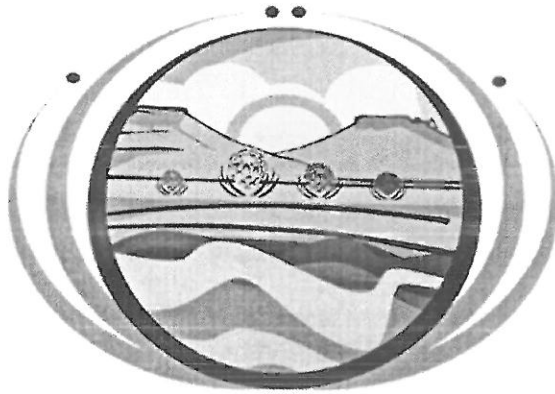


PORT ST JOHNS MUNICIPALITY



PORT ST JOHNS
• MUNICIPALITY •
OUR HERITAGE. OUR PEOPLE

SCHEDULE A

ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF PORT ST JOHNS MUNICIPALITY

TABLE OF CONTENTS

PART 1 – ANNUAL BUDGET

1.1 Executive Mayor's Report

1.2 Budget Resolutions

1.3 Executive Summary

1.3 Annual Budget Tables

PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of annual budget process

2.2 Overview of alignment of annual budget with Integrated Development Plan

2.3 Measurable performance objectives and indicators

2.4 Overview of budget assumptions

2.5 Overview of budget funding

2.6 Expenditure on allocations and grant programmes

2.7 Councillors and board members allowances and employee benefits

2.8 Number of Municipal Personnel

2.9 Municipal Manager's quality certification

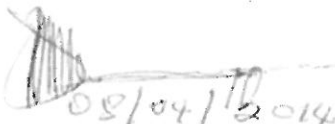
PART 1 – ANNUAL BUDGET

1.1 Executive Mayor's Report

The Municipality reaffirms its commitment to the achievement of the goals enshrined within Vision 2014, namely:

- Meeting basic service delivery needs of communities to improve their lives;
- Building a clean, efficient, responsive and accountable Municipality;
- Strengthening oversight over the Municipality's service delivery and financial performance;
- Changing the socio- economic landscape by investing in Infrastructure, human resource development and promoting enterprise development;
- Strengthening partnerships between the Municipality, communities and civil society.

In the year ahead, the Municipality will further strengthen its capacity to implement the adopted Budget, so as to positively impact on the lives of residents.


08/04/2014
Councillor DM Mangqo

1.2 Budget Resolutions

- (a) The Mayor recommends that the Council resolves that:
- (i) That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of the Port St Johns Municipality for the financial year 2014/2015, and indicative allocations for the two projected outer years 2015/2016 and 2016/2017, and the multi-year and single year capital appropriations be approved as set out in the following tables:
 - a. Budgeted Financial Performance (Revenue and Expenditure by Standard Classification);
 - b. Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote);
 - c. Budgeted Financial Performance (Revenue by Source and Expenditure by Type);
 - d. Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
 - (ii) That the financial position, cash flow, cash backed reserves/accumulated surplus, asset management and basic service delivery targets be adopted as set out in the following tables:
 - a. Budgeted Financial Position;
 - b. Budgeted Cash Flows;
 - c. Cash Backed Reserves and accumulated surplus reconciliation;
 - d. Asset Management
 - (iii) That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, Act 56 of 2003 and sections 74 and 75A of the Local Government Municipal Systems Act, Act 32 of 2000 as amended, that property rate set in tariff schedule (annexure a) that were used to prepare estimate of revenue by source are approved effective from 1 July 2014.
 - (iv) That in terms of section 24(2)(c)(iii) of the Municipal Finance Management Act 56 of 2003, the measurable performance objectives for capital and operating

expenditure by vote for each year of the medium term revenue and expenditure framework are approved.

- (v) That in terms of section 24(2)(c)(iv) of the Municipal Finance Management Act, 56 of 2003, the amendments to the integrated development plan as set out elsewhere in the agenda be approved.

1.3. Executive Summary

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA). The capital budget generally contain new or replacement assets such as roads, vehicles, buildings, etc. The Operating Budget, which is by far the largest component of the Budget, includes the provision of services, such as rates, refuse collection, etc.

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives.

The assumptions and principles applied in the development of this Budget are mainly based upon guidelines received from National Treasury (expenditure growth) and other external bodies such as the National Electricity Regulator of South Africa (NERSA), South African Local Government Bargaining Council, Water Services Authority (WSA), major service providers, etc. The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The aforementioned guidelines were considered appropriate to inform the development of the Budget.

The Operating Budget totals R 107 673 901 which funds the continued provision of services provided by the Municipality.

The major expenditure items are employee costs 45.34%, remuneration of councillors 9.52% and general expenses 39.46%

Funding is obtained from various sources, the major source being grants and subsidies received from National and Provincial Governments

In order to support the 2014/15 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2014:

Property Rates:	6%
Refuse removal	6%
Rentals	6%
Cemetery Charges	6%
Community and town halls	6%

The Assistance to the Poor Programme currently, provides the following monthly benefits to poor households in the municipality:

- Free 50 kwh Electricity

- Free basic refuse removal
- Property rates subsidy

The Capital Budget totals R 32 598 000 of which the bulk of the amount comes the Municipal Infrastructure Grant. The Municipal Infrastructure Grant is mainly earmarked for road infrastructural projects and Project Management Unit administration fees.

Drawdown for 2014/2015 Financial Year

Project name (list of projects which will be implemented for the 2012/13 FY including the PMU admin fees)	July-14 Projections	November-14 Projections	March-15 Projections	Total amount projected
PMU	400 000,00	450 000,00	348 000,00	1 198 000,00
Nyazi Access Road	600 000,00			600 000,00
Buthulo Access Road	900 000,00	-		900 000,00
Qhoboshendlini Access Road	1 200 000,00	1 100 000,00	980 000,00	3 280 000,00
Dumezweni Access Road	450 000,00	1 050 000,00	960 000,00	2 460 000,00
Tyeni Access road	1 700 000,00	1 400 000,00	1 140 000,00	4 240 000,00
Bomvini Access Road	300 000,00	1 150 000,00	1 350 000,00	2 800 000,00
Lundine Access Road	500 000,00	900 000,00	1 410 000,00	2 810 000,00
Renovations of Traffic Department	1 300 000,00	1 300 000,00	100 000,00	2 700 000,00
Construction of Market Stalls	1 640 000,00	1 550 000,00	101 000,00	3 291 000,00
Ntshamathe A/R	140 000,00	150 000,00		290 000,00
TOTAL	9 130 000,00	9 050 000,00	6 389 000,00	24 569 000,00

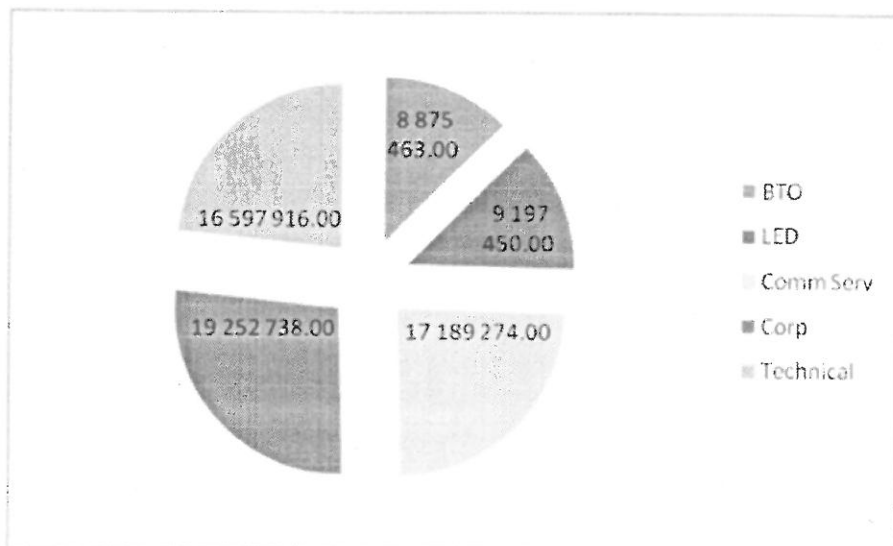
The Budget related policies have been adhered to in the development of the Budget, whilst continuous monitoring of budget performance is possible through Key Performance Indicators as contained within the Service Delivery and Budget Implementation Plan. The service delivery package are informed by the Integrated Development Plan which reflects the total project per five Key Performance Area, and the totals reflected below (1.3.1) as per annual budget are divided as departmental projects with the IDP to ensure that there is a distinctive alignment IDP and Annual Budget.

1.3.1 Total Service Delivery Package of the Municipality and associated financial implications

Service Provided	Operating expenditure
Budget and Treasury	R 8 875 463
Corporate Services	R 19 252 738
Local Economic Development	R 9 197 450
Technical Services	R 16 597 916
Community Services	R 17 189 274
Funded as follows	
Transfers from National and Local Government	R 140 271 901

Refuse Removal	R 611 328
Property Rates	R 7 011 440
Other own revenue	R 738 133

The graph below reflects the total projects per Integrated Development Plan:



1.3.2 Effect of the Annual Budget

In this section the Operating and Capital Budgets are discussed.

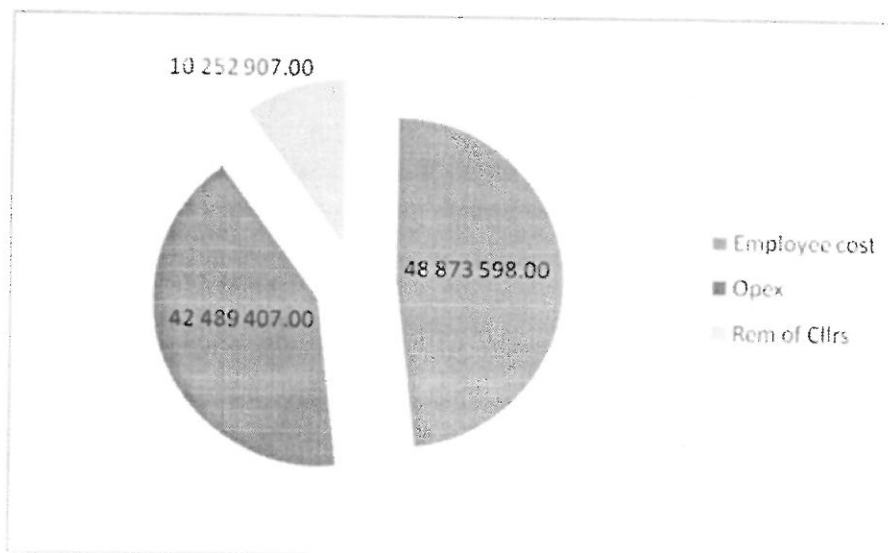
1.3.2.1 Operating Budget

The operating budget amounts to R 107 673 901 million and it has been informed by circular 70 & 72 as follows:

- The inflation rate has been estimated at 5.6% for the next financial year
- Growth in the salary and wage bill has been provided for in the budget at 6.8%
- General expenditure has been provided for 5.6%

Statement of Financial Position – Budget expenditure

Employee Cost	R 48 873 598
Operating Exp	R 42 489 407
Remuneration of councillors	R 10 252 907



Below is a discussion of the main expenditure components:

Employee related costs

The 2014/2015 draft budget provides for annual increments, where applicable, and a general increase of 6.8% as per guidance of MFMA Circular 70 & 71.

The provision of R 59 673 901 represents the employee related cost (inclusive of council remuneration) for 2014/2015 as opposed to the R 53 406 109 for 2013/2014 financial year. This depicts an increase of 11 % taking into consideration that some of the vacant posts will have to be filled.

Electricity

It has been estimated that energy consumption levels will reflect a negative growth due to the following attributes:

- Significant increases in electricity prices;
- Consumer awareness of the need to conserve energy;
- The implementation of energy conservation measures;
- The down turn in the economy and its consequential impact on industry.

Sources of Funding

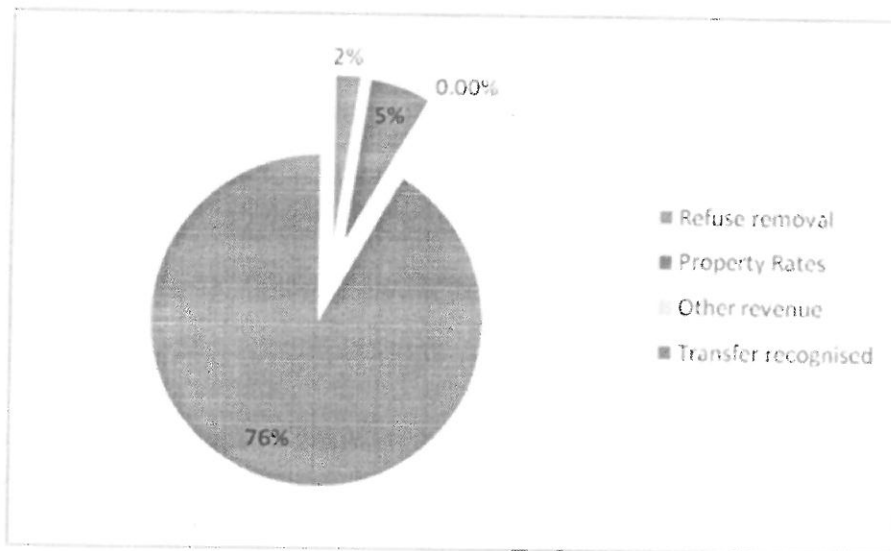
The Municipality receives its funding from many sources including property rates, services charges and government grants. The following table identifies the sources of funding for the current financial year 2014/2015 and the projected budgets for 2015/2016 to 2016/2017.

Description	Ref	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		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							
Revenue By Source								
Property rates	2	4 911	6 615	6 615	6 615	7	7	7
Property rates - penalties & collection charges						011	432	878
Service charges - electricity revenue	2	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-
Service charges - refuse revenue	2	477	579	579	579	611	644	679
Service charges - other								
Rental of facilities and equipment		67	86	86	86	91	96	101
Interest earned - external investments			150	150				
Interest earned - outstanding debtors		477	532	532	532	564	596	634
Dividends received								
Fines		45	41	41	41	43	45	48

Licences and permits		30	38	38	38	40	42	45
Agency services								
Transfers recognised - operational		84 935	90 680	90 680	90 680	801 99	124	125
Other revenue	2	-	-	-	-	-	932	301
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)		90 960	98 720	98 720	98 570	108 162	132 890	134 686

It is evident from the above, that grant and subsidies constitute the largest component of municipal revenue. Property Rates, Refuse Removal, Agency Services and rental of facilities & equipment also constitute a significant component of total revenue.

Statement of financial performance – budgeted revenue (2014/2015)



Comparative Rates and Tariffs

In order to support the Operating Budget, the following increases in rates and service charges have been proposed:

Category	2014/2015	2015/2016	2016/2017
Property Rates increase	6%	6%	6%
Refuse removal increase	6%	6%	6%
Rental of buildings and Equipment increase	6%	6%	6%
License and Permits increase	6%	6%	6%

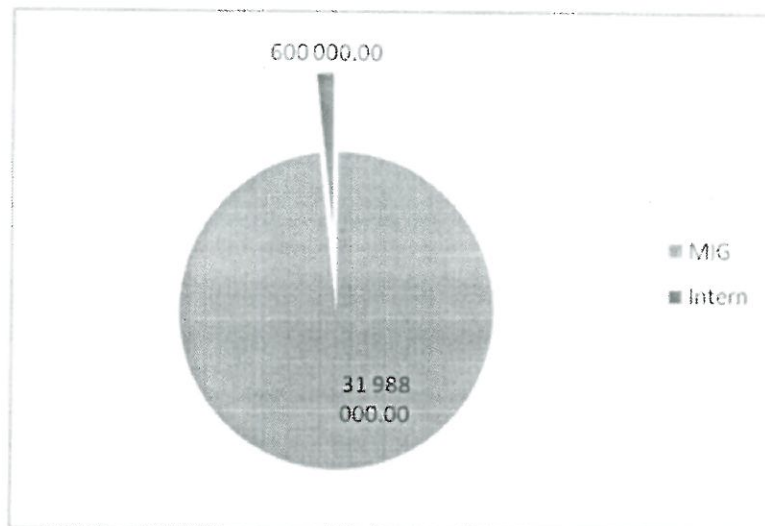
1.3.2.2 Capital Budget

The 2013/2014 Capital Budget amounts to R 29 045 098 compared to R 32 598 000 in 2014/2015

The capital budget has gradually increased from the previous year as follows:

Vote Description	Ref	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		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							
Mayors Office		400	-	-	-	-	-	-
Speakers Office		-	-	-	-	-	-	-
Council		-	-	-	-	-	-	-
Accounting Officer		-	-	-	-	-	-	-
Budget and Treasury		-	-	-	-	-	-	-
Corporate Services		250	-	-	-	-	-	-
Community Services		350	-	-	-	-	4 000	-
Local Economic Development		-	-	-	-	-	-	-
Technical Services		25 669	29 045	29 045	29 045	32 598	34 203	35 617
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	26 669	29 045	29 045	29 045	32 598	38 203	35 617

Capital budget is depicted by the graph below:



1.3.3 Funding of the Budget

Fiscal Overview

1.3.3.1 2013/2014 Actual and 2014/15 Projected Financial Performance

The municipality's financial performance and position appears to be sound for the following reasons:

- Budgets are balanced, being funded from the current financial year's revenues.
- The municipality operates within its annual budget, as approved by Council.
- The municipality maintains a fairly positive cash position.
- Reasonable revenue collection rates are anticipated to be achieved.

1.3.3.1.1 Operating Budget

The 2013/2014 financial year expenditure was fully funded from the municipality's revenues; a similar performance is projected for 2014/2015. The current financial year's revenues are sufficient to cover the operating expenditures.

The Municipality has developed a Revenue enhancement strategy, and has implemented the Financial Recovery Plan to ensure the achievement of a collection rate of 60% within the MTREF.

1.3.3.1.2 Capital Budget

The actual capital budget spending in 2014/2015 amounts to R 32 598 000 of which R 31 988 000 was funded from National and Provincial Government grants.

Mid Term Outlook 2012/13 to 2014/15

Operating Budget

The operating budget amounts to R 107 673 901 for the 2014/2015 financial year. It then increases to R 132 257 948 in 2015/2016, and finally R 134 019 864. This growth is mainly in the following areas:

- Increased spending attributable to addressing maintenance backlogs in infrastructure.
- Increased spending on employee related costs.
- Significant increase in legal costs

Capital Budget

Over the next three financial years, capital spending is projected at R32 598 000 in 2014/2015, R 34 203 400 in 2015/2016 and R 35 616 550 in 2016/2017

The projection spending has slightly increased due to higher repairs & maintenance of equipment and higher repairs of access roads.

Ongoing issues requiring monitoring and evaluation

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or commensurate reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in respect of Council's assets – adequacy of budgetary provisions;
- Staffing requirements and the impact on the personnel expenditure target;
- Improvement of current collection rates;
- Reviewing and enhancing the level of the Capital Replacement Reserve, to ensure that the Municipality is able to cover the purchase of new and replacement assets;
- Payment of long outstanding creditors

1.3.4 Medium Term Revenue and Expenditure

The Projected Financial Results over the MTEF are as follows:

Description	Ref	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		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	4 911	6 615	6 615	6 615	7 011	7 432	7 878
Property rates - penalties & collection charges								
Service charges - electricity revenue	2	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-

Service charges - sanitation revenue	2	-	-	-	-	-	-	-
Service charges - refuse revenue	2	477	579	579	579	611	644	679
Service charges - other								
Rental of facilities and equipment		67	86	86	86	91	96	101
Interest earned - external investments			150	150				
Interest earned - outstanding debtors		477	532	532	532	564	598	634
Dividends received								
Fines		43	41	41	41	43	45	48
Licences and permits		30	38	38	38	40	42	45
Agency services								
Transfers recognised - operational		84 935	90 680	90 680	90 680	801	124	125
Other revenue	2	-	-	-	-	-	-	-
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)		90 960	98 720	98 720	98 570	108 162	132 690	134 686
Expenditure By Type	-							
Employee related costs	2	35 759	43 788	43 788	43 788	834	929	1 021
Remuneration of councillors		10 326	9 618	9 618	9 618	683	559	491
Debt impairment	3	30 595	30 595	30 595	30 595	308	34	35
Depreciation & asset impairment	2	10 023	10 023	10 023	10 023	584	147	746
Finance charges		5 706	312	312	312	329	346	363
Bulk purchases	2	-	-	-	-	-	-	-
Other materials	8	-	-	-	-	-	-	-
Contracted services		-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-
Other expenditure	4, 5	50 114	45 581	45 581	45 581	268	60	59
Loss on disposal of PPE								
Total Expenditure		142 522	139 917	139 917	139 917	153 996	177 099	185 529
Surplus/(Deficit)		(51 561)	(41 197)	(41 197)	(41 347)	(45 835)	(44 209)	(50 842)
Transfers recognised - capital						710	34	617
Contributions recognised - capital	6	-	-	-	-	-	-	-
Contributed assets								
Surplus/(Deficit) after capital transfers & contributions		(51 561)	(41 197)	(41 197)	(41 347)	(13 125)	(10 005)	(15 226)
Taxation								
Surplus/(Deficit) after taxation		(51 561)	(41 197)	(41 197)	(41 347)	(13 125)	(10 005)	(15 226)
Attributable to minorities								
Surplus/(Deficit) attributable to municipality		(51 561)	(41 197)	(41 197)	(41 347)	(13 125)	(10 005)	(15 226)

Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year	561	(51)	197	(41)	197	(41)	347	(41)	(13)	(10)	(15)

1.3.5 Priorities and linkages to the IDP

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The 2014/2015 to 2016/17 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

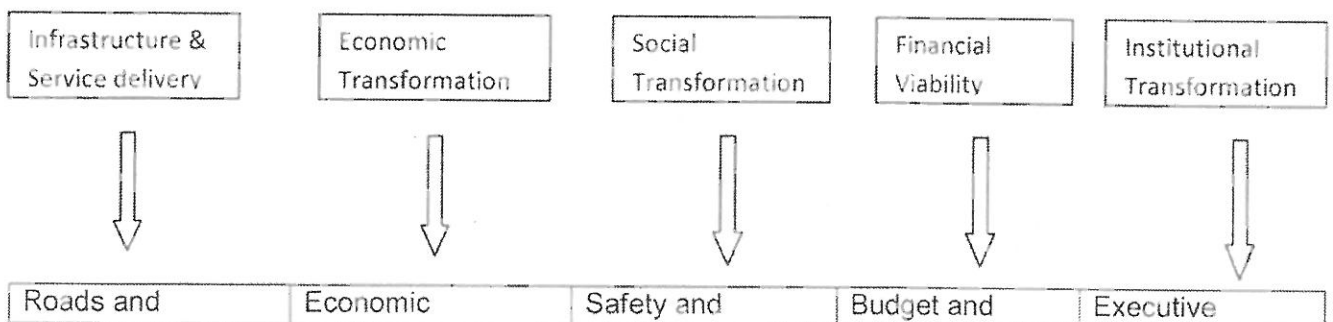
- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget. After the tabling of the budget, a series of meetings were held throughout the municipal area to consult with the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, business, labour, National and Provincial Governments on how the draft budget addresses the IDP priorities and objectives.

The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This is now facilitated through the Service Delivery and Budget Implementation Plan (SDBIP).

Below is a table, which illustrates the link between the Budget and the IDP. The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act has been guided and informed by the following principles:

- It must support the achievement of the five strategic priorities of the PSJ Municipality.
- Focus on service delivery and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP.
- The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the SDBIP.



Stormwater	Development	security	Treasury	Council
Water services		Recreational Services		Corporate Services
Waste water management				

The above is an indication of Port st Johns Municipality alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. In order to monitor and evaluate service delivery and financial performance, key performance indicators are included in all Directors' performance agreements.

1.3.8 Amendments to Budget Related Policies

The MFMA and the Budget and Reporting Regulations require budget related policies to be reviewed, and where applicable, be updated on an annual basis.

A review of the existing budget related policies will indicate minor changes to the existing policies. The following budget related policies (where applicable) are still yet to be reviewed (some have been reviewed) and subsequently be submitted to council for adoption:

- Credit Control and Debt collection Policy
- Supply Chain Management Policy
- Rates
- Indigent Policy
- Asset Management Policy
- Cash and Investment Management Policy
- ICT Policy
- Disaster Recovery Plan
- Tariff Schedules

The following policies have been developed and will be submitted to council for adoption:

- Investment Policy
- Tariff policy
- Funds and Reserves

1.3.9 Budget Assumptions

The following key assumptions underpinned the preparation of the multi-year budget:

	2012 / 2013
Income	%
Property Rates Increase	6
Refuse Removal Increase	6
Rental of facilities	6
Licence and Permits	6
Revenue collection Rate	6
Expenditure	%
Total Operating Expenditure Increase	5.6
Salaries	6.8
Repairs and Maintenance	15.5

1.4 Annual Budget Tables

The annual budget tables are included in this section.

1.4.1 Budget Summary

The aim of the Budget Summary is to 'provide a concise overview of the proposed budget from all of the major financial perspectives (operating expenditure, capital expenditure, financial position and cash flow, and MFMA funding compliance). The table provides a snapshot view' of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Taking the aforementioned budget strategy, assumptions and principles into consideration the 2014/2015 to 2016/2017 Budget was arrived at as follows:

EC154 Port St Johns - Table A1
Consolidated Budget Summary

Description	2010/11	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework
-------------	---------	----------------------	---

R thousands	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
Financial Performance								
Property rates	911	914	916	916	916	911	932	978
Service charges	477	479	479	479	479	611	644	679
Investment revenue	-	150	150	150	-	-	-	-
Transfers recognised - operational	935	984	990	990	990	99	124	126
Other own revenue	628	697	697	697	697	736	782	826
	960	990	998	998	998	108	132	134
	720	720	720	720	570	162	890	686
Total Revenue (excluding capital transfers and contributions)								
Employee costs	759	735	743	743	738	834	929	921
Remuneration of councillors	326	310	318	318	318	683	559	491
Depreciation & asset impairment	023	023	023	023	023	564	147	746
Finance charges	706	5	312	312	312	329	346	363
Materials and bulk purchases	-	-	-	-	-	-	-	-
Transfers and grants	-	-	-	-	-	-	-	-
Other expenditure	709	80	176	176	176	80	94	94
	522	142	139	139	139	153	177	185
	917	917	917	917	917	996	999	929
Total Expenditure								
Surplus/(Deficit)	561	(51)	(41)	(41)	(41)	(45)	(44)	(50)
Transfers recognised - capital	-	-	-	-	-	32	34	35
Contributions recognised - capital & contributed assets	-	-	-	-	-	710	203	617
	561	(51)	(41)	(41)	(41)	(13)	(10)	(15)
	561	197	197	197	347	125	905	726
Surplus/(Deficit) after capital transfers & contributions								
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
	561	(51)	(41)	(41)	(41)	(13)	(10)	(15)
	561	197	197	197	347	125	905	726
Surplus/(Deficit) for the year								
Capital expenditure & funds sources								
Capital expenditure	669	26	29	29	29	32	38	35
Transfers recognised - capital	669	26	29	29	29	598	203	617
Public contributions & donations	-	-	-	-	-	32	38	35
	669	045	045	045	045	598	203	617

Borrowing	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-
Total sources of capital funds	26 669	29 045	29 045	29 045	32 598	38 203	35 617
Financial position							
Total current assets	-	-	-	-	-	-	-
Total non current assets	-	-	-	-	-	-	-
Total current liabilities	-	-	-	-	-	-	-
Total non current liabilities	-	-	-	-	-	-	-
Community wealth/Equity	-	-	-	-	-	-	-
Cash flows							
Net cash from (used) operating	25 457	33 236	33 236	33 236	33 857	45 010	38 108
Net cash from (used) investing	(25) 669	(29) 045	(29) 045	(29) 045	(32) 598	(38) 203	(35) 617
Net cash from (used) financing	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	13 696	19 099	19 099	19 099	20 358	27 164	29 656
Cash backing/surplus reconciliation							
Cash and investments available	-	-	-	-	-	-	-
Application of cash and investments	46 323	40 930	40 930	40 930	43 221	45 537	47 988
Balance - surplus (shortfall)	(46) 323	(40) 930	(40) 930	(40) 930	(43) 221	(45) 537	(47) 988
Asset management							
Asset register summary (WDV)	-	-	-	-	-	-	-
Depreciation & asset impairment	10 023	10 023	10 023	10 584	10 584	11 147	11 746
Renewal of Existing Assets	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-
Free services							
Cost of Free Basic Services provided	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-
Households below minimum service level							
Water:	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-

1.4.2 Consolidated Financial Performance

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a budget in one common format, to facilitate comparison across all municipalities.

EC154 Port St Johns - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description R thousand	Ref	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard							
<i>Governance and administration</i>		88 064	89 956	89 956	105 937	131 856	133 907
Executive and council		-	-	-	-	-	-
Budget and treasury office		63 064	69 956	69 956	105 937	131 856	133 907
Corporate services		-	-	-	-	-	-
<i>Community and public safety</i>		600	664	664	756	739	779
Community and social services		600	664	664	756	739	779
Sport and recreation		-	-	-	-	-	-
Public safety		-	-	-	-	-	-
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-
<i>Economic and environmental services</i>		26 986	39 583	39 583	34 179	34 498	35 617
Planning and development		1 417	10 217	10 217	462	295	-
Road transport		25 569	29 366	29 366	33 717	34 203	35 617
Environmental protection		-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-
Electricity		-	-	-	-	-	-
Water		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-
Total Revenue - Standard	2	115 650	130 203	130 203	140 872	167 094	170 303
Expenditure - Standard							
<i>Governance and administration</i>		45 533	97 307	97 307	107 581	123 676	132 446
Executive and council		19 816	32 087	32 087	36 561	41 714	45 314
Budget and treasury office		12 311	48 259	48 259	51 768	65 290	58 883
Corporate services		13 406	16 962	16 962	19 253	26 673	26 249
<i>Community and public safety</i>		12 674	15 459	15 459	17 189	19 789	20 973
Community and social services		12 674	15 459	15 459	17 189	19 789	20 973
Sport and recreation		-	-	-	-	-	-
Public safety		-	-	-	-	-	-
Housing		-	-	-	-	-	-
Health		-	-	-	-	-	-

<i>Economic and environmental services</i>		44 816	58 327	58 327	25 795	29 984	28 226
Planning and development		9 823	13 202	13 202	9 197	9 115	7 035
Road transport		34 993	45 126	45 126	16 598	20 869	20 591
Environmental protection		-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-
Electricity		-	-	-	-	-	-
Water		-	-	-	-	-	-
Waste water management		-	-	-	-	-	-
Waste management		-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-
Total Expenditure - Standard	3	103 023	171 094	171 094	150 566	173 449	181 645
Surplus/(Deficit) for the year		12 627	(891)	(891)	694	(355)	(11)

The purpose of the format in which the budget is presented below, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Below is a classification of operating revenue and expenditure by 'vote'. A 'vote' is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

EC154 Port St Johns - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand							
Revenue by Vote	1						
Mayors Office		-	-	-	-	-	-
Speakers Office		-	-	-	-	-	-
Council		-	-	-	-	-	-
Accounting Officer		-	-	-	-	-	-
Budget and Treasury		88 064	89 956	89 956	105 937	131 856	133 907
Corporate Services		-	-	-	-	-	-
Community Services		600	664	664	756	739	779
Local Economic Development		1 417	10 217	10 217	462	295	-
Technical Services		25 569	29 366	29 366	33 717	34 203	35 617
Total Revenue by Vote	2	115 650	130 203	130 203	140 872	167 094	170 303
Expenditure by Vote to be appropriated	1						
Mayors Office		2 494	3 251	3 261	4 056	4 295	4 549
Speakers Office		2 008	4 467	4 467	5 791	6 117	6 462
Council		9 360	12 761	12 761	13 572	14 407	15 264
Accounting Officer		5 934	11 598	11 598	13 143	16 895	15 009
Budget and Treasury		12 311	48 259	48 259	51 768	55 290	58 883
Corporate Services		13 406	16 962	16 962	19 253	26 673	28 249
Community Services		12 674	15 459	15 459	17 189	19 789	20 973

Local Economic Development		9 823	13 202	13 202	9 197	9 115	7 625
Technical Services		34 993	45 126	45 126	16 598	20 869	20 591
Total Expenditure by Vote	2	103 023	171 094	171 094	150 566	173 449	181 645
Surplus/(Deficit) for the year	2	12 627	(40 891)	(40 891)	(9 694)	(6 355)	(11 342)

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, so as to assess performance.

The following table reflect the budgeted financial performance by expenditure and income categories:

EC154 Port St Johns - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		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	911	615	615	615	611	432	978
Property rates - penalties & collection charges								
Service charges - electricity revenue	2	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-
Service charges - refuse revenue	2	477	579	579	579	611	644	679
Service charges - other								
Rental of facilities and equipment	87	86	86	86	86	81	96	101
Interest earned - external investments			150	150				
Interest earned - outstanding debtors	477	532	532	532	532	564	598	634
Dividends received								
Fines	43	41	41	41	41	43	45	48
Licences and permits	30	38	38	38	38	40	42	45
Agency services								
Transfers recognised - operational	94	90	90	90	90	99	124	125
Other revenue	2	-	-	-	-	-	-	-
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)		960	720	720	570	162	890	686

<u>Expenditure By Type</u>									
	-								
Employee related costs	2	35	43	43	43	48	56	63	
		759	788	788	788	834	929	1021	
Remuneration of councillors		10	9	9	9	13	14	15	
		326	618	618	618	663	559	491	
Debt impairment	3	30	30	30	30	32	34	35	
		595	595	595	595	308	044	880	
Depreciation & asset impairment	2	10	10	10	10	10	11	11	
		023	023	023	023	584	147	746	
Finance charges		5							
		706	312	312	312	329	346	363	
Bulk purchases	2	-	-	-	-	-	-	-	
Other materials	8								
Contracted services									
Transfers and grants									
Other expenditure	4	50	45	45	45	48	60	59	
	5	114	561	561	561	258	074	029	
Loss on disposal of PPE									
Total Expenditure		142	139	139	139	153	177	185	
		522	917	917	917	996	099	529	
Surplus/(Deficit)		(51	(41	(41	(41	(45	(44	(50	
		561)	197)	197)	347)	835)	209)	842)	
Transfers recognised - capital						32	34	35	
Contributions recognised - capital	6					710	203	617	
Contributed assets									
		(51	(41	(41	(41	(13	(10	(15	
		561)	197)	197)	347)	125)	005)	226)	
Surplus/(Deficit) after capital transfers & contributions									
Taxation									
		(51	(41	(41	(41	(13	(10	(15	
		561)	197)	197)	347)	125)	005)	226)	
Surplus/(Deficit) after taxation									
Attributable to minorities									
		(51	(41	(41	(41	(13	(10	(15	
		561)	197)	197)	347)	125)	005)	226)	
Surplus/(Deficit) attributable to municipality									
Share of surplus/ (deficit) of associate	7								
		(51	(41	(41	(41	(13	(10	(15	
		561)	197)	197)	347)	125)	005)	226)	
Surplus/(Deficit) for the year									

1.4.3 Capital Budget Summary

Taking the aforementioned constraints into account the following capital budget was arrived at.

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

Table A5 seeks to meet three requirements, namely it shows:

- capital expenditure by municipal vote;
- capital expenditure by standard classification; and
- the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial governments that fund the capital budget.

EC154 Port St Johns - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		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								
<u>Capital expenditure - Vote Multi-year expenditure to be appropriated</u>	2							
Mayors Office		400	-	-	-	-	-	-
Speakers Office		-	-	-	-	-	-	-
Council		-	-	-	-	-	-	-
Accounting Officer		-	-	-	-	-	-	-
Budget and Treasury		-	-	-	-	-	-	-
Corporate Services		250	-	-	-	-	-	-
Community Services		350	-	-	-	-	4 000	-
Local Economic Development		-	-	-	-	-	-	-
Technical Services		25 669	29 045	29 045	29 045	32 598	34 203	35 617
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	26 669	29 045	29 045	29 045	32 598	38 203	35 617
<u>Single-year expenditure to be appropriated</u>	2							
Mayors Office		-	-	-	-	-	-	-
Speakers Office		-	-	-	-	-	-	-
Council		-	-	-	-	-	-	-
Accounting Officer		-	-	-	-	-	-	-
Budget and Treasury		-	-	-	-	-	-	-
Corporate Services		-	-	-	-	-	-	-
Community Services		-	-	-	-	-	-	-
Local Economic Development		-	-	-	-	-	-	-
Technical Services		-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-

#REF!		-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-
#REF!		-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-
Total Capital Expenditure - Vote		26 669	29 045	29 045	29 045	32 598	38 203	35 617
Capital Expenditure - Standard								
<i>Governance and administration</i>		250	-	-	-	-	-	-
Executive and council								
Budget and treasury office								
Corporate services		250	-	-	-	-	-	-
<i>Community and public safety</i>		350	-	-	-	-	4 000	-
Community and social services		350	-	-	-	-	4 000	-
Sport and recreation								
Public safety								
Housing								
Health								
<i>Economic and environmental services</i>		26 069	29 045	29 045	29 045	32 598	34 203	35 617
Planning and development								
Road transport		26 069	29 045	29 045	29 045	32 598	34 203	35 617
Environmental protection								
<i>Trading services</i>		-	-	-	-	-	-	-
Electricity								
Water								
Waste water management								
Waste management								
<i>Other</i>								
Total Capital Expenditure - Standard	3	26 669	29 045	29 045	29 045	32 598	38 203	35 617
Funded by:								
National Government		26 669	29 045	29 045	29 045	32 598	38 203	35 617
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	26 669	29 045	29 045	29 045	32 598	38 203	35 617
Public contributions & donations	5							
Borrowing	6							
Internally generated funds								
Total Capital Funding	7	26 669	29 045	29 045	29 045	32 598	38 203	35 617

1.4.4 Budgeted Financial Statements

The financial statements below identify the financial viability of the Municipality. It is evident from this statement that value of the Municipality is increasing and liquidity although appropriate at this point of time, will require monitoring.

1.4.4.1 Table A6 Budgeted Financial Position

The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity; i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

EC154 Port St Johns - Table A6 Consolidated 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	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand								
ASSETS								
Current assets								
Cash		340	875	908				
Call investment deposits	1	-	-	-		-	-	-
Consumer debtors	1	-	-	-		-	-	-
Other debtors Current portion of long-term receivables		59	320	308				
Inventory	2	244	204	371				
Total current assets		643	399	597		-	-	-
Non current assets								
Long-term receivables								
Investments								
Investment property		14	13	13				
Investment in Associate		023	883	743				
Property, plant and equipment	3	-	346	339		-	-	-
Agricultural			519	154				
Biological								
Intangible								
Other non-current assets		318	344	339				
		645	318	154				
Total non current assets		332	704	692		-	-	-
		668	721	051				
TOTAL ASSETS		311	120	637		-	-	-
		333	706	710				
LIABILITIES								
Current liabilities								
Bank overdraft	1	24	-	-				
Borrowing	4							

Consumer deposits		-	-	-	-	-	-	-
Trade and other payables	4	-	460	19	287	-	-	-
Provisions		152	160	773	21	-	-	-
Total current liabilities		176	626	19	060			
Non current liabilities								
Borrowing		-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-			
TOTAL LIABILITIES		176	626	19	060			
NET ASSETS	5	333	686	689				
		134	494	577				
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus(Deficit)		293	350	355				
		805	165	146				
Reserves	4	-	-	-				
Minorities' interests		-	-	-				
TOTAL COMMUNITY WEALTH/EQUITY	5	293	350	355				
		805	165	146				

1.4.4.2 Table A7 Budgeted Cash Flows

Table A7 includes, some specific features:

- Clear separation of receipts and payments within each cash flow category
- Clear separation of capital and operating receipts from Government, and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt)

EC154 Port St Johns - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		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								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other		5	7	7	7	7		
		388	193	193	193	060	8 076	8 557
Government - operating	1	84	90	90	90	99	124 032	125 301
		935	680	680	680	801		
Government - capital	1	26	31	31	31	32	38 203	35 617
		483	483	483	483	710		
Interest		477	682	682	682	564	598	634
Dividends								
Payments								
Suppliers and employees		(93)	(96)	(96)	(96)	(105)	(125)	(131)
		(693)	(708)	(708)	(708)	(949)	(554)	(638)

Cash and investments available:		-	-	-	-	-	-	-	-
Application of cash and investments									
Unspent conditional transfers		-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	-
Other provisions		323	46	930	40	930	40	221	43
Long term investments committed Reserves to be backed by cash/investments	4	-	-	-	-	-	-	-	-
	5	-	-	-	-	-	-	-	-
Total Application of cash and investments:		323	46	930	40	930	40	221	43
		(323)	(46)	(930)	(40)	(930)	(40)	(221)	(43)
Surplus(shortfall)									

1.4.5 Table A9 Asset Management

This table provides a summarised version of the capital programme divided into new assets and renewal of existing assets and also reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected. It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

EC154 Port St Johns - Table A9 Consolidated Asset Management

Description	Ref	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		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	28	29	29	32	38	35
Infrastructure - Road transport		366	366	366	996	571	950
Infrastructure - Electricity		300	679	679	600	632	667
Infrastructure - Water		-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-
Infrastructure		666	1045	1045	596	1203	1617
Community		-	-	-	-	900	-
Heritage assets		-	-	-	-	-	-
Investment properties		-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-
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						
Infrastructure - Road transport		366	366	366	998	571	950
Infrastructure - Electricity		300	679	679	600	632	667
Infrastructure - Water		-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-
Infrastructure		666	045	045	598	203	617
Community		-	-	-	-	000	-
Heritage assets		-	-	-	-	-	-
Investment properties		-	-	-	-	-	-
Other assets		-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Intangibles		-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	666	045	045	598	203	617
ASSET REGISTER SUMMARY - PPE (WDV)	5						
Infrastructure - Road transport		-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-
Community		-	-	-	-	-	-

Heritage assets							
Investment properties		-	-	-	-	-	-
Other assets							
Agricultural Assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Intangibles		-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5						
EXPENDITURE OTHER ITEMS							
Depreciation & asset impairment		10	10	10	10	11	11
Repairs and Maintenance by Asset Class	3	023	023	023	584	147	746
<i>Infrastructure - Road transport</i>		-	-	-	-	-	-
<i>Infrastructure - Electricity</i>		-	-	-	-	-	-
<i>Infrastructure - Water</i>		-	-	-	-	-	-
<i>Infrastructure - Sanitation</i>		-	-	-	-	-	-
<i>Infrastructure - Other</i>		-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-
Community		-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-
Investment properties		-	-	-	-	-	-
Other assets	6, 7	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		10	10	10	10	11	11
		023	023	023	584	147	746

1.4.6 Table A10 Basic service delivery measurement

This table provides basic service delivery information that the municipality approves basic service delivery targets aligned to national priorities.

EC154 Port St Johns - Table A10 Basic service delivery measurement

Description	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets						
<u>Water:</u>						
Piped water inside dwelling						
Piped water inside yard (but not in dwelling)						
Using public tap (at least min.service level)						
Other water supply (at least min.service level)						
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-
Using public tap (< min.service level)						
Other water supply (< min.service level)						

No water supply						
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)						
Flush toilet (with septic tank)						
Chemical toilet						
Pit toilet (ventilated)						
Other toilet provisions (> min.service level)						
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-
Bucket toilet						
Other toilet provisions (< min service level)						
No toilet provisions						
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-
<u>Energy:</u>						
Electricity (at least min.service level)						
Electricity - prepaid (min.service level)						
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-
Electricity (< min service level)						
Electricity - prepaid (< min. service level)						
Other energy sources						
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-
<u>Refuse:</u>						
Removed at least once a week						
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-
Removed less frequently than once a week	201	210	210			
Using communal refuse dump	561	561	561	210 561	210 561	210 561
Using own refuse dump	269	269	269			
Other rubbish disposal	448	448	448	269 448	269 448	269 448
No rubbish disposal	3	3	3			
<i>Below Minimum Service Level sub-total</i>	603	603	603	3 603	3 603	3 603
Total number of households	40	40	40	40	40	40
	893	893	893	893	893	893
	5 005	5 014	5 014	5 014	5 014	5 014
	990	990	990	990	990	990
Total number of households	5 005	5 014	5 014	5 014	5 014	5 014
	990	990	990	990	990	990
<u>Households receiving Free Basic Service</u>						
Water (6 kilolitres per household per month)						
Sanitation (free minimum level service)						
Electricity/other energy (50kwh per household per month)						
Refuse (removed at least once a week)						
<u>Cost of Free Basic Services provided (R 000)</u>						

Water (6 kilolitres per household per month)						
Sanitation (free sanitation service)						
Electricity/other energy (50kwh per household per month)						
Refuse (removed once a week)						
Total cost of FBS provided (minimum social package)	-	-	-	-	-	-
Highest level of free service provided						
Property rates (R value threshold)						
Water (kilolitres per household per month)						
Sanitation (kilolitres per household per month)						
Sanitation (Rand per household per month)						
Electricity (kwh per household per month)						
Refuse (average litres per week)						
Revenue cost of free services provided (R'000)						
Property rates (R15 000 threshold rebate)						
Property rates (other exemptions, reductions and rebates)						
Water						
Sanitation						
Electricity/other energy						
Refuse						
Municipal Housing - rental rebates						
Housing - top structure subsidies						
Other						
Total revenue cost of free services provided (total social package)	-	-	-	-	-	-

PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of annual budget process

The budget processes began last year August and thereafter it was ongoing, the processes allowed consultation with stakeholders, such as the elected public representatives, Ward Committees, employees of the Municipality, Civil Society, State departments, other municipalities, business and labour, during March / April / May 2014. The annual budget and Integrated Development Plan were tabled by the Mayor in the municipal council chambers on the 31 March 2014. After tabling the budget to council it was subsequently submitted to National Treasury as well as being subjected to a consultation process with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, other municipalities, business, labour, National and Provincial Governments.

The consultation took place in the form of a series of public meetings in the various wards (clustering five wards) under the direction and leadership of the Mayor. Taking the inputs of the aforementioned consultations into account, the Mayor will table the IDP and

Budget for final approval at a Special Council meeting to be held no later than 31 May 2014.

The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget is aligned and will therefore be developed and submitted to council shortly after approval of the IDP and Annual Budget.

2.2 Alignment of Annual Budget with Integrated Development Plan

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act was guided and informed by the following principles:

- Achievement of the five strategic priorities of Port St Johns Municipality.
- Focus on service delivery of backlogs and the maintenance of infrastructure.
- Address community priorities (needs) as identified in the IDP

The 2014/15 to 2016/2017 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local economic development
- Financial sustainability and viability
- Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

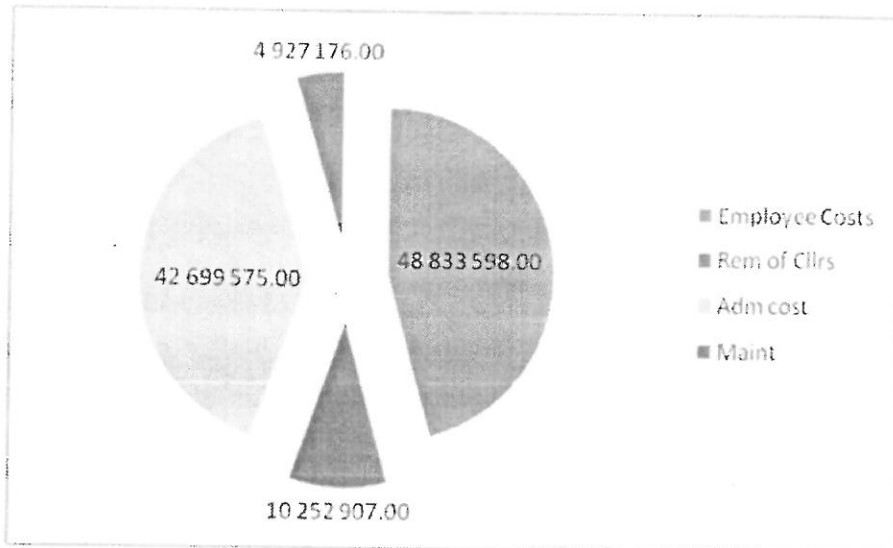
The linking of capital projects to the IDP priorities has been relatively simple, whilst the difficulty in the past has been to link the Operating budget to the IDP. This will now be facilitated through the Service Delivery and Budget Implementation Plan (SDBIP).

2.3 Measurable performance objectives and indicators

2.3.1 The Mix of Expenditure Types

The graph below reflects the expenditure components of the budgeted statement of financial performance.

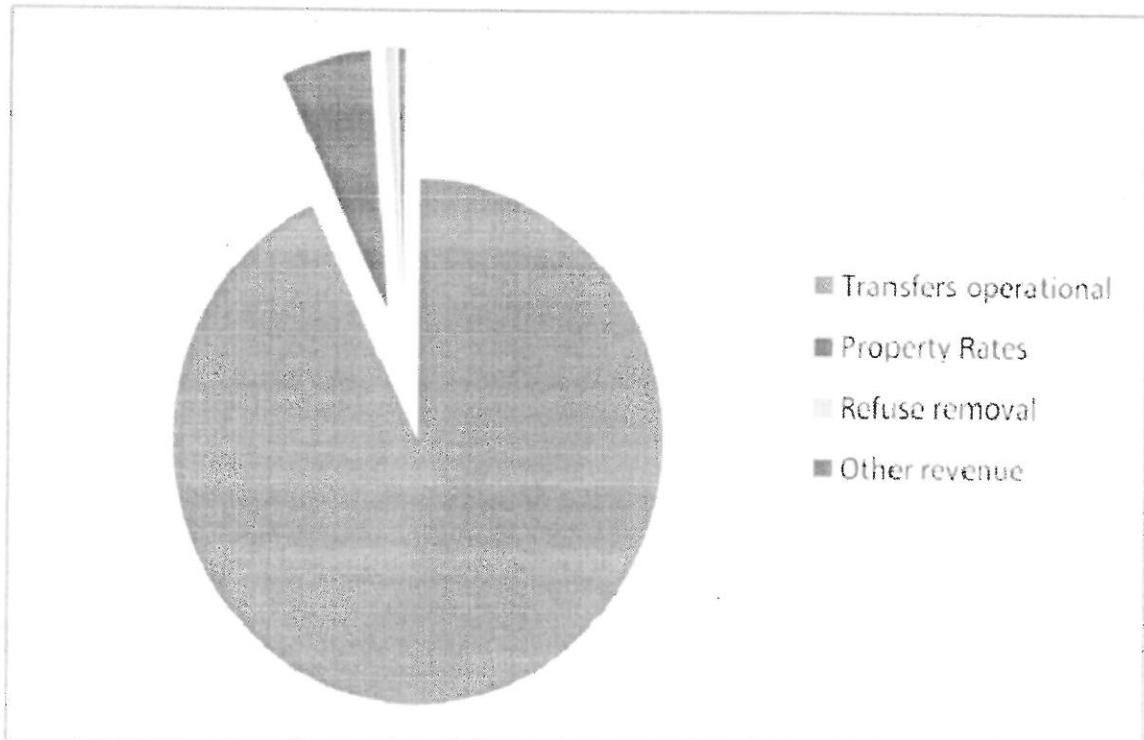
Statement of financial Performance- Budget Expenditure 2014/2015



2.3.2 The Mix of Revenue Sources

Below is a graph reflecting the revenue components of the budgeted statement of financial performance.

Statement of financial performance- Budget Revenue 2014/2015



2.4 Overview of Budget Assumptions

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievement of the longer-term financial and strategic targets.

The municipal fiscal environment is influenced by a variety of macro- economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Operating Budget, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases and the Department of Water Affairs (DWA) regulates bulk water tariff increases. Various government departments also affect municipal service delivery through the level of grants and subsidies.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- An assessment of the relative capacity to implement the Budget.
- The need to enhance the municipality's revenue base.

The multi-year budget is therefore underpinned by the following assumptions:

	2014/2015
Income	%
Property Rates Increase	6
Refuse Removal Increase	6
Rental of facilities	6
Licence and Permits	6
Revenue collection Rate	6
Expenditure	%
Total Operating Expenditure Increase	5.6
Salaries	6.8
Repairs and Maintenance	15.5

It is to be noted that the Budget has been prepared, based on Generally Recognised Accounting Practice (GRAP).

2.5 Overview of Budget Funding

2.5.1 Funding the Budget

2.5.1.1 Funding of operating expenditure

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

Description	Ref	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		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	4 311	6 615	6 615	6 615	7	7	7
Property rates - penalties & collection charges						011	432	878
Service charges - electricity revenue	2	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-
Service charges - refuse revenue	2	477	579	579	579	811	844	879
Service charges - other								
Rental of facilities and equipment		87	66	66	66	91	96	101
Interest earned - external investments			150	150				
Interest earned - outstanding debtors		477	532	532	532	564	596	634
Dividends received								
Fines		43	41	41	41	43	45	48
Licences and permits		30	38	38	38	40	42	45
Agency services								
Transfers recognised - operational		84 935	90 680	90 680	90 680	801	124	125
Other revenue	2	-	-	-	-	-	-	-
Gains on disposal of PPE								
Total Revenue (excluding capital transfers and contributions)		90 960	98 720	98 720	98 570	108	132	134
						162	690	666
Expenditure By Type								
Employee related costs	2	35 759	43 788	43 788	43 788	48	56	63
Remuneration of councillors		10 326	9 618	9 618	9 618	13	14	15
Debt impairment	3	30 595	30 595	30 595	30 595	32	34	35
Depreciation & asset impairment	2	10 023	10 023	10 023	10 023	10	11	11
Finance charges		5 708	312	312	312	329	346	363
Bulk purchases	2	-	-	-	-	-	-	-
Other materials	6							

Contracted services		-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-
Other expenditure	4, 5	50 114	45 591	45 591	45 581	258 48	074 60	029 59
Less on disposal of PPE								
Total Expenditure		142 522	139 917	139 917	139 917	153 996	177 099	165 529
Surplus/(Deficit)		(51 561)	(41 197)	(41 197)	(41 347)	(45 835)	(44 209)	(50 842)
Transfers recognised - capital						32 710	34 203	35 617
Contributions recognised - capital	6	-	-	-	-	-	-	-
Contributed assets								
Surplus/(Deficit) after capital transfers & contributions		(51 561)	(41 197)	(41 197)	(41 347)	(13 125)	(10 005)	(15 226)
Taxation								
Surplus/(Deficit) after taxation		(51 561)	(41 197)	(41 197)	(41 347)	(13 125)	(10 005)	(15 226)
Attributable to minorities								
Surplus/(Deficit) attributable to municipality		(51 561)	(41 197)	(41 197)	(41 347)	(13 125)	(10 005)	(15 226)
Share of surplus/ (deficit) of associate	7							
Surplus/(Deficit) for the year		(51 561)	(41 197)	(41 197)	(41 347)	(13 125)	(10 005)	(15 226)

2.5.1.2 Funding of capital expenditure

EC154 Port St Johns - Table A5 Consolidated Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		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							
Mayors Office		400	-	-	-	-	-	-
Speakers Office		-	-	-	-	-	-	-
Council		-	-	-	-	-	-	-
Accounting Officer		-	-	-	-	-	-	-
Budget and Treasury		-	-	-	-	-	-	-
Corporate Services		250	-	-	-	-	-	-
Community Services		350	-	-	-	-	4 000	-
Local Economic Development		-	-	-	-	-	-	-
Technical Services		25 669	29 045	29 045	29 045	32 598	34 203	35 617
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-

<i>Other</i>								
Total Capital Expenditure - Standard	3	26 669	29 045	29 045	29 045	32 598	203	38 617
Funded by:								
National Government		26 669	29 045	29 045	29 045	32 598	203	38 617
Provincial Government								
District Municipality								
Other transfers and grants								
Transfers recognised - capital	4	26 669	29 045	29 045	29 045	32 598	203	38 617
Public contributions & donations	5							
Borrowing	6							
Internally generated funds								
Total Capital Funding	7	26 669	29 045	29 045	29 045	32 598	203	38 617

2.6 Expenditure on allocations and grant programmes

GRANTS RECEIVED

EC154 Port St Johns - Supporting Table SA18 Transfers and grant receipts

Description	Ref	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		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:		81	81	81	97	123	125
Local Government Equitable Share		580	580	580	396	737	301
Finance Management		78	78	78	93	120	122
Municipal Systems Improvement		040	040	040	543	820	183
EPWP incentive		1	1	1	1	1	2
		650	650	650	800	950	100
		1	1	1	1	1	1
		890	890	890	934	967	018
		000	000	000	119	-	-
Provincial Government:					2		
Sport and Recreation		-	-	-	405	295	-
					55	-	-

Local Economic Development Local Government Intervention Grant					350 000	2 -	285 -	- -
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	81 580	81 580	81 580	99 801	124 032	125 301	
Capital Transfers and Grants								
National Government: Municipal Infrastructure Grant (MIG)		28 366	28 366	28 366	32 598	38 203	35 617	
Other capital transfers/grants <i>[insert desc]</i>		28 366	28 366	28 366	32 598	38 203	35 617	
Provincial Government:		-	-	-	112	-	-	
Other capital transfers/grants <i>[insert description]</i>					112	-	-	
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	
Total Capital Transfers and Grants	5	28 366	28 366	28 366	32 710	38 203	35 617	
TOTAL RECEIPTS OF TRANSFERS & GRANTS		109 946	109 946	109 946	132 511	162 235	160 918	

EXPENDITURE INCURRED AGAINST GRANTS

SA 19 Expenditure on transfers and grant

EC154 Port St Johns - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework
-------------	-----	----------------------	--

Other capital transfers/grants [insert description]				112	-	-
District Municipality: [insert description]	-	-	-	-	-	-
Other grant providers: [insert description]	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	366	366	366	710	203	617
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	206	946	946	511	235	918

2.7 Composition of Municipal Personnel Employed

EC154 Port St Johns - Supporting Table SA24 Summary of personnel numbers

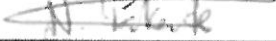
Summary of Personnel Numbers	Current Year 2013/2014			Budget Year 2014/2015		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities						
Councillors (Political Office Bearers plus Other Councillors)	39			39		39
Board Members of municipal entities						
Municipal employees						
Municipal Manager and Senior Managers	3		3	6		6
Other Managers				4	4	
Professionals	16	13	3	20	15	4
Finance	13	10	3	14	10	3
Spatial town planning				1	1	
Information Technology	1	1		1	1	
Roads	2	2				
Electricity						
Water						
Sanitation						
Refuse						
Other				4	3	1
Technicians	153	153	-	153	153	-
Finance						
Spatial town planning						
Information Technology						
Roads	36	36		36	36	

Electricity						
Water						
Sanitation						
Refuse	65	65		65	65	
Other	52	52		52	52	
Clerks (Clerical and administrative)						
Service and sales workers						
Skilled agricultural and fishery workers						
Craft and related trades						
Plant and Machine Operators						
Elementary Occupations						
TOTAL PERSONNEL NUMBERS	211	166	6	222	172	49
% Increase	2.4%	-	(33.3%)	5.2%	3.6%	716.7%

2.9 Municipal Manager's Quality Certification

Quality Certificate I, Ngamela Pakade, Acting Municipal Manager of Port St Johns Municipality, 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 that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality Print Name Port St Johns Municipality

Municipal Manager of Port St Johns Municipality (EC154)

Signature 

Date 03 April 2014