



**MEDIUM TERM REVENUE AND  
EXPENDITURE FRAMEWORK  
(MTREF)/  
BUDGET REPORT  
2015/2016  
TILL  
2017/2018**

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## 1. Introduction

### **Vision and Mission**

The Mission of the Kannaland Municipality is to:

- Promote sustainable growth patterns which mitigates climate change and which enhances the quality of life of residents through sustainable living practices and which contributes to the local economy.
- Promote the establishment of sustainable human settlements in providing housing to residents.
- Promote a healthy community with access to health bearing services such as sewage, sanitation, safe streets, lighting.
- Promote the development and maintenance of infrastructure which promotes service delivery, growth in jobs and facilitates empowerment and opportunity.
- Promote the increase in opportunities for growth and jobs, driven by private sector and the public sector, by creating an enabling environment for business and provide demand-led private sector driven support for growth sectors, industries and business.
- Promote the municipality as a compliant and accountable sphere of local government which is characterised by good governance.
- Promote the management of effective Intergovernmental Relations.
- Promote effective Integrated Development Planning which relates to all spheres of government, civil society and Parastatals.
- Promote the participation of the community in the working of the municipality.

- Promote capacity development within the municipality area so that effective service delivery can be advanced.
- Promote well maintained municipal infrastructure through operations and management
- Effective disaster management practices.
- A fully functional department accountable for delivering quality services to local government of physical assets.

The key values which are:

- Dignity
- Respect
- Trust
- Integrity
- Honesty
- Diligence



## **2. Legal Background**

### **a. MFMA**

#### **Appropriation of funds for expenditure**

**15.** A municipality may, except where otherwise provided in this Act, incur expenditure only—

(a) in terms of an approved budget; and

(b) within the limits of the amounts appropriated for the different votes in an approved budget.

#### **Annual budgets**

- 24 .** (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget—
- (a) must be approved before the start of the budget year;
  - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
  - (c) must be approved together with the adoption of resolutions as may be necessary—
    - (i) imposing any municipal tax for the budget year;
    - (ii) setting any municipal tariffs for the budget year;
    - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
    - (iv) approving any changes to the municipality's integrated development plan; and
    - (v) approving any changes to the municipality's budget-related policies.
- (3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

#### **Budget Regulations**

Government Gazette no 32141, Local Government: Municipal Budget and Reporting Regulations

### **b. *MFMA - Circulars 70,71,72,74 & 75 .***

### **3. Mayoral Speech**

#### **BUDGET – 2014/15**

##### **BUDGET SPEECH BY THE EXECUTIVE MAYOR**

Speaker, Deputy Mayor, Councillors, Municipal Manager, Personnel, member of the media and the public:

Thank you for the opportunity to present this Budget to you. We are all aware of the world-wide economic crisis as well as the social and economic challenges facing our own region. National guidelines require improved yet affordable service delivery with limited tariff increases. Given Eskom's proposed 12.49% increase and rating system, and the need for skilled and capable personnel to ensure effective service delivery, this budget represents a continuation of the past year's enormous challenges which will require the dedicated co-operation and support of the whole community – residents as well as employees – if we are to succeed.

Kannaland's budget for 2015/16 reflects the effect of the recent worldwide economic tendencies of reducing revenues and increasing costs. Our focus is thus on stabilising our service delivery capacity, limiting tariff increases to the lowest practicable levels, attending to infrastructure maintenance and the protection of the poor.

Council's approved Integrated Development Plan is the guiding framework for the 2015/16 budget. The allocation of funds in the proposed budget is intended to enable Council to meet its strategic objectives, namely:

- To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland's citizens
- To Provide adequate Services and improve our Public relations
- To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks
- To Facilitate Economic Growth and Social and Community development
- To Promote efficient and effective Governance with high levels of stakeholder participation
- To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy
- To Strive towards a financially sustainable municipality.

Kannaland still faces insurmountable challenges with regard to service delivery and infrastructure. One of the most important aspects is the establishment of sustainable institutional capacity to ensure cost-effective service delivery. We will strive for

further successes in addressing administrative challenges which include, among others, improving the payment ratio for municipal services, establishment of a skilled management corps, restructuring Council's service delivery units, continued personnel empowerment and greater attention to matters of governance and compliance. The community recognises the improvements of the past year, but demands further improvements in the coming year. The 2015/16 Budget underlines the ever-increasing need to build service delivery capacity.

National guidelines continue to focus on the protection of the poor. The established practice of indigent support will continue. Poverty alleviation is one of Kannaland's top priorities, resulting in the 2015/16 Budget provision for sustained free basic services to indigent households. The provision of free water to the indigent forms part of our strategy to shelter the poor. The current norm of 6kl per indigent household per month remains of effect. Given the unfavourable economic conditions and the natural scarcity of water, we are compelled to consider stricter control measures to preserve our available water resources, including the restriction of free basic water to indigent households only. The existing electricity allowance of 50kWh free electricity for indigent households will continue.

Indigent support includes subsidising basic charges as well as refuse removal and sewage. The exemption level on property rates reverts to R15,000 per residential property, with further relief for indigent and meritorious cases to be considered per application. All households with a monthly income of less than R3 000 per month qualify for indigent support. Residents are encouraged to apply for their rightful benefits.

Service delivery requirements compel Council to raise tariffs for 2015/16 as follows:

- Electricity: [11% - 12.49%] - National Treasury's instruction is based on Eskom's tariff increase. Implementation of the new tariffs is subject to approval by the National Electricity Regulator.
- Water: Tariffs increase by 6% based on scales approved last year.
- Sewage & Refuse Removal: Tariffs increase by 6% based on scales approved last year.
- General tariffs are limited to a maximum 6% increase.
- Property Rates: The market-based valuation roll and legislated tariff ratios have been fully implemented and are set to increase by 6% on the previous years' rate.

The Revenue Budget for 2015/16 amounts to R 152m, including State contributions of R64m, of which R 36m is set aside for capital expenditure. Once again we call on all communities of Kannaland to pay their municipal accounts on time to enable us to realise these revenues which are necessary to provide and improve service delivery.

Council is grateful to those who support us in this regard, while we are aware of parts of the community where a poor payment culture still exists. Stricter credit control measures will have to be applied as a necessity if we do not get the desired co-operation.

The Expenditure Budget amounts to R125m, with the greatest challenge being on the general reduction of expenditures. I wish to commend management for their continued efforts – but also wish to draw their attention to the great challenges awaiting us.

The Capital Budget has been compiled in accordance with the available funds and guidelines prescribed by National Government. Priorities identified by Ward Committees still guide the IDP, which objectives can only be met with proper funding.. While the municipality still has limited capacity to finance capital projects from own resources, we shall continue to approach all possible institutions for additional capital funding. The proposed capital budget for 2015/16 contains projects financed from grant funding and Internally generated funds.

We express our sincere gratitude to the National and Provincial Governments for their assistance. We assure you however that we shall continue to pursue every possible source in our efforts to gain additional funding for the capital programme.

Community participation in the budget process was by ward community meetings on a ward basis. The provisional budget was tabled in Council on 31 March 2015 but was referred back to Administration. The provisional budget was then tabled in Council on 22 April 2015 and then made available for public comment. Inputs were considered as far as possible in finalising this Budget.

I call on our communities, organisations, councillors and personnel to stand together in a greater effort to carry Kannaland through these difficult times and, despite the dark future presented by our economists, to come through stronger with the knowledge that we have the heart and perseverance necessary to face and overcome these challenges.

My sincere thanks to my Councillors, ward committees, interested organisations and the broader community for their contributions to this Budget. A special word of thanks to the Municipal Manager and his team who compiled this Budget under difficult circumstances.

Speaker, it is both my duty and my privilege to present the 2015/16 Medium Term Budget to you for discussion and consideration by Council.

I thank you!



#### 4. **Budget Related Resolutions**

The MFMA stipulates that the Mayor must table the annual budget at a council meeting at least 30 days before the start of the budget year and the Mayor must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year.

The following resolutions were taken by Council with the approval of the 2015/16 Budget on the 22 April 2015

- That Council approves the 2015/16 Review of the Integrated Development Plan (IDP).
- That Council approves the Annual Budget of the Municipality for the financial year 2015/16 and indicative for the two projected outer years, 2016/17 and 2017/18, and the multi-year and single year capital appropriations as set out in the following schedules, after consideration of all public comments:
  - Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Section 7.2.
  - Budgeted Financial Performance (revenue and expenditure by municipal vote) as reflected in Section 7.3.
  - Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source as reflected in Section 7.5.
- That Council approves the property rates reflected in the 2015/16 Tariff list (Annexure A) and any other municipal tax reflected in the 2015/16 Tariff list are imposed for the budget year 2015/16.
- That Council approves the tariffs and charges, subsidies and discounts as reflected in the 2015/16 Tariff list (Annexure A) for the budget year 2015/16.
- That Council approves the measurable performance objectives for revenue from each source and for each vote reflected in Section 8.13 of this document for the budget year 2015/16.
- That Council approves the amended budget related policies reflected in Annexure B for the budget year 2015/16.
- That all the above-mentioned documentation be amended to include all the amendments approved by Council from the public/departmental comments, objections and recommendations.



**5. Municipal Managers Quality Certificate**

I, Mr M Hoogbaard, Municipal Manager of Kannaland Municipality, hereby certify that the Annual budget (2015/16 – 17/18) 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.

**M HOOGBAARD**  
**MUNICIPAL MANAGER OF KANNALAND MUNICIPALITY (WC041)**

.....  
**Signature**

.....  
**Date**

## **6. Executive Summary**

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the approved Integrated Development Plan.

The budget was made possible through consultation with the local community, the relevant government departments and the internal departments of the Municipality to ensure that the priorities are properly aligned and addressed.

The 2015 Budget Review notes that spending plans outlined in the 2015 Budget continue to support government's commitment to broadening service delivery and expanding investment in infrastructure, while taking account of the constrained fiscal environment.

National Treasury also reminded Municipalities that the economic outlook is, however constrained by a difficult global environment and domestic restructuring. When framing the budget, this had a direct impact on the budget as the trends in income growth statistics are still very low, indigent and poor households are growing and property markets not re-acting to the low interest rates.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2015/16 and municipalities are again reminded to adopt a conservative approach when projecting expected revenues and cash receipts.

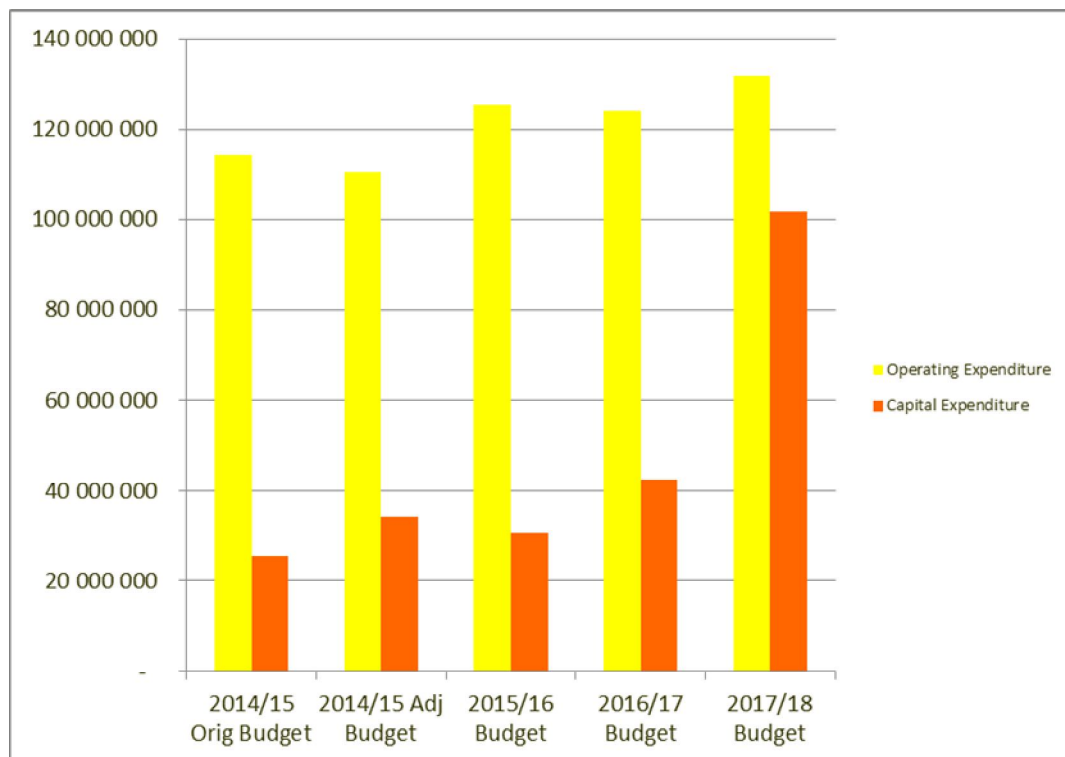
National Treasury also urged municipalities to pay particular attention to the affordability of tariff increases especially on main services, managing all revenue and expenditure and cash streams effectively and carefully evaluation all spending decisions.

It is with this in mind that Kannaland Municipality has only increased its tariffs on main services with an average of 6 per cent for the 2015/16 budget period.

### **FINANCIAL SUMMARY ON 2015/16 MTREF BUDGET**

The total 2015/16 budget amounts to R 155 897 360. This consists of a capital of R 30 544 900 or 19.59 % of the total budget and an operating budget of R 125 352 460 or 80.41% of the total budget.

The following graph shows the operating and capital budgeted figures for the 2015/16 to 2017/18 financial years.



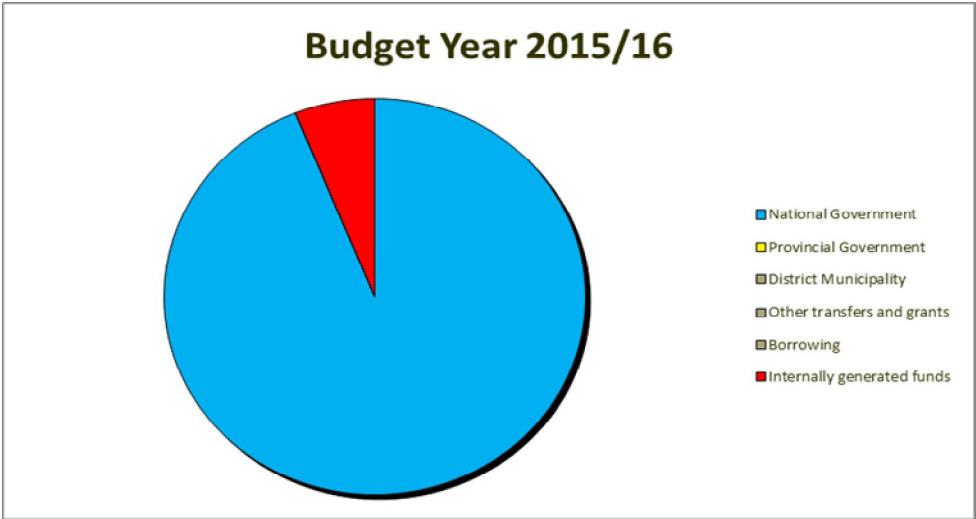
## CAPITAL BUDGET

The following table gives a breakdown of the sources of finance of the 3-year capital budget from 2015/16 to 2017/18.

| Sources fo Funding   |                            | 2015/16           | 2016/17           | 2017/18            |
|--|----------------------------|-------------------|-------------------|--------------------|
| <b>RBIG</b>  | Kannaland Dam Reallocation | 10 000 000        | 20 000 000        | 34 875 000         |
| <b>RBIG</b>  | LDS & CAL WWTW             | 3 000 000         | 10 000 000        | 53 920 000         |
| <b>MIG</b>   |                            | 9 577 900         | 9 785 950         | 10 098 500         |
| <b>Energy Efficiency &amp; Demand Side Mangament</b>         |                            | -                 | -                 | -                  |
| <b>Intergrated Nat Electrification programme (Municipal)</b> |                            | 3 000 000         | 2 000 000         | 2 000 000          |
| <b>Intergrated Nat Electrification programme(Eskom)</b>      |                            | 80 000            | -                 | -                  |
| <b>Library</b>   |                            | -                 | -                 | -                  |
| <b>ACIP - Ladysmith Reservoir Repairs</b>                    |                            | 2 267 000         |                   |                    |
| <b>ACIP - Van Wyksdorp Reservoir Repairs</b>                 |                            | 740 000           |                   |                    |
| <b>Capital Expenditure (Borrowing)</b>                       |                            | -                 |                   |                    |
| <b>Capital Expenditure (Internal Funds)</b>                  |                            | 1 880 000         | 689 000           | 730 350            |
|  |                            |                   |                   |                    |
|  |                            | <b>30 544 900</b> | <b>42 474 950</b> | <b>101 623 850</b> |

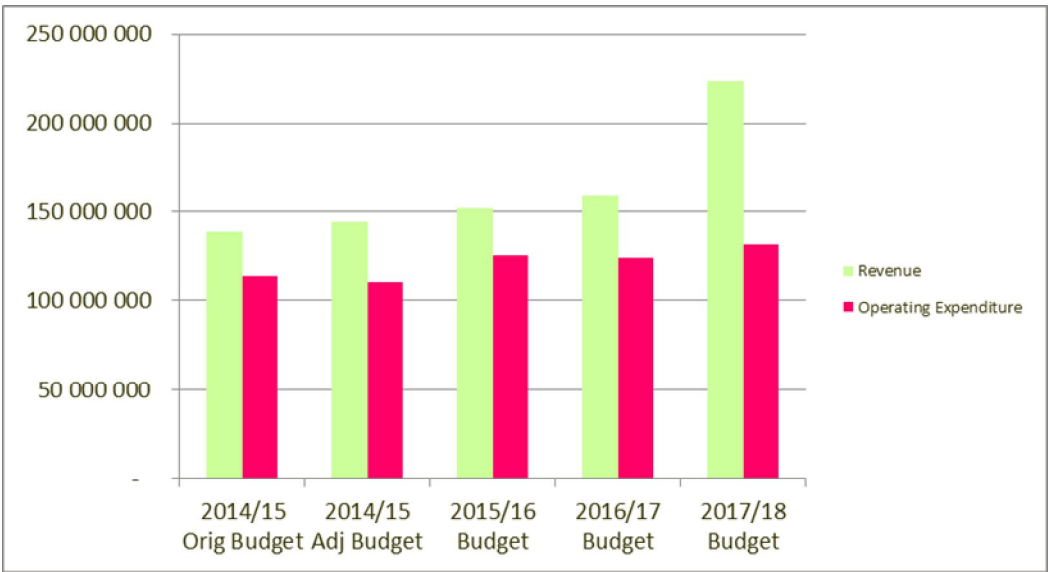
From the above it is clear that the main source of funding will be external funds (Grants) of which RBIG funding are the largest external source.

The graph below shows the capital expenditure for 2015/2016 per funding source.



**OPERATING BUDGET**

The following graph shows the operating income and expenditure budgeted figures separately for the 2015/16 to 2017/18 financial years.



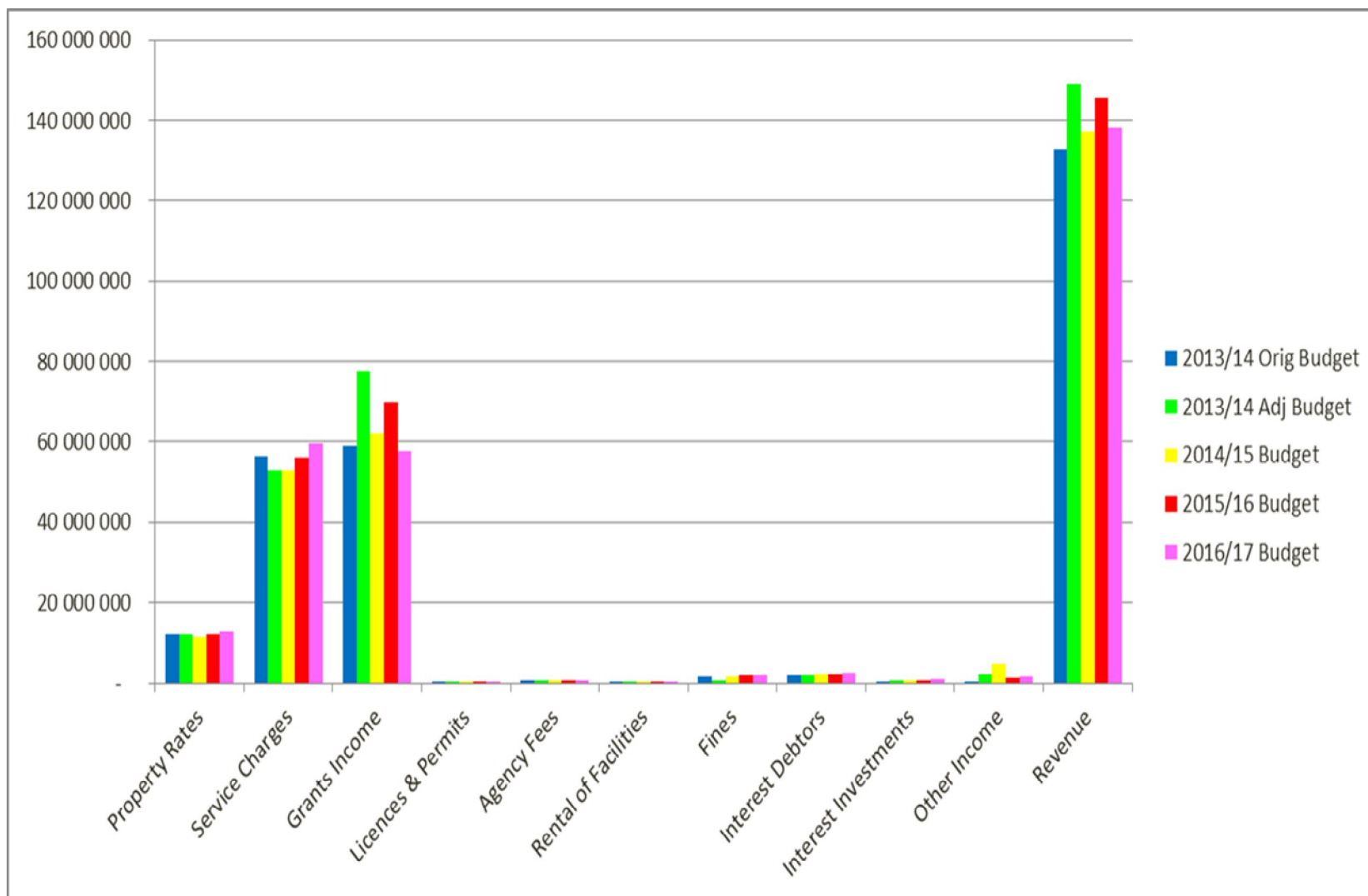
The Total Budgeted Revenue for 2015/16 is R 152 239 002.

## OPERATING REVENUE

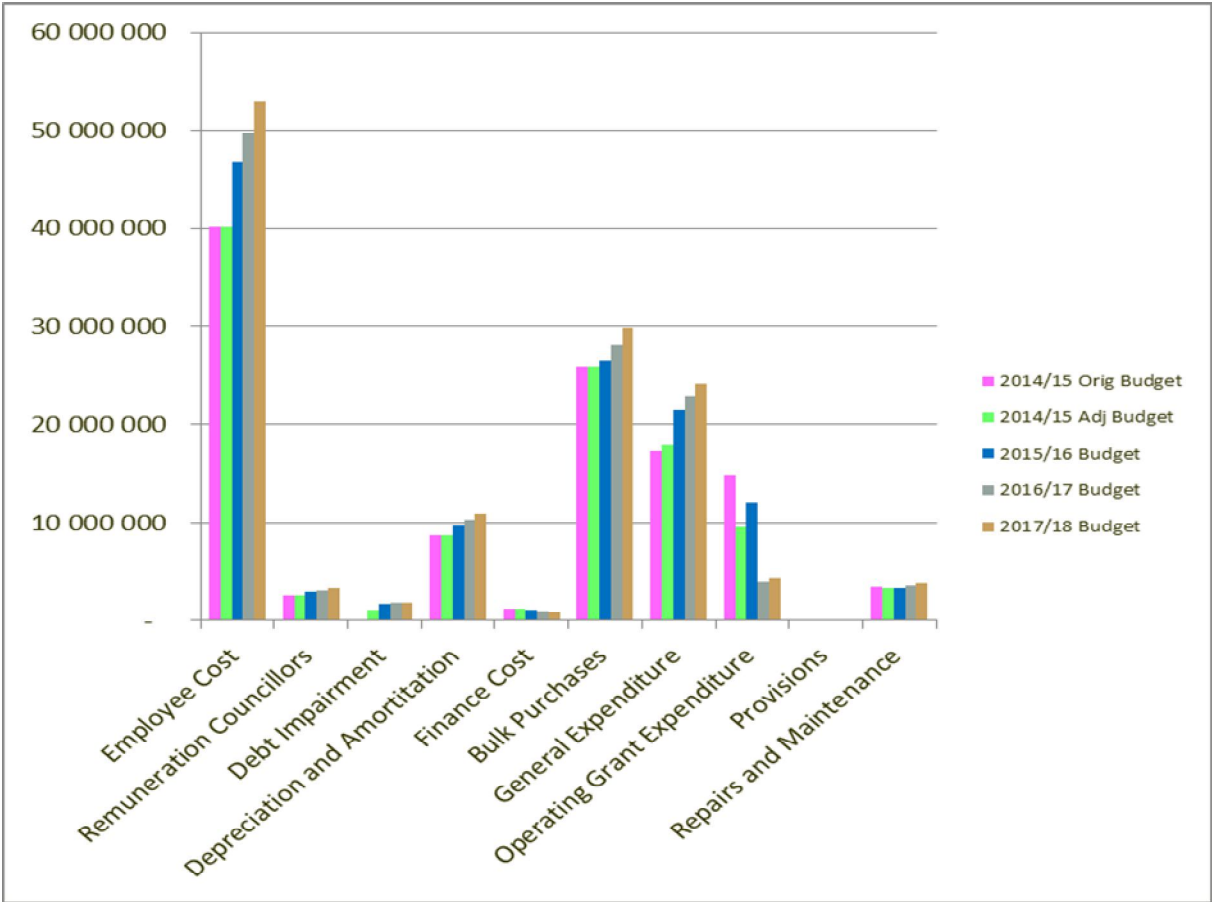
### Budgeted Operating Revenue

The operating revenue budget amounts to R 152 239 002. This includes capital transfers of R 30 544 900.

|         |                      | 2014/15             | 2014/15            | 2014/15            | 2015/16            | 2016/17            |
|---------|----------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| Revenue |                      | 2014/15 Orig Budget | 2014/15 Adj Budget | 2015/16 Budge      | 2016/17 Budge      | 2017/18 Budget     |
|         | Property Rates       | 11 763 260          | 11 763 260         | 14 031 760         | 14 873 640         | 15 766 030         |
|         | Service Charges      | 53 456 080          | 55 637 400         | 59 347 000         | 62 907 850         | 66 682 350         |
|         | Grants Income        | 62 332 000          | 65 924 452         | 64 564 002         | 69 842 000         | 129 649 000        |
|         | Licences & Permits   | 194 200             | 194 200            | 555 860            | 603 220            | 654 830            |
|         | Agency Fees          | 717 010             | 734 610            | 875 700            | 928 270            | 984 000            |
|         | Rental of Facilities | 339 280             | 339 280            | 531 560            | 563 500            | 597 360            |
|         | Fines                | 2 004 940           | 2 019 540          | 3 626 720          | 3 844 330          | 4 075 000          |
|         | Interest Debtors     | 2 164 290           | 2 164 290          | 2 294 150          | 2 431 810          | 2 577 730          |
|         | Interest Investments | 742 000             | 742 000            | 400 000            | 424 000            | 449 440            |
|         | Other Income         | 5 309 100           | 5 354 160          | 6 012 250          | 2 075 600          | 2 200 270          |
|         | <b>Revenue</b>       | <b>139 022 160</b>  | <b>144 873 192</b> | <b>152 239 002</b> | <b>158 494 220</b> | <b>223 636 010</b> |



Budgeted Operating Expenditure





## 7. Annual Budget Tables and Graphs

### Budget Summary

**WC041 Kannaland - 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  | 7 793           | 8 790           | 11 604          | 11 763               | 11 763          | 11 763             | 11 763            | 14 032  | 14 874                 | 15 766                 |
| Service charges   | 32 096          | 44 894          | 53 485          | 53 456               | 55 637          | 55 637             | 55 637            | 59 347  | 62 908                 | 66 682                 |
| Investment revenue  | 642             | 997             | 1 637           | 742                  | 742             | 742                | 742               | 400   | 424                    | 449                    |
| Transfers recognised - operational                            | 20 988          | 25 425          | 40 762          | 37 405               | 30 166          | 30 166             | 30 166            | 35 899  | 28 056                 | 28 756                 |
| Other own revenue   | 3 870           | 5 817           | 18 920          | 10 729               | 10 806          | 10 806             | 10 806            | 13 896  | 10 447                 | 11 089                 |
| Total Revenue (excluding capital transfers and contributions) | 65 389          | 85 922          | 126 408         | 114 096              | 109 115         | 109 115            | 109 115           | 123 574   | 116 708                | 122 741                |
| Employee costs  | 24 394          | 32 995          | 43 876          | 40 142               | 40 152          | 40 152             | 40 152            | 46 702  | 49 691                 | 52 871                 |
| Remuneration of councillors                                   | 2 848           | 2 801           | 2 739           | 2 621                | 2 621           | 2 621              | 2 621             | 2 891   | 3 065                  | 3 249                  |
| Depreciation & asset impairment                               | 7 628           | 8 259           | 12 941          | 8 748                | 8 748           | 8 748              | 8 748             | 9 723   | 10 307                 | 10 925                 |
| Finance charges   | 2 693           | 3 676           | 4 439           | 1 179                | 1 179           | 1 179              | 1 179             | 1 031   | 940                    | 837                    |
| Materials and bulk purchases                                  | 17 917          | 23 058          | 22 530          | 29 272               | 29 248          | 29 248             | 29 248            | 29 842  | 31 633                 | 33 531                 |
| Transfers and grants  | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other expenditure   | 23 955          | 38 622          | 59 592          | 32 193               | 26 546          | 26 546             | 26 546            | 35 163  | 28 452                 | 30 365                 |
| Total Expenditure   | 79 435          | 109 411         | 146 118         | 114 156              | 108 495         | 108 495            | 108 495           | 125 352   | 124 087                | 131 778                |
| Surplus/(Deficit)   | (14 046)        | (23 489)        | (19 709)        | (61)                 | 620             | 620                | 620               | (1 778)   | (7 379)                | (9 035)                |
| Transfers recognised - capital                                | 11 467          | 34 160          | 27 845          | 24 927               | 30 056          | 30 056             | 30 056            | 28 665  | 41 786                 | 100 894                |
| Contributions recognised - capital & contributed assets       | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) after capital transfers & contributions     | (2 579)         | 10 672          | 8 135           | 24 866               | 30 676          | 30 676             | 30 676            | 26 887  | 34 407                 | 91 858                 |
| Share of surplus/ (deficit) of associate                      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) for the year                                | (2 579)         | 10 672          | 8 135           | 24 866               | 30 676          | 30 676             | 30 676            | 26 887  | 34 407                 | 91 858                 |
| Capital expenditure & funds sources                           |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital expenditure   | -               | -               | -               | 25 477               | 30 606          | 30 606             | 30 606            | 30 545  | 42 475                 | 101 624                |
| Transfers recognised - capital                                | -               | -               | -               | 24 927               | 30 056          | 30 056             | 30 056            | 28 665  | 41 786                 | 100 894                |
| Public contributions & donations                              | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Borrowing   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Internally generated funds                                    | -               | -               | -               | 550                  | 550             | 550                | 550               | 1 880   | 689                    | 730                    |
| Total sources of capital funds                                | -               | -               | -               | 25 477               | 30 606          | 30 606             | 30 606            | 30 545  | 42 475                 | 101 624                |
| Financial position  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Total current assets  | 8 080           | 33 269          | 25 674          | 33 014               | 33 014          | 33 014             | 33 014            | 25 674  | 24 244                 | 24 244                 |
| Total non current assets                                      | 214 383         | 236 049         | 259 498         | 227 298              | 227 298         | 227 298            | 227 298           | 257 485   | 294 645                | 396 269                |
| Total current liabilities                                     | 22 532          | 50 235          | 55 305          | 63 281               | 63 281          | 63 281             | 63 281            | 41 292  | 41 383                 | 41 486                 |
| Total non current liabilities                                 | 24 950          | 19 270          | 21 918          | 16 138               | 16 138          | 16 138             | 16 138            | 32 345  | 31 569                 | 30 690                 |
| Community wealth/Equity                                       | 174 980         | 199 813         | 207 948         | 180 892              | 180 892         | 180 892            | 180 892           | 209 522   | 245 938                | 348 337                |
| Cash flows  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Net cash from (used) operating                                | 19 180          | 29 003          | 18 754          | (366)                | (366)           | (366)              | (366)             | 23 010  | 38 919                 | 98 014                 |
| Net cash from (used) investing                                | (20 513)        | (21 303)        | (27 153)        | (21 477)             | (21 477)        | (21 477)           | (21 477)          | -   | -                      | -                      |
| Net cash from (used) financing                                | (449)           | 1 100           | 419             | (534)                | (534)           | (534)              | (534)             | (685)   | (776)                  | (879)                  |
| Cash/cash equivalents at the year end                         | 1 465           | 9 406           | 1 430           | (7 352)              | (7 352)         | (7 352)            | (7 352)           | 14 972  | 53 115                 | 150 250                |
| Cash backing/surplus reconciliation                           |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash and investments available                                | 4 105           | 13 454          | 6 016           | (27 899)             | (27 899)        | (27 899)           | (27 899)          | 6 745   | -                      | -                      |
| Application of cash and investments                           | 11 913          | 26 085          | 31 155          | 13 395               | 13 896          | 13 896             | 13 896            | 22 399  | 20 747                 | 20 750                 |
| Balance - surplus (shortfall)                                 | (7 808)         | (12 632)        | (25 139)        | (41 294)             | (41 795)        | (41 795)           | (41 795)          | (15 654)  | (20 747)               | (20 750)               |
| Asset management  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Asset register summary (WDV)                                  | 211 130         | 232 005         | 254 911         | 223 254              | 223 254         | 223 254            | 252 170           | 252 170   | 294 645                | 396 269                |
| Depreciation & asset impairment                               | 7 628           | 8 259           | 12 941          | 8 748                | 8 748           | 8 748              | 9 723             | 9 723   | 10 307                 | 10 925                 |
| Renewal of Existing Assets                                    | -               | -               | -               | 6 779                | -               | -                  | -                 | 7 772   | 10 000                 | 53 920                 |
| Repairs and Maintenance                                       | -               | 2 311           | 96              | 3 372                | 3 347           | 3 347              | 3 349             | 3 349   | 3 550                  | 3 764                  |
| Free services   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cost of Free Basic Services provided                          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Revenue cost of free services provided                        | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Households below minimum service level                        |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Water:  | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Sanitation/sew erage:   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Energy:   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Refuse:   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |

## 7.2 A2 BUDGETED FINANCIAL PERFORMANCE (revenue and expenditure by standard classification)

WC041 Kannaland - 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 |
| <b>R thousand</b>                                 | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Revenue - Standard</b>                         |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i><b>Governance and administration</b></i>       |          | <b>76 855</b>   | <b>120 083</b>  | <b>154 253</b>  | <b>27 867</b>        | <b>29 864</b>   | <b>29 864</b>      | <b>30 969</b>                                       | <b>28 232</b>          | <b>29 861</b>          |
| Executive and council                             |          | 76 855          | 120 083         | 154 253         | 6 455                | 8 317           | 8 317              | 7 121   | 3 183                  | 3 303                  |
| Budget and treasury office                        |          | -               | -               | -               | 21 358               | 21 458          | 21 458             | 23 847  | 25 048                 | 26 558                 |
| Corporate services                                |          | -               | -               | -               | 54                   | 89              | 89                 | 0   | 0                      | 0                      |
| <i><b>Community and public safety</b></i>         |          | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>18 227</b>        | <b>9 101</b>    | <b>9 101</b>       | <b>13 885</b>                                       | <b>2 755</b>           | <b>2 920</b>           |
| Community and social services                     |          | -               | -               | -               | 3 910                | 6 566           | 6 566              | 2 536   | 2 710                  | 2 873                  |
| Sport and recreation                              |          | -               | -               | -               | 3 811                | 115             | 115                | 4 039   | 7                      | 8                      |
| Public safety                                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing   |          | -               | -               | -               | 10 506               | 2 419           | 2 419              | 7 310   | 38                     | 40                     |
| Health  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i><b>Economic and environmental services</b></i> |          | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>4 525</b>         | <b>7 052</b>    | <b>7 052</b>       | <b>9 825</b>  | <b>15 663</b>          | <b>16 329</b>          |
| Planning and development                          |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Road transport                                    |          | -               | -               | -               | 4 525                | 7 052           | 7 052              | 9 825   | 15 663                 | 16 329                 |
| Environmental protection                          |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i><b>Trading services</b></i>                    |          | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>88 403</b>        | <b>93 154</b>   | <b>93 154</b>      | <b>97 560</b>                                       | <b>111 844</b>         | <b>174 525</b>         |
| Electricity                                       |          | -               | -               | -               | 46 200               | 48 484          | 48 484             | 43 719  | 44 806                 | 47 100                 |
| Water   |          | -               | -               | -               | 19 873               | 19 671          | 19 671             | 29 267  | 34 630                 | 50 217                 |
| Waste water management                            |          | -               | -               | -               | 14 328               | 16 816          | 16 816             | 16 068  | 23 604                 | 68 090                 |
| Waste management                                  |          | -               | -               | -               | 8 002                | 8 184           | 8 184              | 8 506   | 8 804                  | 9 118                  |
| <i><b>Other</b></i>                               | <b>4</b> | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Total Revenue - Standard</b>                   | <b>2</b> | <b>76 855</b>   | <b>120 083</b>  | <b>154 253</b>  | <b>139 022</b>       | <b>139 171</b>  | <b>139 171</b>     | <b>152 239</b>                                      | <b>158 494</b>         | <b>223 636</b>         |
| <b>Expenditure - Standard</b>                     |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i><b>Governance and administration</b></i>       |          | <b>79 435</b>   | <b>109 411</b>  | <b>146 118</b>  | <b>43 737</b>        | <b>45 809</b>   | <b>45 809</b>      | <b>53 516</b>                                       | <b>56 844</b>          | <b>60 619</b>          |
| Executive and council                             |          | 79 435          | 109 411         | 146 118         | 15 699               | 18 161          | 18 161             | 20 127  | 21 353                 | 22 655                 |
| Budget and treasury office                        |          | -               | -               | -               | 19 218               | 18 828          | 18 828             | 20 005  | 21 257                 | 22 826                 |
| Corporate services                                |          | -               | -               | -               | 8 820                | 8 820           | 8 820              | 13 384  | 14 234                 | 15 138                 |
| <i><b>Community and public safety</b></i>         |          | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>16 449</b>        | <b>6 988</b>    | <b>6 988</b>       | <b>13 302</b>                                       | <b>6 415</b>           | <b>6 805</b>           |
| Community and social services                     |          | -               | -               | -               | 4 157                | 4 169           | 4 169              | 3 605   | 3 852                  | 4 091                  |
| Sport and recreation                              |          | -               | -               | -               | 1 012                | 1 012           | 1 012              | 937   | 994                    | 1 055                  |
| Public safety                                     |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Housing   |          | -               | -               | -               | 11 280               | 1 807           | 1 807              | 8 760   | 1 569                  | 1 659                  |
| Health  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i><b>Economic and environmental services</b></i> |          | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>9 372</b>         | <b>9 382</b>    | <b>9 382</b>       | <b>9 735</b>  | <b>9 211</b>           | <b>9 754</b>           |
| Planning and development                          |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Road transport                                    |          | -               | -               | -               | 9 372                | 9 382           | 9 382              | 9 735   | 9 211                  | 9 754                  |
| Environmental protection                          |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i><b>Trading services</b></i>                    |          | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>44 598</b>        | <b>46 316</b>   | <b>46 316</b>      | <b>48 799</b>                                       | <b>51 617</b>          | <b>54 600</b>          |
| Electricity                                       |          | -               | -               | -               | 30 187               | 30 776          | 30 776             | 32 489  | 34 394                 | 36 411                 |
| Water   |          | -               | -               | -               | 7 203                | 7 813           | 7 813              | 8 371   | 8 820                  | 9 294                  |
| Waste water management                            |          | -               | -               | -               | 4 627                | 4 887           | 4 887              | 5 618   | 5 939                  | 6 279                  |
| Waste management                                  |          | -               | -               | -               | 2 581                | 2 841           | 2 841              | 2 320   | 2 464                  | 2 617                  |
| <i><b>Other</b></i>                               | <b>4</b> | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>Total Expenditure - Standard</b>               | <b>3</b> | <b>79 435</b>   | <b>109 411</b>  | <b>146 118</b>  | <b>114 156</b>       | <b>108 495</b>  | <b>108 495</b>     | <b>125 352</b>                                      | <b>124 087</b>         | <b>131 778</b>         |
| <b>Surplus/(Deficit) for the year</b>             |          | <b>(2 579)</b>  | <b>10 672</b>   | <b>8 135</b>    | <b>24 866</b>        | <b>30 676</b>   | <b>30 676</b>      | <b>26 887</b>                                       | <b>34 407</b>          | <b>91 858</b>          |

### 7.3 A3 FINANCIAL PERFORMANCE (revenue and expenditure by municipal vote)

WC041 Kannaland - 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 |
| <b>R thousand</b>                             |     |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Revenue by Vote</b>                        | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - Executive Council                    |     | 76 855          | 120 083         | 154 253         | 6 455                | 8 317           | 8 317              | 7 121   | 3 183                  | 3 303                  |
| Vote 2 - Corporate Services                   |     | -               | -               | -               | 21 183               | 12 124          | 12 124             | 18 929  | 8 115                  | 8 617                  |
| Vote 3 - Financial Services                   |     | -               | -               | -               | 21 358               | 21 458          | 21 458             | 23 847  | 25 048                 | 26 558                 |
| Vote 4 - Technical Services                   |     | -               | -               | -               | 90 027               | 97 272          | 97 272             | 102 341   | 122 147                | 185 158                |
| Vote 5 - [NAME OF VOTE 5]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 6 - [NAME OF VOTE 6]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 7 - [NAME OF VOTE 7]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 8 - [NAME OF VOTE 8]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 9 - [NAME OF VOTE 9]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 10 - [NAME OF VOTE 10]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 11 - [NAME OF VOTE 11]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 12 - [NAME OF VOTE 12]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 13 - [NAME OF VOTE 13]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 14 - [NAME OF VOTE 14]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 15 - [NAME OF VOTE 15]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Revenue by Vote</b>                  | 2   | <b>76 855</b>   | <b>120 083</b>  | <b>154 253</b>  | <b>139 022</b>       | <b>139 171</b>  | <b>139 171</b>     | <b>152 239</b>                                      | <b>158 494</b>         | <b>223 636</b>         |
| <b>Expenditure by Vote to be appropriated</b> | 1   |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Vote 1 - Executive Council                    |     | 79 435          | 109 411         | 146 118         | 15 699               | 18 161          | 18 161             | 20 127  | 21 353                 | 22 655                 |
| Vote 2 - Corporate Services                   |     | -               | -               | -               | 28 240               | 18 779          | 18 779             | 29 463  | 23 601                 | 25 081                 |
| Vote 3 - Financial Services                   |     | -               | -               | -               | 19 218               | 18 828          | 18 828             | 20 005  | 21 257                 | 22 826                 |
| Vote 4 - Technical Services                   |     | -               | -               | -               | 50 999               | 52 727          | 52 727             | 55 757  | 57 876                 | 61 216                 |
| Vote 5 - [NAME OF VOTE 5]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 6 - [NAME OF VOTE 6]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 7 - [NAME OF VOTE 7]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 8 - [NAME OF VOTE 8]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 9 - [NAME OF VOTE 9]                     |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 10 - [NAME OF VOTE 10]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 11 - [NAME OF VOTE 11]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 12 - [NAME OF VOTE 12]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 13 - [NAME OF VOTE 13]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 14 - [NAME OF VOTE 14]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Vote 15 - [NAME OF VOTE 15]                   |     | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Expenditure by Vote</b>              | 2   | <b>79 435</b>   | <b>109 411</b>  | <b>146 118</b>  | <b>114 156</b>       | <b>108 495</b>  | <b>108 495</b>     | <b>125 352</b>                                      | <b>124 087</b>         | <b>131 778</b>         |
| <b>Surplus/(Deficit) for the year</b>         | 2   | <b>(2 579)</b>  | <b>10 672</b>   | <b>8 135</b>    | <b>24 866</b>        | <b>30 676</b>   | <b>30 676</b>      | <b>26 887</b>                                       | <b>34 407</b>          | <b>91 858</b>          |

## 7.4 A4 BUDGETED FINANCIAL PERFORMANCE (revenue and expenditure)

WC041 Kannaland - 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 |                        |                        |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| R thousand  | 1    | 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   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates  | 2    | 7 793           | 8 790           | 11 604          | 11 763               | 11 763          | 11 763             | 11 763            | 14 032  | 14 874                 | 15 766                 |
| Property rates - penalties & collection charges               |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - electricity revenue                         | 2    | 19 852          | 33 437          | 34 708          | 31 710               | 32 710          | 32 710             | 32 710            | 35 512  | 37 643                 | 39 901                 |
| Service charges - water revenue                               | 2    | 4 086           | 4 199           | 10 088          | 10 456               | 10 456          | 10 456             | 10 456            | 10 783  | 11 430                 | 12 116                 |
| Service charges - sanitation revenue                          | 2    | 4 244           | 3 979           | 4 146           | 6 859                | 7 859           | 7 859              | 7 859             | 8 330   | 8 830                  | 9 360                  |
| Service charges - refuse revenue                              | 2    | 3 915           | 3 279           | 4 543           | 4 432                | 4 614           | 4 614              | 4 614             | 4 722   | 5 005                  | 5 305                  |
| Service charges - other                                       |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Rental of facilities and equipment                            |      | 294             | 245             | 243             | 329                  | 329             | 329                | 329               | 532   | 564                    | 597                    |
| Interest earned - external investments                        |      | 642             | 997             | 1 637           | 742                  | 742             | 742                | 742               | 400   | 424                    | 449                    |
| Interest earned - outstanding debtors                         |      | 827             | 1 594           | 3 557           | 2 164                | 2 164           | 2 164              | 2 164             | 2 294   | 2 432                  | 2 578                  |
| Dividends received  |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Fines   |      | 1 717           | 704             | 3 371           | 2 005                | 2 020           | 2 020              | 2 020             | 3 627   | 3 844                  | 4 075                  |
| Licences and permits  |      | 163             | 313             | 411             | 194                  | 194             | 194                | 194               | 556   | 603                    | 655                    |
| Agency services   |      | 508             | 585             | 682             | 717                  | 735             | 735                | 735               | 876   | 928                    | 984                    |
| Transfers recognised - operational                            |      | 20 988          | 25 425          | 40 762          | 37 405               | 30 166          | 30 166             | 30 166            | 35 899  | 28 056                 | 28 756                 |
| Other revenue   | 2    | 361             | 2 376           | 10 606          | 5 319                | 5 364           | 5 364              | 5 364             | 6 012   | 2 076                  | 2 200                  |
| Gains on disposal of PPE                                      |      | -               | -               | 49              | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total Revenue (excluding capital transfers and contributions) |      | 65 389          | 85 922          | 126 408         | 114 096              | 109 115         | 109 115            | 109 115           | 123 574   | 116 708                | 122 743                |
| Expenditure By Type   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs  | 2    | 24 394          | 32 995          | 43 876          | 40 142               | 40 152          | 40 152             | 40 152            | 46 702  | 49 691                 | 52 871                 |
| Remuneration of councillors                                   |      | 2 848           | 2 801           | 2 739           | 2 621                | 2 621           | 2 621              | 2 621             | 2 891   | 3 065                  | 3 249                  |
| Debt impairment   | 3    | 5 267           | 4 627           | 15 495          | -                    | 1 100           | 1 100              | 1 100             | 1 666   | 1 766                  | 1 872                  |
| Depreciation & asset impairment                               | 2    | 7 628           | 8 259           | 12 941          | 8 748                | 8 748           | 8 748              | 8 748             | 9 723   | 10 307                 | 10 925                 |
| Finance charges   |      | 2 693           | 3 676           | 4 439           | 1 179                | 1 179           | 1 179              | 1 179             | 1 031   | 940                    | 837                    |
| Bulk purchases  | 2    | 17 917          | 20 747          | 22 434          | 25 901               | 25 901          | 25 901             | 25 901            | 26 493  | 28 082                 | 29 767                 |
| Other materials   | 8    | -               | 2 311           | 96              | 3 372                | 3 347           | 3 347              | 3 347             | 3 349   | 3 550                  | 3 764                  |
| Contracted services   |      | 660             | 20 250          | 16 502          | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Transfers and grants  |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other expenditure   | 4, 5 | 17 845          | 13 641          | 27 595          | 32 193               | 25 446          | 25 446             | 25 446            | 33 497  | 26 686                 | 28 493                 |
| Loss on disposal of PPE                                       |      | 184             | 104             | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total Expenditure   |      | 79 435          | 109 411         | 146 118         | 114 156              | 108 495         | 108 495            | 108 495           | 125 352   | 124 087                | 131 778                |
| Surplus/(Deficit)   |      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|   |      | (14 046)        | (23 489)        | (19 709)        | (61)                 | 620             | 620                | 620               | (1 778)   | (7 379)                | (9 035)                |
| Transfers recognised - capital                                |      | 11 467          | 34 160          | 27 845          | 24 927               | 30 056          | 30 056             | 30 056            | 28 665  | 41 786                 | 100 894                |
| Contributions recognised - capital                            | 6    | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Contributed assets  |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) after capital transfers & contributions     |      | (2 579)         | 10 672          | 8 135           | 24 866               | 30 676          | 30 676             | 30 676            | 26 887  | 34 407                 | 91 858                 |
| Taxation  |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) after taxation                              |      | (2 579)         | 10 672          | 8 135           | 24 866               | 30 676          | 30 676             | 30 676            | 26 887  | 34 407                 | 91 858                 |
| Attributable to minorities                                    |      | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) attributable to municipality                |      | (2 579)         | 10 672          | 8 135           | 24 866               | 30 676          | 30 676             | 30 676            | 26 887  | 34 407                 | 91 858                 |
| Share of surplus/ (deficit) of associate                      | 7    | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus/(Deficit) for the year                                |      | (2 579)         | 10 672          | 8 135           | 24 866               | 30 676          | 30 676             | 30 676            | 26 887  | 34 407                 | 91 858                 |

## 7.5 A5 BUDGETED CAPITAL EXPENDITURE by vote , standard classification and funding

WC041 Kannaland - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| 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 | Pre-audit outcome | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>R thousand</b>                                  | 1   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Capital expenditure - Vote</b>                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Multi-year expenditure, to be appropriated</b>  | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Executive Council                         |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 2 - Corporate Services                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 3 - Financial Services                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 4 - Technical Services                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 5 - [NAME OF VOTE 5]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 6 - [NAME OF VOTE 6]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 7 - [NAME OF VOTE 7]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 8 - [NAME OF VOTE 8]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 9 - [NAME OF VOTE 9]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 10 - [NAME OF VOTE 10]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 11 - [NAME OF VOTE 11]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 12 - [NAME OF VOTE 12]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 13 - [NAME OF VOTE 13]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 14 - [NAME OF VOTE 14]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 15 - [NAME OF VOTE 15]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Capital multi-year expenditure sub-total</b>    | 7   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Single-year expenditure, to be appropriated</b> | 2   |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Executive Council                         |     | -               | -               | -               | -                    | -               | -                  | -                 | 540   | 551                    | 584                    |
| Vote 2 - Corporate Services                        |     | -               | -               | -               | 5 733                | 6 135           | 6 135              | 6 135             | 5 312   | 106                    | 112                    |
| Vote 3 - Financial Services                        |     | -               | -               | -               | 525                  | 456             | 456                | 456               | 30  | 32                     | 34                     |
| Vote 4 - Technical Services                        |     | -               | -               | -               | 19 218               | 24 015          | 24 015             | 24 015            | 24 663  | 41 786                 | 100 894                |
| Vote 5 - [NAME OF VOTE 5]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 6 - [NAME OF VOTE 6]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 7 - [NAME OF VOTE 7]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 8 - [NAME OF VOTE 8]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 9 - [NAME OF VOTE 9]                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 10 - [NAME OF VOTE 10]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 11 - [NAME OF VOTE 11]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 12 - [NAME OF VOTE 12]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 13 - [NAME OF VOTE 13]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 14 - [NAME OF VOTE 14]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 15 - [NAME OF VOTE 15]                        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Capital single-year expenditure sub-total</b>   |     | -               | -               | -               | 25 477               | 30 606          | 30 606             | 30 606            | 30 545  | 42 475                 | 101 624                |
| <b>Total Capital Expenditure - Vote</b>            |     | -               | -               | -               | 25 477               | 30 606          | 30 606             | 30 606            | 30 545  | 42 475                 | 101 624                |
| <b>Capital Expenditure - Standard</b>              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Governance and administration</b>               |     | -               | -               | -               | 6 258                | 6 591           | 6 591              | 6 591             | 5 882   | 689                    | 730                    |
| Executive and council                              |     | -               | -               | -               | -                    | -               | -                  | -                 | 540   | 551                    | 584                    |
| Budget and treasury office                         |     | -               | -               | -               | 525                  | 456             | 456                | 456               | 30  | 32                     | 34                     |
| Corporate services                                 |     | -               | -               | -               | 5 733                | 6 135           | 6 135              | 6 135             | 5 312   | 106                    | 112                    |
| <b>Community and public safety</b>                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Community and social services                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Sport and recreation                               |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Public safety                                      |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Housing  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Health   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Economic and environmental services</b>         |     | -               | -               | -               | 101                  | 2 595           | 2 595              | 2 595             | 3 244   | 9 786                  | 10 099                 |
| Planning and development                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Road transport                                     |     | -               | -               | -               | 101                  | 2 595           | 2 595              | 2 595             | 3 244   | 9 786                  | 10 099                 |
| Environmental protection                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Trading services</b>                            |     | -               | -               | -               | 19 118               | 21 420          | 21 420             | 21 420            | 21 419  | 32 000                 | 90 795                 |
| Electricity  |     | -               | -               | -               | 9 696                | 10 938          | 10 938             | 10 938            | 3 080   | 2 000                  | 2 000                  |
| Water  |     | -               | -               | -               | 6 422                | 5 995           | 5 995              | 5 995             | 15 309  | 20 000                 | 34 875                 |
| Waste water management                             |     | -               | -               | -               | 3 000                | 4 487           | 4 487              | 4 487             | 3 000   | 10 000                 | 53 920                 |
| Waste management                                   |     | -               | -               | -               | -                    | -               | -                  | -                 | 30  | -                      | -                      |
| <b>Other</b>                                       |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Capital Expenditure - Standard</b>        | 3   | -               | -               | -               | 25 477               | 30 606          | 30 606             | 30 606            | 30 545  | 42 475                 | 101 624                |
| <b>Funded by:</b>                                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| National Government                                |     | -               | -               | -               | 24 627               | 22 836          | 22 836             | 22 836            | 25 658  | 41 786                 | 100 894                |
| Provincial Government                              |     | -               | -               | -               | 300                  | 1 686           | 1 686              | 1 686             | -   | -                      | -                      |
| District Municipality                              |     | -               | -               | -               | -                    | 2 535           | 2 535              | 2 535             | -   | -                      | -                      |
| Other transfers and grants                         |     | -               | -               | -               | -                    | 3 000           | 3 000              | 3 000             | 3 007   | -                      | -                      |
| <b>Transfers recognised - capital</b>              | 4   | -               | -               | -               | 24 927               | 30 056          | 30 056             | 30 056            | 28 665  | 41 786                 | 100 894                |
| <b>Public contributions &amp; donations</b>        | 5   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Borrowing</b>                                   | 6   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Internally generated funds</b>                  |     | -               | -               | -               | 550                  | 550             | 550                | 550               | 1 880   | 689                    | 730                    |
| <b>Total Capital Funding</b>                       | 7   | -               | -               | -               | 25 477               | 30 606          | 30 606             | 30 606            | 30 545  | 42 475                 | 101 624                |

## 7.6 A6 Budgeted Financial Position

WC041 Kannaland - 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 |
| R thousand                               |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| ASSETS                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current assets                           |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash                                     |     | 1 465           | 9 410           | 1 430           | -                    | -               | -                  | -                 | 1 430   | -                      | -                      |
| Call investment deposits                 | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Consumer debtors                         | 1   | 3 811           | 16 718          | -               | 33 014               | 33 014          | 33 014             | 33 014            | 13 056  | 13 056                 | 13 056                 |
| Other debtors                            |     | 2 059           | 6 215           | 22 775          | -                    | -               | -                  | -                 | 9 719   | 9 719                  | 9 719                  |
| Current portion of long-term receivables |     | 4               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Inventory                                | 2   | 741             | 926             | 1 469           | -                    | -               | -                  | -                 | 1 469   | 1 469                  | 1 469                  |
| Total current assets                     |     | 8 080           | 33 269          | 25 674          | 33 014               | 33 014          | 33 014             | 33 014            | 25 674  | 24 244                 | 24 244                 |
| Non current assets                       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Long-term receivables                    |     | 10              | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Investments                              |     | 3 124           | 4 044           | 4 586           | 4 044                | 4 044           | 4 044              | 4 044             | 5 315   | -                      | -                      |
| Investment property                      |     | 1 648           | 1 739           | 6 875           | 1 526                | 1 526           | 1 526              | 1 526             | 6 875   | 6 875                  | 6 875                  |
| Investment in Associate                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Property, plant and equipment            | 3   | 209 087         | 229 968         | 247 722         | 221 728              | 221 728         | 221 728            | 221 728           | 244 981   | 287 456                | 389 079                |
| Agricultural                             |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Biological                               |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Intangible                               |     | 394             | 298             | 315             | -                    | -               | -                  | -                 | 315   | 315                    | 315                    |
| Other non-current assets                 |     | 119             | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total non current assets                 |     | 214 383         | 236 049         | 259 498         | 227 298              | 227 298         | 227 298            | 227 298           | 257 485   | 294 645                | 396 269                |
| TOTAL ASSETS                             |     | 222 463         | 269 318         | 285 172         | 260 312              | 260 312         | 260 312            | 260 312           | 283 160   | 318 890                | 420 514                |
| LIABILITIES                              |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current liabilities                      |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Bank overdraft                           | 1   | 484             | -               | -               | 31 943               | 31 943          | 31 943             | 31 943            | -   | -                      | -                      |
| Borrowing                                | 4   | -               | 534             | 606             | 605                  | 605             | 605                | 605               | 685   | 776                    | 879                    |
| Consumer deposits                        |     | 543             | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Trade and other payables                 | 4   | 16 478          | 42 122          | 46 151          | 30 733               | 30 733          | 30 733             | 30 733            | 40 607  | 40 607                 | 40 607                 |
| Provisions                               |     | 5 027           | 7 578           | 8 548           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total current liabilities                |     | 22 532          | 50 235          | 55 305          | 63 281               | 63 281          | 63 281             | 63 281            | 41 292  | 41 383                 | 41 486                 |
| Non current liabilities                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Borrowing                                |     | 17 170          | -               | 8 775           | 8 538                | 8 538           | 8 538              | 8 538             | 7 853   | 7 077                  | 6 198                  |
| Provisions                               |     | 7 780           | 19 270          | 13 143          | 7 600                | 7 600           | 7 600              | 7 600             | 24 492  | 24 492                 | 24 492                 |
| Total non current liabilities            |     | 24 950          | 19 270          | 21 918          | 16 138               | 16 138          | 16 138             | 16 138            | 32 345  | 31 569                 | 30 690                 |
| TOTAL LIABILITIES                        |     | 47 483          | 69 504          | 77 224          | 79 419               | 79 419          | 79 419             | 79 419            | 73 637  | 72 952                 | 72 176                 |
| NET ASSETS                               | 5   | 174 980         | 199 813         | 207 948         | 180 892              | 180 892         | 180 892            | 180 892           | 209 522   | 245 938                | 348 337                |
| COMMUNITY WEALTH/EQUITY                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Accumulated Surplus/(Deficit)            |     | 174 980         | 199 813         | 207 948         | 180 892              | 180 892         | 180 892            | 180 892           | 209 522   | 245 938                | 348 337                |
| Reserves                                 | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Minorities' interests                    |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| TOTAL COMMUNITY WEALTH/EQUITY            | 5   | 174 980         | 199 813         | 207 948         | 180 892              | 180 892         | 180 892            | 180 892           | 209 522   | 245 938                | 348 337                |

## 7.7 A7 BUDGETED CASH FLOWS

WC041 Kannaland - 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 |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>        |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates, penalties & collection charges    |     | 7 091           | 6 766           | 6 444           | -                    | -               | -                  | -                 | 11 225  | 14 874                 | 15 766                 |
| Service charges                                   |     | 24 802          | 32 288          | 43 993          | 39 886               | 39 886          | 39 886             | 39 886            | 46 326  | 49 105                 | 52 051                 |
| Other revenue                                     |     | 2 078           | 2 554           | 4 844           | -                    | -               | -                  | -                 | 12 222  | 12 956                 | 13 733                 |
| Government - operating                            | 1   | 28 663          | 64 660          | 64 588          | 37 705               | 37 705          | 37 705             | 37 705            | 35 899  | 38 053                 | 40 336                 |
| Government - capital                              | 1   | -               | -               | -               | 24 627               | 24 627          | 24 627             | 24 627            | 28 665  | 41 786                 | 100 894                |
| Interest  |     | 1 469           | 2 619           | 5 316           | 2 041                | 2 041           | 2 041              | 2 041             | 2 235   | 2 369                  | 2 512                  |
| Dividends   |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Payments</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Suppliers and employees                           |     | (42 230)        | (76 842)        | (101 991)       | (104 484)            | (104 484)       | (104 484)          | (104 484)         | (112 532)   | (119 284)              | (126 441)              |
| Finance charges                                   |     | (2 693)         | (3 042)         | (4 439)         | (140)                | (140)           | (140)              | (140)             | (1 031)   | (940)                  | (837)                  |
| Transfers and Grants                              | 1   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>  |     | <b>19 180</b>   | <b>29 003</b>   | <b>18 754</b>   | <b>(366)</b>         | <b>(366)</b>    | <b>(366)</b>       | <b>(366)</b>      | <b>23 010</b>                                       | <b>38 919</b>          | <b>98 014</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                       |     | -               | -               | 6 291           | 4 000                | 4 000           | 4 000              | 4 000             | -   | -                      | -                      |
| Decrease (Increase) in non-current debtors        |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Decrease (Increase) other non-current receivables | 3   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Decrease (Increase) in non-current investments    |     | (375)           | (479)           | (542)           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Payments</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital assets                                    |     | (20 142)        | (20 823)        | (32 901)        | (25 477)             | (25 477)        | (25 477)           | (25 477)          | -   | -                      | -                      |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>  |     | <b>(20 513)</b> | <b>(21 303)</b> | <b>(27 153)</b> | <b>(21 477)</b>      | <b>(21 477)</b> | <b>(21 477)</b>    | <b>(21 477)</b>   | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>       |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Receipts</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Short term loans                                  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Borrowing long term/refinancing                   |     | -               | 1 062           | 308             | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Increase (decrease) in consumer deposits          |     | 22              | 38              | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Payments</b>                                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Repayment of borrowing                            |     | (471)           | -               | 111             | (534)                | (534)           | (534)              | (534)             | (685)   | (776)                  | (879)                  |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>  |     | <b>(449)</b>    | <b>1 100</b>    | <b>419</b>      | <b>(534)</b>         | <b>(534)</b>    | <b>(534)</b>       | <b>(534)</b>      | <b>(685)</b>  | <b>(776)</b>           | <b>(879)</b>           |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>      |     | <b>(1 782)</b>  | <b>8 800</b>    | <b>(7 980)</b>  | <b>(22 377)</b>      | <b>(22 377)</b> | <b>(22 377)</b>    | <b>(22 377)</b>   | <b>22 325</b>                                       | <b>38 143</b>          | <b>97 135</b>          |
| Cash/cash equivalents at the year begin:          | 2   | 3 247           | 606             | 9 410           | 15 024               | 15 024          | 15 024             | 15 024            | (7 352)   | 14 972                 | 53 115                 |
| Cash/cash equivalents at the year end:            | 2   | 1 465           | 9 406           | 1 430           | (7 352)              | (7 352)         | (7 352)            | (7 352)           | 14 972  | 53 115                 | 150 250                |

## 7.8 A8 Cash Back and Reserves

WC041 Kannaland - 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 |
| R thousand                                 |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| <b>Cash and investments available</b>      |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end      | 1   | 1 465           | 9 406           | 1 430           | (7 352)              | (7 352)         | (7 352)            | (7 352)           | 14 972  | 53 115                 | 150 250                |
| Other current investments > 90 days        |     | (484)           | 4               | -               | (24 591)             | (24 591)        | (24 591)           | (24 591)          | (13 542)  | (53 115)               | (150 250)              |
| Non current assets - Investments           | 1   | 3 124           | 4 044           | 4 586           | 4 044                | 4 044           | 4 044              | 4 044             | 5 315   | -                      | -                      |
| Cash and investments available:            |     | 4 105           | 13 454          | 6 016           | (27 899)             | (27 899)        | (27 899)           | (27 899)          | 6 745   | -                      | -                      |
| <b>Application of cash and investments</b> |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers              |     | 5 172           | 9 652           | 5 545           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Unspent borrowing                          |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Statutory requirements                     | 2   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other working capital requirements         | 3   | 6 741           | 16 434          | 25 611          | 13 395               | 13 896          | 13 896             | 13 896            | 22 399  | 20 747                 | 20 750                 |
| Other provisions                           |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Long term investments committed            | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Reserves to be backed by cash/investments  | 5   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Total Application of cash and investments: |     | 11 913          | 26 085          | 31 155          | 13 395               | 13 896          | 13 896             | 13 896            | 22 399  | 20 747                 | 20 750                 |
| Surplus(shortfall)                         |     | (7 808)         | (12 632)        | (25 139)        | (41 294)             | (41 795)        | (41 795)           | (41 795)          | (15 654)  | (20 747)               | (20 750)               |



WC041 Kannaland - Table A9 Asset Management

| W0047 Karamana - Table A7 Asset management            |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| 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 |
| R thousand  |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>CAPITAL EXPENDITURE</b>                            |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Total New Assets</b>                               | 1    | -               | -               | -               | 18 697               | 30 606          | 30 606             | 22 773  | 32 475                 | 47 704                 |
| Infrastructure - Road transport                       |      | -               | -               | -               | 101                  | 61              | 61                 | 3 244   | 9 786                  | 10 099                 |
| Infrastructure - Electricity                          |      | -               | -               | -               | 9 696                | 10 938          | 10 938             | 3 080   | 2 000                  | 2 000                  |
| Infrastructure - Water                                |      | -               | -               | -               | 6 422                | 5 970           | 5 970              | 12 302  | 20 000                 | 34 875                 |
| Infrastructure - Sanitation                           |      | -               | -               | -               | -                    | 3 000           | 3 000              | -   | -                      | -                      |
| Infrastructure - Other                                |      | -               | -               | -               | -                    | -               | -                  | 2 267   | -                      | -                      |
| Infrastructure  |      | -               | -               | -               | 16 218               | 19 968          | 19 968             | 20 893  | 31 786                 | 46 974                 |
| Community   |      | -               | -               | -               | 1 629                | 8 365           | 8 365              | -   | -                      | -                      |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other assets  | 6    | -               | -               | -               | 850                  | 2 273           | 2 273              | 1 880   | 689                    | 730                    |
| Agricultural Assets                                   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological assets                                     |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Intangibles   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Renewal of Existing Assets</b>               | 2    | -               | -               | -               | 6 779                | -               | -                  | 7 772   | 10 000                 | 53 920                 |
| Infrastructure - Road transport                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure - Electricity                          |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure - Water                                |      | -               | -               | -               | -                    | -               | -                  | 740   | -                      | -                      |
| Infrastructure - Sanitation                           |      | -               | -               | -               | 3 000                | -               | -                  | 3 000   | 10 000                 | 53 920                 |
| Infrastructure - Other                                |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure  |      | -               | -               | -               | 3 000                | -               | -                  | 3 740   | 10 000                 | 53 920                 |
| Community   |      | -               | -               | -               | 3 779                | -               | -                  | 4 032   | -                      | -                      |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other assets  | 6    | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Agricultural Assets                                   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological assets                                     |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Intangibles   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Capital Expenditure</b>                      | 4    | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure - Road transport                       |      | -               | -               | -               | 101                  | 61              | 61                 | 3 244   | 9 786                  | 10 099                 |
| Infrastructure - Electricity                          |      | -               | -               | -               | 9 696                | 10 938          | 10 938             | 3 080   | 2 000                  | 2 000                  |
| Infrastructure - Water                                |      | -               | -               | -               | 6 422                | 5 970           | 5 970              | 13 042  | 20 000                 | 34 875                 |
| Infrastructure - Sanitation                           |      | -               | -               | -               | 3 000                | 3 000           | 3 000              | 3 000   | 10 000                 | 53 920                 |
| Infrastructure - Other                                |      | -               | -               | -               | -                    | -               | -                  | 2 267   | -                      | -                      |
| Infrastructure  |      | -               | -               | -               | 19 218               | 19 968          | 19 968             | 24 633  | 41 786                 | 100 894                |
| Community   |      | -               | -               | -               | 5 408                | 8 365           | 8 365              | 4 032   | -                      | -                      |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other assets  |      | -               | -               | -               | 850                  | 2 273           | 2 273              | 1 880   | 689                    | 730                    |
| Agricultural Assets                                   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological assets                                     |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Intangibles   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>        | 2    | -               | -               | -               | 25 477               | 30 606          | 30 606             | 30 545  | 42 475                 | 101 624                |
| <b>ASSET REGISTER SUMMARY - PPE (WDV)</b>             | 5    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Infrastructure - Road transport                       |      | 209 087         | 229 968         | 247 722         | 101                  | 101             | 101                | -   | -                      | -                      |
| Infrastructure - Electricity                          |      | -               | -               | -               | 9 696                | 9 696           | 9 696              | -   | -                      | -                      |
| Infrastructure - Water                                |      | -               | -               | -               | 6 422                | 6 422           | 6 422              | -   | -                      | -                      |
| Infrastructure - Sanitation                           |      | -               | -               | -               | 3 000                | 3 000           | 3 000              | -   | -                      | -                      |
| Infrastructure - Other                                |      | -               | -               | -               | 196 251              | 196 251         | 196 251            | 244 981   | 287 456                | 389 079                |
| Infrastructure  |      | 209 087         | 229 968         | 247 722         | 215 469              | 215 469         | 215 469            | 244 981   | 287 456                | 389 079                |
| Community   |      | -               | -               | -               | 5 708                | 5 708           | 5 708              | -   | -                      | -                      |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | 1 648           | 1 739           | 6 875           | 1 526                | 1 526           | 1 526              | 6 875   | 6 875                  | 6 875                  |
| Other assets  |      | -               | -               | -               | 550                  | 550             | 550                | -   | -                      | -                      |
| Agricultural Assets                                   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Biological assets                                     |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Intangibles   |      | 394             | 298             | 315             | -                    | -               | -                  | 315   | 315                    | 315                    |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>       | 5    | 211 130         | 232 005         | 254 911         | 223 254              | 223 254         | 223 254            | 252 170   | 294 645                | 396 269                |
| <b>EXPENDITURE OTHER ITEMS</b>                        |      |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Depreciation &amp; asset impairment</b>            |      | 7 628           | 8 259           | 12 941          | 8 748                | 8 748           | 8 748              | 9 723   | 10 307                 | 10 925                 |
| <b>Repairs and Maintenance by Asset Class</b>         | 3    | -               | 2 311           | 96              | 3 372                | 3 347           | 3 347              | 3 349   | 3 550                  | 3 764                  |
| Infrastructure - Road transport                       |      | -               | -               | -               | 331                  | 331             | 331                | 351   | 372                    | 395                    |
| Infrastructure - Electricity                          |      | -               | -               | -               | 283                  | 277             | 277                | 300   | 318                    | 337                    |
| Infrastructure - Water                                |      | -               | -               | -               | 580                  | 580             | 580                | 615   | 652                    | 691                    |
| Infrastructure - Sanitation                           |      | -               | -               | -               | 270                  | 270             | 270                | 270   | 286                    | 303                    |
| Infrastructure - Other                                |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Infrastructure  |      | -               | -               | -               | 1 464                | 1 458           | 1 458              | 1 536   | 1 628                  | 1 726                  |
| Community   |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Heritage assets                                       |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Investment properties                                 |      | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Other assets  | 6, 7 | -               | 2 311           | 96              | 1 907                | 1 889           | 1 889              | 1 813   | 1 922                  | 2 038                  |
| <b>TOTAL EXPENDITURE OTHER ITEMS</b>                  |      | 7 628           | 10 570          | 13 037          | 12 120               | 12 096          | 12 096             | 13 072  | 13 857                 | 14 689                 |
| <b>Renewal of Existing Assets as % of total capex</b> |      | 0.0%            | 0.0%            | 0.0%            | 26.6%                | 0.0%            | 0.0%               | 25.4%   | 23.5%                  | 53.1%                  |
| <b>Renewal of Existing Assets as % of deprecn"</b>    |      | 0.0%            | 0.0%            | 0.0%            | 77.5%                | 0.0%            | 0.0%               | 79.9%   | 97.0%                  | 493.5%                 |
| <b>R&amp;M as a % of PPE</b>                          |      | 0.0%            | 1.0%            | 0.0%            | 1.5%                 | 1.5%            | 1.5%               | 1.4%  | 1.2%                   | 1.0%                   |
| <b>Renewal and R&amp;M as a % of PPE</b>              |      | 0.0%            | 1.0%            | 0.0%            | 5.0%                 | 1.0%            | 1.0%               | 4.0%  | 5.0%                   | 15.0%                  |

| Description  | Ref | 2011/12 | 2012/13 | 2013/14 | Current Year 2014/15 |                 |                    | 2015/16 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  |     | Outcome | Outcome | Outcome | Original Budget      | Adjusted Budget | Full Year Forecast | Budget Year 2015/16                                 | Budget Year +1 2016/17 | Budget Year +2 2017/18 |
| <b>Household service targets</b>                           | 1   |         |         |         |                      |                 |                    |   |                        |                        |
| <b>Water:</b>  |     |         |         |         |                      |                 |                    |   |                        |                        |
| Piped water inside dwelling                                |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Piped water inside yard (but not in dwelling)              |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Using public tap (at least min.service level)              | 2   | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Other water supply (at least min.service level)            | 4   | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <i>Minimum Service Level and Above sub-total</i>           |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Using public tap (< min.service level)                     | 3   | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Other water supply (< min.service level)                   | 4   | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| No water supply  |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <i>Below Minimum Service Level sub-total</i>               |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Total number of households</b>                          | 5   | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Sanitation/sewerage:</b>                                |     |         |         |         |                      |                 |                    |   |                        |                        |
| 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>               |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Total number of households</b>                          | 5   | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Energy:</b>   |     |         |         |         |                      |                 |                    |   |                        |                        |
| 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>               |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Total number of households</b>                          | 5   | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Refuse:</b>   |     |         |         |         |                      |                 |                    |   |                        |                        |
| Removed at least once a week                               |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <i>Minimum Service Level and Above sub-total</i>           |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Removed less frequently than once a week                   |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Using communal refuse dump                                 |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Using own refuse dump                                      |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Other rubbish disposal                                     |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| No rubbish disposal  |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <i>Below Minimum Service Level sub-total</i>               |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Total number of households</b>                          | 5   | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Households receiving Free Basic Service</b>             | 7   |         |         |         |                      |                 |                    |   |                        |                        |
| 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)                      |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Cost of Free Basic Services provided (R'000)</b>        | 8   |         |         |         |                      |                 |                    |   |                        |                        |
| Water (6 kilolitres per household per month)               |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Sanitation (free sanitation service)                       |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Electricity/other energy (50kwh per household per month)   |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| Refuse (removed once a week)                               |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Total cost of FBS provided (minimum social package)</b> |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Highest level of free service provided</b>              |     |         |         |         |                      |                 |                    |   |                        |                        |
| 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)                           |     | -       | -       | -       | -                    | -               | -                  | -   | -                      |                        |
| <b>Revenue cost of free services provided (R'000)</b>      | 9   |         |         |         |                      |                 |                    |   |                        |                        |
| Property rates (R15 000 threshold rebate)                  |     |         |         |         |                      |                 |                    |   |                        |                        |

## 8. SUPPORTING DOCUMENTATION

### 8.1 Budget process overview

#### POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans. The mayoral committee is one of the key elements in accomplishing the linkage between the IDP and the Budget of a municipality.

#### SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies.

#### PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2012/2013-2016/2017) and the budget for the 2015/2016 financial year and the two outer years. The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

### 8.2 Alignment between Budget and IDP Revenue **(Capital & Operating)**

| STRATEGIC OBJECTIVE (KPA) |   | 2015/16<br>R       | 2016/17<br>R       | 2017/18<br>R       |
|---------------------------|---|--------------------|--------------------|--------------------|
| 1                         | KPA 1: To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens                       | 102 341 256        | 122 147 390        | 185 157 690        |
| 2                         | KPA 2: To Provide adequate Services and improve our Public relations  | 463 610            | 512 750            | 542 800            |
| 3                         | KPA 3: To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks | 5 043 070          | 5 359 680          | 5 696 700          |
| 4                         | KPA 4: To Facilitate Economic Growth and Social and Community development   | 13 426 876         | 2 247 980          | 2 383 110          |
| 5                         | KPA 5: To Promote efficient and effective Governance with high levels of stakeholder participation  | 7 121 410          | 3 183 420          | 3 303 180          |
| 6                         | KPA 6: To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy                                       | 380                | 410                | 450                |
| 7                         | KPA 7: To Strive towards a financially sustainable municipality   | 23 842 400         | 25 042 590         | 26 552 080         |
|                           |   | <b>152 239 002</b> | <b>158 494 220</b> | <b>223 636 010</b> |

### Operating Expenditure

| STRATEGIC OBJECTIVE (KPA) |  | 2015/16<br>R       | 2016/17<br>R       | 2017/18<br>R       |
|---------------------------|--|--------------------|--------------------|--------------------|
| 1                         | <b>KPA 1:</b> To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens                       | 55 756 690         | 57 875 950         | 61 216 000         |
| 2                         | <b>KPA 2:</b> To Provide adequate Services and improve our Public relations  | 1 539 310          | 1 654 420          | 1 754 460          |
| 3                         | <b>KPA 3:</b> To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks | 2 777 150          | 2 952 080          | 3 138 040          |
| 4                         | <b>KPA 4:</b> To Facilitate Economic Growth and Social and Community development   | 11 763 670         | 4 761 340          | 5 051 180          |
| 5                         | <b>KPA 5:</b> To Promote efficient and effective Governance with high levels of stakeholder participation  | 20 127 240         | 21 353 400         | 22 654 940         |
| 6                         | <b>KPA 6:</b> To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy                                       | 13 383 870         | 14 233 730         | 15 137 540         |
| 7                         | <b>KPA 7:</b> To Strive towards a financially sustainable municipality   | 20 004 530         | 21 256 360         | 22 825 520         |
|                           |  | <b>125 352 460</b> | <b>124 087 280</b> | <b>131 777 680</b> |

### Capital Expenditure

| STRATEGIC OBJECTIVE (KPA) |  | 2015/16<br>R      | 2016/17<br>R      | 2017/18<br>R       |
|---------------------------|--|-------------------|-------------------|--------------------|
| 1                         | <b>KPA 1:</b> To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens                       | 24 663 134        | 41 785 950        | 100 893 500        |
| 2                         | <b>KPA 2:</b> To Provide adequate Services and improve our Public relations  |                   |                   |                    |
| 3                         | <b>KPA 3:</b> To strive towards a safe community in Kannaland through the proactive management of traffic, environmental health, fire and disaster risks |                   |                   |                    |
| 4                         | <b>KPA 4:</b> To Facilitate Economic Growth and Social and Community development   | 4 031 766         |                   |                    |
| 5                         | <b>KPA 5:</b> To Promote efficient and effective Governance with high levels of stakeholder participation  |                   |                   |                    |
| 6                         | <b>KPA 6:</b> To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy                                       | -                 |                   |                    |
| 7                         | <b>KPA 7:</b> To Strive towards a financially sustainable municipality   | 1 850 000         | 689 000           | 730 350            |
|                           |  | <b>30 544 900</b> | <b>42 474 950</b> | <b>101 623 850</b> |

## 8.3 Budget related Policies overview and amendments

The following budget related policies have been approved by Council, or have been reviewed / amended and / or are currently being reviewed / amended, in line with National Guidelines and Legislation.

- Tariff Policy
- Asset Management Policy
- Credit Control and Debt Collection Policy
- Bank, Cash Management and Investment Policy
- Rates Policy
- Supply Chain Management Policy

- Budget Policy
- Virement Policy
- Bad Debt Write off Policy
- Funding and Reserves Policy
- Indigent Policy
- Fleet Management Policy

## 8.4 Overview of Budget Assumptions

### ➤ Expenditure

#### ✓ **General Expenditure**

*Legal fees* – It should be noted that only R 1 022 420 are budgeted for Legal fees and expenditure relating to this cost should be minimized.

*Audit fee* – R2 120 000 have been included

*Tourism & Community Events* – Provision of R 1 704 000 have been made available, which include contributions the two Tourism Boards , Eden FM and internal & external festivals .

*Subsistence & Travel expenses* – An Amount of R 582 690 have been budgeted for.

#### ✓ **Salaries**

A salary increase of 5.8 % have been provided for but might have to be adjusted after Salary negotiations have been finalised. This will be implemented from 01 July 2015 and it is budgeted accordingly.

The following is included in Employee Cost:

- Overtime ,
- Standby,
- Bonuses,
- Car Allowances,
- Acting Allowances

#### ✓ **Repairs and Maintenance**

Repairs and Maintenance should be 10% of operating expenditure, but Kannaland is currently at 2.76%.

•Repairs and maintenance regarding water services increased from R 902 060 for the 2014/15 Adjustment budget to R 946 190 in the 2015/16 budget year.

•Repairs and maintenance regarding electricity services decreased from R 367 640 in the 2014/154 budget year to R 337 190 in the 2015/16 budget year.

- Repairs and maintenance regarding refuse services decreased from R 331 500 to R 321 410 in the 2015/16 budget year.
- Repairs and maintenance regarding sanitation services decreased from R 544 060 in the 2014/15 budget year to R 534 060 in the 2015/16 budget year.

✓ **Bulk Purchases**

Bulk purchases increased from R 25 900 870 for the 2014/15 budget year to R 26 492 730 for the 2015/16 budget year. This increase relates to the increases of the Eskom electricity tariffs that will be implemented from the 1st of July 2014.

An Adjustment also had to be made to the loss of income from Ladismith Chees (fire).

➤ **Revenue**

✓ **Grants**

It is assumed that the National and Provincial grants as per Division of Revenue Act (DORA) and Government Gazette 7235 which has been included in the budget will be received during the 2015/16 financial year. Grant Income for 2015/16 amounts to R64 564 000.

✓ **Fines**

Income from fines are expected to increase during the 2015/16 financial year and therefor an amount of R 3 500 000 has been budgeted for.

✓ **Other Income**

An amount of R 4 000 000 has been identified for the sale of properties.

## 8.5 Overview of Budget Funding

### Summary

The operating budget for 2015/16 will be financed as follows:

|   |              |
|---|--------------|
| • Charged for electricity, water, refuse and sewage | R 59 347 000 |
| • Property Rates                                    | R 14 031 760 |
| • Provincial and National Grants                    | R 64 564 000 |
| • Sundry charges / Other                            | R 14 296 240 |

The capital budget for 2014/15 will be financed as follows:

|             |              |
|-------------|--------------|
| • Own Funds | R 1 880 000  |
| • Grant     | R 28 664 000 |

| <b>Funded by:</b>                           | <b>Budget Year<br/>2014/15</b> | <b>Budget Year +1<br/>2015/16</b> | <b>Budget Year +2<br/>2016/17</b> |
|---|--------------------------------|-----------------------------------|-----------------------------------|
| National Government                         | 28 664 900                     | 41 785 950                        | 100 893 500                       |
| Provincial Government                       | -                              | -                                 | -                                 |
| District Municipality                       | -                              | -                                 | -                                 |
| Other transfers and grants                  | -                              | -                                 | -                                 |
| <b>Transfers recognised - capital</b>       | <b>28 664 900</b>              | <b>41 785 950</b>                 | <b>100 893 500</b>                |
| <b>Public contributions &amp; donations</b> | <b>-</b>                       | <b>-</b>                          | <b>-</b>                          |
| <b>Borrowing</b>                            | <b>-</b>                       | <b>-</b>                          | <b>-</b>                          |
| <b>Internally generated funds</b>           | <b>1 880 000</b>               | <b>689 000</b>                    | <b>730 350</b>                    |
| <b>Total Capital Funding</b>                | <b>30 544 900</b>              | <b>42 474 950</b>                 | <b>101 623 850</b>                |

## 8.6 Expenditure on allocations and grant programmes

| <b>Division of Revenue 2015/16 - 2017/18</b> |   |                                     |   | <b>2015-2016</b>  | <b>2016-2017</b>  | <b>2017-2018</b>   |
|--|---|-------------------------------------|---|-------------------|-------------------|--------------------|
| <b>National Grants</b>                       |   |                                     |   | <b>52 158 000</b> | <b>67 602 000</b> | <b>127 276 000</b> |
|  | Equitable share   | O                                   |   | 22 391 000        | 22 534 000        | 22 673 000         |
|  | RBIG  |                                     |   |                   |                   |                    |
|  | RBIG  | Kannaland Dam Reallocation          | C | 10 000 000        | 20 000 000        | 34 875 000         |
|  | RBIG  | LDS & CAL WWTW                      | C | 3 000 000         | 10 000 000        | 53 920 000         |
|  | MIG - Capital   | Municipal Ingrastructure Grant      | C | 9 577 900         | 9 785 950         | 10 098 500         |
|  | MIG - PMU   | Municipal Ingrastructure Grant      | O | 504 100           | 515 050           | 531 500            |
|  | FMG   | Financial Management Grant          | O | 1 675 000         | 1 810 000         | 2 145 000          |
|  | MSIG  | Municipal Systems Improvement Grant | O | 930 000           | 957 000           | 1 033 000          |
|  | EPWP  | Expanded public Works Programme     | O | 1 000 000         | -                 | -                  |
|  | Energy Efficiency & Demand Side Mangament                       | c                                   |   |                   |                   |                    |
|  | Intergrated Nat Electrification programme (Municipal)           | c                                   |   | 3 000 000         | 2 000 000         | 2 000 000          |
|  | Intergrated Nat Electrification programme(Eskom)                | C                                   |   | 80 000            |                   |                    |
| <b>Provincial Grants</b>                     |   |                                     |   | <b>9 399 000</b>  | <b>2 240 000</b>  | <b>2 373 000</b>   |
|  | Library   | Replacement Fund                    | O | 1 493 000         | 1 583 000         | 1 678 000          |
|  | Library   |                                     | c |                   |                   |                    |
|  | Library   | Conditional Grant                   | O | 280 000           | 297 000           | 315 000            |
|  | Housing   |                                     | O | 7 275 000         |                   |                    |
|  | Proclaimed Roads  |                                     | O | 31 000            |                   |                    |
|  | Western Cape Financial Mngt Support Grant                       |                                     | O |                   |                   |                    |
|  | Human Settlement Development Grant                              |                                     |   |                   |                   |                    |
|  | Municipal Infrastructure Support Grant                          |                                     |   |                   |                   |                    |
|  | Thusong Centre - Operational Support Grant                      | O                                   |   | 212 000           | 246 000           | 260 000            |
|  | CDW's   |                                     | O | 108 000           | 114 000           | 120 000            |
|  | Post Disaster Reconstruction & Rehabilitation fund Eden Distric |                                     |   |                   |                   |                    |
| <b>Other</b>                                 |   |                                     |   | <b>3 007 000</b>  | <b>-</b>          | <b>-</b>           |
|  | ACIP - Ladysmith Reservoir Repairs                              | C                                   |   | 2 267 000         |                   |                    |
|  | ACIP - Van Wyksdorp Reservoir Repairs                           | C                                   |   | 740 000           |                   |                    |
| <b>Total</b>                                 |   |                                     |   | <b>64 564 000</b> | <b>69 842 000</b> | <b>129 649 000</b> |

The above allocations and grants have been included in the operating and capital budgets

## 8.7 Transfers and grants made by the municipality

None

## 8.8 Councillor allowances and Employee benefits

| <b>COUNCILLORS REMUNERATION 2015/16</b>            |                     |               |                     |          |                   |                  |                     |
|--|---------------------|---------------|---------------------|----------|-------------------|------------------|---------------------|
| <b>Determination of Municipality's Grade</b>       |                     |               |                     |          |                   |                  |                     |
| Population   | 26 000              | 8.33          |                     |          |                   |                  |                     |
| Income   | R76 million         | 25            |                     |          |                   |                  |                     |
| Total points                                       |                     | 33.33         |                     |          |                   |                  |                     |
| Grade  |                     | 2             |                     |          |                   |                  |                     |
| <b>Remuneration Councillors- Kannaland 2015/16</b> |                     |               |                     |          |                   |                  |                     |
|  |                     |               |                     | 2015/16  | total             |                  |                     |
| Councillor   | Salary              | Car Allowance | Total               |          | Telephone         | Data Card        |                     |
| Mayor  | 713 128.78          | -             | 713 128.78          |          | 22 120.08         | 3 816.00         | 739 064.86          |
| Deputy Mayor                                       | 570 502.60          | -             | 570 502.60          |          | 22 120.08         | 3 816.00         | 596 438.68          |
| Speaker  | 570 502.60          | -             | 570 502.60          |          | 22 120.08         | 3 816.00         | 596 438.68          |
|  | -                   |               | -                   |          |                   |                  | -                   |
| 4 Councillors                                      | 855 754.96          | -             | 855 754.96          |          | 88 480.32         | 15 264.00        | 959 499.28          |
| <b>Total</b>                                       | <b>2 709 888.94</b> | <b>-</b>      | <b>2 709 888.94</b> | <b>-</b> | <b>154 840.56</b> | <b>26 712.00</b> | <b>2 891 441.50</b> |
| Gazette nr: <b>10400</b> dated 25 March 2015       |                     |               |                     |          |                   |                  |                     |

## 8.9 Monthly targets for revenue, expenditure and cash flow

The monthly targets for revenue, expenditure and cash flows is provided in SA 25 of the Supporting Tables

## 8.10 Contracts having future budgetary implications

- Not Applicable

## 8.11 Annual budgets and service delivery agreements

- None

- **Other external mechanisms**

- None



## 8.12 Annual budgets and service delivery and budget implementation plans

In terms of Section 53(1)(c)(ii) of the Municipal Finance Management Act (MFMA), the mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan (SDBIP) is approved by the Mayor within 28 days after the approval of the budget.

The Mayor must also ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the SDBIP, are made public no later than 14 days after the approval of the SDBIP. Kannaland Municipality's SDBIP for the 2014/15 financial year will therefore be approved by the Mayor 28 days after the approval of the 2014/15 Annual Budget.

## 8.13 Measurable performance objectives

### (a) KEY FINANCIAL INDICATORS AND RATIOS

Information regarding key financial indicators and ratios are provided on Supporting Table SA 8.

### (b) MEASURABLE PERFORMANCE OBJECTIVES

Information regarding revenue is provided as follows:

- Revenue for each vote - SA 26
- Revenue for each source - SA 25

Provision of Basic Services:

#### (i) Rand value for each of the free basic services:

- |               |             |
|---------------|-------------|
| • Refuse      | R 3 146 730 |
| • Water       | R 1 842 850 |
| • Sewerage    | R 1 260 580 |
| • Electricity | R 1 139 020 |

#### (ii) Level of service to be provided

Indigents will receive 50 kWh of electricity and 6 kilolitre of water per month while their basic charges for water, refuse and sewerage will be subsidized.

## 8.14 Legislation compliance status

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

### • **Budget and Treasury Office:**

This office has been established in accordance with the MFMA.

### • **Budgeting:**

The annual budget is prepared in accordance with the MFMA and National Treasury regulations and requirements.

• **Financial reporting:**

Compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial Government and National Treasury.

• **Annual Financial Statements:**

The financial statements are prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

• **Annual report:**

The annual report is prepared in accordance with the MFMA and National Treasury requirements.

## **8.15 Other Supporting documentation**

(Budget Schedule SA1 till SA37)

### **1. AANBEVELING**

1. Dat die Meerjarige Bedryfsbegroting vir 2015/16 – 2017/18 oorweeg word vir goedkeuring in terme van artikel 24 van die MFMA.
2. Dat die Meerjarige Kapitaalbegroting vir 2015/16 – 2017/18 oorweeg word vir goedkeuring in terme van artikel 24 van die MFMA.
3. Dat die tariefverhogings vir die 2015/16 finansiële jaar soos volg oorweeg sal word vir goedkeuring:
  - a) Elektrisiteit - Gemiddelde verhoging (11.49) % (huishoudings)  
Gemiddelde verhoging (12.49) % (Besighede)
  - b) Eiendomsbelasting - Gemiddelde verhoging van 6%
  - c) Water - Gemiddelde Verhoging 6%
  - d) Sanitasie - Gemiddelde Verhoging 6%
  - e) Vullisverwydering - Gemiddelde verhoging 7%
  - f) Alle ander tariewe - 7%
4. Dat die Munisipaliteit se Begrotings, Dienslewering- en Ontwikkelingsplan voorgelê word aan die Burgermeesterskomitee binne die tydraamwerk soos uiteengesit in die Wet op Plaaslike Regering: Munisipale Finansiële Bestuur ( Artikel 53(1)(c)(ii).
5. Dat die Raad kennis neem van die inhoud van die MFMA omsendskrywes nommer 70-75.