



ANNUAL BUDGET OF
IKWEZI MUNICIPALITY

2014/15 TO 2016/17
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

In my capacity as the Mayor of Ikwezi and the chairperson of the standing committee on Finance and Corporate Services, I wish to greet you all, hoping that we had a peaceful holiday season with families and loved ones.

Local government has a crucial role to play in community development as illustrated in its obligation to promote social and economic development within the municipal environment. 2012 was regarded as a year of jobs as illustrated by the President during his State of the Nation address. This adjusted budget is tabled in line with the two developmental objectives is contained in the Constitution:

- The provision of basic services to the communities and
- The promotion of social and economic development

One of the pillars on which Ikwezi Integrated Development Plan stands is rural development. The 2010/11 financial year saw Ikwezi municipality being declared as Rural Node by the National Department of Rural Development and Land Reform. An area in Klipplaat - Dan Sandi has been identified as a pilot area. The activities around this very noble government intent have not taken off as we would have collectively liked. We remain hopeful that the next 12 months of the 2014/15 financial year will see a significant improvement in the pace of delivery.

Ikwezi municipality prides itself for transparency and good governance. Public participation and accountability to our constituencies is what sets us apart from other municipalities. We were able to engage with our constituencies during public meetings held throughout Ikwezi. We also acknowledge the challenge brought about by the 2014 Local Government Elections regarding the budget process. The process had to be significantly shortened to mitigate the risk of not approving our budget before 01 July 2014.

Service delivery and infrastructure development

Improving service delivery and infrastructure development is the top priority of Ikwezi Municipality. Service delivery and infrastructure development is fundamental to the eradication of poverty, creation of jobs and the improvement of the quality of life of our residents. In addition, the Municipality is committed and on track to meet all service delivery targets with regard to the quality of water, sanitation, upgrade of electricity infrastructure and provision of low cost housing in line with the 2014 government timelines and this budget has rand figures to address that.

The Municipality continues to provide free basic services to all its qualifying residents. Currently, R2 million has been set aside to subsidise our indigent community for the 2013/14 financial year. We are also aware of the fact that our indigent register does not reveal a true reflection of the status quo in Ikwezi. We, as a collective, have pledged to reach out to the community and urge those who qualify as indigents to register as such. We will continue to pursue the numbers reach far and wide in servicing the poorest of the poor.

This budget has also been adjusted to fund the following:

1. The part payment of the outstanding invoice from the Auditor General
2. Provision of security services to the municipality and
3. Additional support to ward committees

As a financially depressed municipality, we are also confronted with a challenge of servicing a new area taken over from Cacadu District Municipality - Wolfefontein. The area consists of mainly farming communities and the major challenge will be to levy rates and taxes in line with the policies of Ikwezi Municipality.

Financial Sustainability and Viability

The Municipality continues to experience challenges in terms of improving its revenue collection rates, currently at 24%. However, the Municipality is aware of its obligation to collect maximum revenue in order to sustain itself and we have set ourselves at target of 50% for 2013/14 we are hoping that we will achieve the target.

A financial recovery plan to turn the situation around is in place and all that must happen is for management to implement. Every effort has to support such an initiative has been made by council in that residents have been engaged at political level and those that can afford to pay for the services have been encourage to do so. High rates of employment, coupled with the prevailing global economic crisis have also hampered progress in this regard.

We value the objective to extend such consultation to ensure that residents fully participate in the formulation and adoption of our IDP and Budget. We take this opportunity to encourage our residents to attend and participate in future IDP and Budget processes so as to realize the ideal of a people's IDP and people's Budget.

We further realise the importance of working closely with our communities. The Community Based Planning will commence in February 2014. Once again, it gives me pleasure to present this budget to you and I remain hopeful that the next Council will embrace its objectives and implement accordingly.

I thank you

Mr. S Mngwevu
MAYOR

1.2 Council Resolutions

The contents of the following extract from the Council resolution taken at a Council meeting held on 30 May 2014 be noted:

1. *The Council of Ikwezi Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves:*
 - 1.1. *The annual MTREF budget of the Ikwezi Municipality for the financial year 2013/14 and the multi-year and single-year capital appropriations as set out in the following tables:*
 - 1.1.1. *Budget Summary as contained in IKWEZI MUNICIPALITY Table A1; and*
 - 1.1.2. *Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in IKWEZI MUNICIPALITY Table A2; and*
 - 1.1.3. *Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in IKWEZI MUNICIPALITY Table A3; and*
 - 1.1.4. *Budgeted Financial Performance (revenue by source and expenditure by type) as contained in IKWEZI MUNICIPALITY Table A4; and*
 - 1.1.5. *Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in IKWEZI MUNICIPALITY Table A5.*
 - 1.2. *The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:*
 - 1.2.1. *Budgeted Financial Position as contained in IKWEZI MUNICIPALITY Table A6; and*
 - 1.2.2. *Budgeted Cash Flows as contained in IKWEZI MUNICIPALITY Table A7; and*
 - 1.2.3. *Cash backed reserves and accumulated surplus reconciliation as contained in IKWEZI MUNICIPALITY Table A8; and*
 - 1.2.4. *Asset management as contained in IKWEZI MUNICIPALITY Table A9; and*
 - 1.2.5. *Basic service delivery measurement as contained in IKWEZI MUNICIPALITY Table A10.*

1.3. That all the Supporting schedules SA1 to SA37 are also part of the budget.

1.4. Summary of Increases:

	2014/2015	2015/2016	2016/2017
<i>Headline Inflation Forecast</i>	5,60%	5,40%	5,40%
<i>Tariff Increase (Excluding Electricity)</i>	5,60%	5,40%	5,40%
<i>Tariff Increase Electricity as approved by NERSA:</i>			
<i>Prepaid - Domestic: Indigent Average</i>	6,01%	7,30%	7,30%
<i>Prepaid - Domestic: Standard Average</i>	7,41%	7,30%	7,30%
<i>Commercial Prepaid</i>	9,05%	7,30%	7,30%
<i>Commercial - Conventional</i>	7,43%	7,30%	7,30%
<i>Eskom Bulk Tariff Increase</i>	8,06%	8,00%	8,00%
<i>Salary Increase Cost of Living Adjustment</i>	6,79%	6,40%	6,40%

1.5. That Council resolve to approve the reviewed IDP for 2013 /2014.

1.6. That Council budgeted for an increase of 6.79% for salaries.

1.7. That Council approve the following reviewed financial related Policies as reflected in the MTREF 2013/14 Budget:

- 1) *Asset Management Policy*
- 2) *Budget Policy*
- 3) *Cash Management and Payment of Creditors Policy*
- 4) *Cash Receipt and Banking Policy*
- 5) *Cost Estimation Policy*
- 6) *Credit Control and Debt Collection ex Revenue By-Law Policy*
- 7) *Administration of Immovable Property Policy*
- 8) *Investment Policy*
- 9) *Rates Policy*
- 10) *Virement Policy*
- 11) *Risk Management Policy*
- 12) *Roles and Responsibilities and the Delegation of Powers Policy*
- 13) *Standing Rules and Order*

- 14) *Transport Management Policy*
- 15) *Rewards, Gifts and Favours Policy*
- 16) *Recruitment Policy*
- 17) *Supply Chain Management Policy*
- 18) *Fraud Prevention Plan*
- 19) *Indigent Policy*
- 20) *Capital Infrastructure Investment Policy*
- 21) *Fruitless Wasteful Expenditure Policy*
- 22) *Borrowing Policy*
- 23) *Funding and Reserve Policy*
- 24) *Subsistence and Travel Policy*
- 25) *EPWP Policy*
- 26) *Cell Phone Policy*

1.8. That Council noted the Draft SDBIP will be prepared and tabled by 26 June 2014.

I, Mr. S Mngwevu, the Mayor of the *Ikwezi* Municipality hereby declare that the above is a true copy of the resolution taken at a Council Meeting held on 30 May 2014.

Mr. S. Mngwevu
MAYOR

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The budget was prepared in accordance with the Municipal Budget and Reporting Regulations (Notice 393 of 2009) as well as various MFMA Circulars from National Treasury's MFMA Circulars No. 41, 48, 51, 54, 55, 58, 59,66, 67, 70 and 72

When the budget was prepared the following two key concepts was also taken into consideration:

- *the budget must be funded according to MFMA section 18(1) & 19(1); and*
- *the budget must be credible.*

For the budget to be funded:

- *it must be from realistically anticipated revenues to be collected.*
- *cash backed accumulated funds from previous years, surpluses not committed for other purposes.*
- *borrowed funds, but only for the capital budget.*

For the budget to be credible:

- *it must fund only the activities consistent with the revised IDP and vice versa.*
- *the activities funded are realistically achievable given the financial constraints of the municipality.*
- *it must contain revenue and expenditure projections that are consistent with current and past performance.*
- *the community should realistically expect to receive the promised service delivery levels and understand the associated financial implications.*
- *the tabled budget should be fairly close to the final budget.*

The budget was linked to the revised IDP, while performance agreements of the Accounting Officer and Senior Management will be linked as soon as these agreements have been signed.

THE MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

The budget document consists of high level VOTES and the various GFS functions and sub-functions.

Votes are generally described as the highest level of administrative functions for appropriate service delivery, policy setting and performance measurement.

It be noted that GFS Functions are for example Electricity while GFS Sub-functions relate to street lighting.

FUNDING THE BUDGET

Financial Performance

The Ikwezi Municipality strived to comply with all financial management requirements. In doing so they strived to establish a GRAP compliant Asset Register and establish the Budget Treasury Office. The 2012/2013 Financial Statements will be compiled according to the full GRAP Standards. The 2012/2013 GRAP Financial Statements was Disclaimer by the Auditor-General.

Budget strategies

Ikwezi, like most typically rural local authorities, has the undesirable task of matching massive demands and expectations with very limited financial resources. This is of particular importance when one considers the capital budget.

The philosophy has to be one that looks to prioritise service delivery in line with municipal functions. These services are offered at basic levels to the entire community. The remaining resources are assigned to address strategic objectives as identified in the Integrated Development Plan. While assistance to the poor is a government policy widely embraced in the Council, it has to take place through a targeted approach and minimize cross-subsidization of those who can afford to pay for services. The recovery of what is due to the municipality for services rendered to the communities has become more critical than ever before.

The whole council has taken ownership of this fact, with the political leadership assisting in getting all those that deserve to benefit from indigent programs on board. The administration focuses at revenue collection methods including implementation of credit control policies.

Past and current performance and challenges

A few other factors have informed this year's budget. The municipality had to take into account the recent economic meltdown that dominated economic conditions throughout the world. The after effects of such an environment are still felt in a rural economy like ours.

The jobs shed in the big cities all over the country have had a direct impact on Ikwezi. In view of the national priorities, this budget has been fully aligned with the Integrated Development Plan of the municipality. This budget is also sensitive to the economic conditions of Ikwezi, coupled with massive unemployment - Ikwezi has made every effort to consider those who cannot afford to pay for the services rendered. The serious back log in infrastructure is under consideration. R8002 000 has been set aside to continue with capital projects like Upgrade of waste water treatment works in Klipplaat, Upgrade of Phumlani Road in Jansenville. These projects are funded from our MIG allocation for 2014/15.

The past financial year has seen major improvements in terms of spending on conditional grant funding. The municipality has worked very hard to partially overcome challenges brought about by lack of staff and the municipality is facing the challenge of financial problems. We are making it a priority to spend on service delivery. The establishment of a Supply Chain Management Unit has also ensured that the municipality is assured on matters of compliance. The municipality is hoping to spend 100% in the financial year.

The internal controls have shown significant improvements but we got Disclaimer audit opinion issued for 2012/13 by the Auditor General but we are expected improvements in the audit outcome for 2013/14. The audit committee has not been active, and has not advised council on matters of financial and risk management on a quarterly basis. The next challenge will be to ensure that the audit committee is again instituted and become fully functional.

The collection rate of 29% is still a hindering factor as it means that more than 50% of our income is from government grants. The municipality has amended its financial recovery plan for the 2013/14 financial year and envisage an improvement in the next audit report. Funding was

allocated for Municipal Support and Governance, and we hope to secure further funding to implement all the recommendations of the audit action plan.

In order to support the 2014/2015 Annual budget, the following increases in rates and services have been approved:

Water has increased by	5.6%
Refuse removal has increased by	5.6%
Sewerage has increased by	5.6%
Assessment rates has increased by	5.6%
Electricity domestic has increased by an average of	6.7%

We have properly assessed the economic conditions of our municipal area and have resolved to devise creative ways to transform the municipality from becoming economical depressed. The LED unit has been tasked to look into projects that will provide economic prosperity to the organisation. We believe in competing where we have a competitive advantage.

The Technical services vote deals with the supply and maintenance of water, electricity, sanitation and refuse removal services. This constitutes the heart of service delivery in the municipality. The appointment of a Director Infrastructure will enhanced these functions and speed up the infrastructure project spending. For the 2014/15 budget, the aim is to provide the infrastructure with proper tools of trade. The current fleet is ageing and is slowing the process of service delivery down.

The local economic development unit within the municipality has been established. The 2014/15 financial year will see the implementation of economic projects like the establishment of a solar farm in Jansenville. The aim is to generate energy from the sun, in line with the objective of enhancing renewable energy and also to generate revenue for the municipality.

The municipality have allocated four wards after the 2011 local government elections. In order to ensure that public participation is enhanced, this budget will also provide the necessary support to ward councillors and committees.

Table 1 Consolidated Overview of the 2014/15 MTREF

	Budget year 2014/15	Budget year+1 2015/16	Budget year+2 2016/17
Total revenue	51 580 645	69 444 336	60 594 197
Total expenditure	44 262 157	46 964 794	49 902 380
Surplus/Deficit for the year	7 318 488	22 479 542	10 691 817

Capital Expenditure	8 213 262	22 075 800	11 200 000
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Ms. D.R. Sauls
CHIEF FINANCIAL OFFICER

1.4 Operating Revenue Framework

For Ikwezi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue enhancement and appointment of Revenue Accountant, 5 interns, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2014/15 Annual Budget (classified by main revenue source):

Table A4 Summary of revenue classified by main revenue source

EC103 Ikwezi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	1 130	1 290	1 392	1 221	1 594	1 594	1 594	1 677	1 767	1 862
Property rates - penalties & collection charges			248	189		187	187	187	197	208	219
Service charges - electricity revenue	2	3 671	278	6 378	5 213	8 606	8 606	8 606	9 220	9 895	10 619
Service charges - water revenue	2	670	1 006	1 477	1 336	1 238	1 238	1 238	2 102	2 215	2 335
Service charges - sanitation revenue	2	453	1 231	1 751	1 626	1 511	1 511	1 511	1 595	1 681	1 772
Service charges - refuse revenue	2	582	1 053	1 418	1 293	1 281	1 281	1 281	1 352	1 425	1 502
Service charges - other											
Rental of facilities and equipment		29	232	10	230	4	4	4	69	73	77
Interest earned - external investments		654	140	117	251	43	43	43	46	48	51
Interest earned - outstanding debtors		612	504	609	960	606	606	606	640	675	711
Dividends received											
Fines											
Licences and permits			935								
Agency services		251			229	114	114	114	649	684	721
Transfers recognised - operational		32 953	25 968	19 888	22 181	26 781	26 781	26 781	24 524	26 352	27 053
Other revenue	2	375	4 064	972	6 156	10 116	10 116	10 116	1 717	1 810	1 908
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		41 381	36 948	34 202	40 696	52 081	52 081	52 081	43 788	46 833	48 830
Expenditure By Type											
Employee related costs	2	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Remuneration of councillors		758	1 400	1 517	1 641	1 660	1 660	1 660	2 031	2 161	2 299
Debt impairment	3	2 574	2 719	2 974	645	645	645	645	645	672	701
Depreciation & asset impairment	2	-	871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Finance charges		80	98	78	1 543	95	95	95	94	99	104
Bulk purchases	2	-	4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Other materials	8										
Contracted services		-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	11 316	8 301	9 288	9 288	9 288	10 140	10 634	11 192
Loss on disposal of PPE											
Total Expenditure		14 740	25 287	41 275	40 747	40 342	40 342	40 342	44 262	46 965	49 902
Surplus/(Deficit)		26 641	11 661	(7 073)	(50)	11 739	11 739	11 739	(474)	(132)	(1 072)
Transfers recognised - capital			8 489			13 759	13 759	13 759	7 285	22 076	11 200
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128
Taxation											
Surplus/(Deficit) after taxation		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128

Table SA18 Operating Transfers and Grant Receipts

EC103 Ikwezi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	22 151	8 186	8 186	21 945	38 636	28 232
Local Government Equitable Share					15 627	1 686	1 686	18 211	20 719	21 114
Finance Management					1 500	1 500	1 500	1 800	1 950	2 100
Municipal Systems Improvement					800	800	800	934	967	1 018
Integrated National Electrification Programme					3 200	3 200	3 200		5 000	4 000
EPWP Incentive					1 000	1 000	1 000	1 000		
Integrated National Electrification Grant (Eskom)					24				10 000	
Provincial Government:		-	-	-	266	266	266	308	308	324
Sport and Recreation					266	266	266	308	308	324
Integrated National Electrification Grant (Eskom)										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	466	466	466	1 554	1 622	1 697
Local Government Grant					466	466	466	462	455	468
Local Government Grant/Mun Support								1 092	1 167	1 229
Total Operating Transfers and Grants	5	-	-	-	22 883	8 918	8 918	23 807	40 566	30 253
Capital Transfers and Grants										
National Government:		-	-	-	9 726	9 726	9 726	8 002	7 862	8 000
Municipal Infrastructure Grant (MIG)					9 726	9 726	9 726	8 002	7 862	8 000
DWAF - Implementation of Water & Demand Strategies										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Local Government Grant										
Total Capital Transfers and Grants	5	-	-	-	9 726	9 726	9 726	8 002	7 862	8 000
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	32 609	18 644	18 644	31 809	48 428	38 253

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increase of Eskom is far beyond the mentioned inflation target. Given that these tariff increases is determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the City has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 5.6 per cent increase from 1 July 2014 is contained below:

Table 4 Comparison of proposed rates to levy for the 2014/15 financial year

<u>ASSESSMENT RATES</u>	<u>2013/14</u> <u>Tariff</u>	<u>2014/15</u> <u>Increase</u>	<u>2014/15</u> <u>Tariff</u>	<u>2015/16</u> <u>Increase</u>	<u>2015/16</u> <u>tariff</u>	<u>2016/17</u> <u>Increase</u>	<u>2016/17</u> <u>tariff</u>
Residential - per R1 Valuation per annum	0,01533	5,60%	R 0,01619	5,40%	R 0,01707	5,40%	R 0,01799
Businesses - per R1 valuation per annum	0,01879	5,60%	R 0,01984	5,40%	R 0,02091	5,40%	R 0,02204
Government - per R1 valuation per annum	0,02254	5,60%	R 0,02381	5,40%	R 0,02509	5,40%	R 0,02645
Agriculture - per R1 valuation per annum	0,000294	5,60%	R 0,000311	5,40%	R 0,000328	5,40%	R 0,000345

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

<u>WATER</u>	<u>2013/14</u> <u>Tariff</u>	<u>2014/15</u> <u>Increase</u>	<u>2014/15</u> <u>Tariff</u>	<u>2015/16</u> <u>Increase</u>	<u>2015/16</u> <u>tariff</u>	<u>2016/17</u> <u>Increase</u>	<u>2016/17</u> <u>tariff</u>
Water Deposits: for new agreements only							
Residential	R 130,00	0,00%	R 130	0,00%	R 130	0,00%	R 130
Bulk users (Schools, hostels, other)	R 380,00	0,00%	R 380	0,00%	R 380	0,00%	R 380
Not metered							
Basic charge: Residential (equal to 10kl) - per month	R 54,70	5,60%	R 58	5,40%	R 61	5,40%	R 64
Basic charge: Schools, hostels and other bulk users) - per month	R 218,81	5,60%	R 231	5,40%	R 244	5,40%	R 257
Metered							
Basic charge: Residential & Businesses - per month	R 54,70	5,60%	R 58	5,40%	R 61	5,40%	R 64
More than 10kl: per kl	R 5,47	5,60%	R 6	5,40%	R 6	5,40%	R 6

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the bulk electricity pricing structure. A 8.06% per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the water charges for domestic customers:

Table 2 Comparison between current electricity charges and increases

ELECTRICITY

PLEASE NOTE: Electricity tariffs as approved by NERSA for 2014/2015

	2013/14	2014/15	2014/15	2014/15	2015/16	2015/16	2016/17	2016/17
	Elac Tariffs	Increase	Tariff	Tariff	Increase	Tariff	Increase	Tariff
	Exl VAT		Exl VAT	Inc VAT		Inc VAT		Inc VAT
A: Prepaid								
Prepaid - Domestic: Indigent								
Block 1 (0 - 50kwh)	R 0,706	6,06%	R 0,749	R 0,854	5,97%	R 0,905	5,97%	R 0,959
Block 2 (51 - 350kwh)	R 0,877	5,99%	R 0,930	R 1,060	5,97%	R 1,123	5,97%	R 1,191
Block 3 (351 - 600kwh)	R 1,220	5,98%	R 1,293	R 1,474	5,97%	R 1,562	5,97%	R 1,655
Block 4 (>600kwh)	R 1,378	6,01%	R 1,461	R 1,666	5,97%	R 1,765	5,97%	R 1,870
Basic Charge(per month)	R 92,67							
Prepaid - Domestic: Standard								
Block 1 (0 - 50kwh)	R 0,738	7,41%	R 0,793	R 0,904	7,04%	R 0,968	7,04%	R 1,036
Block 2 (51 - 350kwh)	R 0,900	7,44%	R 0,967	R 1,102	7,04%	R 1,180	7,04%	R 1,263
Block 3 (351 - 600kwh)	R 1,241	7,40%	R 1,333	R 1,520	7,04%	R 1,627	7,04%	R 1,741
Block 4 (>600kwh)	R 1,380	7,37%	R 1,482	R 1,689	7,04%	R 1,808	7,04%	R 1,936
Basic charge	R 196,49	-24,58%	R 148,20	R 168,95	7,04%	R 180,84	7,04%	R 193,57
Commercial								
Commercial Prepaid	R 1,366	9,05%	R 1,490	R 1,699	7,40%	R 1,824	7,40%	R 1,959
B: Conventional								
Commercial								
Energy charge per kwh	R 1,203	7,43%	R 1,292	R 1,473	9,78%	R 1,617	9,78%	R 1,775
Basic charge	R 297,07	7,38%	R 319	R 363,66	9,78%	R 399	9,78%	R 438

The effect the above tariffs will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the municipality already. Until the discussions are concluded, the municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the municipality

The approved budget for the Electricity Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers.

1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5.6 per cent for sanitation from 1 July 2014 is proposed.

The following table compares the current and proposed tariffs:

Table 3 Comparison between current sanitation charges and increases

SEWERAGE	<u>2013/14</u> Tariff	<u>2014/15</u> Increase	<u>2014/15</u> Tariff	<u>2015/16</u> Increase	<u>2015/16</u> tariff	<u>2016/17</u> Increase	<u>2016/17</u> tariff
Jansenville - Basic charge - per month	R 46,28	5,60%	R 49	5,40%	R 52	5,40%	R 54
Klipplaat - Basic charge - per month	R 84,38	5,60%	R 89	5,40%	R 94	5,40%	R 99
Septic Tank	R 84,38	5,60%	R 89	5,40%	R 94	5,40%	R 99
Sewerage fees - Residential (Jansenville & Klipplaat) - per pan - per month	R 84,38	5,60%	R 89	5,40%	R 94	5,40%	R 99
- Jansenville Schools (If connected) - per month	R 556,67	5,60%	R 588	5,40%	R 620	5,40%	R 653
- Jansenville Hostels (If connected) - per month	R 504,95	5,60%	R 533	5,40%	R 562	5,40%	R 592
- Angora Lodge Hotel - per month	R 635,61	5,60%	R 671	5,40%	R 707	5,40%	R 746
- Dept of Correctional Services - per month	R 1 031,67	5,60%	R 1 089	5,40%	R 1 148	5,40%	R 1 210
- Huis Welverdiend - per month	R 541,69	5,60%	R 572	5,40%	R 603	5,40%	R 635
- SAWAS Hospital - per month	R 714,55	5,60%	R 755	5,40%	R 795	5,40%	R 838

1.4.5 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation will be incorporated into the next planning cycle.

Table 8 Comparison between current waste removal fees and increases

<u>REFUSE REMOVAL</u>	<u>2013/14</u> <u>Tariff</u>	<u>2014/15</u> <u>Increase</u>	<u>2014/15</u> <u>Tariff</u>	<u>2015/16</u> <u>Increase</u>	<u>2015/16</u> <u>tariff</u>	<u>2016/17</u> <u>Increase</u>	<u>2016/17</u> <u>tariff</u>
Residential - per month	R 57,16	5,60%	R 60	5,40%	R 64	5,40%	R 67
Businesses - per month	R 67,37	5,60%	R 71	5,40%	R 75	5,40%	R 79

1.4.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 15 and 23 per cent, with the increase for indigent households closer to 32 per cent.

Table 4 Table SA14 – Household bills

EC103 Ikwezi - Supporting Table SA14 Household bills			
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Monthly Account for Household - 'Middle Income Range'</u>			
Rates and services charges:			
Property rates	135,18	142,48	150,17
Electricity: Basic levy	168,95	180,84	193,57
Electricity: Consumption			
Water: Basic levy	58,00	61,13	64,43
Water: Consumption	57,76	60,88	64,17
Sanitation	89,00	93,81	98,87
Refuse removal	60,00	63,24	66,65
Other			
	568,89	602,38	637,87
<u>Monthly Account for Household - 'Affordable Range'</u>			
Rates and services charges:			
Property rates	158,95	167,53	176,58
Electricity: Basic levy	168,95	180,84	193,57
Electricity: Consumption	784,28	860,98	945,19
Water: Basic levy			
Water: Consumption	57,76	60,88	64,17
Sanitation	89,00	93,81	98,87
Refuse removal	60,00	63,24	66,65
Other			
	1 318,94	1 427,29	1 545,03

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2014/15 Adjustment budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table SA1 Summary of operating expenditure by standard classification item

EC103 Ikwezi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	11 328	8 388	17 490	15 467	14 647	14 647	14 647	15 854	16 869	17 948
Pension and UIF Contributions			1 130		1 921	1 419	1 419	1 419	1 456	1 549	1 648
Medical Aid Contributions			355		596	514	514	514	479	509	542
Overtime			546		443	628	628	628	643	685	728
Performance Bonus			169		537	364	364	364	390	415	441
Motor Vehicle Allowance			370		288	451	451	451	510	543	577
Cellphone Allowance									170	157	167
Housing Allowances			22		16	9	9	9	109	116	123
Other benefits and allowances			2 155		1 346	939	939	939	1 471	1 565	1 666
Payments in lieu of leave											
Long service awards					5	5	5	5			
Post-retirement benefit obligations	4										
<i>sub-total</i>	5	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital											
		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment			871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Bulk purchases											
Electricity Bulk Purchases			4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Water Bulk Purchases											
Total bulk purchases	1	-	4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Contracted services											
<i>List services provided by contract</i>											
			2 101		588	2 528	2 528	2 528	2 644	2 786	2 937
<i>sub-total</i>	1	-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937

Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees					575	575	575	575			
Audit fees					880	880	880	880			
General expenses	3		11 316		6 846	7 833	7 833	7 833	8 840	9 264	9 748
<i>List Other Expenditure by Type</i>											
Total 'Other' Expenditure	1										
		-	-	11 316	8 301	9 288	9 288	9 288	10 140	10 634	11 192
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		1 234	1 037		1 480	1 073	1 073		1 118	1 179	1 242
Total Repairs and Maintenance Expenditure	9	1 234	1 037		1 480	1 073	1 073		1 118	1 179	1 242

The Annual Budget allocation for employee related costs for the 2014/15 financial year totals R21.0 Million, which equals 48 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.79 per cent for the 2014/15 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a report was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 24 per cent of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R1.2 million for the 2014/15 financial and equates to 3 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges is R93 720 of operating expenditure excluding annual redemption for 2014/15 Annual budget and increases to R98 781 by 2015/16.

Bulk purchases are directly informed by the purchase of electricity from Eskom and buying of chemicals to clean water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2014/15 the appropriation against this group of expenditure has grown and continues to grow for the two outer years of which budget allocation is in excess by 2015/16.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2014/15 financial year, this group of expenditure totals R2.6 Million, clearly demonstrating the application of cost efficiencies. For the two outer

years growth has been limited to R2.8 Million and R3 Million. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2014/15 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved, indicating that significant cost savings have been already realised.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2014/15 Annual budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table A9 Operational repairs and maintenance

EC103 Ikwezi - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Repairs and Maintenance by Asset Class	3	1 234	1 037	-	1 480	1 073	1 073	1 118	1 179	1 242
<i>Infrastructure - Road transport</i>		118	-	-	40	95	95	86	91	96
<i>Infrastructure - Electricity</i>		176	-	-	-	258	258	268	283	298
<i>Infrastructure - Water</i>		234	1 037	-	976	141	141	101	106	112
<i>Infrastructure - Sanitation</i>		76	-	-	-	278	278	477	503	530
<i>Infrastructure - Other</i>		89	-	-	-	80	80	82	87	92
Infrastructure		693	1 037	-	1 016	852	852	1 015	1 070	1 127
Community		302	-	-	-	-	-	11	12	12
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	239	-	-	465	222	222	92	97	103

During the compilation of the 2014/15 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased, from R1 Million to R1.2 Million.

Heritage assets		-	-	-	-	-	-	-	-	
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	
Housing development										
Other										
Other assets		228	-	-	465	222	222	92	97	103
General vehicles						69	69	75	78	83
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment					59	59	59	11	11	12
Computers - hardware/equipment		185			45	45	45			
Furniture and other office equipment		13			1	31	31	7	8	8
Abattoirs										
Markets										
Civic Land and Buildings					117	17	17			
Other Buildings		30								
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					242					
Agricultural assets		11	-	-	-	-	-	-	-	-
List sub-class		11								
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	1 234	1 037	-	1 480	1 073	1 073	1 118	1 179	1 242

For the 2014/15 financial year R1.1 million of total repairs and maintenance will be spent mostly on infrastructure assets. Sanitation infrastructure has received a significant proportion of this allocation totalling R 477 000, road infrastructure at R 86 300, water R 100 500 and Electricity R 268 250. A community asset has been allocated R109 172 of total repairs and maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 1 875 or more indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table A 5 2014/15 Medium-term capital budget per vote

EC103 Ikwezi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		40	55	23	350	350	350	350	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	111	131	-	20	20	20	83	-	-
Vote 3 - CORPORATE SERVICES		10	20	143	6 950	4 450	4 450	4 450	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		100	24	83	486	486	486	486	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	43	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES		-	40	3 198	-	-	-	-	929	-	-
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 9 - WASTE MANAGEMENT		-	-	267	-	-	-	-	-	-	-
Vote 10 - ROAD TRANSPORT		-	-	4 084	1 000	1 000	1 000	1 000	3 000	278	7 200
Vote 11 - WASTE WATER MANAGEMENT		-	-	843	7 803	1 500	1 500	1 500	4 202	6 798	-
Vote 12 - WATER		-	-	317	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	4	793	-	-	-	-	-	15 000	4 000
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	150	254	9 925	16 589	7 806	7 806	7 806	8 213	22 076	11 200
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 9 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 10 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 12 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		150	254	9 925	16 589	7 806	7 806	7 806	8 213	22 076	11 200
Capital Expenditure - Standard											
<i>Governance and administration</i>		-	186	297	7 200	4 720	4 720	4 720	83	-	-
Executive and council		-	55	23	250	250	250	250	-	-	-
Budget and treasury office		-	111	131	-	20	20	20	83	-	-
Corporate services		-	20	143	6 950	4 450	4 450	4 450	-	-	-
<i>Community and public safety</i>		-	40	3 242	-	-	-	-	929	-	-
Community and social services		-	40	3 198	-	-	-	-	929	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	43	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	24	4 167	1 486	1 486	1 486	1 486	3 000	278	7 200
Planning and development		-	24	83	486	486	486	486	-	-	-
Road transport		-	-	4 084	1 000	1 000	1 000	1 000	3 000	278	7 200
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	4	2 220	7 903	1 600	1 600	1 600	4 202	21 798	4 000
Electricity		-	4	793	-	-	-	-	-	15 000	4 000
Water		-	-	317	-	-	-	-	-	-	-
Waste water management		-	-	843	7 803	1 500	1 500	1 500	4 202	6 798	-
Waste management		-	-	267	100	100	100	100	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	-	254	9 925	16 589	7 806	7 806	7 806	8 213	22 076	11 200
Funded by:											
National Government		150	-	9 419	10 239	7 456	7 456	7 456	8 213	22 076	11 200
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	150	-	9 419	10 239	7 456	7 456	7 456	8 213	22 076	11 200
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	6 000	350	350	350	-	-	-
Internally generated funds		-	254	506	350	350	350	350	-	-	-
Total Capital Funding	7	150	254	9 925	16 589	7 806	7 806	7 806	8 213	22 076	11 200

For 2014/15 an amount of R8.2 million has been appropriated for the development of infrastructure. In the outer years this amount totals R22 million, and R11.2 million, respectively for each of the financial years.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Cemetery development;
- Fire fighting and security equipment;
- Electricity for all (backlog eradication)
- Refurbishment and renewal electrical network
- New waste water treatment works
- Upgrading and renewal of sewers
- Bulk supply and backlog eradication of water
- Refurbishment and renewal of water network
- Backlog eradication of storm water drainage
- Rehabilitation of roads and storm water
- Extension of main entry roads

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in SA34a. This table shows that future operational costs associated with the capital programme totals R8.2 million in 2014/15. This concomitant operational expenditure is expected to increase to R22 million 2015/16. It needs to be noted that as part of the 2014/15 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2014, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2014/15 the water backlog will have been very nearly eliminated.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC103 Ikwezi - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard	1									
<i>Governance and administration</i>		22 373	22 268	-	33 849	38 843	38 843	36 168	53 022	43 095
Executive and council		9 812	22 268	-	33 849	38 843	38 843	36 168	53 022	43 095
Budget and treasury office		12 132	-	-	-	-	-	-	-	-
Corporate services		429	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		507	-	-	-	-	-	-	-	-
Community and social services		507	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		8 150	984	-	-	-	-	-	-	-
Planning and development		744	-	-	-	-	-	-	-	-
Road transport		7 406	984	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		10 350	13 696	-	16 424	13 237	13 237	14 905	15 887	16 935
Electricity		4 746	5 546	-	7 975	8 634	8 634	9 250	9 926	10 652
Water		2 262	3 798	-	2 729	1 431	1 431	2 305	2 430	2 561
Waste water management		1 659	3 143	-	3 594	1 707	1 707	1 802	1 899	2 002
Waste management		1 683	1 210	-	2 126	1 466	1 466	1 548	1 631	1 719
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	41 380	36 948	-	50 273	52 081	52 081	51 073	68 909	60 030
Expenditure - Standard										
<i>Governance and administration</i>		14 592	16 890	-	18 403	18 959	18 959	20 861	22 105	23 423
Executive and council		7 425	6 247	-	6 526	6 964	6 964	6 485	6 876	7 290
Budget and treasury office		4 257	8 749	-	8 124	7 985	7 985	10 035	10 625	11 250
Corporate services		2 910	1 895	-	3 753	4 010	4 010	4 341	4 604	4 883
<i>Community and public safety</i>		1 053	1 047	-	1 951	1 660	1 660	1 830	1 945	2 068
Community and social services		1 036	733	-	1 200	831	831	1 036	1 102	1 171
Sport and recreation		17	13	-	4	86	86	82	88	93
Public safety		-	302	-	746	743	743	711	756	803
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		7 360	3 223	-	3 969	3 573	3 573	3 883	4 063	4 298
Planning and development		6 810	1 998	-	3 083	2 887	2 887	3 348	3 527	3 731
Road transport		550	1 226	-	886	686	686	535	536	567
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		9 269	12 429	-	16 424	16 150	16 150	17 689	18 852	20 113
Electricity		3 884	6 779	-	7 975	7 534	7 534	8 469	9 104	9 791
Water		2 210	1 140	-	2 729	2 766	2 766	2 829	2 997	3 177
Waste water management		1 612	2 843	-	3 594	3 745	3 745	3 261	3 444	3 646
Waste management		1 563	1 666	-	2 126	2 105	2 105	3 129	3 307	3 498
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	32 274	33 589	-	40 747	40 342	40 342	44 262	46 965	49 902
Surplus/(Deficit) for the year		9 107	3 359	-	9 526	11 739	11 739	6 811	21 944	10 128

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital).
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC103 Ikwezi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL	1	9 817	22 268	-	33 849	38 843	38 843	36 168	53 022	43 095
Vote 2 - BUDGET AND TREASURY OFFICE		12 132	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		424	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		744	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES		507	-	-	-	-	-	-	-	-
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - WASTE MANAGEMENT		1 683	1 210	-	2 126	1 466	1 466	1 548	1 631	1 719
Vote 10 - ROAD TRANSPORT		7 406	984	-	-	-	-	-	-	-
Vote 11 - WASTE WATER MANAGEMENT		1 659	3 143	-	3 594	1 707	1 707	1 802	1 899	2 002
Vote 12 - WATER		2 262	3 798	-	2 729	1 431	1 431	2 305	2 430	2 561
Vote 13 - ELECTRICITY		4 746	5 546	-	7 975	8 634	8 634	9 250	9 926	10 652
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	41 380	36 948	-	50 273	52 081	52 081	51 073	68 909	60 030
Expenditure by Vote to be appropriated										
Vote 1 - EXECUTIVE AND COUNCIL	1	7 835	6 247	-	6 526	6 964	6 964	6 485	6 876	7 290
Vote 2 - BUDGET AND TREASURY OFFICE		4 257	8 749	-	8 124	7 985	7 985	10 035	10 625	11 250
Vote 3 - CORPORATE SERVICES		2 910	1 895	-	3 753	4 010	4 010	4 341	4 604	4 883
Vote 4 - PLANNING AND DEVELOPMENT		6 810	1 998	-	3 083	2 887	2 887	3 348	3 527	3 731
Vote 5 - PUBLIC SAFETY		-	302	-	746	743	743	711	756	803
Vote 6 - COMMUNITY AND SOCIAL SERVICES		624	733	-	1 200	831	831	1 036	1 102	1 171
Vote 7 - SPORT AND RECREATION		17	13	-	4	86	86	82	88	93
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 9 - WASTE MANAGEMENT		1 563	1 666	-	2 126	2 105	2 105	3 129	3 307	3 498
Vote 10 - ROAD TRANSPORT		550	1 226	-	886	686	686	535	536	567
Vote 11 - WASTE WATER MANAGEMENT		1 612	2 843	-	3 594	3 745	3 745	3 261	3 444	3 646
Vote 12 - WATER		2 211	1 140	-	2 729	2 766	2 766	2 829	2 997	3 177
Vote 13 - ELECTRICITY		3 885	6 779	-	7 975	7 534	7 534	8 469	9 104	9 791
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	32 274	33 589	-	40 747	40 342	40 342	44 262	46 965	49 902
Surplus/(Deficit) for the year	2	9 107	3 359	-	9 526	11 739	11 739	6 811	21 944	10 128

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table A4 - Budgeted Financial Performance (revenue and expenditure)

EC103 Ikwezi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	1 130	1 290	1 392	1 221	1 594	1 594	1 594	1 677	1 767	1 862
Property rates - penalties & collection charges			248	189		187	187	187	197	208	219
Service charges - electricity revenue	2	3 671	278	6 378	5 213	8 606	8 606	8 606	9 220	9 895	10 619
Service charges - water revenue	2	670	1 006	1 477	1 336	1 238	1 238	1 238	2 102	2 215	2 335
Service charges - sanitation revenue	2	453	1 231	1 751	1 626	1 511	1 511	1 511	1 595	1 681	1 772
Service charges - refuse revenue	2	582	1 053	1 418	1 293	1 281	1 281	1 281	1 352	1 425	1 502
Service charges - other											
Rental of facilities and equipment		29	232	10	230	4	4	4	69	73	77
Interest earned - external investments		654	140	117	251	43	43	43	46	48	51
Interest earned - outstanding debtors		612	504	609	960	606	606	606	640	675	711
Dividends received											
Fines											
Licences and permits			935								
Agency services		251			229	114	114	114	649	684	721
Transfers recognised - operational		32 953	25 968	19 888	22 181	26 781	26 781	26 781	24 524	26 352	27 053
Other revenue	2	375	4 064	972	6 156	10 116	10 116	10 116	1 717	1 810	1 908
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		41 381	36 948	34 202	40 696	52 081	52 081	52 081	43 788	46 833	48 830
Expenditure By Type											
Employee related costs	2	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Remuneration of councillors		758	1 400	1 517	1 641	1 660	1 660	1 660	2 031	2 161	2 299
Debt impairment	3	2 574	2 719	2 974	645	645	645	645	645	672	701
Depreciation & asset impairment	2	-	871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Finance charges		80	98	78	1 543	95	95	95	94	99	104
Bulk purchases	2	-	4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Other materials	8										
Contracted services		-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	11 316	8 301	9 288	9 288	9 288	10 140	10 634	11 192
Loss on disposal of PPE											
Total Expenditure		14 740	25 287	41 275	40 747	40 342	40 342	40 342	44 262	46 965	49 902
Surplus/(Deficit)		26 641	11 661	(7 073)	(50)	11 739	11 739	11 739	(474)	(132)	(1 072)
Transfers recognised - capital				8 489		13 759	13 759	13 759	7 285	22 076	11 200
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128
Taxation											
Surplus/(Deficit) after taxation		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R51.5 Million in 2014/15 and Increase to R69.4 Million by 2015/16. This represents a year-on-year.
2. Revenue to be generated from property rates is R1.6 million financial year and increases to R1.7 Million by 2015/16 and therefore remains a significant funding source for the municipality.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 14.2 Million for the 2014/15 financial year and increasing to R15.2 million by 2015/16. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC103 Ikwezi - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		40	55	23	350	350	350	350	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	111	131	-	20	20	20	83	-	-
Vote 3 - CORPORATE SERVICES		10	20	143	6 950	4 450	4 450	4 450	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		100	24	83	486	486	486	486	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	43	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES		-	40	3 198	-	-	-	-	929	-	-
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 9 - WASTE MANAGEMENT		-	-	267	-	-	-	-	-	-	-
Vote 10 - ROAD TRANSPORT		-	-	4 084	1 000	1 000	1 000	1 000	3 000	278	7 200
Vote 11 - WASTE WATER MANAGEMENT		-	-	843	7 803	1 500	1 500	1 500	4 202	6 798	-
Vote 12 - WATER		-	-	317	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	4	793	-	-	-	-	-	15 000	4 000
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	150	254	9 925	16 589	7 806	7 806	7 806	8 213	22 076	11 200
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 8 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 9 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 10 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 11 - WASTE WATER MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 12 - WATER		-	-	-	-	-	-	-	-	-	-
Vote 13 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		150	254	9 925	16 589	7 806	7 806	7 806	8 213	22 076	11 200
Capital Expenditure - Standard											
<i>Governance and administration</i>		-	186	297	7 200	4 720	4 720	4 720	83	-	-
Executive and council		-	55	23	250	250	250	250	-	-	-
Budget and treasury office		-	111	131	-	20	20	20	83	-	-
Corporate services		-	20	143	6 950	4 450	4 450	4 450	-	-	-
<i>Community and public safety</i>		-	40	3 242	-	-	-	-	929	-	-
Community and social services		-	40	3 198	-	-	-	-	929	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	43	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	24	4 167	1 486	1 486	1 486	1 486	3 000	278	7 200
Planning and development		-	24	83	486	486	486	486	-	-	-
Road transport		-	-	4 084	1 000	1 000	1 000	1 000	3 000	278	7 200
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	4	2 220	7 903	1 600	1 600	1 600	4 202	21 798	4 000
Electricity		-	4	793	-	-	-	-	-	15 000	4 000
Water		-	-	317	-	-	-	-	-	-	-
Waste water management		-	-	843	7 803	1 500	1 500	1 500	4 202	6 798	-
Waste management		-	-	267	100	100	100	100	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	-	254	9 925	16 589	7 806	7 806	7 806	8 213	22 076	11 200
Funded by:											
National Government		150	-	9 419	10 239	7 456	7 456	7 456	8 213	22 076	11 200
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	150	-	9 419	10 239	7 456	7 456	7 456	8 213	22 076	11 200
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	6 000	350	350	350	-	-	-
Internally generated funds		-	254	506	350	-	-	-	-	-	-
Total Capital Funding	7	150	254	9 925	16 589	7 806	7 806	7 806	8 213	22 076	11 200

Explanatory notes to Table A5 - Budgeted Capital Expenditure 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 (multi-year and single-year appropriations); 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 MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2014/15 R8.2 million has been allocated. This allocation increased to R22 million in 2015/16 and then increase to R 11.2 million in 2015/16 owing primarily to the fact that various projects reach completion in 2016/17 hence the spike in expenditure in year two.
3. Single-year capital expenditure has been R8.2 million for the 2014 financial year and remains relatively constant over the MTREF at levels of R22 million and R 11.2 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of Municipal vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital and government grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2014/15, capital transfers totals R8.2 million. No Borrowing for 2014/15 from because loan was not approved by DBSA.

Table A6 - Budgeted Financial Position

EC103 Ikwezi - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash											
Call investment deposits	1	181	311	41	333	333	333	333	43	46	49
Consumer debtors	1	2 386	1 492	3 941	1 596	1 596	1 596	1 596	4 162	4 408	4 668
Other debtors			1 970	3 218					3 398	3 599	3 811
Current portion of long-term receivables											
Inventory	2			2							
Total current assets		2 567	3 773	7 203	1 929	1 929	1 929	1 929	7 603	8 053	8 528
Non current assets											
Long-term receivables											
Investments											
Investment property			26 222	35 156					37 125	39 315	41 634
Investment in Associate											
Property, plant and equipment	3	107 727	64 401	74 271	68 909	68 909	68 909	68 909	78 430	83 058	87 958
Agricultural											
Biological											
Intangible			379	233					246	260	276
Other non-current assets											
Total non current assets		107 727	91 001	109 660	68 909	68 909	68 909	68 909	115 801	122 633	129 868
TOTAL ASSETS		110 294	94 775	116 863	70 838	70 838	70 838	70 838	123 404	130 686	138 396
LIABILITIES											
Current liabilities											
Bank overdraft	1		1 251	911					962	1 019	1 079
Borrowing	4	270	792	222	848	848	848	848	235	248	263
Consumer deposits				8 758					9 248	9 794	10 372
Trade and other payables	4	3 951	14 033	11 647	15 015	15 015	15 015	15 015	12 299	13 025	13 793
Provisions			9 343	2 004					2 116	2 241	2 373
Total current liabilities		4 221	25 419	23 542	15 863	15 863	15 863	15 863	24 860	26 327	27 880
Non current liabilities											
Borrowing		912	589	364	630	630	630	630	385	407	432
Provisions		9 036	9 343	1 022	9 997	9 997	9 997	9 997	1 080	1 143	1 211
Total non current liabilities		9 948	9 932	1 387	10 627	10 627	10 627	10 627	1 465	1 550	1 643
TOTAL LIABILITIES		14 169	35 350	24 928	26 490	26 490	26 490	26 490	26 325	27 877	29 523
NET ASSETS	5	96 125	59 424	91 934	44 349	44 349	44 349	44 349	97 079	102 809	108 873
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		96 125	59 424	91 934	44 349	44 349	44 349	44 349	97 079	102 809	108 873
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	96 125	59 424	91 934	44 349	44 349	44 349	44 349	97 079	102 809	108 873

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. 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 informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement

EC103 Ikwezi - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		1 925	10 782	41 962	26 587	24 693	24 693	24 693	18 578	17 355	18 970
Government - operating	1	46 665	25 968		24 238	26 781	26 781	26 781	23 596	35 186	26 329
Government - capital	1								8 213	22 076	11 200
Interest		654	140		251	43	43	43	686	745	798
Dividends											
Payments											
Suppliers and employees		(37 540)	(31 006)	(32 266)	(41 980)	(43 714)	(43 714)	(43 714)	(42 306)	(41 744)	(45 202)
Finance charges		(66)	(95)		(343)	(95)	(95)	(95)	(94)	(99)	(104)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		11 638	5 789	9 696	8 753	7 709	7 709	7 709	8 673	33 519	11 991
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets		(25 748)	(6 453)	(9 925)	(8 753)	(13 273)	(13 273)	(13 273)	(8 213)	(22 076)	(11 200)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(25 748)	(6 453)	(9 925)	(8 753)	(13 273)	(13 273)	(13 273)	(8 213)	(22 076)	(11 200)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing			(336)	(112)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(336)	(112)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(14 110)	(1 000)	(341)	0	(5 564)	(5 564)	(5 564)	460	11 443	791
Cash/cash equivalents at the year begin:	2	50 588	36 478	35 478					41	501	11 945
Cash/cash equivalents at the year end:	2	36 478	35 478	35 137	0	(5 564)	(5 564)	(5 564)	501	11 945	12 736

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the municipality fell significantly over the 2013/14 amount owing lead directly to a net decrease in cash.
4. The approved 2014/15 MTREF provide for a further net decrease in cash for the 2013/14 financial year resulting in an overall projected negative cash position.
5. As part of the 2014/15 Annual budget review this unsustainable cash position had to be addressed as a matter of urgency and various interventions were taken such as the reduction of expenditure allocations and rationalization of spending priorities and also financial recovery plan.
6. The 2014/15 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC103 Ikwezi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available											
Cash/cash equivalents at the year end	1	36 478	35 478	35 137	0	(5 564)	(5 564)	(5 564)	(1 150)	12 932	15 059
Other current investments > 90 days		(36 297)	(36 418)	(36 008)	333	5 897	5 897	5 897	231	(13 905)	(16 089)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		181	(940)	(870)	333	333	333	333	(919)	(973)	(1 030)
Application of cash and investments											
Unspent conditional transfers		(1 738)	3 556	-	3 805	3 805	3 805	3 805	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	5 098	7 034	(9 514)	8 886	9 649	9 649	9 649	4 991	5 282	5 591
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		3 360	10 590	(9 514)	12 691	13 454	13 454	13 454	4 991	5 282	5 591
Surplus(shortfall)		(3 179)	(11 529)	8 644	(12 358)	(13 121)	(13 121)	(13 121)	(5 910)	(6 255)	(6 621)

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table A9 - Asset Management

EC103 Ikwezi - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE										
Total New Assets	1	150	254	-	16 589	7 806	7 806	8 213	22 076	11 200
Infrastructure - Road transport		-	-	-	1 803	2 500	2 500	3 000	278	7 200
Infrastructure - Electricity		-	-	-	-	-	-	-	15 000	4 000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	254	-	1 000	-	-	4 202	6 798	-
Infrastructure		-	254	-	2 803	2 500	2 500	7 202	22 076	11 200
Community		-	-	-	7 436	4 936	4 936	929	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	150	-	-	6 350	370	370	83	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	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	4	-	-	-	1 803	2 500	2 500	3 000	278	7 200
Infrastructure - Road transport		-	-	-	-	-	-	-	15 000	4 000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	254	-	1 000	-	-	4 202	6 798	-
Infrastructure		-	254	-	2 803	2 500	2 500	7 202	22 076	11 200
Community		-	-	-	7 436	4 936	4 936	929	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		150	-	-	6 350	370	370	83	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	150	254	-	16 589	7 806	7 806	8 213	22 076	11 200
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other		107 727	64 401	74 271	68 909	68 909	68 909	78 430	83 058	87 958
Infrastructure		107 727	64 401	74 271	68 909	68 909	68 909	78 430	83 058	87 958
Community										
Heritage assets										
Investment properties		-	26 222	35 156	-	-	-	37 125	39 315	41 634
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	379	233	-	-	-	246	260	276
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	107 727	91 001	109 660	68 909	68 909	68 909	115 801	122 633	129 868

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality meets both these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
 - a. Water services – backlog will be reduced by over 600 households in 2014/15 to just 300 households. These households are largely found in 'reception areas' and will need to be moved to formal areas so that they can receive services.
 - b. Sanitation services – backlog will be reduced by over 500 households over the MTREF. The number of households with no toilet provision will be reduced by 200 households in 2014/15.
 - c. Electricity services – backlog will be reduced by 300 households. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 6000 households budgeted to be electrified in 2014/15.
 - d. Refuse services – backlog will be reduced by 200 households in 2014/15, and a further 100 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 1500 households to be registered as indigent in 2014/15, and therefore entitled to receiving Free Basic Services. The number is set to increase to 7000 households given the rapid rate of in-migration to the municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R2 million in 2014/15, increasing to R2.8 million in 2015/16. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the Annual budget process

The Annual budget process started in September 2013 with the tabling of the Schedule of Key Deadlines in Council, being the Budget Schedule for 2014/15 as tabled. The schedule of dates was then tabled by the Mayor in a council meeting in May 2014.

The timetable or schedule as outlined, provided the timeframes for the IDP and Budget preparation process - coupled with the required consultative requirements and production of reports as indicated. The strategic objective is to ensure that a revised IDP and a Budget that is fully compliant to the new format prescribed by National Treasury is achieved, tabled and communicated by 31 May 2014. The budget and IDP will start consultative process in March 2014. Admittedly, there will be challenges with the process in 2014 due to the upcoming National elections. The consultative meetings will be held in all the four wards and we hope the meetings will be well attended.

The SDBIP (Service Delivery and Budget Implementation Plan) is the mechanism and ultimate management tool / guide that aim to ensure that the IDP and Budget are fully aligned.

Ultimate objectives from this process is to ensure that the Budget is maintained within the affordability levels outlined, taking into account the identified IDP deliverables posed, and the various Directorates responsibilities to spend the Budget within the frameworks and available funds to the best of their abilities and to the affordability of the Budget. It is from this document that the performance agreements between the municipality and management will be drafted.

EC103 Ikwezi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6	1 130	1 290	1 392	2 091	2 069	2 069	2 069	2 184	2 302	2 427
<i>less Revenue Foregone</i>					870	475	475	475	508	535	564
Net Property Rates		1 130	1 290	1 392	1 221	1 594	1 594	1 594	1 677	1 767	1 862
Service charges - electricity revenue											
Total Service charges - electricity revenue	6	3 671	278	6 378	5 213	8 606	8 606	8 606	9 220	9 895	10 619
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		3 671	278	6 378	5 213	8 606	8 606	8 606	9 220	9 895	10 619
Service charges - water revenue											
Total Service charges - water revenue	6	670	1 006	1 477	1 336	1 238	1 238	1 238	2 102	2 215	2 335
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		670	1 006	1 477	1 336	1 238	1 238	1 238	2 102	2 215	2 335
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		453	1 231	1 751	1 626	1 511	1 511	1 511	1 595	1 681	1 772
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		453	1 231	1 751	1 626	1 511	1 511	1 511	1 595	1 681	1 772
Service charges - refuse revenue											
Total refuse removal revenue	6	582	1 053	1 418	1 293	1 281	1 281	1 281	1 352	1 425	1 502
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		582	1 053	1 418	1 293	1 281	1 281	1 281	1 352	1 425	1 502
Other Revenue by source											
<i>Other revenue</i>		375	4 064	972	6 156	10 116	10 116	10 116	1 717	1 810	1 908
Total 'Other' Revenue											
	3	375	4 064	972	6 156	10 116	10 116	10 116	1 717	1 810	1 908
	1	375	4 064	972	6 156	10 116	10 116	10 116	1 717	1 810	1 908

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	11 328	8 388	17 490	15 467	14 647	14 647	14 647	15 854	16 869	17 948
Pension and UIF Contributions			1 130		1 921	1 419	1 419	1 419	1 456	1 549	1 648
Medical Aid Contributions			355		596	514	514	514	479	509	542
Overtime			546		443	628	628	628	643	685	728
Performance Bonus			169		537	364	364	364	390	415	441
Motor Vehicle Allowance			370		288	451	451	451	510	543	577
Cellphone Allowance									170	157	167
Housing Allowances			22		16	9	9	9	109	116	123
Other benefits and allowances			2 155		1 346	939	939	939	1 471	1 565	1 666
Payments in lieu of leave											
Long service awards					5	5	5	5			
Post-retirement benefit obligations	4										
<i>sub-total</i>	5	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital											
		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment			871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Bulk purchases											
Electricity Bulk Purchases			4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Water Bulk Purchases											
Total bulk purchases	1	-	4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Transfers and grants											
Cash transfers and grants			-	-	-	-	-	-	-	-	-
Non-cash transfers and grants			-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Contracted services											
<i>List services provided by contract</i>											
Total contracted services											
		-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937
<i>sub-total</i>	1	-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937

Other Expenditure By Type												
Collection costs												
Contributions to 'other' provisions												
Consultant fees				575	575	575	575					
Audit fees				880	880	880	880	1 300	1 370	1 444		
General expenses	3		11 316	6 846	7 833	7 833	7 833	8 840	9 264	9 748		
<i>List Other Expenditure by Type</i>												
Total 'Other' Expenditure		1	-	-	11 316	8 301	9 288	9 288	9 288	10 140	10 634	11 192
Repairs and Maintenance		8										
Employee related costs												
Other materials												
Contracted Services												
Other Expenditure		1 234	1 037	-	1 480	1 073	1 073	-	1 118	1 179	1 242	
Total Repairs and Maintenance Expenditure		9	1 234	1 037	-	1 480	1 073	1 073	-	1 118	1 179	1 242

Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - BUDGET AND TREASURY OFFICE	Vote 3 - CORPORATE SERVICES	Vote 4 - PLANNING AND DEVELOPME NT	Vote 5 - PUBLIC SAFETY	Vote 6 - COMMUNITY AND SOCIAL SERVICES	Vote 7 - SPORT AND RECREATIO N	Vote 8 - HOUSING	Vote 9 - WASTE MANAGEME NT	Vote 10 - ROAD TRANSPORT	Vote 11 - WASTE WATER MANAGEME NT	Vote 12 - WATER	Vote 13 - ELECTRICIT Y	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates		1 677															1 677
Property rates - penalties & collection charges		197															197
Service charges - electricity revenue														9 220			9 220
Service charges - water revenue												2 102					2 102
Service charges - sanitation revenue												1 595					1 595
Service charges - refuse revenue										1 352							1 352
Service charges - other																	-
Rental of facilities and equipment		69															69
Interest earned - external investments		46															46
Interest earned - outstanding debtors		640															640
Dividends received																	-
Fines																	-
Licences and permits																	-
Agency services		649															649
Other revenue		1 717															1 717
Transfers recognised - operational		24 524															24 524
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and con		29 519	-	-	-	-	-	-	-	1 352	-	1 595	2 102	9 220	-	-	43 788
Expenditure By Type																	
Employee related costs		1 999	4 858	2 861	2 662	652	931	81		2 186	201	1 382	1 780	1 489			21 082
Remuneration of councillors		2 031															2 031
Debt impairment			161							204		160	121				645
Depreciation & asset impairment		76	92	190	28		71			42	59	448	139	72			1 218
Finance charges		15								52		27					94
Bulk purchases														6 409			6 409
Other materials																	-
Contracted services		405	1 838	390	9		2										2 644
Transfers and grants			2 026		400												2 426
Other expenditure		1 960	1 060	900	249	59	32	1		645	275	1 245	789	499			7 713
Loss on disposal of PPE																	-
Total Expenditure		6 485	10 035	4 341	3 348	711	1 036	82	-	3 129	535	3 261	2 829	8 469	-	-	44 262
Surplus/(Deficit)		23 034	(10 035)	(4 341)	(3 348)	(711)	(1 036)	(82)	-	(1 777)	(535)	(1 666)	(727)	751	-	-	(474)
Transfers recognised - capital			83								3 000	4 202					7 285
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		23 034	(9 952)	(4 341)	(3 348)	(711)	(1 036)	(82)	-	(1 777)	2 465	2 536	(727)	751	-	-	6 811

Table SA 7 - Measurable performance objectives

EC103 Ikwezi - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Function 2 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))
 2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities
 3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 Adjustment budget.

Table SA8 - Performance indicators and benchmarks

EC103 Ikwezi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,5%	1,7%	0,5%	3,8%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0,9%	4,0%	1,3%	8,3%	0,4%	0,4%	0,4%	0,5%	0,5%	0,5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity											
Current Ratio	Current assets/current liabilities	0,6	0,1	0,3	0,1	0,1	0,1	0,1	0,3	0,3	0,3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,6	0,1	0,3	0,1	0,1	0,1	0,1	0,3	0,3	0,3
Liquidity Ratio	Monetary Assets/Current Liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		24,8%	99,5%	295,6%	145,6%	97,8%	97,8%	97,8%	96,7%	96,7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			24,8%	99,5%	295,6%	145,6%	97,8%	97,8%	96,7%	96,7%	96,7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		5,8%	9,4%	20,9%	3,9%	3,1%	3,1%	3,1%	17,3%	17,4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		15,6%	29,5%	33,1%	#####	-201,5%	-201,5%	-201,5%	-1069,2%	100,7%	91,6%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
Employee costs	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	27,4%	35,6%	51,1%	50,7%	36,4%	36,4%	36,4%	48,1%	47,8%	48,8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0,0%	0,0%	0,0%	54,6%	39,6%	39,6%		52,7%	52,3%	53,4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	3,0%	2,8%	0,0%	3,6%	2,1%	2,1%		2,6%	2,5%	2,5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0,2%	2,6%	7,6%	6,8%	2,5%	2,5%	2,5%	3,0%	3,0%	3,0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	17,7	98,4	57,1	428,6	428,6	428,6	36,9	26,7	26,9	28,6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	36,5%	64,9%	56,7%	14,6%	11,1%	11,1%	11,1%	46,6%	46,4%	46,1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	29,7	17,7	13,2	0,0	(2,0)	(2,0)	(2,0)	(0,4)	3,9	4,3

2.2 Overview of budget related-policies

The Ikwezi Municipality has operational Financial Management Policies in place. Current Management, under the leadership of the Accounting Officer, has launched the review, development and ultimate compliance with all legislation expected policies. The financial policies are being reviewed for implementation for the 2014/15 financial year.

Policies in existence, reviewed and being developed are:

- Risk management Policy
- Credit Control and Cash Collection Policy
- Fixed Assets Policy
- Indigents Policy
- Property Rates Policy
- Supply Chain Management Policy
- Tariff Policy
- Cellphone policy
- Travel and Subsistence policy
- Virements policy

The important role of all these financial policies in the implementation of the financial recovery plan cannot be overemphasized. The municipality continues to develop and implement more policies as a need arise.

2.2.1 Review of credit control and collection procedures/policies

The Credit control and Collection Policy is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

2.2.2 Annual Budget

The Annual budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.2.3 Supply Chain Management Policy

The Supply Chain Management Policy was reviewed by Council in 30 May 2014. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.2.4 Virements Policy

Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's system of delegations. The Budget and Virement Policy was approved by Council in 30 May 2014 in terms of Operating and Capital Budget Fund Transfers..

2.2.5 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.2.6 Financial Modelling and Scenario Planning

The Financial Modelling and Scenario Planning has directly informed the compilation of the 2014/15 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2014/15 Annual Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (Financial recovery Plan)
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

2.3.1 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

2.3.2 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to decrease at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.3.3 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2014 and shall remain in force until 30 June 2015. Year three is an across the board increase of 6.79 per cent.

2.3.4 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.4 Overview of budget funding

2.4.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table SA 10 Breakdown of the operating revenue over the medium-term

EC103 Ikwezi Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	36 478	35 478	35 137	0	(5 564)	(5 564)	(5 564)	(1 150)	12 932	15 059
Cash + investments at the yr end less applications - R'000	18(1)b	2	(3 179)	(11 529)	8 644	(12 358)	(13 121)	(13 121)	(13 121)	(5 910)	(6 255)	(6 621)
Cash year end/monthly employee/supplier payments	18(1)b	3	29,7	17,7	13,2	0,0	(2,0)	(2,0)	(2,0)	(0,4)	3,9	4,3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128
Service charge rev % change - macro CPIIX target exclusive	18(1)a,(2)	5	N.A.	(27,5%)	140,9%	(21,2%)	28,9%	(6,0%)	(6,0%)	6,0%	0,5%	0,5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	24,8%	99,5%	295,6%	145,6%	97,8%	97,8%	97,8%	96,7%	96,7%	96,7%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	39,4%	50,9%	23,6%	5,9%	4,5%	4,5%	4,5%	4,0%	3,9%	3,8%
Capital payments % of capital expenditure	18(1)c;19	8	17165,3%	2536,8%	100,0%	52,8%	170,0%	170,0%	170,0%	97,4%	35,6%	71,4%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	45,1%	106,8%	(77,7%)	0,0%	0,0%	0,0%	373,6%	5,9%	5,9%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1,1%	1,6%	0,0%	2,1%	1,6%	1,6%	1,6%	1,4%	1,4%	1,4%
Asset renewal % of capital budget	20(1)(vi)	14	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Figure 1 Breakdown of operating revenue over the 2014/15 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

Table SA 18 - Capital transfers and grant receipts

EC103 Ikwezi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	22 151	8 186	8 186	21 945	38 636	28 232
Local Government Equitable Share					15 627	1 686	1 686	18 211	20 719	21 114
Finance Management					1 500	1 500	1 500	1 800	1 950	2 100
Municipal Systems Improvement					800	800	800	934	967	1 018
Integrated National Electrification Programme					3 200	3 200	3 200		5 000	4 000
EPWP Incentive					1 000	1 000	1 000	1 000		
Integrated National Electrification Grant (Eskom)					24				10 000	
Provincial Government:		-	-	-	266	266	266	308	308	324
Sport and Recreation					266	266	266	308	308	324
Integrated National Electrification Grant (Eskom)										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	466	466	466	1 554	1 622	1 697
Local Government Grant					466	466	466	462	455	468
Local Government Grant/Mun Support								1 092	1 167	1 229
Total Operating Transfers and Grants	5	-	-	-	22 883	8 918	8 918	23 807	40 566	30 253
Capital Transfers and Grants										
National Government:		-	-	-	9 726	9 726	9 726	8 002	7 862	8 000
Municipal Infrastructure Grant (MIG)					9 726	9 726	9 726	8 002	7 862	8 000
DWAF - Implementation of Water & Demand Strategies										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Local Government Grant										
Total Capital Transfers and Grants	5	-	-	-	9 726	9 726	9 726	8 002	7 862	8 000
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	32 609	18 644	18 644	31 809	48 428	38 253

2.4.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table SA30 - Budget cash flow statement

EC103 Ikwezi - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Cash Receipts By Source													1			
Property rates	142	142	142	142	142	142	142	142	142	142	142	142	1 710	1 840	1 979	
Property rates - penalties & collection charges	17	17	17	17	17	17	17	17	17	17	17	17	200	214	229	
Service charges - electricity revenue	771	771	771	771	771	771	771	771	771	771	771	771	9 251	9 945	10 691	
Service charges - water revenue	111	111	111	111	111	111	111	111	111	111	111	111	1 328	1 422	1 857	
Service charges - sanitation revenue	135	135	135	135	135	135	135	135	135	135	135	135	1 619	1 734	1 857	
Service charges - refuse revenue	114	114	114	114	114	114	114	114	114	114	114	114	1 373	1 470	1 575	
Service charges - other													-			
Rental of facilities and equipment	0	0	0	0	0	0	0	0	0	0	0	0	4	5	5	
Interest earned - external investments	4	4	4	4	4	4	4	4	4	4	4	4	46	50	53	
Interest earned - outstanding debtors	54	54	54	54	54	54	54	54	54	54	54	54	650	696	745	
Dividends received													-			
Fines													-			
Licences and permits													-			
Agency services	10	10	10	10	10	10	10	10	10	10	10	10	123	131	141	
Transfer receipts - operational	1 980	1 980	1 980	1 980	1 980	1 980	1 980	1 980	1 980	1 980	1 980	1 980	23 765	35 186	26 329	
Other revenue	46	46	46	46	46	46	46	46	46	46	46	46	554	594	636	
Cash Receipts by Source	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	40 623	53 286	46 098	
Other Cash Flows by Source																
Transfer receipts - capital													-			
Contributions recognised - capital & Contributed assets													-			
Proceeds on disposal of PPE													-			
Short term loans													-			
Borrowing long term/refinancing													-			
Increase (decrease) in consumer deposits													-			
Decrease (increase) in non-current debtors													-			
Decrease (increase) other non-current receivables													-			
Decrease (increase) in non-current investments													-			
Total Cash Receipts by Source	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	3 385	40 623	53 286	46 098	
Cash Payments by Type																
Employee related costs	1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	19 237	20 468	21 692	
Remuneration of councillors	121	121	121	121	121	121	121	121	121	121	121	121	1 452	1 545	1 643	
Finance charges	8	8	8	8	8	8	8	8	8	8	8	8	94	99	104	
Bulk purchases - Electricity	6 409	6 409	6 409	6 409	6 409	6 409	6 409	6 409	6 409	6 409	6 409	(64 093)	6 409	6 922	7 476	
Bulk purchases - Water & Sewer													-			
Other materials													-			
Contracted services	225	225	225	225	225	225	225	225	225	225	225	225	2 700	2 846	3 000	
Transfers and grants - other municipalities													-			
Transfers and grants - other													-			
Other expenditure	9 512	9 512	9 512	9 512	9 512	9 512	9 512	9 512	9 512	9 512	9 512	(94 532)	10 104	9 963	11 391	
Cash Payments by Type	17 878	17 878	17 878	17 878	17 878	17 878	17 878	17 878	17 878	17 878	17 878	17 878	(156 667)	39 996	41 843	45 306
Other Cash Flows/Payments by Type																
Capital assets	667	667	667	667	667	667	667	667	667	667	667	667	8 003	7 862	8 000	
Repayment of borrowing													-			
Other Cash Flows/Payments													-			
Total Cash Payments by Type	18 545	18 545	18 545	18 545	18 545	18 545	18 545	18 545	18 545	18 545	18 545	(156 001)	47 998	49 705	53 306	
NET INCREASE/(DECREASE) IN CASH HELD	(15 160)	(15 160)	(15 160)	(15 160)	(15 160)	(15 160)	(15 160)	(15 160)	(15 160)	(15 160)	(15 160)	159 386	(7 375)	3 581	(7 209)	
Cash/cash equivalents at the monthly/year begin:	(15 160)	(30 320)	(45 480)	(60 640)	(75 801)	(90 961)	(106 121)	(121 281)	(136 441)	(151 601)	(166 761)	(181 921)	-	(7 375)	(3 794)	
Cash/cash equivalents at the monthly/year end:	(15 160)	(30 320)	(45 480)	(60 640)	(75 801)	(90 961)	(106 121)	(121 281)	(136 441)	(151 601)	(166 761)	(181 921)	(7 375)	(3 794)	(11 003)	

REFERENCES

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure.

The above table shows that cash and cash equivalents of the municipality were largely depleted between the 2014/15 and 2015/16 financial year moving from a negative cash balance of R5 million.

2.5 Expenditure on grants and reconciliations of unspent funds

SA19 - Expenditure on transfers and grant programmes

EC103 Ikwezi - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	22 127	8 186	8 186	21 945	38 636	28 232
Local Government Equitable Share					15 627	1 686	1 686	18 211	20 719	21 114
Finance Management					1 500	1 500	1 500	1 800	1 950	2 100
Municipal Systems Improvement					800	800	800	934	967	1 018
Integrated National Electrification Programme					3 200	3 200	3 200		5 000	4 000
EPWP Incentive					1 000	1 000	1 000	1 000		
Integrated National Electrification Grant (Eskom)									10 000	
Provincial Government:		-	-	-	266	266	266	308	308	324
Sport and Recreation					266	266	266	308	308	324
Integrated National Electrification Grant (Eskom)										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	466	466	466	1 554	1 622	1 697
Local Government Grant					466	466	466	462	455	468
Local Government Grant/Mun Support								1 092	1 167	1 229
Total operating expenditure of Transfers and Grants		-	-	-	22 859	8 918	8 918	23 807	40 566	30 253
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	9 726	9 726	9 726	8 002	7 862	8 000
Municipal Infrastructure Grant (MIG)					9 726	9 726	9 726	8 002	7 862	8 000
DWAF - Implementation of Water & Demand Strategies										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		-	-	-	-	-	-	-	-	-
Local Government Grant										
Total capital expenditure of Transfers and Grants		-	-	-	9 726	9 726	9 726	8 002	7 862	8 000
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	32 585	18 644	18 644	31 809	48 428	38 253

SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC103 Ikwezi - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total operating transfers and grants - CTBM		-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	-	-	-
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue must reconcile to Budgeted Financial
2. CTBM = conditions to be met
3. National Treasury database will require this reconciliation for each transfer/grant

2.6 Councillor and employee benefits

SA22 - Summary of councillor and staff benefits

EC103 Ikwezi - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages					1 534	1 534	1 534	1 367	1 455	1 548
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance					77	77	77	456	485	516
Cellphone Allowance						49	49	156	166	177
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		-	-	-	1 611	1 660	1 660	1 979	2 106	2 241
% increase	4				-	3,0%	-	19,2%	6,4%	6,4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages					2 203	2 718	2 718	2 784	2 962	3 152
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus					537	364	364	390	415	415
Motor Vehicle Allowance	3					422	422	480	511	543
Cellphone Allowance	3							50	54	57
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		-	-	-	2 739	3 504	3 504	3 704	3 941	4 167
% increase	4				-	27,9%	-	5,7%	6,4%	5,7%
Other Municipal Staff										
Basic Salaries and Wages					13 264	11 929	11 929	13 070	13 907	14 797
Pension and UIF Contributions					1 921	1 419	1 419	1 456	1 549	1 648
Medical Aid Contributions					596	514	514	479	509	542
Overtime					443	628	628	643	685	728
Performance Bonus										
Motor Vehicle Allowance	3				288	28	28	30	32	34
Cellphone Allowance	3							120	103	110
Housing Allowances	3							109	116	123
Other benefits and allowances	3				1 346	939	939	1 471	1 565	1 666
Payments in lieu of leave										
Long service awards					5	5	5			
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		-	-	-	17 879	15 472	15 472	17 378	18 466	19 648
% increase	4				-	(13,5%)	-	12,3%	6,3%	6,4%
Total Parent Municipality		-	-	-	22 229	20 636	20 636	23 062	24 513	26 055
					-	(7,2%)	-	11,8%	6,3%	6,3%

Table SA25 - Budgeted monthly revenue and expenditure

EC103 Ikwezi - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source																
Property rates		142	142	142	142	142	142	142	142	142	142	142	109	1 677	1 767	1 862
Property rates - penalties & collection charges		17	17	17	17	17	17	17	17	17	17	17	14	197	208	219
Service charges - electricity revenue		771	771	771	771	771	771	771	771	771	771	771	740	9 220	9 895	10 619
Service charges - water revenue		111	111	111	111	111	111	111	111	111	111	111	885	2 102	2 215	2 335
Service charges - sanitation revenue		135	135	135	135	135	135	135	135	135	135	135	111	1 595	1 681	1 772
Service charges - refuse revenue		114	114	114	114	114	114	114	114	114	114	114	94	1 352	1 425	1 502
Service charges - other													-	-	-	-
Rental of facilities and equipment		0	0	0	0	0	0	0	0	0	0	0	65	69	73	77
Interest earned - external investments		4	4	4	4	4	4	4	4	4	4	4	3	46	48	51
Interest earned - outstanding debtors		54	54	54	54	54	54	54	54	54	54	54	44	640	675	711
Dividends received													-	-	-	-
Fines													-	-	-	-
Licences and permits													-	-	-	-
Agency services		10	10	10	10	10	10	10	10	10	10	10	537	649	684	721
Transfers recognised - operational		2 647	2 647	2 647	2 647	2 647	2 647	2 647	2 647	2 647	2 647	2 647	(4 595)	24 524	26 352	27 053
Other revenue		46	46	46	46	46	46	46	46	46	46	46	1 209	1 717	1 810	1 908
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		4 052	4 052	4 052	4 052	4 052	4 052	4 052	4 052	4 052	4 052	4 052	(784)	43 788	46 833	48 830
Expenditure By Type																
Employee related costs		1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	1 603	3 449	21 082	22 407	23 841
Remuneration of councillors		121	121	121	121	121	121	121	121	121	121	121	700	2 031	2 161	2 299
Debt impairment		54	54	54	54	54	54	54	54	54	54	54	54	645	672	701
Depreciation & asset impairment		99	99	99	99	99	99	99	99	99	99	99	128	1 218	1 283	1 353
Finance charges		8	8	8	8	8	8	8	8	8	8	8	8	94	99	104
Bulk purchases		534	534	534	534	534	534	534	534	534	534	534	534	6 409	6 922	7 476
Other materials													-	-	-	-
Contracted services		225	225	225	225	225	225	225	225	225	225	225	168	2 644	2 786	2 937
Transfers and grants													-	-	-	-
Other expenditure		643	643	643	643	643	643	643	643	643	643	643	3 062	10 140	10 634	11 192
Loss on disposal of PPE													-	-	-	-
Total Expenditure		3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	8 103	44 262	46 965	49 902
Surplus/(Deficit)																
Transfers recognised - capital		765	765	765	765	765	765	765	765	765	765	765	(8 887)	(474)	(132)	(1 072)
Contributions recognised - capital		667	667	667	667	667	667	667	667	667	667	667	(51)	7 285	22 076	11 200
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	(8 938)	6 811	21 944	10 128
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	1 432	(8 938)	6 811	21 944	10 128

Table SA26- Budgeted monthly revenue and expenditure (municipal vote)

EC103 Ikwezi - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	4 274	36 168	53 022	43 095
Vote 2 - BUDGET AND TREASURY OFFICE													-	-	-	-
Vote 3 - CORPORATE SERVICES													-	-	-	-
Vote 4 - PLANNING AND DEVELOPMENT													-	-	-	-
Vote 5 - PUBLIC SAFETY													-	-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES													-	-	-	-
Vote 7 - SPORT AND RECREATION													-	-	-	-
Vote 8 - HOUSING													-	-	-	-
Vote 9 - WASTE MANAGEMENT		131	131	131	131	131	131	131	131	131	131	131	107	1 548	1 631	1 719
Vote 10 - ROAD TRANSPORT													-	-	-	-
Vote 11 - WASTE WATER MANAGEMENT		152	152	152	152	152	152	152	152	152	152	152	125	1 802	1 899	2 002
Vote 12 - WATER		128	128	128	128	128	128	128	128	128	128	128	899	2 305	2 430	2 561
Vote 13 - ELECTRICITY		773	773	773	773	773	773	773	773	773	773	773	742	9 250	9 926	10 652
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote		4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	6 147	51 073	68 909	60 030
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		510	510	510	510	510	510	510	510	510	510	510	880	6 485	6 876	7 290
Vote 2 - BUDGET AND TREASURY OFFICE		665	665	665	665	665	665	665	665	665	665	665	2 718	10 035	10 625	11 250
Vote 3 - CORPORATE SERVICES		314	314	314	314	314	314	314	314	314	314	314	885	4 341	4 604	4 883
Vote 4 - PLANNING AND DEVELOPMENT		236	236	236	236	236	236	236	236	236	236	236	748	3 348	3 527	3 731
Vote 5 - PUBLIC SAFETY		56	56	56	56	56	56	56	56	56	56	56	90	711	756	803
Vote 6 - COMMUNITY AND SOCIAL SERVICES		71	71	71	71	71	71	71	71	71	71	71	257	1 036	1 102	1 171
Vote 7 - SPORT AND RECREATION		6	6	6	6	6	6	6	6	6	6	6	12	82	88	93
Vote 8 - HOUSING													-	-	-	-
Vote 9 - WASTE MANAGEMENT		234	234	234	234	234	234	234	234	234	234	234	550	3 129	3 307	3 498
Vote 10 - ROAD TRANSPORT		128	128	128	128	128	128	128	128	128	128	128	(875)	535	536	567
Vote 11 - WASTE WATER MANAGEMENT		157	157	157	157	157	157	157	157	157	157	157	1 534	3 261	3 444	3 646
Vote 12 - WATER		197	197	197	197	197	197	197	197	197	197	197	667	2 829	2 997	3 177
Vote 13 - ELECTRICITY		712	712	712	712	712	712	712	712	712	712	712	638	8 469	9 104	9 791
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Expenditure by Vote		3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	8 103	44 262	46 965	49 902
Surplus/(Deficit) before assoc.		797	797	797	797	797	797	797	797	797	797	797	(1 956)	6 811	21 944	10 128
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	797	797	797	797	797	797	797	797	797	797	797	(1 956)	6 811	21 944	10 128

Table SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC103 Ikwezi - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard																
<i>Governance and administration</i>		2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	4 274	36 168	53 022	43 095
Executive and council		2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	2 899	4 274	36 168	53 022	43 095
Budget and treasury office													-	-	-	-
Corporate services													-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services													-	-	-	-
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development													-	-	-	-
Road transport													-	-	-	-
Environmental protection													-	-	-	-
<i>Trading services</i>		1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 185	1 873	14 905	15 887	16 935
Electricity		773	773	773	773	773	773	773	773	773	773	773	742	9 250	9 926	10 652
Water		128	128	128	128	128	128	128	128	128	128	128	899	2 305	2 430	2 561
Waste water management		152	152	152	152	152	152	152	152	152	152	152	125	1 802	1 899	2 002
Waste management		131	131	131	131	131	131	131	131	131	131	131	107	1 548	1 631	1 719
<i>Other</i>													-	-	-	-
Total Revenue - Standard		4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	4 084	6 147	51 073	68 909	60 030
Expenditure - Standard																
<i>Governance and administration</i>		1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	1 489	4 483	20 861	22 105	23 423
Executive and council		510	510	510	510	510	510	510	510	510	510	510	4 880	6 485	6 876	7 290
Budget and treasury office		665	665	665	665	665	665	665	665	665	665	665	2 718	10 035	10 625	11 250
Corporate services		314	314	314	314	314	314	314	314	314	314	314	885	4 341	4 604	4 883
<i>Community and public safety</i>		134	134	134	134	134	134	134	134	134	134	134	359	1 830	1 945	2 068
Community and social services		71	71	71	71	71	71	71	71	71	71	71	257	1 036	1 102	1 171
Sport and recreation		6	6	6	6	6	6	6	6	6	6	6	12	82	88	93
Public safety		56	56	56	56	56	56	56	56	56	56	56	90	711	756	803
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		365	365	365	365	365	365	365	365	365	365	365	(127)	3 883	4 063	4 298
Planning and development		236	236	236	236	236	236	236	236	236	236	236	748	3 348	3 527	3 731
Road transport		128	128	128	128	128	128	128	128	128	128	128	(875)	535	536	567
Environmental protection													-	-	-	-
<i>Trading services</i>		1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	1 300	3 389	17 689	18 852	20 113
Electricity		712	712	712	712	712	712	712	712	712	712	712	638	8 469	9 104	9 791
Water		197	197	197	197	197	197	197	197	197	197	197	667	2 829	2 997	3 177
Waste water management		157	157	157	157	157	157	157	157	157	157	157	1 534	3 261	3 444	3 646
Waste management		234	234	234	234	234	234	234	234	234	234	234	550	3 129	3 307	3 498
<i>Other</i>													-	-	-	-
Total Expenditure - Standard		3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	3 287	8 103	44 262	46 965	49 902
Surplus/(Deficit) before assoc.		797	797	797	797	797	797	797	797	797	797	797	(1 956)	6 811	21 944	10 128
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	797	797	797	797	797	797	797	797	797	797	797	(1 956)	6 811	21 944	10 128

Table SA28 - Budgeted monthly capital expenditure (municipal vote)

EC103 Ikwezi - Supporting Table SA28 Consolidated budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE AND COUNCIL														-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE														-	-	-
Vote 3 - CORPORATE SERVICES														-	-	-
Vote 4 - PLANNING AND DEVELOPMENT		33	33	33	33	33	33	33	33	33	33	33	33	400	393	400
Vote 5 - PUBLIC SAFETY														-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES														-	-	-
Vote 7 - SPORT AND RECREATION														-	-	-
Vote 8 - HOUSING														-	-	-
Vote 9 - WASTE MANAGEMENT														-	-	-
Vote 10 - ROAD TRANSPORT		250	250	250	250	250	250	250	250	250	250	250	250	3 000	-	-
Vote 11 - WASTE WATER MANAGEMENT		383	383	383	383	383	383	383	383	383	383	383	383	4 602	7 469	7 600
Vote 12 - WATER														-	-	-
Vote 13 - ELECTRICITY														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Capital multi-year expenditure sub-total	2	667	667	667	667	667	667	667	667	667	667	667	667	8 002	7 862	8 000
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL														-	-	-
Vote 2 - BUDGET AND TREASURY OFFICE														-	-	-
Vote 3 - CORPORATE SERVICES														-	-	-
Vote 4 - PLANNING AND DEVELOPMENT														-	-	-
Vote 5 - PUBLIC SAFETY														-	-	-
Vote 6 - COMMUNITY AND SOCIAL SERVICES														-	-	-
Vote 7 - SPORT AND RECREATION														-	-	-
Vote 8 - HOUSING														-	-	-
Vote 9 - WASTE MANAGEMENT														-	-	-
Vote 10 - ROAD TRANSPORT														-	-	-
Vote 11 - WASTE WATER MANAGEMENT														-	-	-
Vote 12 - WATER														-	-	-
Vote 13 - ELECTRICITY														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	667	667	667	667	667	667	667	667	667	667	667	667	8 002	7 862	8 000

Table SA29 - Budgeted monthly capital expenditure (standard classification)

EC103 Ikwezi - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	83	83	-	-
Executive and council													-	-	-	-
Budget and treasury office													83	83	-	-
Corporate services													-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	929	929	-	-
Community and social services													929	929	-	-
Sport and recreation													-	-	-	-
Public safety													-	-	-	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		283	283	283	283	283	283	283	283	283	283	283	(117)	3 000	278	7 200
Planning and development		33	33	33	33	33	33	33	33	33	33	33	(367)	-	-	-
Road transport		250	250	250	250	250	250	250	250	250	250	250	250	3 000	278	7 200
Environmental protection													-	-	-	-
<i>Trading services</i>		383	383	383	383	383	383	383	383	383	383	383	(17)	4 202	21 798	4 000
Electricity													-	-	15 000	4 000
Water													-	-	-	-
Waste water management		383	383	383	383	383	383	383	383	383	383	383	(17)	4 202	6 798	-
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
Total Capital Expenditure - Standard	2	667	667	667	667	667	667	667	667	667	667	667	878	8 213	22 076	11 200
Funded by:																
National Government		667	667	667	667	667	667	667	667	667	667	667	878	8 213	22 076	11 200
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		667	667	667	667	667	667	667	667	667	667	667	878	8 213	22 076	11 200
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													-	-	-	-
Total Capital Funding		667	667	667	667	667	667	667	667	667	667	667	878	8 213	22 076	11 200

Table SA30 - Budgeted monthly cash flow

EC103 Ikwezi - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Cash Receipts By Source													1		
Property rates	5	9	12	38	58	115	139	200	234	339	528	0	1 677	1 840	1 979
Property rates - penalties & collection charges	1	1	1	4	7	14	16	23	27	40	62	0	197	214	229
Service charges - electricity revenue	30	49	65	207	320	633	762	1 099	1 284	1 863	2 905	1	9 220	9 945	10 691
Service charges - water revenue	7	11	15	47	73	144	174	251	293	425	662	0	2 102	1 422	1 857
Service charges - sanitation revenue	5	8	11	36	55	110	132	190	222	322	503	0	1 595	1 734	1 857
Service charges - refuse revenue	4	7	10	30	47	93	112	161	188	273	426	0	1 352	1 470	1 575
Service charges - other												-			
Rental of facilities and equipment	0	0	0	2	2	5	6	8	10	14	22	0	69	5	5
Interest earned - external investments	0	0	0	1	2	3	4	5	6	9	14	0	46	50	53
Interest earned - outstanding debtors	2	3	5	14	22	44	53	76	89	129	202	0	640	696	745
Dividends received												-			
Fines												-			
Licences and permits												-			
Agency services	2	3	5	15	23	45	54	77	90	131	205	0	649	131	141
Transfer receipts - operational	1 796	1 064	174	552	851	1 685	2 028	2 923	3 416	4 956	4 994	(843)	23 596	35 186	26 329
Other revenue	5	9	12	39	60	118	142	205	239	347	541	0	1 717	594	636
Cash Receipts by Source	1 857	1 166	311	985	1 519	3 008	3 621	5 220	6 100	8 850	11 064	(841)	42 859	53 286	46 098
Other Cash Flows by Source															
Transfer receipts - capital	2 885			3 535	300			300	1 182			11	8 213	22 076	11 200
Contributions recognised - capital & Contributed assets												-			
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			
Decrease (increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	4 742	1 166	311	4 520	1 819	3 008	3 621	5 520	7 282	8 850	11 064	(830)	51 073	75 362	57 298
Cash Payments by Type															
Employee related costs	1 621 715	1 621 715	1 621 715	1 621 715	3 243 430	1 621 715	1 621 715	1 621 715	1 621 715	1 621 715	1 621 715	1 622	21 082	20 468	21 692
Remuneration of councillors	169 227	169 227	169 227	169 227	169 227	169 227	169 227	169 227	169 227	169 227	169 227	169	2 031	1 545	1 643
Finance charges	0	0	1	2	3	6	8	11	13	19	30	0	94	99	104
Bulk purchases - Electricity	21	34	46	144	222	440	530	764	893	1 295	2 020	1	6 409	6 922	7 476
Bulk purchases - Water & Sewer												-			
Other materials												-			
Contracted services	8	14	19	59	92	182	219	315	368	534	833	0	2 644	2 846	3 000
Transfers and grants - other municipalities												-			
Transfers and grants - other												-			
Other expenditure	32	54	72	228	352	697	839	1 209	1 412	2 049	3 195	1	10 140	9 963	11 391
Cash Payments by Type	1 853	1 893	1 928	2 225	4 082	3 116	3 386	4 090	4 478	5 689	7 868	1 793	42 399	41 843	45 306
Other Cash Flows/Payments by Type															
Capital assets	23	39	52	164	253	500	602	868	1 015	1 472	2 295	929	8 213	22 076	11 200
Repayment of borrowing												-			
Other Cash Flow s/Payments												-			
Total Cash Payments by Type	1 876	1 932	1 980	2 389	4 335	3 616	3 988	4 958	5 492	7 161	10 163	2 722	50 612	63 919	56 506
NET INCREASE/(DECREASE) IN CASH HELD	2 866	(766)	(1 669)	2 132	(2 515)	(608)	(367)	561	1 789	1 689	900	(3 552)	460	11 443	791
Cash/cash equivalents at the monthly year begin:	41	2 907	2 142	473	2 604	89	(519)	(886)	(325)	1 465	3 153	4 054	41	501	11 945
Cash/cash equivalents at the monthly year end:	2 907	2 142	473	2 604	89	(519)	(886)	(325)	1 465	3 153	4 054	501	501	11 945	12 736

Table SB 34a - Capital expenditure on new assets by asset class

EC103 Ikwezi - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		-	254	-	2 803	2 500	2 500	7 202	22 076	11 200
Infrastructure - Road transport		-	-	-	1 803	2 500	2 500	3 000	278	7 200
<i>Roads, Pavements & Bridges</i>						1 000	1 000	3 000	278	7 200
<i>Storm water</i>					1 803	1 500	1 500			
Infrastructure - Electricity		-	-	-	-	-	-	-	15 000	4 000
<i>Generation</i>									15 000	4 000
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	254	-	1 000	-	-	4 202	6 798	-
<i>Waste Management</i>					1 000			4 202	6 798	
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3		254							
Community		-	-	-	7 436	4 936	4 936	929	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls					6 950	4 450	4 450			
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other					486	486	486	929	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		150	-	-	6 350	370	370	83	-	-
General vehicles		100			350	350	350			
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment					6 000					
Computers - hardware/equipment		10				20	20			
Furniture and other office equipment								83		
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)		40								
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										

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Table SA34b - Capital expenditure on the renewal of existing assets by asset class

EC103 Ikwezi - Supporting Table SA34b Consolidated capital expenditure on existing assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics	7									
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other	8									
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings	10									
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										

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EC103 Ikwezi - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Waste Water Management		Upgrade WW Treatment Works KLP			Yes	Infrastructure - Sanitation	Sewerage purification			6 000		4 202	6 798	-	Ward 3 & 4	Renewal
ROADS		Construction of Phumlani Roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			1 000		3 000	278	7 200	Ward 2	New
Electricity		Integrated Nat Electrification Program			Yes	Infrastructure - Electricity	Transmission & Reticulation						15 000	4 000	All Wards	
ROADS		Paving of Roads & Side-Walks			Yes	Infrastructure - Other	Roads, Pavements & Bridges					929			Ward 1	New
BTO		Furniture and Equipment			Yes	Other Assets	Furniture and other office equipment					83			n/a	New
Parent Capital expenditure	1											8 213	22 076	11 200		

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns three has been appointed permanently from January 2013 and New 5 interns have started from March 2014. The remaining two have to completed their Three year contract on 30 June 2013. Since the introduction of the Internship programme the Municipality has successfully employed and trained 7 interns through this programme and a majority of them were appointed either in the Municipality or other Institutions such as Treasury. The Budget and Treasury Office has been established in accordance with the MFMA.
3. Audit Committee
An Audit Committee has been established and is fully functional.
4. Service Delivery and Implementation Plan
The Draft SDBIP document has been finalised and approved end March 2014 and MTREF will be approved in May 2014 directly aligned and informed by the 2014/15MTREF.
5. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.7 Other supporting documents

Table SA1 - Supporting detail to budgeted financial performance

EC103 Ikwezi - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
Property rates											
	6										
Total Property Rates		1 130	1 290	1 392	2 091	2 069	2 069	2 069	2 184	2 302	2 427
<i>less Revenue Foregone</i>					870	475	475	475	508	535	564
Net Property Rates		1 130	1 290	1 392	1 221	1 594	1 594	1 594	1 677	1 767	1 862
Service charges - electricity revenue											
	6										
Total Service charges - electricity revenue		3 671	278	6 378	5 213	8 606	8 606	8 606	9 220	9 895	10 619
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		3 671	278	6 378	5 213	8 606	8 606	8 606	9 220	9 895	10 619
Service charges - water revenue											
	6										
Total Service charges - water revenue		670	1 006	1 477	1 336	1 238	1 238	1 238	2 102	2 215	2 335
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		670	1 006	1 477	1 336	1 238	1 238	1 238	2 102	2 215	2 335
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		453	1 231	1 751	1 626	1 511	1 511	1 511	1 595	1 681	1 772
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		453	1 231	1 751	1 626	1 511	1 511	1 511	1 595	1 681	1 772
Service charges - refuse revenue											
	6										
Total refuse removal revenue		582	1 053	1 418	1 293	1 281	1 281	1 281	1 352	1 425	1 502
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		582	1 053	1 418	1 293	1 281	1 281	1 281	1 352	1 425	1 502
Other Revenue by source											
<i>Other revenue</i>		375	4 064	972	6 156	10 116	10 116	10 116	1 717	1 810	1 908
	3										
Total 'Other' Revenue	1	375	4 064	972	6 156	10 116	10 116	10 116	1 717	1 810	1 908

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	11 328	8 388	17 490	15 467	14 647	14 647	14 647	15 854	16 869	17 948
Pension and UIF Contributions			1 130		1 921	1 419	1 419	1 419	1 456	1 549	1 648
Medical Aid Contributions			355		596	514	514	514	479	509	542
Overtime			546		443	628	628	628	643	685	728
Performance Bonus			169		537	364	364	364	390	415	441
Motor Vehicle Allowance			370		288	451	451	451	510	543	577
Cellphone Allowance									170	157	167
Housing Allowances			22		16	9	9	9	109	116	123
Other benefits and allowances			2 155		1 346	939	939	939	1 471	1 565	1 666
Payments in lieu of leave											
Long service awards					5	5	5	5			
Post-retirement benefit obligations	4										
<i>sub-total</i>	5	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital											
		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment			871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Bulk purchases											
Electricity Bulk Purchases			4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Water Bulk Purchases											
Total bulk purchases	1	-	4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Contracted services											
<i>List services provided by contract</i>											
			2 101		588	2 528	2 528	2 528	2 644	2 786	2 937

<i>sub-total</i>	1	-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		-	2 101	-	588	2 528	2 528	2 528	2 644	2 786	2 937
Other Expenditure By Type											
Collection costs											
Contributions to 'other' provisions											
Consultant fees					575	575	575	575			
Audit fees					880	880	880	880	1 300	1 370	1 444
General expenses	3			11 316	6 846	7 833	7 833	7 833	8 840	9 264	9 748
<i>List Other Expenditure by Type</i>											
Total 'Other' Expenditure	1	-	-	11 316	8 301	9 288	9 288	9 288	10 140	10 634	11 192
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services											
Other Expenditure		1 234	1 037		1 480	1 073	1 073		1 118	1 179	1 242
Total Repairs and Maintenance Expenditure	9	1 234	1 037	-	1 480	1 073	1 073	-	1 118	1 179	1 242

EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	11 328	8 388	17 490	15 467	14 647	14 647	14 647	15 854	16 869	17 948
Pension and UIF Contributions			1 130		1 921	1 419	1 419	1 419	1 456	1 549	1 648
Medical Aid Contributions			355		596	514	514	514	479	509	542
Overtime			546		443	628	628	628	643	685	728
Performance Bonus			169		537	364	364	364	390	415	441
Motor Vehicle Allowance			370		288	451	451	451	510	543	577
Cellphone Allowance									170	157	167
Housing Allowances			22		16	9	9	9	109	116	123
Other benefits and allowances			2 155		1 346	939	939	939	1 471	1 565	1 666
Payments in lieu of leave											
Long service awards					5	5	5	5			
Post-retirement benefit obligations	4										
<i>sub-total</i>	5	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	11 328	13 136	17 490	20 619	18 976	18 976	18 976	21 082	22 407	23 841
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital											
		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment			871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	871	2 526	1 218	1 218	1 218	1 218	1 218	1 283	1 353
Bulk purchases											
Electricity Bulk Purchases			4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Water Bulk Purchases											
Total bulk purchases	1	-	4 962	5 374	6 191	5 931	5 931	5 931	6 409	6 922	7 476
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Contracted services											
<i>List services provided by contract</i>											
			2 101		588	2 528	2 528	2 528	2 644	2 786	2 937

Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - BUDGET AND TREASURY OFFICE	Vote 3 - CORPORATE SERVICES	Vote 4 - PLANNING AND DEVELOPME NT	Vote 5 - PUBLIC SAFETY	Vote 6 - COMMUNITY AND SOCIAL SERVICES	Vote 7 - SPORT AND RECREATIO N	Vote 8 - HOUSING	Vote 9 - WASTE MANAGEME NT	Vote 10 - ROAD TRANSPORT	Vote 11 - WASTE WATER MANAGEME NT	Vote 12 - WATER	Vote 13 - ELECTRICIT Y	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total	
R thousand	1																	
Revenue By Source																		
Property rates		1 677																1 677
Property rates - penalties & collection charges		197																197
Service charges - electricity revenue													9 220					9 220
Service charges - water revenue												2 102						2 102
Service charges - sanitation revenue												1 595						1 595
Service charges - refuse revenue										1 352								1 352
Service charges - other																		-
Rental of facilities and equipment		69																69
Interest earned - external investments		46																46
Interest earned - outstanding debtors		640																640
Dividends received																		-
Fines																		-
Licences and permits																		-
Agency services		649																649
Other revenue		1 717																1 717
Transfers recognised - operational		24 524																24 524
Gains on disposal of PPE																		-
Total Revenue (excluding capital transfers and contributions)		29 519	-	-	-	-	-	-	-	1 352	-	1 595	2 102	9 220	-	-	-	43 788
Expenditure By Type																		
Employee related costs		1 999	4 858	2 861	2 662	652	931	81		2 186	201	1 382	1 780	1 489				21 082
Remuneration of councillors		2 031																2 031
Debt impairment			161							204		160	121					645
Depreciation & asset impairment		76	92	190	28		71			42	59	448	139	72				1 218
Finance charges		15								52		27						94
Bulk purchases														6 409				6 409
Other materials																		-
Contracted services		405	1 838	390	9		2											2 644
Transfers and grants			2 026		400													2 426
Other expenditure		1 960	1 060	900	249	59	32	1		645	275	1 245	789	499				7 713
Loss on disposal of PPE																		-
Total Expenditure		6 485	10 035	4 341	3 348	711	1 036	82	-	3 129	535	3 261	2 829	8 469	-	-	-	44 262
Surplus/(Deficit)		23 034	(10 035)	(4 341)	(3 348)	(711)	(1 036)	(82)	-	(1 777)	(535)	(1 666)	(727)	751	-	-	-	(474)
Transfers recognised - capital			83								3 000	4 202						7 285
Contributions recognised - capital																		-
Contributed assets																		-
Surplus/(Deficit) after capital transfers & contributions		23 034	(9 952)	(4 341)	(3 348)	(711)	(1 036)	(82)	-	(1 777)	2 465	2 536	(727)	751	-	-	-	6 811

Table SA3 – Supporting detail to Statement of Financial Position

EC103 Ikwezi - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		181	311	41	333	333	333	333	43	46	49
Other current investments > 90 days											
Total Call investment deposits	2	181	311	41	333	333	333	333	43	46	49
Consumer debtors											
Consumer debtors		9 325	11 061	3 941	11 835	11 835	11 835	11 835	4 162	4 408	4 668
Less: Provision for debt impairment		(6 939)	(9 569)		(10 239)	(10 239)	(10 239)	(10 239)			
Total Consumer debtors	2	2 386	1 492	3 941	1 596	1 596	1 596	1 596	4 162	4 408	4 668
Debt impairment provision											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
Balance at end of year		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		106 066	65 306	74 271	69 877	69 877	69 877	69 877	78 430	83 058	87 958
Leases recognised as PPE	3	1 661	1 309		1 401	1 401	1 401	1 401			
Less: Accumulated depreciation			2 214		2 369	2 369	2 369	2 369			
Total Property, plant and equipment (PPE)	2	107 727	64 401	74 271	68 909	68 909	68 909	68 909	78 430	83 058	87 958
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)			203	222	217	217	217	217			
Current portion of long-term liabilities		270	589		630	630	630	630	235	248	263
Total Current liabilities - Borrowing		270	792	222	848	848	848	848	235	248	263
Trade and other payables											
Trade and other creditors		5 689	10 477	11 647	11 210	11 210	11 210	11 210	12 299	13 025	13 793
Unspent conditional transfers		(1 738)	3 556		3 805	3 805	3 805	3 805			
VAT											
Total Trade and other payables	2	3 951	14 033	11 647	15 015	15 015	15 015	15 015	12 299	13 025	13 793
Non current liabilities - Borrowing											
Borrowing	4										
Finance leases (including PPP asset element)		912	589	364	630	630	630	630	385	407	432
Total Non current liabilities - Borrowing		912	589	364	630	630	630	630	385	407	432
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation		9 036	8 385		8 972	8 972	8 972	8 972			
Other			958	1 022	1 025	1 025	1 025	1 025	1 080	1 143	1 211
Total Provisions - non-current		9 036	9 343	1 022	9 997	9 997	9 997	9 997	1 080	1 143	1 211
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		67 708	53 026	90 518	38 740	13 192	13 192	13 192	90 268	80 865	98 745
GRAP adjustments			(10 551)								
Restated balance		67 708	42 475	90 518	38 740	13 192	13 192	13 192	90 268	80 865	98 745
Surplus/(Deficit)		26 641	11 661	1 416	(50)	25 498	25 498	25 498	6 811	21 944	10 128
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments		1 776	5 288		5 658	5 658	5 658	5 658			
Accumulated Surplus/(Deficit)	1	96 125	59 424	91 934	44 349	44 349	44 349	44 349	97 079	102 809	108 873
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	96 125	59 424	91 934	44 349	44 349	44 349	44 349	97 079	102 809	108 873

Table SA9 – Social, economic and demographic statistics and assumptions

EC103 Ikwezi - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population												
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area												
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics	3											
Formal												
Informal												
Total number of households												
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												
Economic	6											
Inflation/inflation outlook (CPIX)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

2.8 Municipal manager's quality certificate

I Misiwe Mpahlwa, Acting municipal manager of Ikwezi municipality EC103, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Misiwe Mpahlwa

Acting Municipal Manager: Ikwezi Municipality

Signature _____

Date: 30 May 2014