(3 080)	1 200	-	-
Vote 6 - Infrastructure & Human Settlement		1 500	-	-	-	-	-	17 940	17 940	19 440	-	17 500
Capital single-year expenditure sub-total		11 900	-	-	-	-	-	35 718	35 718	47 618	2 801	17 500
Total Capital Expenditure - Vote		42 515	-	-	-	-	-	7 433	7 433	49 948	36 716	35 589
Capital Expenditure - Standard												
Governance and administration		3 370	-	-	-	-	-	11 663	11 663	15 033	2 994	1 800
Executive and council		2 210						3 767	3 767	5 977	270	270
Budget and treasury office		260						578	578	838	1 484	290
Corporate services		900						7 318	7 318	8 218	1 240	1 240
Community and public safety		10 999	-	-	-	-	-	3 267	3 267	14 266	3 354	1 240
Community and social services		7 383						4 885	4 885	12 268	3 354	1 240
Sport and recreation		3 000						(1 002)	(1 002)	1 998	-	-
Public safety		616						(616)	(616)	-	-	-
Economic and environmental services		17 273	-	-	-	-	-	2 167	2 167	19 440	30 333	32 514
Planning and development		4 280						(4 280)	(4 280)	-	70	70
Road transport		12 993						6 447	6 447	19 440	30 263	32 444
Trading services		10 874	-	-	-	-	-	(9 664)	(9 664)	1 210	35	35
Waste water management								10	10	10	35	35
Waste management		10 874						(9 674)	(9 674)	1 200	-	-
Other								-	-	-	-	-
Total Capital Expenditure - Standard	3	42 516	-	-	-	-	-	7 432	7 432	49 948	36 716	35 589
Funded by:												
National Government		30 615						(0)	(0)	30 615	32 452	34 399
Total Capital transfers recognised	4	30 615	-	-	-	-	-	(0)	(0)	30 615	32 452	34 399
Internally generated funds		11 900						7 433	7 433	19 333	4 264	1 190
Total Capital Funding		42 515	-	-	-	-	-	7 433	7 433	49 948	36 716	35 589

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Explanatory notes to Table B5 – Adjustments Capital Expenditure Budget by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The Adjustments budgeted capital expenditure was arrived at, taking into account budget adjustments.

ADJUSTMENT BUDGET FOR 2015/16 FINANCIAL YEAR

Table B6 - Adjustments Budget Financial Position

EC136 Emalahleni (Ec) - Table B6 Adjustments Budget Financial Position - 26 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjust ed	Accu m. Funds	Multi-year capital	Unfore. Unavoi d.	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		
R thousands		A	A1	B	C	D	E	F	G	H		
ASSETS												
Current assets												
Cash		577						(577)	(577)			
Call investment deposits	1	20 579	–	–	–	–	–	(4 001)	(4 001)	16 578	–	–
Consumer debtors	1	5 437	–	–	–	–	–	20 394	20 394	25 831	35 037	42 211
Other debtors		5 365						(5 365)	(5 365)	–	–	–
Current portion of long-term receivables								–	–	–	–	–
Inventory		650						(650)	(650)	–	–	–
Total current assets		32 608	–	–	–	–	–	9 802	9 802	42 410	35 037	42 211
Non current assets												
Investment property		8 394						(8 394)	(8 394)	6 434	6 434	6 434
Property, plant and equipment	1	457 164	–	–	–	–	–	7 737	7 737	464 901	474 564	482 748
Intangible		88						16	16	104	65	20
Other non-current assets								183	183	183	183	183
Total non current assets		465 646	–	–	–	–	–	(459)	(459)	471 621	481 246	489 384
TOTAL ASSETS		498 254	–	–	–	–	–	9 343	9 343	514 031	516 283	531 594
LIABILITIES												
Current liabilities												
Bank overdraft									–	–	114	11 492
Borrowing		–	–	–	–	–	–	250	250	250	255	50
Trade and other payables		9 875	–	–	–	–	–	10 224	10 224	20 099	19 911	20 941
Provisions		7 268						(7 268)	(7 268)	–	–	–
Total current liabilities		17 143	–	–	–	–	–	3 206	3 206	20 349	20 280	32 482
Non current liabilities												
Borrowing	1	551	–	–	–	–	–	(251)	(251)	300	50	–
Provisions	1	9 446	–	–	–	–	–	(3 929)	(3 929)	5 517	6 645	8 193
Total non current liabilities		9 997	–	–	–	–	–	(4 180)	(4 180)	5 817	6 695	8 193
TOTAL LIABILITIES		27 140	–	–	–	–	–	(974)	(974)	26 166	26 975	40 675
NET ASSETS	2	471 114	–	–	–	–	–	10 317	10 317	487 865	489 307	490 919
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)		471 114	–	–	–	–	–	(1 529)	(1 529)	469 585	469 630	469 677
Reserves		–	–	–	–	–	–	–	–	–	–	–
Minorities' interests									–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY		471 114	–	–	–	–	–	(1 529)	(1 529)	469 585	469 630	469 677

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Explanatory notes to Table B6 – Adjustments Budget Financial Position

1. The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.
2. Any movement on the Adjustments Budgeted Financial Performance or the Capital Adjustments Budget will invariably impact on the Adjustments Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is directly informed by forecasting the statement of financial position.
3. The cash flow position requires close and ongoing monitoring.

ADJUSTMENT BUDGET FOR 2015/16 FINANCIAL YEAR

Table B7 - Adjustments Budgeted Cash Flow Statement

EC136 Emalahleni (Ec) - Table B7 Adjustments Budget Cash Flows - 26 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Accu m. Funds	Multi-year capital	Unfore. Unavoi d.	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												
Property rates, penalties & collection charges		2 851						(1 405)	(1 405)	1 446	1 533	1 625
Service charges		18 787						(13 944)	(13 944)	4 843	5 133	5 441
Other revenue		4 095						(1 703)	(1 703)	2 392	2 535	2 687
Government - operating	1	143 753						1 674	1 674	145 427	154 153	163 402
Government - capital	1	30 615						(0)	(0)	30 615	32 452	34 399
Interest		4 867						2 646	2 646	7 513	7 964	8 442
Payments												
Suppliers and employees		(146 080)						19 831	19 831	(126 249)	(150 439)	(156 725)
Finance charges		(730)						230	230	(500)	(530)	(562)
Transfers and Grants	1	(28 390)						28 390	28 390	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		29 768	-	-	-	-	-	35 719	35 719	65 487	52 801	58 709
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE								410	410	410	435	461
Payments												
Capital assets		(42 515)						(7 433)	(7 433)	(49 948)	(36 716)	(35 589)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(42 515)	-	-	-	-	-	(7 022)	(7 022)	(49 537)	(36 281)	(35 128)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans								-	-	-	-	-
Borrowing long term/refinancing								-	-	-	-	-
Increase (decrease) in consumer deposits								-	-	-	-	-
Payments												
Repayment of borrowing		(5)						5	5	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(5)	-	-	-	-	-	5	5	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(12 752)	-	-	-	-	-	28 701	28 701	15 949	16 520	23 581
Cash/cash equivalents at the year begin:	2	33 908						(2 132)	(2 132)	31 776	16 578	(114)
Cash/cash equivalents at the year end:	2	21 156						26 570	26 570	16 578	(114)	(11 492)

Explanatory notes to Table B7 – Adjustments Budget Cash Flow Statement

1. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.
2. It reflects the expected cash in-flows versus the cash out-flows that is likely to result from the implementation of the Budget.
3. The cash position of the Municipality declined by R 4.578 million from R 21.156 million in the original 2015/16 Budget, to R16.578 million in the 2015/16 Adjustments Budget.
4. The Municipality will have to maintain its efforts of enforcing strict cash flow management and monitoring on an ongoing basis.

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Table B8 - Cash backed reserves/accumulated surplus reconciliation

EC136 Emalahleni (Ec) - Table B8 Cash backed reserves/accumulated surplus reconciliation - 26 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjust ed	Accu m. Funds	Multi- year capital	Unfore. Unavoid .	Nat. or Prov.	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		3	4	5	6	7	8	9	10			
R thousands		A	A1	B	C	D	E	F	G	H		
Cash and investments available												
Cash/cash equivalents at the year end	1	21 156	-	-	-	-	-	(4 578)	(4 578)	16 578	(114)	(11 492)
Other current investments > 90 days		-	-	-	-	-	-			-	-	-
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		21 156	-	-	-	-	-	(4 578)	(4 578)	16 578	(114)	(11 492)
Applications of cash and investments												
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-	-
Unspent borrowing									-	-		
Statutory requirements									-	-		
Other working capital requirements	2	-	-					-	-	-	-	-
Other provisions									-	-		
Long term investments committed		-	-					-	-	-		
Reserves to be backed by cash/investments		-	-					-	-	-		
Total Application of cash and investments:		-	-	-	-	-	-	-	-	-	-	-
Surplus(shortfall)		21 156	-	-	-	-	-	(4 578)	(4 578)	16 578	(114)	(11 492)

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table assesses the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 Budget, the end objective was to ensure that the budget is funded as required in accordance with section 18 of the MFMA.
4. It is to be noted that the 2015/16 Original Budget reflected a funding surplus of R 21.156 million, which has decreased to R 16.578 million in the 2015/16 Adjustments Budget.
5. The Adjustments Budget funding position indicates that the Municipality must continue to exercise strict fiscal discipline to maintain and improve its funding position.

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Table B9 - Asset Management

EC136 Emalahleni (Ec) - Table B9 Asset Management - 26 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		7	8	9	10	11	12	13	14			
R thousands		A	A1	B	C	D	E	F	G	H		
CAPITAL EXPENDITURE												
Total New Assets to be adjusted	1	42 515	-	-	-	-	-	7 433	7 433	49 948	35 522	35 589
Infrastructure - Road transport		12 893	-	-	-	-	-	6 547	6 547	19 440	24 429	21 491
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	4 500	9 055
Infrastructure		12 893	-	-	-	-	-	6 547	6 547	19 440	28 929	30 546
Community		9 383	-	-	-	-	-	(1 402)	(1 402)	7 981	3 214	1 100
Other assets	6	20 240	-	-	-	-	-	2 288	2 288	22 528	3 379	3 943
Total Renewal of Existing Assets to be adjusted	2	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure to be adjusted	4	-	-	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		12 893	-	-	-	-	-	6 547	6 547	19 440	24 429	21 491
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-	4 500	9 055
Infrastructure		12 893	-	-	-	-	-	6 547	6 547	19 440	28 929	30 546
Community		9 383	-	-	-	-	-	(1 402)	(1 402)	7 981	3 214	1 100
Other assets		20 240	-	-	-	-	-	2 288	2 288	22 528	3 379	3 943
TOTAL CAPITAL EXPENDITURE to be adjusted	2	42 515	-	-	-	-	-	7 433	7 433	49 948	35 522	35 589

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

ASSET REGISTER SUMMARY - PPE (WDV)	5											
Infrastructure - Road transport		228 983						(4 428)	(4 428)	224 555	225 909	222 945
Infrastructure - Electricity		17 959						(512)	(512)	17 447	21 291	29 651
Infrastructure - Other		3 670						(0)	(0)	3 670	3 351	3 013
Infrastructure		250 612	-	-	-	-	-	(4 940)	(4 940)	245 672	250 551	255 609
Community		95 631						14 734	14 734	110 365	112 698	112 865
Heritage assets		124						59	59	183	183	183
Investment properties		8 394	-	-	-	-	-	(1 960)	(1 960)	6 434	6 434	6 434
Other assets		110 797						(1 933)	(1 933)	108 864	111 315	114 274
Intangibles		88	-	-	-	-	-	16	16	104	65	20
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	465 646	-	-	-	-	-	5 975	5 975	471 621	481 246	489 384
EXPENDITURE OTHER ITEMS												
<u>Depreciation & asset impairment</u>		24 503	-	-	-	-	-	(71)	(71)	24 432	25 897	27 451
<u>Repairs and Maintenance by asset class</u>	3	12 386	-	-	-	-	-	(2 413)	(2 413)	9 973	10 572	11 206
Infrastructure - Road transport		4 118	-	-	-	-	-	(670)	(670)	3 448	3 655	3 875
Infrastructure - Electricity		4 009	-	-	-	-	-	(1 630)	(1 630)	2 379	2 522	2 673
Infrastructure		8 128	-	-	-	-	-	(2 300)	(2 300)	5 828	6 177	6 548
Community		100	-	-	-	-	-	0	0	100	106	113
Other assets	6	4 159	-	-	-	-	-	(113)	(113)	4 046	4 288	4 546
TOTAL EXPENDITURE OTHER ITEMS to be adjusted		36 889	-	-	-	-	-	(2 484)	(2 484)	34 405	36 469	38 657
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%							0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprectn"</i>		0.0%	0.0%							0.0%	0.0%	0.0%
<i>R&M as a % of PPE</i>		2.7%	0.0%							2.1%	2.2%	2.3%
<i>Renewal and R&M as a % of PPE</i>		2.7%	0.0%							2.1%	2.2%	2.3%

Explanatory notes to Table B9 - Asset Management

- The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation are also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

ADJUSTMENT BUDGET FOR 2015/16 FINANCIAL YEAR

Table B10 - Basic service delivery measurement

EC136 Emalahleni (Ec) - Table B10 Basic service delivery measurement - 26 Feb 2016

Description	Ref	Budget Year 2015/16									Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoi d.	Nat. or Prov. Govt	Other Adjust s.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F	13 G	14 H		
Household service targets	1											
Water:												
Piped water inside dwelling		26 610							-	27	26 610	26 610
Piped water inside yard (but not in dwelling)		11 854							-	12	11 854	11 854
Using public tap (at least min.service level)	2	8 099							-	8	8 099	8 099
Other water supply (at least min.service level)		2 203							-	2	2 203	2 203
<i>Minimum Service Level and Above sub-total</i>		48 766	-	-	-	-	-	-	-	49	49	49
Using public tap (< min.service level)	3	7 778							-	8	8	8
Other water supply (< min.service level)	3,4	1 329							-	1	1	1
No water supply									-	-	-	-
<i>Below Minimum Service Level sub-total</i>		9 107	-	-	-	-	-	-	-	9	9	9
Total number of households	5	57 873	-	-	-	-	-	-	-	58	58	58
Sanitation/sewerage:												
Flush toilet (connected to sewerage)		33 190							-	33 190	33 190	33 190
Flush toilet (with septic tank)		1 385							-	1 385	1 385	1 385
Chemical toilet		1 410							-	1 410	1 410	1 410
Pit toilet (ventilated)		5 857							-	5 857	5 857	5 857
Other toilet provisions (> min.service level)									-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		41 842	-	-	-	-	-	-	-	41 842	41 842	41 842
Bucket toilet		103							-	103	103	103
Other toilet provisions (< min.service level)									-	-	-	-
No toilet provisions		4 482							-	4 482	4 482	4 482
<i>Below Minimum Service Level sub-total</i>		4 585	-	-	-	-	-	-	-	4 585	4 585	4 585
Total number of households	5	46 427	-	-	-	-	-	-	-	46 427	46 427	46 427
Energy:												
Electricity (at least min. service level)		54 155							-	54 155	54 155	54 155
Electricity - prepaid (> min.service level)		52 355							-	52 355	52 355	52 355
<i>Minimum Service Level and Above sub-total</i>		106 510	-	-	-	-	-	-	-	106 510	106 510	106 510
Electricity (< min.service level)									-	-	-	-
Electricity - prepaid (< min. service level)									-	-	-	-
Other energy sources									-	-	-	-
<i>Below Minimum Service Level sub-total</i>		0	-	-	-	-	-	-	-	-	-	-
Total number of households	5	106 510	-	-	-	-	-	-	-	106 510	106 510	106 510

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Refuse:												
Removed at least once a week (min.service)		27 880							-	27 880	27 880	27 880
Minimum Service Level and Above sub-total		27 880	-	-	-	-	-	-	-	27 880	27 880	27 880
Removed less frequently than once a week		123							-	123	123	123
Using communal refuse dump		0							-	-	-	-
Using own refuse dump		4 142							-	4 142	4 142	4 142
Other rubbish disposal		4 222							-	4 222	4 222	4 222
No rubbish disposal									-	-	-	-
<i>Below Minimum Service Level sub-total</i>		8 487	-	-	-	-	-	-	-	8 487	8 487	8 487
Total number of households	5	36 367	-	-	-	-	-	-	-	36 367	36 367	36 367
Households receiving Free Basic Service	15											
Water (6 kilolitres per household per month)		0							-	-	-	-
Sanitation (free minimum level service)		0							-	-	-	-
Electricity/other energy (50kwh per household per month)		730							-	730	730	730
Refuse (removed at least once a week)		378							-	378	378	378
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)		900 000							-	900	900	900
Refuse (removed once a week)		800 000							-	800	800	800
Total cost of FBS provided (minimum social package)		1 700 000	-	-	-	-	-	-	-	1 700	1 700	1 700
Highest level of free service provided												
Property rates (R'000 value threshold)									-	-		
Water (kilolitres per household per month)									-	-		
Sanitation (kilolitres per household per month)									-	-		
Sanitation (Rand per household per month)									-	-		
Electricity (kw per household per month)									-	-		
Refuse (average litres per week)									-	-		
Revenue cost of free services provided (R'000)	17											
Property rates (R15 000 threshold rebate)		700 000							-	700	700	700
Property rates (other exemptions, reductions and rebates)									-	-	-	-
Water									-	-	-	-
Sanitation									-	-	-	-
Electricity/other energy		900 000							-	900	900	900
Refuse		800 000							-	800	800	800
Municipal Housing - rental rebates									-	-	-	-
Housing - top structure subsidies	6								-	-	-	-
Other									-	-	-	-
Total revenue cost of free services provided (total social package)		2 400 000	-	-	-	-	-	-	-	2 400	2 400	2 400

Explanatory notes to Table B10 - Basic Service Delivery Measurement

- Table B10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

PART 2 – SUPPORTING DOCUMENTATION

2.1 Adjustments to Budget Assumptions

The budget assumptions, which informed the approved 2015/16 Budget, have been maintained.

2.2 Adjustments to Budget Funding

The Municipality's operating expenditure is mainly funded from sources such as property rates, service charges and government grants. The table below reflects the funding sources:

Description	Budget Year 2015/16		
	Original Budget	Total Adjusts.	Adjusted Budget
R thousands	000	000	000
<u>Revenue By Source</u>			
Property rates	2 851	592	3 443
Service charges - electricity revenue	13 483	(4 798)	8 685
Service charges - refuse revenue	2 533	313	2 846
Rental of facilities and equipment	633	101	733
Interest earned - external investments	2 186	1 213	3 399
Interest earned - outstanding debtors	2 681	1 433	4 114
Fines	119	—	119
Licences and permits	1 532	(710)	822
Agency services	1 345	(1 271)	74
Transfers recognised - operational	143 753	1 674	145 427
Other revenue	467	176	643
Gains on disposal of PPE	—	410	410
Total Revenue (excluding capital transfers and contributions)	171 582	(866)	170 716

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

2.3 Adjustments related to allocations and grants to the Municipality

Below the adjustments pertaining to operating and capital allocations and grants:

Supporting Table SB7 Adjustments Budget - transfers and grants receipts –

**EC136 Emalahleni (Ec) - Supporting Table SB7 Adjustments Budget - transfers and grant receipts -
26 Feb 2016**

Description	Ref	Budget Year 2015/16							Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjusted	Multi-year capital	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	7 A1	8 B	9 C	10 D	11 E	12 F		
R thousands		A	A1	B	C	D	E	F		
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		142 953	–	–	–	0	0	142 953	151 530	160 622
Local Government Equitable Share		116 537				–	–	116 537	123 529	130 941
Finance Management		1 875				–	–	1 875	1 988	2 107
Municipal Systems Improvement		930				–	–	930	986	1 045
CoGTA: Municipal Infrastructure Grant (MIG)		1 611				0	0	1 611	1 708	1 810
DME: Integrated National Electrification (INEP)		21 000				–	–	21 000	22 260	23 596
Extended Public Works Program		1 000				–	–	1 000	1 060	1 124
Provincial Government:		800	–	–	–	274	274	1 074	1 138	1 207
Library Grant		800				274	274	1 074	1 138	1 207
District Municipality:		–	–	–	–	1 400	1 400	1 400	1 484	1 573
IT Support Grant						200	200	200	212	225
Greenest Municipality Grant						200	200	200	212	225
Paving Project						1 000	1 000	1 000	1 060	1 124
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	6	143 753	–	–	–	1 674	1 674	145 427	154 153	163 402
<u>Capital Transfers and Grants</u>										
National Government:		30 615	–	–	–	(0)	(0)	30 615	32 452	34 399
Municipal Infrastructure Grant (MIG)		30 615				(0)	(0)	30 615	32 452	34 399
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	6	30 615	–	–	–	(0)	(0)	30 615	32 452	34 399
TOTAL RECEIPTS OF TRANSFERS & GRANTS		174 368	–	–	–	1 674	1 674	176 042	186 605	197 801

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programmes

EC136 Emalahleni (Ec) - Supporting Table SB8 Adjustments Budget - expenditure on transfers and grant programme - 26 Feb 2016

Description	Ref	Budget Year 2015/16							Budget Year +1 2016/17	Budget Year +2 2017/18
		Original Budget	Prior Adjuste 2	Multi-year 3	Nat. or Prov. 4	Other Adjusts. 5	Total Adjusts. 6	Adjusted Budget 7	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F		
EXPENDITURE ON TRANSFERS AND GRANT P	1									
Operating expenditure of Transfers and Grants										
National Government:		142 953	-	-	-	0	0	142 953	151 530	160 622
Local Government Equitable Share		116 537				-	-	116 537	123 529	130 941
Finance Management		1 875				-	-	1 875	1 988	2 107
Municipal Systems Improvement		930				-	-	930	986	1 045
CoGTA: Municipal Infrastructure Grant (MIG)		1 611				0	0	1 611	1 708	1 810
DME: Integrated National Electrification (INEP)		21 000				-	-	21 000	22 260	23 596
Extended Public Works Program		1 000				-	-	1 000	1 060	1 124
Provincial Government:		800	-	-	-	274	274	1 074	1 138	1 207
Library Grant		800				274	274	1 074	1 138	1 207
District Municipality:		-	-	-	-	1 400	1 400	1 400	1 484	1 573
IT Support Grant		-				200	200	200	212	225
Greenest Municipality Grant		-				200	200	200	212	225
Paving Project		-				1 000	1 000	1 000	1 060	1 124
Other grant providers:		-	-	-	-	-	-	-	-	-
0										
Total operating expenditure of Transfers and Gra		143 753	-	-	-	1 674	1 674	145 427	154 153	163 402
Capital expenditure of Transfers and Grants										
National Government:		30 615	-	-	-	(0)	(0)	30 615	32 452	34 399
Municipal Infrastructure Grant (MIG)		30 615				(0)	(0)	30 615	32 452	34 399
Provincial Government:		-	-	-	-	-	-	-	-	-
0		-				-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		30 615	-	-	-	(0)	(0)	30 615	32 452	34 399
Total capital expenditure of Transfers and Grants		174 368	-	-	-	1 674	1 674	176 042	186 605	197 801

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

2.4 Adjustments to Councilors and Employee benefits

Below a summary of the adjustments made to Councilors' Remuneration and Employee Related Costs:

Description	Original Budget 2015/16	Adjustments Budget 2015/16	Variance
R thousands	R	R	R
Councilor's Remuneration	10 723 827.16	10 895 854.98	172 027.82
Employee Related Costs	59 221 948.66	54 767 765.31	-4 439 367.35

2.5 Adjustments to Service Delivery and Budget Implementation Plan (SDBIP)

In accordance with the MFMA, it should be noted that the service delivery targets and performance indicators in the 2015/16 SDBIP will be approved, following the approval by Council of the 2015/16 Adjustments Budget.

2.6 Adjustments to Capital Expenditure

The annexure below contains a listing of all the adjusted capital programmes and projects of the Municipality, which are aligned to the Integrated Development Plan of the Municipality.

ADJUSTED CAPITAL BUDGET 2015/16

Vote	Description	ORIGINAL BUDGET	ADJUSTMENT	ADJUSTED BUDGET
9000/4633/0000	TRAFFIC SIGNAGE;	300 000.00	0.00	300 000.00
9000/4634/0000	LADY FRERE WORKSHOP SHELTER;	400 000.00	0.00	400 000.00
9000/4645/0000	MIG : BANKIES ACCESS ROAD;	0.00	1 346 717.85	1 346 717.85
9000/4646/0000	NGCUKA ACCESS ROAD (E);	3 992 600.00	0.00	3 992 600.00
9000/4648/0000	COMM HALL WARD 3;	4 632 100.00	0.00	4 632 100.00
9000/4704/0000	BLANGWE ACCESS ROAD;	600 000.00	-600 000.00	0.00
9000/4705/0000	MANYANGAZA ACCESS ROAD;	600 000.00	-600 000.00	0.00
9000/4706/0000	MAIN RD L/F TO ZAKHELE PHASE 2;	7 700 256.00	0.00	7 700 256.00
9000/4607/0000	MIG:SPORTSFIELD CONSTRUCTION;	2 900 000.00	-901 942.78	1 998 057.22
9000/4609/0000	MIG:LANDFIL SITE;	10 873 744.00	-6 000 000.00	4 873 744.00
9000/4611/0000	MIG:TRAFFIC STATION;	416 000.00	-344 775.07	71 224.93
9000/4613/0000	CEMETRIES; EMALAHLENI LM	300 000.00	250 000.00	550 000.00
9000/7000/9302	ASSET: COUNCIL; BUILDING NEW OFFICES PHASE 2	2 000 000.00	3 976 655.00	5 976 655.00
9000/7000/9306	ASSET: COUNCIL; FURNITURE & OFFICE EQUIPM ELM	40 000.00	-40 000.00	0.00
9000/7000/9307	ASSET: COUNCIL; COMPUTERS AND CAMERAS	20 000.00	-20 000.00	0.00
9000/7001/9306	ASSET: MANAGEMENT; FURNITURE & OFFICE	80 000.00	-80 000.00	0.00

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

	EQUIPM ELM			
9000/7001/9307	ASSET: MANAGEMENT; COMPUTERS AND CAMERAS	70 000.00	-70 000.00	0.00
9000/7100/9304	ASSET: CORPORATE SERVICES; VEHICLES ELM	800 000.00	0.00	800 000.00
9000/7100/9306	ASSET: CORPORATE SERVICES; FURNITURE & OFFICE EQUIPM ELM	50 000.00	0.00	50 000.00
9000/7100/9307	ASSET: CORPORATE SERVICES; COMPUTERS AND CAMERAS	50 000.00	782 000.00	832 000.00
9000/7100/9319	ASSET: CORPORATE SERVICES; AUDIO VISUAL COUNCIL CHAMBERS	0.00	336 000.00	336 000.00
9000/7101/9317	ASSET: ADMIN BUILDING; CONSTRUCTION OF POUNDS	300 000.00	0.00	300 000.00
9000/7103/9206	ASSET: FINANCIAL SERVICES; SOFTWARE AND SERVER ROOM SECUR	160 000.00	0.00	160 000.00
9000/7103/9306	ASSET: FINANCIAL SERVICES; FURNITURE & OFFICE EQUIPM ELM	50 000.00	378 000.00	428 000.00
9000/7103/9307	ASSET: FINANCIAL SERVICES; COMPUTERS AND CAMERAS	50 000.00	0.00	50 000.00
9000/7103/9315	ASSET: FINANCIAL SERVICES; UPGRADING FIN BUILDING LF	0.00	200 000.00	200 000.00
9000/7300/9308	AIR CONDITONING		240 000.00	240 000.00
9000/7200/9306	ASSET: IPED; FURNITURE & OFFICE EQUIPM ELM	50 000.00	-50 000.00	0.00
9000/7200/9307	ASSET: IPED; COMPUTERS AND CAMERAS	30 000.00	-20 000.00	10 000.00
9000/7200/9341	ASSET: IPED; DIPPING TANKS	1 200 000.00	0.00	1 200 000.00
9000/7300/9306	ASSET: COMMUNITY SERVICES; FURNITURE & OFFICE EQUIPM ELM	50 000.00	-50 000.00	0.00
9000/7300/9307	ASSET: COMMUNITY SERVICES; COMPUTERS AND CAMERAS	50 000.00	-50 000.00	0.00
9000/7300/9730	ASSET: COMMUNITY SERVICES; TRAILER CAGING	200 000.00	0.00	200 000.00
9000/7301/9338	ASSET: PARKS&PUBLIC OPEN SPACE; CONSTRUCTION OF PARK IN LADY F	500 487.00	0.00	500 487.00
9000/7601/9348	ASSET: TECHNICAL SERVICES; STREET NAMING	400 000.00	0.00	400 000.00
9000/7302/9728	ASSET: CEMETERIES; INDWE CEMETERIES	250 000.00	-250 000.00	0.00
9000/7400/9404	ASSET: SPORTS AND RECREATION; RENOVATION&UPGRADE DORDR SPORT	100 000.00	-100 000.00	0.00
9000/7600/9727	ASSET: LICENSE AND PERMITS; POLICING EQUIPMENT	200 000.00	0.00	200 000.00
9000/7601/9306	ASSET: TECHNICAL SERVICES; FURNITURE & OFFICE EQUIPM ELM	50 000.00	-50 000.00	0.00
9000/7601/9307	ASSET: TECHNICAL SERVICES; COMPUTERS AND CAMERAS	50 000.00	-50 000.00	0.00
9000/7601/9340	ASSET: TECHNICAL SERVICES; PLANT & EQUIPMENT:ROLLER	3 000 000.00	3 200 000.00	6 200 000.00
	BOQO TO MARWAYIBENI ACCESS ROAD		6 000 000.00	6 000 000.00
TOTAL		42 515 187.00	7 432 655.00	49 947 842.00

ADJUSTMENT BUDGET FOR 2015/16 FINACIAL YEAR

2.7 Municipal Manager's Quality Certification

I, **Dr SW Vatala**, Municipal Manager of Emalahleni Local 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 that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name : Dr SW Vatala

Municipal Manager of Emalahleni Local Municipality (EC136)

Signature :

A handwritten signature in black ink, appearing to be 'SW Vatala', is written over a horizontal line.

Date :

26 / 02 / 2016