



DRAFT BUDGET 2015-2018



Koukamma
Municipality (EC109)

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Part 1- Annual Budget

1.1 Mayor's Report

To be inserted after council meeting

1.2 Council Resolutions

On the 31st of March 2015 the Council of Koukamma Local Municipality will meet in Kareedouw Management room to consider the approval of the Draft annual budget of the municipality for the financial year 2015/16. It is recommended that Council approves and adopts the following resolutions:

1. The Council of Koukamma Local Municipality, acting in terms of Section 24 of the Municipal Finance Management Act (Act 56 of 2003) approves:
 - 1.1. The Draft Annual Budget of the municipality for the financial year 2015/16 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance(revenue and expenditure by standard classification);
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
 - 1.1.4. Multi-year and single-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.
 - 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 table:
 - 1.2.1. Budgeted Financial Position;
 - 1.2.2. Budgeted Cash Flows
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation;
 - 1.2.4. Asset management; and
 - 1.2.5. Basic service delivery measurement.
2. The Council of Koukamma Local Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act, (Act 32 of 2000) approved:
 - 2.1. The draft tariffs- as set out in Annexure A,
 - 2.2. The draft tariffs for electricity- as set out in Annexure A
 - 2.3. The draft tariffs for Sanitation-as set out in Annexure A
 - 2.4. The draft tariffs for refuse- as set out in Annexure A
3. The Council of Koukamma, acting in terms of Section 75A of Local Government: Municipal Systems Act (Act 32 of 2000) approves the draft tariffs for other services, as set out in Annexure A.
4. To give effect to the municipality's annual budget, the Council of the Council of Koukamma Local Municipality approves that:
 - 4.1. The cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent

conditional grants are cash backed as required in terms of Regulation 8 of the Municipal Budget and Reporting Regulations, 2009(MBRR).

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.

Section 21 of the Municipal Finance Management Act deals with Municipal Budgets and describes the entire budgeting process. The Mayor is tasked with the co-ordinating the processes for preparing the budget, reviewing the Integrated Development Plan (IDP) and budget related policies. The Accounting Officer, as per Section 68 of the MFMA, is required to assist the Mayor in developing and implementing the budgetary process.

When drafting this budget, consideration was given to Section 18 of the MFMA which states that:

“An annual budget may only be funded from-

- a) Realistically anticipated revenues to be collected;
 - b) Cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
 - c) Borrowed funds, but only for the capital budget referred to in in Section 17(2)
- (2) Revenue projections in the budget must be realistic, taking into account-
- a) Projected revenue for the current year based on collection levels to date; and
 - b) Actual revenue collected in previous financial years.”

Great emphasis was placed in ensuring that the budget is realistically funded. A complete analysis of the various financial scenarios and outcomes was done and the best viable solution sought.

In addition to the budget, an amendment to the Municipal Systems Act (MSA) and Chapter 4 of the MFMA require that the Integrated Development Plan (IDP) be adopted at the same time of adopting the budget. The IDP informs the budget and their simultaneous adoption will ensure that the budget is properly aligned to the IDP and ensure that planned projects are credible and that the budgets are realistic and implementable. The budget was drafted in conjunction with the IDP.

The annual budget was prepared in accordance to the National Treasury's content and format as contained in Circular 74. The two concepts considered were:

- 1) That the budget must be funded according to Section 18 of the MFMA(as mentioned above), and
- 2) That the budget must be credible.

A credible budget is described as one that:

- Funds only activities consistent with the draft IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality.
- Is achievable in terms of agreed service delivery and performance targets.
- Contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions.
- Does not jeopardize the financial viability of the municipality(ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- Provides managers with appropriate levels of delegation sufficient to meet their financial management responsibilities.

As mentioned above, the budget was compiled taking into consideration the guidelines outlined in MFMA Budget Circular No 74 & 75 for 2015/16 financial year.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds are transferred from low-to high- priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have items' as approved by the Cabinet.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. The Municipality has also adopted a conservative approach when projecting its expected revenue and cash receipts.

The main challenges experienced during the compilation of the 2015/16 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy
- Aging and poorly maintained roads and electricity and water infrastructure.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality'
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents,
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget adopted as upper limits for new baselines for the 2015/16 and annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to National and Provincial funded projects unless the necessary grants to the municipality are reflected in the National and Provincial budget and have been gazetted as required by the annual Division of Revenue Act (Dora) or MTBPS.

Table 1 Consolidated Overview of the 2015/16 MTREF

<u>Item</u>	<u>Adjustments Budget 2014/15</u>	<u>Budget year 2015/16</u>	<u>Budget year +1 (2016/17)</u>	<u>Budget year +2 (2017/18)</u>
Operating Income	R -125 816 351.66	R -126 800 023.79	R -133 774 025.10	R -140 864 048.43
Operating Expenditure	R 126 049 751.66	R 129 945 755.13	R 137 092 771.66	R 144 358 688.56
Capital Expenditure	R 20 845 639.66	R 19 198 050.00	R 20 253 942.75	R 21 327 401.72
(Surplus) / Deficit	R 21 079 039.66	R 22 343 781.34	R 23 572 689.31	R 24 822 041.85
Depreciation	R 21 079 039.00	R 22 343 781.34	R 23 572 689.31	R 24 822 041.85
Net (Surplus) / Deficit	R 0.66	R -	R -0.00	R -0.00

Total operating revenue has decreased by 0.8 per cent or R984 thousand for the 2015/16 financial year compared to the 2014/15 Adjustments Budget. This is mainly due to the fact that the municipality the Housing rectification grant will not be received during the new financial year, however the municipality will take advantage of grants from both ACIP and Eskom. For the two outer years, operational revenue for rates and services will increase by 6 % and 6 % respectively.

Total operating expenditure for the 2015/16 financial year has increased by R 3 896 003 million, when compared to the 2014/15 Adjustments Budget. For the two outer years, operational expenditure will increase by 6 % and 6 % respectively.

1.3.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations (MBRR) states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in Section 53 of the Act.

1.3.2 Overview of budget related- policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following draft budget policies will be tabled for consideration with the draft budget:

- Supply chain management
- Credit Control and Debt Collection
- Indigent Support
- Rates
- Write off
- Tariff
- Virement

1.3.3 Overview of budget assumptions

1.3.3.1 External factors

Due to the slowdown of the economy, compounded by the geographical area of the municipality; financial resources are limited as a result of slow/no economic growth, this therefore reduces payment levels by consumers. The high levels of unemployment, resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.3.3.2 General Inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTERF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses.
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.3.3.3 Collection rate for revenue services

The current collection rate of the municipality is below 50%, this necessitates aggressive revenue enhancement strategies. Therefore base assumption is that tariff and rating increases will increase at the same rate as CPI.

As part of the revenue enhancement strategies to be implemented, new proposed tariffs are to be introduced during the new financial year, as well as a step tariff for electricity.

1.3.3.4 Salary increases

Due to the fact that wage negotiations have not been completed, the municipality budgeted on an increase of 8%. This also takes into account salary notch increases. Once final negotiations have been completed, this will be adjusted accordingly.

1.3.3.5 Impact of national, provincial and local policies

In compilation of the draft budget for 2015/16, cognisance was taken of Provincial and National strategies.

1.3.3.6 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on Operating expenditure and 98 per cent on the Capital Programme for the 2014/15 of which performance has been factored into the cash flow budget.

This basis has thus been used as a benchmark for the 2015/16 annual budget.

1.4 Operating Revenue Framework

For Koukamma to continue improving the quality of services provided to its community it needs to generate the required revenue. The municipality is currently faced with a collection rate of <50%, in these tough economic times strong revenue management is fundamental. 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 is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- 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 Act, 2004 (Act No. 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.

Table 2 Summary of revenue classified by main revenue source

EC109 Kou-Kamma - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source	1										
Property rates	2	12 514	13 506	13 285	15 259	14 851	18 564	-	15 742	16 608	17 488
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	1 507	1 677	1 773	1 916	1 916	1 905	-	2 031	2 142	2 256
Service charges - water revenue	2	6 263	6 872	9 691	8 818	8 818	8 531	-	9 347	9 861	10 383
Service charges - sanitation revenue	2	5 537	6 183	7 112	8 231	8 231	7 366	-	8 725	9 205	9 693
Service charges - refuse revenue	2	2 685	2 952	3 401	3 659	3 659	3 290	-	3 878	4 092	4 308
Service charges - other											
Rental of facilities and equipment		85	131	453	143	190	190		201	212	223
Interest earned - external investments		955	597	710	681	681	432		712	751	791
Interest earned - outstanding debtors						3 501	4 517		3 500	3 693	3 888
Dividends received											
Fines		194	486	656	636	795	534		70	73	77
Licences and permits		0	4	6	7	8	5		8	9	9
Agency services		1 428	1 362	1 540	2 126	2 258	1 544		2 417	2 550	2 685
Transfers recognised - operational		75 287	74 775	93 566	59 053	71 784	69 735		42 324	44 652	47 081
Other revenue	2	1 176	1 024	663	7 411	9 125	2 263	-	17 897	18 881	19 882
Gains on disposal of PPE				(60)							
Total Revenue (excluding capital transfers and contributions)		107 632	109 568	132 797	107 940	125 816	118 875	-	106 851	112 728	118 765

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of operating surplus/deficit.

As the municipality is largely grant dependant, most revenue is from the National government, comprising of 39.6%. All income from these grants has been gazetted as part of the Division of revenue act. Secondly revenue generated from rates and services charges also forms a significant percentage of the revenue basket. In the 2015/16 financial year, revenue from rates and services charges is estimated to total R39 723 million. This increases to R41 907 million and R44 192 million in 2016/17 and 2017/18 financial years respectively.

As part of the budget process for the 2015/16 financial year, an application was put to the National Energy Regulator (NERSA) to move from a straight line tariff to a step up tariff. This is part of the revenue enhancing strategies which will be implemented.

The other item contributing to revenue is "other income" which consists of various items such as income received from permits and licences, building plan fees, connection fees, rental of facilities and other sundry income. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Table 3 Operating and Capital Grants Receipts

DETAILS

Capital Grants	Source of Funding	2015/2016	2016/2017	2017/2018
MIG - Municipal Infrastructure Grant	COGTA National	15 019 000	15 452 000	16 100 000
INEP	Eskom	2 000 000		
ACIP		2 930 000		
Total Capital Grants		R 19 949 000	R 15 452 000	R 16 100 000
Operational Grants				
Equitable Share	National Treasury	35 529 000	37 185 000	38 706 000
Councillors Remuneration and Ward Committees	National Treasury	2 133 000	2 230 000	2 329 000
FMG	National Treasury	1 800 000	1 825 000	1 900 000
MSIG	COGTA - National	930 000	957 000	1 033 000
Expanded Public Works	Public Works	1,000,000		
Library Subsidies	Department of Sports-Provincial	932 000	932 000	932 000
Total Operating Grants		R 36 662 000	R 41 529 000	R 43 430 000

As indicated in the table above, is a breakdown of both capital and operational grants to be received over the MTREF. The funding from Eskom will be utilised for electrification in certain areas and the ACIP grants will be towards waste water management.

Of the R35 529 million received for equitable share, R8 069 million will be utilised toward indigent support.

1.1.1 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 ratio for the non-residential categories, Public Service Infrastructure and agricultural properties relative to residential properties to be 0,251:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

In terms of the Municipal Property Rates Act, property valuations need to be assessed every four years for inclusion in the General Valuation Roll. The municipality has an updated valuation roll; however a supplementary valuation will have to be completed before implementation of the new valuation roll. Various queries raised by residents and for each revaluation request, the costs of valuation plus 10% will be charged.

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

Tariffs are attached as a separate appendix to the report.

1.1.2 Sale of Electricity and Impact of Tariff Increases

Considering the Eskom increases and the meeting dated April 2013, with the delegation from the NERSA the Municipality was advised that a stepped tariff structure needs to be implemented from 1 July 2013. However the municipality thought it well to maintain the current tariff structure during the 2014/15 financial year. During the 2015/16 budget process, this decision was revisited and consequently concluded that the step- tariff structure will need to be implemented, an application in this regard was made to NERSA. Registered indigents will again be granted 50 kWh per 30 day period free of charge.

The following tables show the proposed changes to the current tariff structure:

Table 5: Tariff structure (Electricity)

2014/15	2015/16	
Price per cent (Excl VAT)		
1.3384	Block 1 (0 - 50Kwh)	0.80
	Block 2 (51 - 100Kwh)	1.00
	Block 3 (101 - 200Kwh)	1.50
	Block 4 (>200Kwh)	2.00

With the above increases the aim is to both increase revenue and encourage consumers to use electricity wisely as our country's national grid is under severe pressure. No basis charge will be levied for electricity.

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

- Balanced budget constrain (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 assets renewal and backlogs eradication.
- Operational gains and efficiencies will be directed to funding the capital budget and other core services, and

Table 6 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	27 042	30 921	33 451	34 214	35 104	33 008	-	38 067	40 160	42 289
Remuneration of councillors		2 289	2 549	2 768	2 907	2 907	2 574		3 082	3 251	3 423
Debt impairment	3	(9 441)	20 425	10 943	9 553	10 395	2 809		19 861	20 954	22 064
Depreciation & asset impairment	2	11 272	19 854	18 907	4 205	21 079	5 270	-	22 344	23 573	24 822
Finance charges		705	466	346	185	185	176		196	207	218
Bulk purchases	2	2 022	2 579	2 738	2 087	2 987	2 374	-	3 410	3 597	3 788
Other materials	8										
Contracted services		1 864	3 052	2 845	3 185	3 235	2 976	-	3 621	3 820	4 022
Transfers and grants		39 879	39 604	42 856	17 116	29 666	27 983	-	17 933	18 919	19 922
Other expenditure	4, 5	12 731	18 533	17 257	18 807	20 492	16 471	-	21 433	22 612	23 811
Loss on disposal of PPE											
Total Expenditure		88 362	137 983	132 112	92 260	126 050	93 641	-	129 946	137 093	144 359

The budgeted allocation for employee related costs for the 2015/16 financial year totals R41 148 million, which equals 31.7 per cent of the total operating expenditure. Circular 71 guidelines have been implemented with regards to the percentage of employee costs to operational expenditure is between 30-40%, the municipality is thus within these limits. Furthermore as per Circular 74, a guideline increase of 5.8% was proposed, however the municipality, as a conservative approach used a benchmark of 8.0%, this would also take into account the 1% salary adjustments.

The cost associated with the Remuneration of Councillors is determined by the Minister of Cooperative 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 not yet been finalised as negotiations are still underway.

The provision of debt impairment was determined based on an annual collection rate of 50%. While the 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 R 22 344million for the 2015/16 financial year and equate to 17.2 percent of the total 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.

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

Other materials comprise of amongst others the purchase of materials for maintenance. In line with the Municipality's repairs and maintenance the expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

The following are the main expenditure categories for 2015/16 financial year:

- Employee related costs
- Remuneration of Councillors
- Debt impairment
- Depreciation and Asset Impairment
- Bulk Purchases
- Transfers and grants

1.5.2 Free Basic Services: Basic Welfare Package

The welfare package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services that households are required to register in terms of the Municipality's Indigent Policy. An amount of R8 068 772 million has been allocated from the 2015/16 equitable share to provide relief to the indigent consumers. Taking cognizance of the plight of the poor and affordability of basic services, 6kl of free water and 50kwh of electricity per month, refuse, sanitation; grave site as well as rebates on rates is applicable.

1.6 Capital Expenditure

Capital expenditure for the next three years will be funded solely by Grants and other external fund sources. This is due to significant constraints of Council funds as highlighted in the sections above and the significant impact that the increase in the bulk electricity tariffs had on the cash flow of the municipality. The Capital Grants to be received are highlighted in the Executive Summary above.

Table 7 Capital expenditure by standard classification

Capital Expenditure - Standard											
Governance and administration		446	625	1 637	92	148	1 902	-	-	-	-
Executive and council		54	93	654	18	21	671				
Budget and treasury office		146	186	227	14	32	257				
Corporate services		246	347	756	60	95	974				
Community and public safety		97	813	6 506	5 641	5 660	11 807	-	-	-	-
Community and social services		37	733	733			762				
Sport and recreation		24	44	5 738	5 626	5 626	11 000				
Public safety		35	35	35	15	34	44				
Housing											
Health											
Economic and environmental services		202	784	2 422	-	760	3 031	-	4 730	4 991	5 255
Planning and development											
Road transport		202	784	2 422		760	3 031		4 730	4 991	5 255
Environmental protection											
Trading services		15 549	25 033	43 581	14 152	14 278	55 097	-	14 468	15 263	15 962
Electricity		61	61	61			61		2 000	2 110	2 112
Water		12 823	22 307	40 831	14 127	14 253	52 340		9 538	10 062	10 595
Waste water management		2 664	2 665	2 665			2 665		2 930	3 091	3 255
Waste management				24	25	25	31				
Other											
Total Capital Expenditure - Standard	3	16 293	27 255	54 146	19 885	20 846	71 837	-	19 198	20 254	21 218
Funded by:											
National Government		16 019	26 147	51 802			63 766		16 268	17 163	17 963
Provincial Government											
District Municipality		21	700	700			700				
Other transfers and grants									2 930	3 091	3 255
Transfers recognised - capital	4	16 040	26 847	52 502	-	-	64 466	-	19 198	20 254	21 218
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		253	408	1 644			2 130				
Total Capital Funding	7	16 293	27 255	54 146	-	-	66 596	-	19 198	20 254	21 218

Part 2: Supporting Documentation

2.1 Annual Budget tables

The following pages present the ten budget tables as required in terms of Section 8 of the Municipal Budget and Reporting Regulations (MBRR). These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by self-explanatory notes.

Table 8 MBRR Table A1- Budget Summary

EC109 Kou-Kamma - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	12 514	13 506	13 285	15 259	14 851	18 564	-	15 742	16 608	17 488
Service charges	15 993	17 684	21 978	22 624	22 624	21 092	-	23 981	25 300	26 641
Investment revenue	955	597	710	681	681	432	-	712	751	791
Transfers recognised - operational	75 287	74 775	93 566	59 053	71 784	69 735	-	42 324	44 652	47 081
Other own revenue	2 883	3 005	3 258	10 323	15 877	9 053	-	24 093	25 418	26 765
Total Revenue (excluding capital transfers and contributions)	107 632	109 568	132 797	107 940	125 816	118 875	-	106 851	112 728	118 765
Employee costs	27 042	30 921	33 451	34 214	35 104	33 008	-	38 067	40 160	42 289
Remuneration of councillors	2 289	2 549	2 768	2 907	2 907	2 574	-	3 082	3 251	3 423
Depreciation & asset impairment	11 272	19 854	18 907	4 205	21 079	5 270	-	22 344	23 573	24 822
Finance charges	705	466	346	185	185	176	-	196	207	218
Materials and bulk purchases	2 022	2 579	2 738	2 087	2 987	2 374	-	3 410	3 597	3 788
Transfers and grants	39 879	39 604	42 856	17 116	29 666	27 983	-	17 933	18 919	19 922
Other expenditure	5 154	42 009	31 045	31 546	34 122	22 256	-	44 915	47 386	49 897
Total Expenditure	88 362	137 983	132 112	92 260	126 050	93 641	-	129 946	137 093	144 359
Surplus/(Deficit)	19 270	(28 415)	685	15 680	(233)	25 234	-	(23 095)	(24 365)	(25 593)
Transfers recognised - capital	-	-	-	-	-	-	-	19 949	21 046	22 162
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	19 270	(28 415)	685	15 680	(233)	25 234	-	(3 146)	(3 319)	(3 432)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	19 270	(28 415)	685	15 680	(233)	25 234	-	(3 146)	(3 319)	(3 432)
Capital expenditure & funds sources										
Capital expenditure	16 293	27 255	54 146	19 885	20 846	71 837	-	19 198	20 254	21 218
Transfers recognised - capital	16 040	26 847	52 502	-	-	64 466	-	19 198	20 254	21 218
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	253	408	1 644	-	-	2 130	-	-	-	-
Total sources of capital funds	16 293	27 255	54 146	-	-	66 596	-	19 198	20 254	21 218
Financial position										
Total current assets	22 304	18 786	20 327	30 342	30 342	1 085	-	95 720	101 463	107 551
Total non current assets	312 079	304 822	255 776	258 529	258 529	13 596	-	259 954	275 551	292 084
Total current liabilities	20 120	27 732	66 696	64 320	64 320	3 675	-	64 334	69 586	73 761
Total non current liabilities	3 066	2 865	1 224	1 224	1 224	-	-	1 224	1 298	1 375
Community wealth/Equity	311 196	293 011	208 183	207 647	207 647	11 006	-	290 116	306 131	324 499
Cash flows										
Net cash from (used) operating	2 494	10 995	17 801	24 891	24 891	-	-	4 253	4 062	4 724
Net cash from (used) investing	(13 209)	(10 690)	(17 801)	(24 891)	(24 891)	-	-	(18 369)	(19 375)	(20 396)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	5 265	612	(0)	5 571	5 571	-	-	0	(15 313)	(30 984)
Cash backing/surplus reconciliation										
Cash and investments available	4 110	5 073	8 278	16 524	16 524	(5 616)	-	17 484	18 534	19 646
Application of cash and investments	(41 246)	(18 500)	31 942	34 380	36 933	-	-	29 572	33 261	34 702
Balance - surplus (shortfall)	45 357	23 573	(23 664)	(17 856)	(20 409)	(5 616)	-	(12 087)	(14 727)	(15 057)
Asset management										
Asset register summary (WDV)	13 087	14 472	12 987	553	553	13 596	586	586	621	658
Depreciation & asset impairment	11 272	19 854	18 907	4 205	21 079	5 270	22 344	22 344	23 573	24 822
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-

Explanatory Notes to MBRR Table A1- Budget Summary

1. Table A1 is a budget summary and 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 emphasis 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:
 - The operating surplus/deficit (after Total expenditure) over the MTREF.
 - Capital expenditure is balanced by Capital Funding sources, of which
 - Transfers recognised are reflected on the Financial Performance Budget.
 - The Cash backing/surplus reconciliation shows that the budget has been funded and that this situation is improving year on year resulting in increased working capital.
 - 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

Table 9 MBRR Table A2- Budgeted Financial Performance (revenue and expenditure by standard classification)

EC109 Kou-Kamma - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard	1									
<i>Governance and administration</i>		24 652	41 362	41 717	50 838	56 136	55 448	68 543	72 313	76 145
Executive and council		2 166	21 602	23 642	25 943	25 947	25 814	28 840	30 426	32 039
Budget and treasury office		20 242	20 170	17 481	24 845	29 991	29 406	39 600	41 778	43 992
Corporate services		2 244	(410)	594	50	198	228	103	108	114
<i>Community and public safety</i>		35 856	29 444	37 847	9 065	15 016	14 372	2 193	2 314	2 436
Community and social services		2 404	3 998	1 940	2 113	2 261	1 869	2 122	2 238	2 357
Sport and recreation		1 546	-	(10)	-	-	-	-	-	-
Public safety		2 402	486	7 592	6 952	6 884	4 994	72	75	79
Housing		29 503	24 961	28 326	-	5 871	7 510	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9 223	8 334	2 750	3 068	3 858	2 723	2 530	2 669	2 811
Planning and development		2 418	401	269	205	218	191	113	119	125
Road transport		6 805	7 933	2 481	2 864	3 639	2 532	2 417	2 550	2 685
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		37 804	29 711	50 483	44 969	50 804	46 329	53 316	56 248	59 293
Electricity		3 723	4 129	2 803	4 782	4 796	4 681	5 231	5 519	5 812
Water		23 155	15 144	32 947	26 743	32 565	29 622	29 041	30 638	32 262
Waste water management		7 573	7 092	10 038	9 320	9 320	8 353	14 650	15 455	16 338
Waste management		3 354	3 346	4 694	4 123	4 123	3 674	4 394	4 636	4 881
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	107 535	108 852	132 797	107 940	125 814	118 872	126 582	133 544	140 685
Expenditure - Standard										
<i>Governance and administration</i>		(35 392)	41 275	37 561	37 275	39 227	34 582	41 707	44 001	46 333
Executive and council		7 857	6 176	7 438	7 562	11 645	11 480	12 318	12 996	13 684
Budget and treasury office		(53 754)	20 694	16 198	16 679	13 657	11 712	14 681	15 488	16 309
Corporate services		10 504	14 405	13 924	13 034	13 925	11 391	14 708	15 517	16 340
<i>Community and public safety</i>		35 561	33 121	39 621	9 726	16 787	17 582	10 816	11 411	12 016
Community and social services		3 205	4 931	5 267	5 248	5 390	4 652	5 801	6 120	6 444
Sport and recreation		73	69	101	89	89	105	94	100	105
Public safety		2 908	3 466	5 646	4 065	4 781	5 046	4 575	4 826	5 082
Housing		29 375	24 655	28 607	324	6 527	7 778	347	366	385
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		7 089	6 950	12 141	7 550	11 861	6 755	12 439	13 124	13 819
Planning and development		3 952	1 670	1 813	1 989	2 079	1 609	2 085	2 199	2 316
Road transport		3 131	5 279	10 304	5 561	9 612	5 033	10 186	10 746	11 316
Environmental protection		6	1	25	-	169	113	168	178	187
<i>Trading services</i>		81 007	55 921	42 788	37 709	58 172	34 718	64 765	68 327	71 949
Electricity		3 732	5 075	6 169	4 849	5 779	5 441	6 374	6 725	7 081
Water		69 009	31 908	19 395	14 304	25 072	16 413	23 842	25 153	26 486
Waste water management		4 669	11 778	11 272	10 204	12 205	6 363	16 753	17 674	18 611
Waste management		3 597	7 160	5 954	8 352	15 116	6 501	17 796	18 775	19 770
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	88 265	137 267	132 112	92 260	126 047	93 638	129 728	136 863	144 117
Surplus/(Deficit) for the year		19 270	(28 415)	685	15 680	(233)	25 234	(3 146)	(3 319)	(3 432)

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

- 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) and balances to the operating revenue shown on Table A4
3. Note that as general principle the revenues for Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Governance and Administration.

Table 10 MBRR Table A3-Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC109 Kou-Kamma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote										
Vote 1 - EXECUTIVE & COUNCIL	1	3 528	21 192	23 999	25 993	26 044	25 916	28 943	30 535	32 153
Vote 2 - FINANCE & ADMINISTRATION		21 125	20 170	17 718	24 845	30 092	29 532	39 600	41 778	43 992
Vote 3 - PLANNING & DEVELOPMENT		2 418	401	269	205	218	191	113	119	125
Vote 4 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		2 404	3 998	1 940	2 113	2 261	1 869	2 122	2 238	2 357
Vote 6 - HOUSING		29 503	24 961	28 326	-	5 871	7 510	-	-	-
Vote 7 - PUBLIC SAFETY		2 402	486	7 592	6 952	6 884	4 994	72	75	79
Vote 8 - SPORT & RECREATION		1 546	-	(10)	-	-	-	-	-	-
Vote 9 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		3 354	3 346	4 694	4 123	4 123	3 674	4 394	4 636	4 881
Vote 11 - WASTE WATER MANAGEMENT		7 573	7 092	10 038	9 320	9 320	8 353	9 935	10 481	11 037
Vote 12 - ROAD TRANSPORT		6 805	7 933	2 481	2 864	3 639	2 532	2 417	2 550	2 685
Vote 13 - WATER		23 155	15 144	32 947	26 743	32 565	29 622	29 041	30 638	32 262
Vote 14 - ELECTRICITY		3 723	4 129	2 803	4 782	4 796	4 681	5 231	5 519	5 812
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	107 535	108 852	132 797	107 940	125 814	118 872	121 867	128 570	135 384
Expenditure by Vote to be appropriated										
Vote 1 - EXECUTIVE & COUNCIL	1	8 716	7 318	8 390	8 990	13 123	12 580	13 926	14 692	15 470
Vote 2 - FINANCE & ADMINISTRATION		(44 108)	33 956	29 170	28 285	26 104	22 002	27 782	29 310	30 863
Vote 3 - PLANNING & DEVELOPMENT		3 952	1 670	1 813	1 989	2 079	1 609	2 085	2 199	2 316
Vote 4 - HEALTH		6	1	25	-	169	113	168	178	187
Vote 5 - COMMUNITY & SOCIAL SERVICES		3 205	4 931	5 267	5 248	5 390	4 652	5 801	6 120	6 444
Vote 6 - HOUSING		29 375	24 655	28 607	324	6 527	7 778	347	366	385
Vote 7 - PUBLIC SAFETY		2 908	3 466	5 646	4 065	4 781	5 046	4 575	4 826	5 082
Vote 8 - SPORT & RECREATION		73	69	101	89	89	105	94	100	105
Vote 9 - ENVIRONMENTAL PROTECTION		-	-	-	-	-	-	-	-	-
Vote 10 - WASTE MANAGEMENT		3 597	7 160	5 954	8 352	15 116	6 501	17 796	18 775	19 770
Vote 11 - WASTE WATER MANAGEMENT		4 669	11 778	11 272	10 204	12 205	6 363	16 753	17 674	18 611
Vote 12 - ROAD TRANSPORT		3 131	5 279	10 304	5 561	9 612	5 033	10 186	10 746	11 316
Vote 13 - WATER		69 009	31 908	19 395	14 304	25 072	16 413	23 842	25 153	26 486
Vote 14 - ELECTRICITY		3 732	5 075	6 169	4 849	5 779	5 441	6 374	6 725	7 081
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	88 265	137 267	132 112	92 260	126 047	93 638	129 728	136 863	144 117
Surplus/(Deficit) for the year	2	19 270	(28 415)	685	15 680	(233)	25 234	(7 861)	(8 293)	(8 733)

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

- Table A3 is the 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 vote.

Table 11 MBRR Table A6- Budgeted Financial Position

EC109 Kou-Kamma - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		4 110	5 073	8 278	524	524	(5 616)		524	556	589
Call investment deposits	1	-	-	-	16 000	16 000	-	-	16 960	17 978	19 056
Consumer debtors	1	15 264	12 038	9 144	13 818	13 818	-	-	14 647	15 526	16 457
Other debtors		2 893	828	2 143			5 939		63 589	67 404	71 448
Current portion of long-term receivables											
Inventory	2	37	847	762			762				
Total current assets		22 304	18 786	20 327	30 342	30 342	1 085	-	95 720	101 463	107 551
Non current assets											
Long-term receivables											
Investments											
Investment property		13 087	14 472	12 987	29	29	13 596		31	33	35
Investment in Associate											
Property, plant and equipment	3	298 992	290 350	242 789	257 976	257 976	-	-	257 976	273 454	289 861
Agricultural											
Biological											
Intangible					524	524			555	589	624
Other non-current assets									1 392	1 476	1 564
Total non current assets		312 079	304 822	255 776	258 529	258 529	13 596	-	259 954	275 551	292 084
TOTAL ASSETS		334 382	323 608	276 103	288 871	288 871	14 680	-	355 674	377 014	399 635
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	194	260	-	-	-	-	-	-	-	-
Consumer deposits		105	105	105	134	134	105		142	150	159
Trade and other payables	4	15 831	22 649	63 022	64 094	64 094	-	-	64 094	69 332	73 491
Provisions		3 991	4 718	3 570	92	92	3 570		98	104	110
Total current liabilities		20 120	27 732	66 696	64 320	64 320	3 675	-	64 334	69 586	73 761
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		3 066	2 865	1 224	1 224	1 224	-	-	1 224	1 298	1 375
Total non current liabilities		3 066	2 865	1 224	1 224	1 224	-	-	1 224	1 298	1 375
TOTAL LIABILITIES		23 186	30 597	67 920	65 544	65 544	3 675	-	65 558	70 883	75 136
NET ASSETS	5	311 196	293 011	208 183	223 326	223 326	11 006	-	290 116	306 131	324 499
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		311 196	293 011	208 183	222 235	222 235	11 006	-	290 116	306 131	324 499
Reserves	4	-	-	-	(14 588)	(14 588)	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	311 196	293 011	208 183	207 647	207 647	11 006	-	290 116	306 131	324 499

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 Councillors 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 GRAP 1, 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 14 is supported by an extensive table of notes (SA3) 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 12 MBRR Table A7- Budgeted Cash Flow Statement

EC109 Kou-Kamma - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		27 294	34 841	42 682	33 383	33 383			7 871	8 304	8 744
Service charges		71 385	74 523	35 274	38 550	38 550			11 990	12 650	13 320
Other revenue				17 801	20 391	20 391			5 647	5 533	6 273
Government - operating	1	955	597	1 271	633	633			42 324	44 652	47 018
Government - capital	1								19 949	21 046	22 162
Interest									4 212	4 443	4 679
Dividends									-	-	-
Payments											
Suppliers and employees		(96 369)	(98 500)	(67 680)	(62 995)	(62 995)			(82 627)	(87 172)	(91 792)
Finance charges		(770)	(466)	(172)	(405)	(405)			(281)	(296)	(312)
Transfers and Grants	1			(11 375)	(4 666)	(4 666)			(4 832)	(5 098)	(5 368)
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 494	10 995	17 801	24 891	24 891	-	-	4 253	4 062	4 724
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2 057	166		(4 500)	(4 500)			-	-	-
Decrease (increase) in non-current debtors		(980)	980						829	879	932
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(14 286)	(11 835)	(17 801)	(20 391)	(20 391)			(19 198)	(20 254)	(21 327)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(13 209)	(10 690)	(17 801)	(24 891)	(24 891)	-	-	(18 369)	(19 375)	(20 396)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing									-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(10 715)	306	(0)	(0)	(0)	-	-	(14 117)	(15 313)	(15 672)
Cash/cash equivalents at the year begin:	2	15 980	306		5 571	5 571			14 117	0	(15 313)
Cash/cash equivalents at the year end:	2	5 265	612	(0)	5 571	5 571	-	-	0	(15 313)	(30 984)

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 be expected level of cash inflow versus cash out-flow that is likely to result from the implementation of the budget.

Table 13 MBRR Table A8- Budgeted Cash Backed Reserves

EC109 Kou-Kamma - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	5 265	612	(0)	5 571	5 571	-	-	0	(15 313)	(30 984)
Other current investments > 90 days		(1 155)	4 461	8 278	10 953	10 953	(5 616)	-	17 484	33 846	50 630
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		4 110	5 073	8 278	16 524	16 524	(5 616)	-	17 484	18 534	19 646
Application of cash and investments											
Unspent conditional transfers		515	5 602	45 146	45 146	45 146	-	-	45 146	47 854	50 726
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(41 762)	(24 102)	(13 203)	(10 766)	(8 213)	-	-	(15 574)	(14 593)	(16 023)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(41 246)	(18 500)	31 942	34 380	36 933	-	-	29 572	33 261	34 702
Surplus(shortfall)		45 357	23 573	(23 664)	(17 856)	(20 409)	(5 616)	-	(12 087)	(14 727)	(15 057)

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42- Funding a Municipal Budget.
2. 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 indicative of non-compliance with 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. Considering the requirements of Section 18 of the MFMA, it can be concluded that the proposed 2015/16 MTREF was sufficiently funded owing to the increased reserves.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2015/16 MTREF the end objective of the medium-term framework was to ensure the budget was funded and aligned to section 18 of the MFMA.

2.2 Municipal Manager's quality certificate

I, **Sabelo Nkuhlu**, Municipal Manager of Koukamma Local Municipality, hereby certify that the draft Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the Municipal Budget and Reporting Regulations, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name: SABELO NKUHLU

Signature –



S. Nkuhlu
MUNICIPAL MANAGER

Date: 30 MARCH 2015