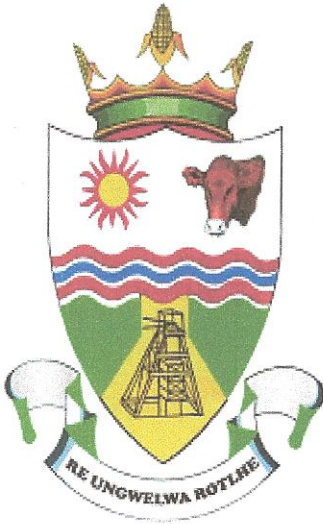


ANNUAL BUDGET OF JOE MOROLONG LOCAL MUNICIPALITY



JOE MOROLONG
LOCAL MUNICIPALITY

(NC 451)

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

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- In the foyers of all municipal buildings
- All public libraries within the municipality
- At www.treasury.gov.za
- At www.joemorolong.gov.za



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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities

AFS - Annual Financial Statements

Budget – The financial plan of the Municipality

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period

CFO - Chief Financial Officer

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services

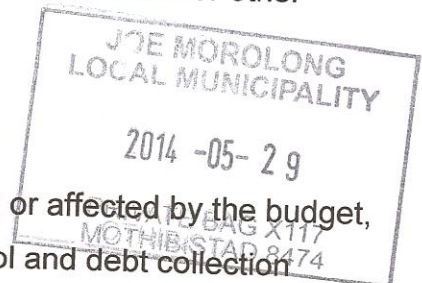
Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome



MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position

NT – National Treasury

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand

R&M – Repairs and maintenance on property, plant and equipment

SCM – Supply Chain Management

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget

Vote means one of the main segment into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.

Zero Based Budgeting means as opposed to incremental budgeting, zero-based budgeting means that each year's budget is drawn up independently from that of the previous year. This means that items are not included simply because they were in the previous budget. Each item has to be justified and motivated for and the purpose of each item is considered. All items in the capital are treated on a "zero-basis"



PART 1

MAYORAL BUDGET SPEECH



Speaker, members of the Executive Committee, Councilors, Municipal Manager, other Senior Manager, guests, ladies and gentlemen, good morning to you all.

Speaker, the Joe Morolong Local Municipality is again for 2014/2015 budget year set the task to provide sustainable and economically viable local governance to our communities.

We find ourselves in a phase of economic difficulties and the provision of affordable and sustainable, quality services to all our communities remain high on the agenda. We find ourselves in a position where we have to continuously adapt our strategies to suit prevailing economic circumstances as we cannot isolate ourselves from the national and global economy.

The average inflation rate for the past year was 5.7% and the headline inflation forecast for forth coming financial year is estimated to be 6.2%, 5.9% and 5.5% respectively for 2015/16 and 2016/17.

It is with the aforementioned figures in mind that we still place strong emphasis on; value for money in all our procurement processes, the encouragement of savings and the maximizing of all revenue sources for the 2014/15 financial year, as we are still striving to secure the economic progression of the municipality.

The budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government. The budget was compiled, taking into account the Macro-economic growth parameters and also addresses the National Policy frameworks and provincial priorities including the following:

- Building of capacity for long term growth through investment in infrastructure
- Focus on core service delivery activities of local government
- Job creation and sustainable economic growth

- Participation in expanded public works programs and labour intensive projects.
- Protection of the poor through viable local economic development and strengthening of the social safety net.
- Effective and participative management through the regional management model.
- Maintaining of debt levels through debtor management as well as maximizing sources of revenue.
- Securing the health of the municipal asset base by increasing spending on repairs and maintenance.

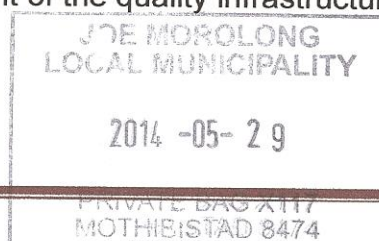
The following underlying factors were also taken into consideration with the compilation of the 2014/15 budget:

- ✓ The National Policy framework with regards to basic service delivery to all our communities.
- ✓ External factors having a direct impact on the budget such as the Eskom tariff increase of 8.06%, bulk water tariff increase of 8.80%, consumer inflation, the multi-year wage agreement that have been concluded between organized labour as well as other cost factors influencing service delivery.

FOCUS OF THE 2014/2015 BUDGET

With the 2014/15 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.

- ✓ Maintenance and renewal of existing infrastructure should enjoy preference and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- ✓ Innovative service delivery mechanisms such as the building of internal capacity to get more value for budget allocations.
- ✓ Provision of much needed infrastructure to ensure the economic progression of our communities
- ✓ Provision of basic services, improvement of the quality infrastructures well as sustainable service delivery.



CAPITAL BUDGET

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable. The capital budget for the 2014/2015 financial year amounts to R 133.1 Million with the main focus on the following:

➤ Provision of water	R 73.9 Million
➤ Roads	R 16.8 Million
➤ Sanitation	R 15.0 Million
➤ Traffic Testing Centre	R 1.4 Million
➤ Sports & Recreations	R 8.6 Million
➤ Community Halls	R 7.0 Million
➤ Cemeteries	R 2.7 Million
➤ Vehicle	R 1.1 Million
➤ Water Delivery & Sewerage Truck	R 2.1 Million
➤ Motor Grader and Caravan	R 2.9 Million
➤ Computers, Offices Equipment & Other	R 0.8 Million
➤ Municipal Office Fencing	R 0.5 million
➤ Office Partitioning	R 0.4 Million



Capital projects for the 2014/15 financial year are funded from grants receivable from the National Government amounting to R 104.2 Million and own funding to the amount of R 28.9 Million.

IN CONCLUSION

The budget we are tabling here today is another step closer in attaining the strategic goals of the municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the municipality as well as good administration and public participation.

Thank you to the Municipal Manager who I believe has done an excellent job in leading the administration in the direction we both wish to move in and to the Directors and staff for their continued hard work in delivering services in line with the

municipality's vision of "A wealthy and prosperous local community with equal access to basic services and sustainable development opportunities".

I would like to thank Councillors who have a difficult task of balancing community expectation with limited resources.

I THANK YOU

M.D Moremi

MAYOR



Council's Budget Resolution

- ❖ Council of Joe Morolong Local Municipality, acting in terms of section 24 of the Municipality Finance Management Act: Act 56 of 2003, approves and adopt the Annual Budget for 2014/15 financial year and single-year capital appropriations as set-out in the core table contained in the bound budget document with effect from the a 1 July 2014.
 - ✓ Table A2: Budgeted Financial Performance (expenditure by standard classification)
 - ✓ Table A3: Budgeted Financial Performance (expenditure by municipal vote)
 - ✓ Table A4: Budgeted Financial Performance (revenue by source)
 - ✓ Table A5: Budgeted Capital Expenditure for both multi-year and single year appropriations by vote, standard classification and funding
- ❖ The council also, acting in terms of Section 75A of the municipality System Act, Act 32 of 2000, adopted with effect from 1 July 2014.
 1. Tariffs for property rates, electricity, water supply, sanitation services and solid waste services and tariffs for other services.
 2. And the Council of Joe Morolong approved cash backing implemented through the utilisation of bulk services fees and portion of revenue generated from property rates to ensure cash backing for unspent conditional grants for effectiveness to the Municipal budget as required

by the legal prescripts, Section 8 of the municipality Budget and Reporting Regulations.

BUDGET RELATED POLICIES TABLED TO COUNCIL ALONG-SIDE WITH THE BUDGET:

- a) Property Rates Policy
- b) Banking and Investment Policy
- c) Budget, Funding, Reserves & Virement Policy
- d) Credit Control and Debt Collection Policy
- e) Fixed Assets Policy
- f) Indigent Policy
- g) Risk Management Policy
- h) Supply Chain Management Policy
- i) Tariffs Policy
- j) Fruitless and Wasteful Expenditure Policy
- k) Cash Shortage Policy
- l) Bad Debt Write Off Policy
- m) Asset Management Policy
- n) Petty Cash Policy

BUDGET RESOLUTION: 249/2013/14



1.1 Executive Summary

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

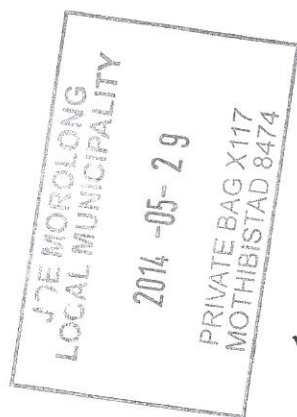
The municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on "nice to have" items in order to save money and improve service delivery. Key areas where savings were realized were on telephone and internet usage, workshops payment, travelling and accommodation and catering.

- **National Treasury's MFMA Circular No. 67 and 70 was used to guide the compilation of the 2014/15 MTREF.**
- **The main challenges experienced during the compilation of the 2014/2015 MTREF can be summarized as follows:**
 - ✓ The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and cash position of the municipality;
 - ✓ Elimination of non-priority expenditure that does serve the interest of service delivery to communities
 - ✓ The municipality's inability to generate enough own revenue to assist the infrastructure challenges in our communities.
 - ✓ Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
 - ✓ Affordability of capital projects



➤ **The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:**

- ✓ The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget
- ✓ The budget was prepared on a zero base principle and some of the operational expenses such as advertising, some contracted services and fuel expenses were prepared based on the 2014/2015 financial year performance.
- ✓ The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 draft budget;
- ✓ Intermediate service level standards were used to inform the, targets and backlog eradication goals;
- ✓ Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs. For the next financial year, tariffs and property rates have been increased and there are two separate tariffs and rates applicable to municipality; being the one for businesses and the other for residential
- ✓ There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Bill;
- ✓ Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- ✓ There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are



reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the 2014/15 Medium-term Revenue and Expenditure Framework:

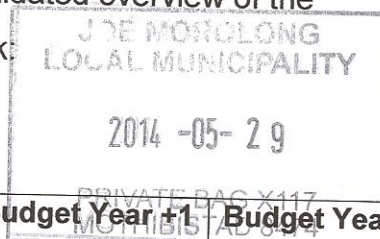


Table 1 Overview of the 2014/15 MTREF

	Adjustment Budget 2013/14 R '000	Budget Year 2014/15 R '000	Budget Year +1 2015/16 R 000	Budget Year +2 2016/17 R 000
Total Operating Revenue	R 127,663	R 138,163	R 165,696	R 171,192
Total Operating Expenditure	R 115,255	R 109,273	R 128,021	R 135,845
(Surplus)/Deficit for the year	R 12,408	R 28,890	R 37,676	R 35,346
Total Capital Expenditure	R 119,485	R 133,095	R 154,073	R 167,325

Total operating revenue has grown by R 10, 5 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by R 27.5 million and R 5.5 million respectively, equating to a total revenue growth of R 43.5 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R 109,3 million and translates into a budgeted surplus of R 28. 9 million. When compared to the 2013/14 Adjustments Budget, operational expenditure has declined by R 6 million in the 2014/15 budget as result of operational grants that the municipality did receive in 2013/14 financial year and won't receive any longer and will increase by R 18.7 million and R7.8 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases to R8.8million and then stabilise at R 2.3 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R133.1 million for 2014/15 is 10 per cent more when compared to the 2013/14 Adjustment Budget. The increase is due to the increasing of Municipal Water Infrastructure Grant which increase from R 7.0 million in 2013/14 to R 50 million in 2014/15. The capital programme increases to R154.1 million in the 2015/16 financial year and R167.3 million in 2016/17. The capital budget will be

funded from government grants and internally generated funds (surplus) over MTREF.

1.2. Operating Revenue Framework

For Joe Morolong local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality.

The reality is that we are faced with development backlogs, poverty and high unemployment.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Trading services are fully cost-reflective and ring-fenced;
- Determining the tariff escalation rate by calculating the revenue requirement of each service;

The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);

- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of subsidised services; and
- Tariff policies of the municipality.

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

Table 2 Summary of revenue classified by main revenue source

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source										
Property rates	–	3,116	6,786	11,684	11,684	11,684	11,684	9,651	10,172	10,721
Property rates - penalties & collection charges										
Service charges - electricity revenue	–	7,467	5,177	6,751	6,751	6,751	6,751	7,249	7,785	8,360
Service charges - water revenue	–	6,295	10,253	5,783	5,783	5,783	5,783	6,419	7,125	7,909
Service charges - sanitation revenue	–	(1,844)	1,141	839	1,424	1,424	1,424	1,510	1,591	1,677
Service charges - refuse revenue	–	729	652	571	863	863	863	915	964	1,016
Service charges - other										
Rental of facilities and equipment	–	37	171	66	258	258	258	95	98	101
Interest earned - external investments	893	1,303	3,508		450	450	450			
Interest earned - outstanding debtors								50	53	56
Dividends received										
Fines										
Licences and permits										
Agency services										
Transfers recognised - operational	37,911	62,589	77,609	94,721	99,530	99,530	99,530	111,580	137,022	140,449
Other revenue	377	23,451	3,084	920	920	920	920	694	885	902
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)	39,180	103,145	108,381	121,334	127,663	127,663	127,663	138,163	165,696	171,192

The following table gives a breakdown of source of income by categories for the year 2014/15 financial year.

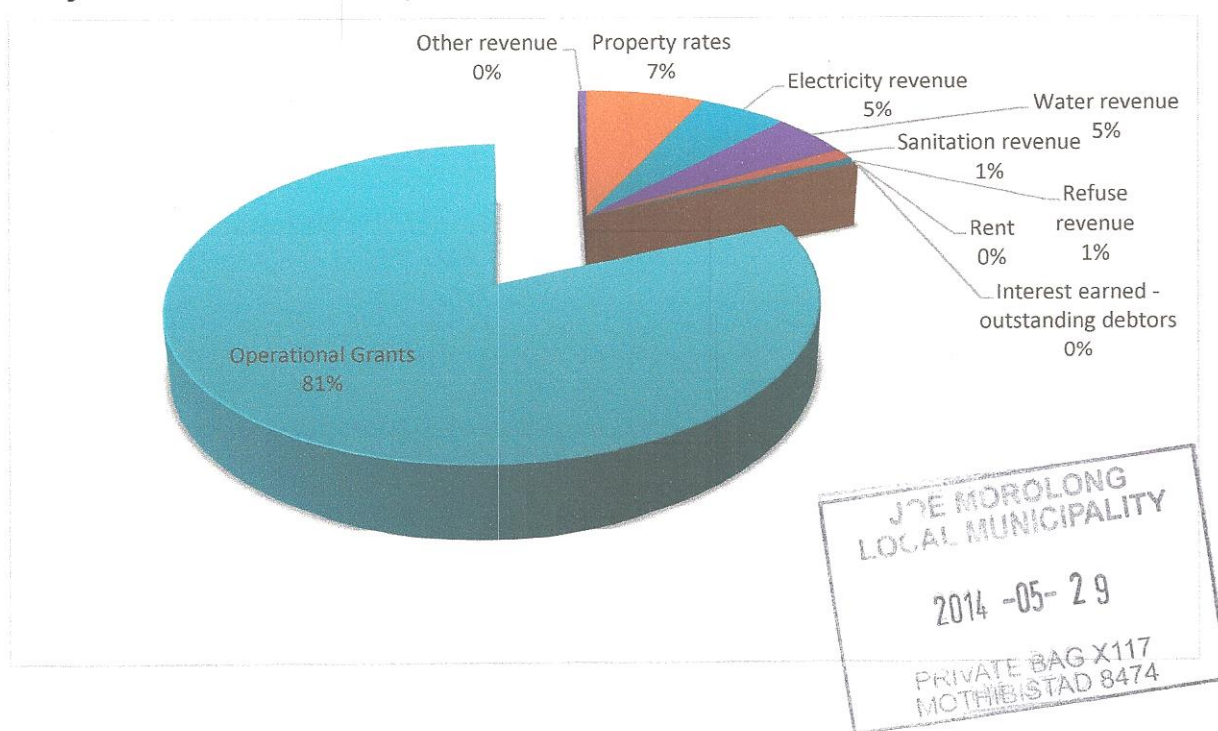
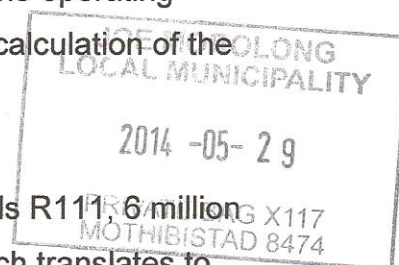


Table 3 Percentage growth in revenue by main revenue source

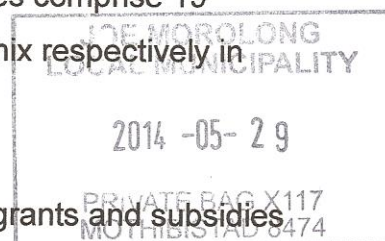
Description R thousand	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
	ADJUSTED BUDGET	%	BUDGET 2014/15	%	BUDGET 2015/16	%	BUDGET 2016/17	%
Revenue By Source								
Property rates	11,684	9.14%	9,651	6.99%	10,172	6.14%	10,721	6.26%
Property rates - penalties & collection charges	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Service charges - electricity revenue	6,751	5.28%	7,249	5.25%	7,785	4.70%	8,360	4.88%
Service charges - water revenue	5,783	4.52%	6,419	4.65%	7,125	4.30%	7,909	4.62%
Service charges - sanitation revenue	1,424	1.11%	1,510	1.09%	1,591	0.96%	1,677	0.98%
Service charges - refuse revenue	863	0.67%	915	0.66%	964	0.58%	1,016	0.59%
Service charges - other	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Rental of facilities and equipment	66	0.05%	95	0.07%	98	0.06%	101	0.06%
Interest earned - external investments	193	0.15%	–	0.00%	–	0.00%	–	0.00%
Interest earned - outstanding debtors	450	0.35%	50	0.04%	53	0.03%	56	0.03%
Dividends received	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Fines	1	0.00%	–	0.00%	–	0.00%	–	0.00%
Licences and permits	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Agency services	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Transfers recognised - operational	99,707	77.99%	111,580	80.76%	137,022	82.69%	140,449	82.04%
Other revenue	920	0.72%	694	0.50%	885	0.53%	902	0.53%
Gains on disposal of PPE	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Total Revenue (excluding capital transfers and contributions)	127,840	100.00%	138,163	100.00%	165,696	100%	171,192	100%
Total Revenue from rates and service charges	26,505	21%	25,744	19%	27,638	17%	29,684	17%

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

The municipality's revenue from operating grants and transfers totals R111.6 million in 2014/15 and steadily increases to R140.4 million by 2016/17 which translates to 81% in 2014/15 and increases to 82% by 2016/17 of total revenue of municipality generated from grants, the revenue from operating grants form a significant percentage of the revenue basket for the Joe Morolong Local Municipality. The decrease in property rates revenue in relation to previous financial year performance and the issues where we can't locate the owner of the property. The municipality has commenced of updating valuation roll. In terms of services charges mainly water municipality is busy installing the meters in all government sector department (e.g. schools, clinics, etc.) where they have been receiving water for free and decided to install prepaid meter for all new water projects that they undertake in order to



manage water usage. Rates, service charges and other revenues comprise 19 percent in 2014/15 and 17 and 18 percent of the total revenue mix respectively in 2015/16 and 2016/17.



The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	54 893	61 379	77 386	92 220	92 220	92 220	107 758	132 404	135 434
Local Government Equitable Share	47 483	54 260	67 506	80 780	80 780	80 780	93 255	114 787	117 715
Water Services Operating Subsidy	5 460	3 875	1 875	8 000	8 000	8 000	10 000	15 000	15 000
Finance Management	1 200	1 887	1 500	1 550	1 550	1 550	1 600	1 650	1 7000
Municipal Systems Improvement	750	965	800	890	890	890	934	967	1 019
EPWP Incentive		393	5 705	1 000	1 000	1 000	1 000		
Provincial Government:	290	684	223	436	5 245	5 792	969	1650	1916
Sport and Recreation	290	684	223	436	436	436	969	1650	1916
Housing					2 352	2 352			
EPWP Incentive					2 457	2 457			
Total Operating Transfers and Grants	55 183	62 589	77 609	92 656	97 465	97 465	108 727	134 054	137 350

1.2.1. Operational revenue assumptions – tariffs

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

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

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

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

1.2.2. Property Rates

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the

Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates in terms of Section 17(1)(h) of the Property Rates Act.
- 100% rebate will granted to registered indigents in terms of the Indigent Policy



Table 5 Comparison of rates to be levied for the 2014/15 financial year

Category	Current Tariff (01 July 2013)	Approved Tariff (from 01 July 2014)
	c	c
Residential properties	0.00721	0.0076426
State owned properties	0.0132	0.0132
Business & Commercial	0.01461	0.0154866
Agricultural	0.00721	0.0076426
Industrial	0.01461	0.0154866
Mines	0.01461	0.0154866

1.2.3 Sales of Water and Impact of Tariff Increases

South Africa in general faces similar challenges with regard to water supply.

Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

A tariff increase of 11 per cent as from 1 July 2014 for water. This is based on input cost assumption of 8.80 percent increase in the cost of bulk water (Sedibeng Water) and cost related to renewal of water infrastructure. In addition 6kl of water per 30 day period will again be granted for free to all the registered indigents.



Table 6 Approved Water Tariffs

Category	Current Tariffs 2013/14	Approved Tariffs 2014/15
Residential	Rand per kl	Rand per kl
0 – 10 kl	4.06	4.51
10 – 20 kl	5.07	5.63
> 20 kl	9.69	10.76
Business		
0 – 10 kl	10.14	11.26
10 – 20 kl	13.12	14.56
> 20 kl	17.90	19.87
Industrial		
0 – 10 kl	14.33	15.91
10 – 20 kl	17.30	19.20
> 20 kl	20.88	23.18

1.2.4. Sanitation and Impact of Tariff Increase

A tariff increase of 6 percent for sanitation from 1 July 2014 is approved by council.

Table 7 Comparison between current sanitation charges and increases

Categories	Current Tariffs 2013/14	Approved Tariffs 2014/15
Residential		
Availability charge	53.50	56.71
Basic charge	53.50	56.71
Charge per Toilet	74.00	78.44
Business		
Availability charge	61.50	65.19
Basic charge	61.50	65.19
Charge per Toilet	132.00	139.92

1.2.6 Refuse and Impact of Tariff Increases

A tariff increase of 6 percent for refuse from 1 July 2014 is approved by council



Table 8 Comparison between current refuse charges and increases

Categories	Current Tariffs 2013/14	Approved Tariffs 2014/15
Van Zylsrus		
Residential	21.50	22.79
Business (per container)	44.62	47.30
Hotazel		
Availability charge	36.70	38.90
Basic charge	36.70	38.90
Basic removal charge	108.30	114.80

1.2.7 Electricity and impact of Tariff Increases

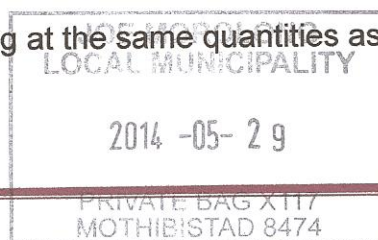
A tariff increase of 7.39% percent for electricity from 1 July 2014 is approved by council as recommended by NERSA in MFMA Circular no: 70

Table 9 Comparison between current electricity charges and increases

Categories	Current Tariffs 2013/14	Approved Tariffs 2014/15
Hotazel		
Availability charge	71.95	77.27
Single Phased pre-paid		
-basic charge	61.75	66.31
-per kwh	1.14	1.22
Three phase pre-paid		
-basic charge	89.93	96.58
-per kwh	1.38	1.48
Normal metered		
-basic charge	89.93	96.58
-per kwh	1.14	1.22

The tariffs for 2014/15 MTREF are based on the following assumptions:

- That the demand for services will remain at the same levels, meaning that consumers will continue consuming at the same quantities as the previous period



- That the paying customers will continue paying for their services and those who cannot afford will register as indigents and benefit from free basic services
- That credit control policy will be applied to prevent customers in accumulating debt without paying the municipality and entering into a repayment arrangement with the municipality's finance department
- That non-paying customers including indigents who consume more than the approved quantum will be disconnected from services in line with the credit control policy until acceptable arrangements/payments are made
- That the municipality will take a conservative approach on tariff hike taking into account affordability and inflation
- That no surcharges will be implemented in their near future for all services
- That consumers will continue to switch over from post-paid to prepaid electricity metering
- That the municipality will charge a basic charge for the first 6kl of water which was sold at zero (0)-tariff previously and that indigent person will be fully subsidized for the same. This will be re-invested in water services – maintenance of infrastructure
- That the average tariff increases will be as affordable as possible.

1.2.8 Overall impact of tariff increases on households

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6.6 per cent and 10.3 per cent, with the increase for indigent households being to 6.6 per cent.



2014 -05- 29

Table 10– Table SA14 Household bills

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates				94.19	94.19	94.19	6.0%	99.84	105.23	110.92
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption				1,632.35	1,632.35	1,632.35	11.0%	1,811.91	1,993.10	2,172.48
Sanitation				314.05	314.05	314.05	6.0%	332.89	350.87	369.82
Refuse removal				165.30	165.30	165.30	6.0%	175.22	184.68	194.65
Other										
sub-total	-	-	-	2,205.89	2,205.89	2,205.89	9.7%	2,419.86	2,633.88	2,847.87
VAT on Services				308.82	308.82	308.82		338.78	368.74	398.70
Total large household bill:	-	-	-	2,514.71	2,514.71	2,514.71	9.7%	2,758.64	3,002.62	3,246.57
% increase/-decrease				-	-	-		9.7%	8.8%	8.1%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates				57.17	57.17	57.17	6.0%	60.60	63.87	67.32
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption				501.76	501.76	501.76	11.0%	556.95	612.65	667.79
Sanitation										
Refuse removal				24.50	24.50	24.50	6.0%	25.97	27.37	28.85
Other										
sub-total	-	-	-	583.43	583.43	583.43	10.3%	643.52	703.89	763.96
VAT on Services				81.68	81.68	81.68		90.09	98.54	106.95
Total small household bill:	-	-	-	665.11	665.11	665.11	10.3%	733.61	802.43	870.91
% increase/-decrease				-	-	-		10.3%	9.4%	8.5%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates				-	-	-	-	-	-	-
Electricity: Basic levy				-	-	-	-	-	-	-
Electricity: Consumption				57.00	57.00	57.00	7.4%	61.00	65.50	70.50
Water: Basic levy				-	-	-	-	-	-	-
Water: Consumption				4.06	4.06	4.06	11.0%	4.51	4.96	5.40
Sanitation				53.12	53.12	53.12	6.0%	56.31	59.35	62.55
Refuse removal				21.50	21.50	21.50	6.0%	22.79	24.02	25.32
Other										
sub-total	-	-	-	135.68	135.68	135.68	6.6%	144.61	153.83	163.77
VAT on Services				19.00	19.00	19.00		20.25	21.54	22.93
Total small household bill:	-	-	-	154.68	154.68	154.68	6.6%	164.86	175.37	186.70
% increase/-decrease				-	-	-		6.6%	6.4%	6.5%

1.3 Operating Expenditure Framework

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

- Budgetary constraints (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Funding compliance Budget Circular 42
- Operational gains and efficiencies will be directed to funding repairs and maintenance;
- Strict adherences to the principle of no project plan *no budget*. If there is no business plan no funding allocation can be made.

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

Table 11 Summary of operating expenditure by standard classification item

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type										
Employee related costs	22,897	36,563	27,633	35,713	34,457	34,457	34,457	45,227	48,655	52,339
Remuneration of councillors	4,834	9,284	6,718	7,438	6,366	6,366	6,366	8,226	8,670	9,138
Debt impairment		56,089	32,578	170	170	170	170	1,213	1,279	1,348
Depreciation & asset impairment	67,924	67,954	26,169	5,615	3,000	3,000	3,000	9,826	10,983	11,521
Finance charges	467	2,402	96	900	839	839	839	884	890	895
Bulk purchases	–	6,306	8,926	11,006	10,306	10,306	10,306	11,169	12,066	13,035
Other materials								–	–	–
Contracted services	–	–	–	6,106	11,100	11,100	11,100	4,636	5,904	6,282
Transfers and grants	31,235	66,067	107,880	–	–	–	–	2,021	2,130	2,245
Other expenditure	24,517	43,784	57,575	32,750	49,018	49,018	49,018	26,071	37,444	39,042
Loss on disposal of PPE										
Total Expenditure	151,874	288,449	267,575	99,699	115,255	115,255	115,255	109,273	128,021	135,845

The budgeted allocation for employee related costs for the 2014/15 financial year totals R45.2 million, which equals 41.39 per cent of the total operating expenditure.

The previous year's collective SALGBC wage increase averaged above inflation.

Salary increases have been factored into this budget at a percentage increase of 6.85 per cent for the 2014/15 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF. The municipality have made

provision for 12 employees for sewerage and refuse under community services which was contracted with service provide to be incorporate to the organisational structure as the contract have come to an end.

In addition to the above there are new positions to be filled under certain departments; Municipal Manager's office one position, Budget and Treasury eight positions, Corporate Services five positions, Community Services two positions, Planning & Development one position, Technical Services three position and Water Unit twenty one position.

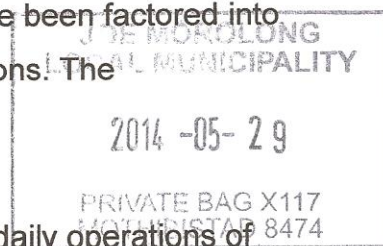
The cost associated with the remuneration of Councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in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

The provision of debt impairment was determined based on an annual collection rate of 95 percent and the Debt Write-off Policy of the municipality. For the 2014/15 financial year this amount equates to R1.2 million and escalates to R1.3 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost related to rendering the services of the municipality, as well as the municipality's realistically expected revenues to be collected.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 0.81 percent (R0.9 million) of operating expenditure for 2014/15 and increases to R0.9 million by 2016/17.

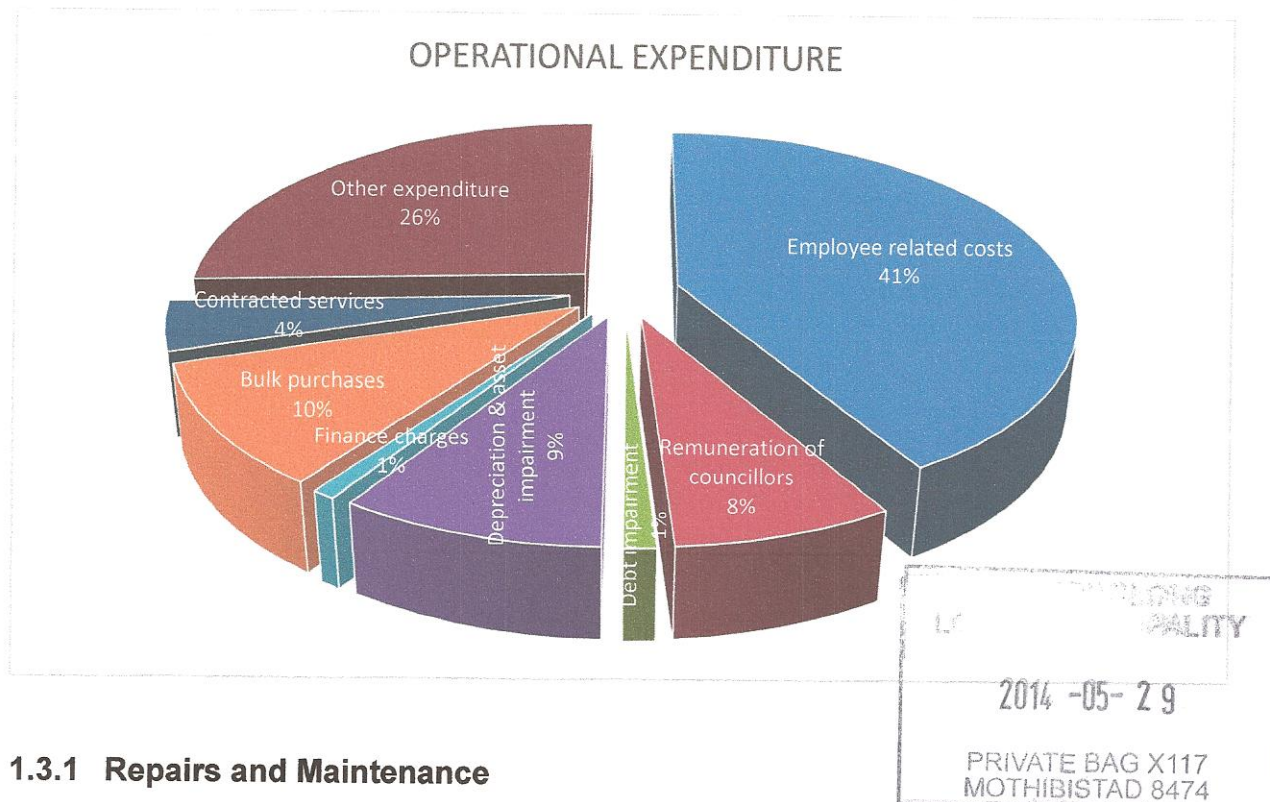
Bulk purchases are directly informed by the purchase of electricity from Eskom and bulk water from Sedibeng Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been investigated as a possible avenue where savings and efficiencies can be achieved but the cost under these



items are relatively fixed due to the fact that we were already very conservative when compiling the budget, growth has been limited to average increase of 6 per cent for 2014/15 unless there was a specific reason for such line item to be more than inflation.

The following table gives a breakdown of main expenditure categories for the year 2014/15 financial year.



1.3.1 Repairs and Maintenance

Table 12 Repairs and Maintenance per asset class

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Depreciation & asset impairment	67,924	67,954	26,169	5,615	3,000	3,000	9,826	10,983	11,521
Repairs and Maintenance by Asset Class									
Infrastructure - Road transport	—	5,357	8,515	9,233	17,808	17,808	7,730	13,557	14,197
Infrastructure - Electricity	—	724	384	220	220	220	205	234	241
Infrastructure - Water	—	—	—	—	215	215	200	224	230
Infrastructure - Sanitation	—	1,066	3,043	6,169	14,671	14,671	6,075	11,225	11,786
Infrastructure - Other	—	—	—	76	31	31	135	195	205
Infrastructure	—	—	—	54	52	52	310	327	344
Community	—	1,790	3,427	6,518	15,190	15,190	6,925	12,205	12,807
Heritage assets	—	942	719	56	56	56	80	84	89
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	—	—	—	—	—	—	—	—	—
Other assets	—	2,625	4,369	2,660	2,562	2,562	725	1,268	1,301
TOTAL EXPENDITURE OTHER ITEMS	67,924	73,311	34,684	14,849	20,808	20,808	17,556	24,540	25,719

For the 2014/15 financial year, R7.7 million of total repairs and maintenance will be spent on infrastructure assets. Water infrastructure has received a significant proportion of this allocation totalling up to R6 million, followed by other infrastructure by R 0.3 million, road and electricity infrastructure at R0.2 million each, and sanitation at R0.1 million. Community assets has been allocated R0.08 million and other assets has been allocated R0.7 million of total repairs and maintenance.

The total repairs and maintenance amounts to 0.8% of the total value Property, Plant and Equipment in the 2014/15 budget and increases to at least 1.3% in the following year. We acknowledge that the municipality should provide at least 8% of the total value of assets for repair and maintenance as stated on MFMA Circular No 70, whereby the value of our municipal assets amount to R 1.0 billion. Currently the municipality's focus on the refurbishment of the assets and they have allocated amount of R10 million for 2014/15 and increases to R15 million for two outers.

1.4 Capital expenditure

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



Table 13 2013/14 Medium-term capital budget per vote

Vote Description	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Executive and council	1,320	1.10%	622	0.47%	—	0.00%	—	0.00%
Budget and treasury office	669	0.56%	231	0.17%	214	0.14%	184	0.11%
Corporate services	188	0.16%	1,105	0.83%	7,130	4.63%	145	0.09%
Community and social services	6,948	5.82%	12,533	9.42%	9,640	6.26%	12,397	7.41%
Sport and recreation		0.00%	8,559	6.43%	8,905	5.78%	9,298	5.56%
Planning and development	2,710	2.27%	2,900	2.18%	3,264	2.12%	3,366	2.01%
Road transport	26,590	22.25%	16,788	12.61%	17,000	11.03%	15,497	9.26%
Water	69,060	57.80%	75,359	56.62%	86,318	56.02%	117,139	70.01%
Waste water management	12,000	10.04%	15,000	11.27%	21,603	14.02%	9,298	5.56%
Total Capital Expenditure - Standard	119,485	100%	133,095	100%	154,073	100%	167,325	100%

For 2014/15 an amount of R133.1 million has been budgeted for the capital expenses and increases to R167.3 million in 2016/17. For 2014/15 financial year an amount of R95.6 million has been appropriated for development of Infrastructure which represent 71.9per cent of the total capital budget. In the outer years this amount totals R107.5million, 69.8per cent and R122.8 million, 73.4 per cent

respectively for each of the financial years. For 2014/15 financial year water receives the highest allocation of R75.4 million, which represent 56.6 per cent followed by roads at R16.8 million at 12.6 per cent and then waste water management at R15 million at 11.3 per cent.

Total new assets represent 92.1 per cent or R133.1 million of the total capital budget while asset renewal equates to 7.9 per cent or R10.5 million.

Capital budget for the 2014/15 financial year amounts to R133.1 Million with the main focus on the following:

➤ Provision of water	R 73.9 Million
➤ Roads	R 16.8 Million
➤ Sanitation	R 15.0 Million
➤ Traffic Testing Centre	R 1.4 Million
➤ Sports & Recreations	R 8.6 Million
➤ Community Halls	R 7.0 Million
➤ Cemeteries	R 2.7 Million
➤ Vehicle	R 1.1 Million
➤ Water Delivery & Sewerage Truck	R 2.1 Million
➤ Motor Grader and Caravan	R 2.9 Million
➤ Computers, Offices Equipment & Other	R 0.8 Million
➤ Municipal Office Fencing	R 0.5 million
➤ Office Partitioning	R 0.4 Million

Capital projects for the 2014/15 financial year are funded from grants receivable from the National Government amounting to R 104.2 Million and own funding to the amount of R 28.9 Million.



The following graph provides a breakdown of capital budget to spent on infrastructure projects over the MTREF



1.5 Annual Budget Tables

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



Table 14 – Table A1 Budget Summary

Description R thousands	2010/11	2011/12	2012/13	Current Year 2013/14		2014 - 05		2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	–	3,116	6,786	11,684	11,684	11,684	11,684	9,651	10,172	10,721
Service charges	–	12,648	17,223	13,943	14,821	14,821	14,821	16,093	17,466	18,963
Investment revenue	893	1,303	3,508	–	450	450	450	–	–	–
Transfers recognised - operational	37,911	62,589	77,609	94,721	99,530	99,530	99,530	111,580	137,022	140,449
Other own revenue	377	23,489	3,255	986	1,179	1,179	1,179	839	1,036	1,058
Total Revenue (excluding capital transfers and contributions)	39,180	103,145	108,381	121,334	127,663	127,663	127,663	138,163	165,696	171,192
Employee costs	22,897	36,563	27,633	35,713	34,457	34,457	34,457	45,227	48,655	52,339
Remuneration of councillors	4,834	9,284	6,718	7,438	6,366	6,366	6,366	8,226	8,670	9,138
Depreciation & asset impairment	67,924	67,954	26,169	5,615	3,000	3,000	3,000	9,826	10,983	11,521
Finance charges	467	2,402	96	900	839	839	839	884	890	895
Materials and bulk purchases	–	6,306	8,926	11,006	10,306	10,306	10,306	11,169	12,066	13,035
Transfers and grants	31,235	66,067	107,880	–	–	–	–	2,021	2,130	2,245
Other expenditure	24,517	99,873	90,152	39,026	60,287	60,287	60,287	31,921	44,627	46,671
Total Expenditure	151,874	288,449	267,575	99,699	115,255	115,255	115,255	109,273	128,021	135,845
Surplus/(Deficit)	(112,694)	(185,305)	(159,193)	21,635	12,408	12,408	12,408	28,890	37,676	35,346
Transfers recognised - capital	60,318	65,513	120,974	60,224	98,498	98,498	98,498	104,205	116,398	131,979
Contributions recognised - capital & contributed assets	–	–	–	–	8,579	8,579	8,579	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Capital expenditure & funds sources										
Capital expenditure	20,336	2,656	196,778	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Transfers recognised - capital	11,943	2,200	177,238	60,224	98,498	98,498	98,498	104,205	116,398	131,979
Public contributions & donations	–	–	15,462	–	8,579	8,579	8,579	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	8,392	456	4,078	21,635	12,408	12,408	12,408	28,890	37,676	35,346
Total sources of capital funds	20,336	2,656	196,778	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Financial position										
Total current assets	37,281	54,964	39,103	25,552	29,968	29,968	29,968	9,458	9,364	14,403
Total non current assets	677,941	890,714	1,061,276	80,281	979,981	979,981	979,981	1,017,648	1,055,975	1,155,187
Total current liabilities	45,351	115,822	96,704	12,641	28,714	28,714	28,714	11,190	12,436	12,203
Total non current liabilities	3,147	5,406	5,087	9,659	11,665	11,665	11,665	4,387	3,737	3,087
Community wealth/Equity	666,724	824,450	998,588	83,533	969,570	969,570	969,570	1,011,529	1,049,166	1,154,300
Cash flows										
Net cash from (used) operating	31,008	(15,841)	(25,737)	82,104	130,871	130,871	130,871	136,892	159,035	173,578
Net cash from (used) investing	(22,879)	(2,674)	10,486	(80,241)	(127,095)	(127,095)	(127,095)	(133,073)	(139,049)	(149,403)
Net cash from (used) financing	(1,330)	2,394	(611)	(784)	(784)	(784)	(784)	(784)	(784)	(784)
Cash/cash equivalents at the year end	29,414	13,293	(2,568)	1,446	3,013	3,013	3,013	6,048	25,250	48,640
Cash backing/surplus reconciliation										
Cash and investments available	14,717	13,654	(2,568)	30	3,120	3,120	3,120	3,231	7,006	11,905
Application of cash and investments	1,737,265	153,264	201,590	(12,003)	(31,603)	(31,603)	(31,603)	2,036	6,737	6,152
Balance - surplus (shortfall)	(1,722,548)	(139,610)	(204,159)	12,033	34,722	34,722	34,722	1,195	269	5,753
Asset management										
Asset register summary (WDV)	677,597	890,352	1,061,276	90	979,981	979,981	1,017,648	1,017,648	1,055,975	1,155,187
Depreciation & asset impairment	67,924	67,954	26,169	5,615	3,000	3,000	9,826	9,826	10,983	11,521
Renewal of Existing Assets	–	–	–	500	200	200	200	10,500	15,000	15,000
Repairs and Maintenance	–	5,357	8,515	9,233	17,808	17,808	7,730	7,730	13,557	14,197
Free services										
Cost of Free Basic Services provided	–	–	–	1,923	1,915	1,915	2,011	2,011	2,119	2,234
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
Households below minimum service level										
Water:	2	2	2	2	2	2	2	2	2	2
Sanitation/sewerage:	3	3	3	3	3	3	3	3	3	3
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	22	22	22	22	22	22	22	22	22	22

Explanatory notes: Table A1 Budget Summary

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard: a. The operating surplus/deficit (after Total Expenditure) is positive over the next three years (MTREF)
- Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus.



Table 15 – Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
<i>Governance and administration</i>		51,240	84,912	83,208	95,309	95,953	95,953	105,857	127,971	131,543
Executive and council		–	19,022	5,542	4,581	4,581	4,581	5,317	5,556	5,807
Budget and treasury office		51,115	64,973	77,210	90,423	91,066	91,066	100,285	122,174	125,506
Corporate services		126	918	455	305	305	305	256	241	231
<i>Community and public safety</i>		5,649	684	229	462	2,814	2,814	2,966	1,680	1,948
Community and social services		722	684	229	452	452	452	2,966	1,680	1,948
Sport and recreation		–	–	–	10	10	10	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		4,927	–	–	–	2,352	2,352	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		37,595	61,220	68,376	63,454	74,490	74,490	57,235	59,547	62,085
Planning and development		37,595	61,220	68,376	62,454	73,490	73,490	57,235	59,547	62,085
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	1,000	1,000	1,000	–	–	–
<i>Trading services</i>		5,014	21,842	77,543	22,333	61,484	61,484	76,310	92,896	107,594
Electricity		–	7,467	5,177	6,751	6,751	6,751	7,249	7,785	8,360
Water		5,014	15,489	70,525	14,173	52,447	52,447	66,636	82,555	96,541
Waste water management		–	(1,844)	1,188	839	1,424	1,424	1,510	1,591	1,677
Waste management		–	729	652	571	863	863	915	964	1,016
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	99,498	168,658	229,356	181,557	234,741	234,741	242,368	282,094	303,170
Expenditure - Standard										
<i>Governance and administration</i>		86,157	102,158	114,063	48,084	50,908	50,908	54,818	60,382	64,208
Executive and council		9,487	74,182	46,231	18,523	14,741	14,741	16,106	17,018	17,982
Budget and treasury office		70,575	10,732	16,980	16,785	22,232	22,232	27,019	29,117	30,678
Corporate services		6,095	17,244	50,852	12,776	13,935	13,935	11,693	14,248	15,548
<i>Community and public safety</i>		9,333	(8,032)	3,308	7,358	9,716	9,716	10,528	10,854	11,555
Community and social services		4,406	6,969	6,322	7,358	7,364	7,364	10,528	10,854	11,555
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		4,927	(15,001)	(3,014)	–	2,352	2,352	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		29,890	126,315	32,873	18,729	18,844	18,844	8,011	12,171	12,665
Planning and development		29,890	126,315	32,873	17,729	17,844	17,844	8,011	12,171	12,665
Road transport		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	–	1,000	1,000	1,000	–	–	–
<i>Trading services</i>		26,494	68,008	117,331	25,528	35,787	35,787	35,916	44,613	47,418
Electricity		–	3,540	2,194	–	–	–	6,688	7,235	7,807
Water		26,494	64,468	115,137	25,528	35,787	35,787	29,228	37,378	39,611
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	151,874	288,449	267,575	99,699	115,255	115,255	109,273	128,021	135,845
Surplus/(Deficit) for the year		(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	133,095	154,073	167,325

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

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures.



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Table 16 – Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - Executive & Council		–	19,022	5,542	4,581	4,581	4,581	5,317	5,556	5,807
Vote 2 - Budget & Treasury Office		51,115	64,973	77,210	90,423	91,066	91,066	100,285	122,174	125,506
Vote 3 - Corporate Support Services		126	918	455	305	305	305	256	241	231
Vote 4 - Community Services		722	(430)	2,069	25,159	17,101	17,101	5,391	4,235	4,641
Vote 5 - Technical Services		37,595	60,302	62,668	12,110	28,978	28,978	57,211	59,522	62,058
Vote 6 - Electricity Services		–	7,467	5,177	6,751	6,751	6,751	7,249	7,785	8,360
Vote 7 - Water Services		9,941	15,489	70,525	41,209	82,483	82,483	66,636	82,555	96,541
Vote 8 - Development & Town Planning Services		–	918	5,709	1,019	3,476	3,476	24	25	27
Vote 9 - [NAME OF VOTE 09]		–	–	–	–	–	–	–	–	–
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]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	99,498	168,658	229,356	181,557	234,741	234,741	242,368	282,094	303,170
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive & Council		9,487	74,182	46,231	17,723	14,741	14,741	16,106	17,018	17,982
Vote 2 - Budget & Treasury Office		70,575	10,732	16,980	16,785	22,232	22,232	27,019	29,117	30,678
Vote 3 - Corporate Support Services		6,095	17,244	50,852	12,776	13,935	13,935	11,693	14,248	15,548
Vote 4 - Community Services		4,406	(8,032)	3,308	7,358	9,716	9,716	10,528	10,854	11,555
Vote 5 - Technical Services		25,931	107,534	26,788	6,764	4,073	4,073	5,833	5,843	6,142
Vote 6 - Electricity Services		–	3,540	2,194	6,004	6,771	6,771	6,688	7,235	7,807
Vote 7 - Water Services		31,421	64,468	115,137	26,317	35,787	35,787	29,228	37,378	39,611
Vote 8 - Development & Town Planning Services		3,960	18,781	6,085	5,972	8,000	8,000	2,178	6,328	6,524
Vote 9 - [NAME OF VOTE 09]		–	–	–	–	–	–	–	–	–
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]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	151,874	288,449	267,575	99,699	115,255	115,255	109,273	128,021	135,845
Surplus/(Deficit) for the year	2	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	133,095	154,073	167,325

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

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the total budgeted operating and capital expenditure performance in relation to the organisational structure of the municipality. This table also presents the overall surplus of the municipality for each budget year. The operating expenditure is separately presented on table A4 and the capital expenditure presented on table A5

Table 17 – Table A4 Budgeted Financial Performance (revenue and expenditure)

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Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre- audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source										
Property rates	–	3,116	6,786	11,684	11,684	11,684	11,684	9,651	10,172	10,721
Property rates - penalties & collection charges	–	7,467	5,177	6,751	6,751	6,751	6,751	7,249	7,785	8,360
Service charges - electricity revenue	–	6,295	10,253	5,783	5,783	5,783	5,783	6,419	7,125	7,909
Service charges - water revenue	–	(1,844)	1,141	839	1,424	1,424	1,424	1,510	1,591	1,677
Service charges - sanitation revenue	–	729	652	571	863	863	863	915	964	1,016
Service charges - refuse revenue	–	37	171	66	258	258	258	95	98	101
Service charges - other	893	1,303	3,508		450	450	450			
Rental of facilities and equipment								50	53	56
Interest earned – external investments										
Interest earned - outstanding debtors										
Dividends received										
Fines										
Licences and permits										
Agency services										
Transfers recognised - operational	37,911	62,589	77,609	94,721	99,530	99,530	99,530	111,580	137,022	140,449
Other revenue	377	23,451	3,084	920	920	920	920	694	885	902
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)	39,180	103,145	108,381	121,334	127,663	127,663	127,663	138,163	165,696	171,192
Expenditure By Type										
Employee related costs	22,897	36,563	27,633	35,713	34,457	34,457	34,457	45,227	48,655	52,339
Remuneration of councillors	4,834	9,284	6,718	7,438	6,366	6,366	6,366	8,226	8,670	9,138
Debt impairment		56,089	32,578	170	170	170	170	1,213	1,279	1,348
Depreciation & asset impairment	67,924	67,954	26,169	5,615	3,000	3,000	3,000	9,826	10,983	11,521
Finance charges	467	2,402	96	900	839	839	839	884	890	895
Bulk purchases	–	6,306	8,926	11,006	10,306	10,306	10,306	11,169	12,066	13,035
Other materials								–	–	–
Contracted services	–	–	–	6,106	11,100	11,100	11,100	4,636	5,904	6,282
Transfers and grants	31,235	66,067	107,880	–	–	–	–	2,021	2,130	2,245
Other expenditure	24,517	43,784	57,575	32,750	49,018	49,018	49,018	26,071	37,444	39,042
Loss on disposal of PPE										
Total Expenditure	151,874	288,449	267,575	99,699	115,255	115,255	115,255	109,273	128,021	135,845
Surplus/(Deficit)	(112,694)	(185,305)	(159,193)	21,635	12,408	12,408	12,408	28,890	37,676	35,346
Transfers recognised - capital	60,318	65,513	120,974	60,224	98,498	98,498	98,498	104,205	116,398	131,979
Contributions recognised - capital	–	–	–	–	8,579	8,579	8,579	–	–	–
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Taxation										
Surplus/(Deficit) after taxation	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	119,485	133,095	154,073	167,325

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

Total operating revenue is R 138.2 Million for 2014/15 and increase to R171.2 Million by 2016/17.

Revenue to be generated from property rates will be R9.7 Million in the 2014/15 and increase to R 10.7 million by 2016/17 financial year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes R16.1 million in 2014/15 and increases to R19 million in 2016/17. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Transfers recognised – operating income includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are increasing.

The total operational expenditure amounts to R 109.3 million for 2014/15 and escalate to R135.8 million by 2016/17.

The increase in the employee related cost is as results that the municipality have made provision for 12 employees for sewerage and refuse under community services which was contracted with service provider to be incorporate to the organisational structure as the contract have come to an end.

In addition to the above there are new positions to be filled under certain departments; Municipal Manager's office one position, Budget and Treasury eight positions, Corporate Services five positions, Community Services two positions, Planning & Development one position, Technical Services three position and Water Unit twenty one position.



Table 18– Table A5 Budgeted Capital Expenditure by vote, standard classification and funding source

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Vote Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Support Services	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services	-	-	-	23,288	12,000	12,000	12,000	23,559	30,508	18,597
Vote 5 - Technical Services	-	-	15,462	9,723	18,011	18,011	18,011	16,788	17,000	15,497
Vote 6 - Electricity Services	-	-	-	-	-	-	-	-	-	-
Vote 7 - Water Services	-	-	56,639	27,036	30,036	30,036	30,036	13,859	8,890	24,796
Vote 8 - Development & Town Planning Services	-	-	-	4,385	-	-	-	-	-	-
Capital multi-year expenditure sub-total	-	-	72,102	64,432	60,047	60,047	60,047	54,205	56,398	58,890
Single-year expenditure to be appropriated										
Vote 1 - Executive & Council	-	2,200	8,042	1,900	1,320	1,320	1,320	622	-	-
Vote 2 - Budget & Treasury Office	770	-	-	177	669	669	669	231	214	184
Vote 3 - Corporate Support Services	277	456	512	80	188	188	188	1,105	7,130	145
Vote 4 - Community Services	1,155	-	11,470	9,815	6,948	6,948	6,948	12,533	9,640	12,397
Vote 5 - Technical Services	6,376	-	49,537	3,085	11,191	11,191	11,191	2,900	3,264	3,366
Vote 6 - Electricity Services	-	-	6,280	-	-	-	-	-	-	-
Vote 7 - Water Services	11,440	-	48,510	2,370	39,024	39,024	39,024	61,500	77,428	92,343
Vote 8 - Development & Town Planning Services	317	-	326	-	99	99	99	-	-	-
Capital single-year expenditure sub-total	20,336	2,656	124,676	17,427	59,438	59,438	59,438	78,890	97,676	108,435
Total Capital Expenditure - Vote	20,336	2,656	196,778	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Capital Expenditure - Standard										
Governance and administration	1,047	2,656	8,554	2,157	2,176	2,176	2,176	1,958	7,344	329
Executive and council		2,200	8,042	1,900	1,320	1,320	1,320	622	-	-
Budget and treasury office	770	-	-	177	669	669	669	231	214	184
Corporate services	277	456	512	80	188	188	188	1,105	7,130	145
Community and public safety	1,155	-	-	18,103	6,948	6,948	6,948	21,092	18,545	21,695
Community and social services	1,155	-	-	9,815	6,948	6,948	6,948	12,533	9,640	12,397
Sport and recreation				8,288				8,559	8,905	9,298
Public safety										
Housing										
Health										
Economic and environmental services	6,693	-	65,325	17,193	29,301	29,301	29,301	19,688	20,264	18,863
Planning and development	6,693	-	326	7,470	2,710	2,710	2,710	2,900	3,264	3,366
Road transport			64,999	9,723	26,590	26,590	26,590	16,788	17,000	15,497
Environmental protection										
Trading services	11,440	-	122,899	44,406	81,060	81,060	81,060	90,359	107,921	126,437
Electricity			6,280							
Water	11,440	-	105,149	29,406	69,060	69,060	69,060	75,359	86,318	117,139
Waste water management			11,470	15,000	12,000	12,000	12,000	15,000	21,603	9,298
Waste management										
Other										
Total Capital Expenditure - Standard	20,336	2,656	196,778	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Funded by:										
National Government	11,943	-	162,915	60,224	98,498	98,498	98,498	104,205	116,398	131,979
Provincial Government										
District Municipality										
Other transfers and grants		2,200	14,322							
Transfers recognised - capital	11,943	2,200	177,238	60,224	98,498	98,498	98,498	104,205	116,398	131,979
Public contributions & donations			15,462		8,579	8,579	8,579			
Borrowing										
Internally generated funds	8,392	456	4,078	21,635	12,408	12,408	12,408	28,890	37,676	35,346
Total Capital Funding	20,336	2,656	196,778	81,859	119,485	119,485	119,485	133,095	154,073	167,325

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

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

Capital expenditure has been appropriated at R 133.1 million for the 2014/15 financial year and increases over the MTREF to R 154.1 million and R 167.3 million respectively for the two outer years.

Unlike multi-year capital appropriations, all of our capital projects are expected to be completed with a single year 2014/2015. Included in our single-year appropriations is an expenditure that will be incurred in the 2014/15 budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

The capital programme is funded from National Treasury capital transfers and internally generated funds from current year surpluses.



Table 19- Table A6 Budget Financial position

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS										
Current assets										
Cash	1,044	13,293	2,008	30	3,031	3,031	3,031	3,013	6,788	11,687
Call investment deposits	18,883	–	–	–	89	89	89	218	218	218
Consumer debtors	3,899	15,368	19,126	25,457	25,457	25,457	25,457	4,727	809	898
Other debtors	12,226	24,182	16,657	66	66	66	66			
Current portion of long-term receivables										
Inventory	1,229	2,121	1,312		1,326	1,326	1,326	1,500	1,550	1,600
Total current assets	37,281	54,964	39,103	25,552	29,968	29,968	29,968	9,458	9,364	14,403
Non-current assets										
Long-term receivables										
Investments	344	362	–							
Investment property		3,085	3,085		3,085	3,085	3,085	3,085	3,085	3,085
Investment in Associate										
Property, plant and equipment	677,579	887,240	1,058,169	80,191	976,446	976,446	976,446	1,014,183	1,052,758	1,151,793
Agricultural										
Biological										
Intangible	18	28	23	90	450	450	450	380	132	308
Other non-current assets										
Total non-current assets	677,941	890,714	1,061,276	80,281	979,981	979,981	979,981	1,017,648	1,055,975	1,155,187
TOTAL ASSETS	715,222	945,678	1,100,379	105,833	1,009,949	1,009,949	1,009,949	1,027,106	1,065,340	1,169,590
LIABILITIES										
Current liabilities										
Bank overdraft	5,553	–	4,577							
Borrowing	277	611	627	784	784	784	784	784	784	784
Consumer deposits										
Trade and other payables	36,079	114,691	90,855	7,150	19,223	19,223	19,223	9,760	11,007	10,774
Provisions	3,441	519	645	4,706	8,706	8,706	8,706	645	645	645
Total current liabilities	45,351	115,822	96,704	12,641	28,714	28,714	28,714	11,190	12,436	12,203
Non-current liabilities										
Borrowing	3,147	4,163	3,536	5,744	7,750	7,750	7,750	2,836	2,186	1,536
Provisions	–	1,244	1,551	3,915	3,915	3,915	3,915	1,551	1,551	1,551
Total non-current liabilities	3,147	5,406	5,087	9,659	11,665	11,665	11,665	4,387	3,737	3,087
TOTAL LIABILITIES	48,498	121,228	101,791	22,300	40,379	40,379	40,379	15,577	16,173	15,290
NET ASSETS	666,724	824,450	998,588	83,533	969,570	969,570	969,570	1,011,529	1,049,166	1,154,300
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	666,724	824,450	998,588	83,533	969,570	969,570	969,570	1,011,529	1,049,166	1,154,300
Reserves	–	–	–	–	–	–	–	–	–	–
Minorities' interests										
TOTAL COMMUNITY WEALTH/EQUITY	666,724	824,450	998,588	83,533	969,570	969,570	969,570	1,011,529	1,049,166	1,154,300

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Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



Table 20- Table A7 Budgeted Cash Flow

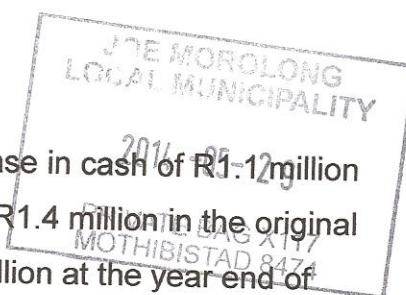
Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	(39,728)	(38,283)	(84,374)	19,971	44,825	44,825	44,825	25,103	27,057	29,017
Government - operating	89,765	61,664	77,609	94,721	99,530	99,530	99,530	111,580	137,022	140,449
Government - capital	24,049	67,916	103,912	60,224	98,498	98,498	98,498	104,205	116,398	131,979
Interest	893	1,303	3,508		643	643	643	40	42	44
Dividends										
Payments										
Suppliers and employees	(43,504)	(106,039)	(126,296)	(91,912)	(112,570)	(112,570)	(112,570)	(103,935)	(121,379)	(127,801)
Finance charges	(467)	(2,402)	(96)	(900)	(55)	(55)	(55)	(100)	(105)	(111)
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES	31,008	(15,841)	(25,737)	82,104	130,871	130,871	130,871	136,892	159,035	173,578
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			206,903							
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments	(17)	(18)	362							
Payments										
Capital assets	(22,862)	(2,656)	(196,778)	(80,241)	(127,095)	(127,095)	(127,095)	(133,073)	(139,049)	(149,403)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(22,879)	(2,674)	10,486	(80,241)	(127,095)	(127,095)	(127,095)	(133,073)	(139,049)	(149,403)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing	(1,330)	2,394	(611)	(784)	(784)	(784)	(784)	(784)	(784)	(784)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,330)	2,394	(611)	(784)	(784)	(784)	(784)	(784)	(784)	(784)
NET INCREASE/ (DECREASE) IN CASH HELD	6,799	(16,121)	(15,861)	1,079	2,992	2,992	2,992	3,035	19,202	23,391
Cash/cash equivalents at the year begin:	22,615	29,414	13,293	367	21	21	21	3,013	6,048	25,250
Cash/cash equivalents at the year-end:	29,414	13,293	(2,568)	1,446	3,013	3,013	3,013	6,048	25,250	48,640

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Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

The cash level of the municipality fell substantially over the 2010/11 to 2012/13 period owing directly to a net decrease in cash for the 2011/12 to 2012/13 financial year of R16.1 million and R15.9 million.



The approved budget for 2013/14 provide for a net increase in cash of R1.12 million resulting in an overall projected positive cash position of R1.4 million in the original budget and increases after adjustment budget to R3.0 million at the year end of 2013/14.

The budgeted cash flow for 2014/15 provide for a net increase in cash of R3.0 million resulting in an overall projected positive cash position of R6.0 million.

Table 21- Table A8 Budgeted Cash Flow Cash Backed Reserves/Accumulated Surplus Reconciliation

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash and investments available										
Cash/cash equivalents at the year end	29,414	13,293	(2,568)	1,446	3,013	3,013	3,013	6,048	25,250	48,640
Other current investments > 90 days	(15,041)	(0)	(0)	(1,416)	107	107	107	(2,817)	(18,244)	(36,736)
Non current assets - Investments	344	362	-	-	-	-	-	-	-	-
Cash and investments available:	14,717	13,654	(2,568)	30	3,120	3,120	3,120	3,231	7,006	11,905
Application of cash and investments										
Unspent conditional transfers	23,527	17,063	-	1,350	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	1,713,738	136,202	201,590	(13,353)	(31,603)	(31,603)	(31,603)	2,036	6,737	6,152
Other provisions	-	-	-	-	-	-	-	-	-	-
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	1,737,265	153,264	201,590	(12,003)	(31,603)	(31,603)	(31,603)	2,036	6,737	6,152
Surplus(shortfall)	(1,722,548)	(139,610)	(204,159)	12,033	34,722	34,722	34,722	1,195	269	5,753

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

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

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Table 22- Table A9 Asset Management

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE									
Total New Assets	20,336	2,656	196,778	81,359	119,285	119,285	122,595	139,073	152,325
Infrastructure - Road transport	-	-	64,999	9,723	26,590	26,590	16,788	17,000	15,497
Infrastructure - Electricity	-	-	6,280	-	-	-	-	-	-
Infrastructure - Water	14,124	-	101,909	27,036	68,310	68,310	63,859	68,890	97,976
Infrastructure - Sanitation	-	-	11,470	15,000	12,000	12,000	15,000	21,603	9,298
Infrastructure - Other	111	-	-	-	-	-	-	-	-
Infrastructure	14,235	-	184,658	51,759	106,901	106,901	95,646	107,493	122,771
Community	1,981	-	-	13,768	5,490	5,490	18,354	17,543	18,733
Heritage assets	-	-	-	4,285	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	4,096	2,643	12,120	11,457	6,436	6,436	8,384	14,038	10,637
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	25	12	-	90	458	458	211	-	184
Total Renewal of Existing Assets	-	-	-	500	200	200	10,500	15,000	15,000
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	10,000	15,000	15,000
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	10,000	15,000	15,000
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	500	200	200	500	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	64,999	9,723	26,590	26,590	16,788	17,000	15,497
Infrastructure - Electricity	-	-	6,280	-	-	-	-	-	-
Infrastructure - Water	14,124	-	101,909	27,036	68,310	68,310	73,859	83,890	112,976
Infrastructure - Sanitation	-	-	11,470	15,000	12,000	12,000	15,000	21,603	9,298
Infrastructure - Other	111	-	-	-	-	-	-	-	-
Infrastructure	14,235	-	184,658	51,759	106,901	106,901	105,646	122,493	137,771
Community	1,981	-	-	13,768	5,490	5,490	18,354	17,543	18,733
Heritage assets	-	-	-	4,285	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	4,096	2,643	12,120	11,957	6,636	6,636	8,884	14,038	10,637
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	25	12	-	90	458	458	211	-	184
TOTAL CAPITAL EXPENDITURE - Asset class	20,336	2,656	196,778	81,859	119,485	119,485	133,095	154,073	167,325
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	534,740	852	851	-	761,090	761,090	704,110	649,550	640,551
Infrastructure - Electricity	-	-	-	-	6,054	6,054	5,847	5,252	4,973
Infrastructure - Water	161	153	28,346	-	78,806	78,806	145,026	202,882	294,003
Infrastructure - Sanitation	32,863	-	-	-	10,926	10,926	24,867	43,942	48,568
Infrastructure - Other	8	773,728	910,626	-	2,634	2,634	2,379	2,137	1,910
Infrastructure	567,773	774,732	939,822	-	859,509	859,509	882,229	903,764	990,004
Community	102,277	-	-	-	108,969	108,969	116,761	121,822	127,534
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	3,085	3,085	-	3,085	3,085	3,085	3,085	3,085
Other assets	7,530	112,508	118,346	-	7,969	7,969	15,193	27,171	34,256

Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	18	28	23	90	450	450	380	132	308
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	677,597	890,352	1,061,276	90	979,981	979,981	1,017,648	1,055,975	1,155,187
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	67,924	67,954	26,169	5,615	3,000	3,000	9,826	10,983	11,521
Repairs and Maintenance by Asset Class	-	5,357	8,515	9,233	17,808	17,808	7,730	13,557	14,197
Infrastructure - Road transport	-	724	384	220	220	220	205	234	241
Infrastructure - Electricity	-	-	-	-	215	215	200	224	230
Infrastructure - Water	-	1,066	3,043	6,169	14,671	14,671	6,075	11,225	11,786
Infrastructure - Sanitation	-	-	-	76	31	31	135	195	205
Infrastructure - Other	-	-	-	54	52	52	310	327	344
Infrastructure	-	1,790	3,427	6,518	15,190	15,190	6,925	12,205	12,807
Community	-	942	719	56	56	56	80	84	89
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	2,625	4,369	2,660	2,562	2,562	725	1,268	1,301
TOTAL EXPENDITURE OTHER ITEMS	67,924	73,311	34,684	14,849	20,808	20,808	17,556	24,540	25,719
Renewal of Existing Assets as % of total capex	0.0%	0.0%	0.0%	0.6%	0.2%	0.2%	7.9%	9.7%	9.0%
Renewal of Existing Assets as % of deprecn"	0.0%	0.0%	0.0%	8.9%	6.7%	6.7%	106.9%	136.6%	130.2%
R&M as a % of PPE	0.0%	0.6%	0.8%	11.5%	1.8%	1.8%	0.8%	1.3%	1.2%
Renewal and R&M as a % of PPE	0.0%	1.0%	1.0%	10815.0%	2.0%	2.0%	2.0%	3.0%	3.0%

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality doesn't meet the above recommendations.

The total repairs and maintenance amounts to 0.8% of the total value Property, Plant and Equipment in the 2014/15 budget and increases to at least 1.3% in the following year. We acknowledge that the municipality should provide at least 8% of the total value of assets for repair and maintenance as stated on MFMA Circular No 70. The value of our municipal assets amount to R 1.0 billion and the total budgeted repairs and maintenance amount to R7.7 million and increases to R13.6 million and R 14.2 million respectively for the outer years. Currently the municipality's focus on the refurbishment of the assets and they have allocated amount of R10 million for 2014/15 and increases to R15 million for two outers.



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Table 23- Table A10 Basic Service Delivery Measurement

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	3,718	3,718	3,718	3,718	3,718	3,718	3,718	3,718	3,718
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)	18,048	18,048	18,048	18,048	18,048	18,048	18,048	18,048	18,048
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	21,766	21,766	21,766	21,766	21,766	21,766	21,766	21,766	21,766
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply	1,941	1,941	1,941	1,941	1,941	1,941	1,941	1,941	1,941
<i>Below Minimum Service Level sub-total</i>	1,941	1,941	1,941	1,941	1,941	1,941	1,941	1,941	1,941
Total number of households	23,707	23,707	23,707	23,707	23,707	23,707	23,707	23,707	23,707
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)									
Flush toilet (with septic tank)	2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131
Chemical toilet									
Pit toilet (ventilated)	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254	18,254
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	20,385	20,385	20,385	20,385	20,385	20,385	20,385	20,385	20,385
Bucket toilet	469	469	469	469	469	469	469	469	469
Other toilet provisions (< min.service level)									
No toilet provisions	2,432	2,432	2,432	2,432	2,432	2,432	2,432	2,432	2,432
<i>Below Minimum Service Level sub-total</i>	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901	2,901
Total number of households	23,286	23,286	23,286	23,286	23,286	23,286	23,286	23,286	23,286
<u>Energy:</u>									
Electricity (at least min.service level)									
Electricity - prepaid (min.service level)	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
<i>Minimum Service Level and Above sub-total</i>	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
<u>Refuse:</u>									
Removed at least once a week	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581
<i>Minimum Service Level and Above sub-total</i>	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump	19,146	19,146	19,146	19,146	19,146	19,146	19,146	19,146	19,146
Other rubbish disposal									
No rubbish disposal	2,707	2,707	2,707	2,707	2,707	2,707	2,707	2,707	2,707
<i>Below Minimum Service Level sub-total</i>	21,853	21,853	21,853	21,853	21,853	21,853	21,853	21,853	21,853
Total number of households	23,434	23,434	23,434	23,434	23,434	23,434	23,434	23,434	23,434
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)				8	8	8	8,195	8,195	8,195
Sanitation (free minimum level service)									
Electricity/other energy (50kwh per household per month)				8	8	8	8,195	8,195	8,195
Refuse (removed at least once a week)									
<u>Cost of Free Basic Services provided (R'000)</u>									
Water (6 kilolitres per household per month)				158	100	100	105	111	117
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)				1,765	1,815	1,815	1,906	2,009	2,117
Refuse (removed once a week)									
Total cost of FBS provided (minimum social package)	-	-	-	1,923	1,915	1,915	2,011	2,119	2,234
<u>Highest level of free service provided</u>									
Property rates (R value threshold)									

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

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The municipality continues to make good progress with the eradication of backlogs.



Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the executive chairpersonship of Finance, Human Resource and Administration.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.



2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2013) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 14 August 2013. Key dates applicable to the process were:

- **September 2013** – preparation for IDP review process by communicating to IDP stakeholder forum

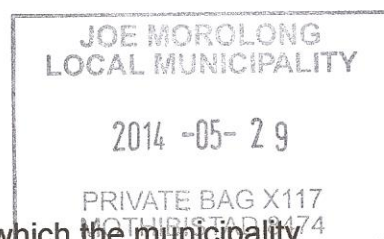
- **October 2013** – Held second IDP meeting with all the stakeholder. Engaged in comparison between 2012/13 IDP initiatives originating from strategic planning session. Formulating the key IDP priorities.
- **December 2013** - Community consultation and participation on the draft of the IDP
- **January 2014** - Align total budget with municipal IDP, National and Provincial priorities growth and Development plan. Approval of Sec 72 and Revised Budget for 2013/14.
- **February 2014** – Detailed departmental budget proposal (operating & capital) submitted to the Budget & Treasury Office for assessment and consolidations.
- **March 2014** – Held departmental budget meetings, Budget Steering Committee meetings. The draft budget for 2014/15 revised and tabled accordingly
- **April 2014** – Commence on public community consultations. Presentation of public participation results to council for inclusion into the 2014/15 final budget.
- **May 2014** – Final total budget proposal to be submitted to council for approval
- **June 2014** – Finalisation of top layer SDBIP's. Finalisation of departmental SDBIP's. Send approval IDP and budget to COGHSTA, Provincial and National Treasury.

There were deviations from key dates set out in the budget time schedule tabled in council on the 28 August 2013 but the activities were all carried out in different dates as compared to the planned dates.

2.3 Intergrated Development Plan

Integrated Development Planning is the process through which the municipality prepares a strategic developmental plan, which is the principal strategic instrument guiding all planning, management, budgeting, development and implementation decisions, taking into account inputs from all stakeholders.

For our planning and programmes to be effective all strategic planning within the municipality must take place within the framework of the IDP. Through integrated



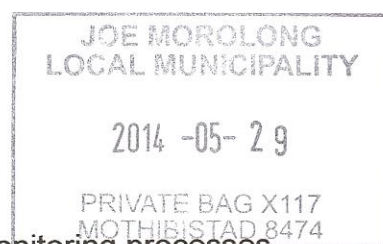
development planning different plans are integrated, coordinated and linked to the use of natural, financial, human and physical resources.

2.4 IDP and Service Delivery and Budget Implementation Plan

Municipalities are required to develop five year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the Budget. The IDP and the budget are interrelated documents. The IDP is the budget in words, just as the budget is the IDP in figures. In the past two years comprehensive efforts have been made towards ensuring that the two documents are closely link.

The municipality's IDP is a principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes



When compiling of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the midyear and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.5 Community Consultation

The 2014/15 MTREF will be tabled before council on the 26 March 2014 together with community consultation time table. Consultation time table will be published in the municipal website and local newspaper and hard copies for draft budget was available in the main municipal office and satellite offices and draft budget softcopy was loaded on the municipal website (www.joemorolong.gov.za)

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 07 to 22 April 2014. The applicable dates and venues were published in all the local newspapers and on total attendance for all wards meeting was 1575 of community members excluding officials and councillors was recorded. This can be attributed to the additional initiatives that were launched during the consultation process.

Individual sessions were held with Agri Kuruman regarding the farm rate levies.

Other stakeholders involved in the consultation included churches and community based organisations.



The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Several complaints were received regarding poor service delivery, especially water and the state of road infrastructure (road sign, bridges, internal, access and main roads) that it need to tarred;
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of water construction and maintenance were raised;
- There were requests regarding the electricity for high mass lights, infill's and extensions on the areas were the have been new development.
- To increase the swiftness for construction of halls, sports fields, toilets (UDS) and fencing of cemeteries including maintenance.
- Communities also requested the development of land fill site.

- They complained about receiving their accounts (bills) late and urged municipality to improve on the matter.

2.6 Overview of alignment of annual budget with IDP

The IDP crosses departmental divisions by linking the physical, social, institutional and economic components of planning and development with management and development structure. It also integrates and aligns planning in different spheres of government and therefore enforcing and upholding the spirit of co-operative governance in the public sector.

For our planning and programmes to be effective all strategic planning within the municipality must take place within the framework of the IDP. Through integrated development planning different plans are integrated, coordinated and linked to the use of natural, financial, human and physical resources.

The following IDP's five strategic objectives that have directly informed the compilation of 2014/15 MTREF budget

- Provide quality basic services to community
- Good governance and community participation
- Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability

The following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



Table 24 – Table SA4: Reconciliation between the IDP strategic objectives and budgeted revenue

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	47,536	83,258	138,370	60,070	118,211	118,211	131,096	149,862	166,959
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities		19,022	5,542	4,581	4,581	4,581	6,286	7,206	7,723
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	126	1,835	6,164	1,324	3,781	3,781	280	266	258
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	722	(430)	2,069	25,159	17,101	17,101	4,422	2,585	2,725
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	51,115	64,973	77,210	90,423	91,066	91,066	100,285	122,174	125,506
Total Revenue (excluding capital transfers and contributions)		99,498	168,658	229,356	181,557	234,741	234,741	242,368	282,094	303,170

Table 25 – Table SA5: Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Strategic Objective	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Provide quality basic services to community	Provision of quality water, sanitation, waste management, electricity and roads	57,351	175,542	144,119	39,085	46,631	46,631	41,157	49,906	52,974
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	9,487	74,182	46,231	17,723	14,741	14,741	16,988	18,781	19,220
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	10,054	36,025	56,937	18,747	21,935	21,935	14,570	21,101	22,576
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	4,406	(8,032)	3,308	7,358	9,716	9,716	9,646	9,706	10,301
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	70,575	10,732	16,980	16,785	22,232	22,232	26,912	28,526	30,774
Total Expenditure		151,874	288,449	267,575	99,699	115,255	115,255	109,273	128,021	135,845

Table 26– Table SA6: Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Strategic Objective R thousand	Goal	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Provide quality basic services to community	Provision of quality water, sanitation, waste management, electricity and roads	17,816	–	176,429	42,214	98,262	98,262	95,046	107,197	136,068
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	–	2,200	8,042	1,900	1,320	1,320	709	502	663
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	594	456	838	4,465	286	286	1,105	7,130	145
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	1,155	–	11,470	33,103	18,948	18,948	36,004	39,031	30,265
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	770	–	–	177	669	669	231	214	184
Total Capital Expenditure		20,336	2,656	196,778	81,859	119,485	119,485	133,095	154,073	167,325

2.7 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

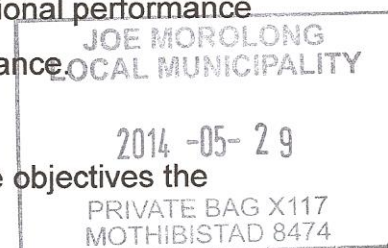


Table 27– Table SA7: Measurable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 1 - Executive and Council										
Function 1 - Council										
Approval of IDP & Budget for each budget year	Approval before 31 May each year				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Hold quarterly council meeting	Number of meeting held				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Approval of Sec 72 Reports by 25 January each year	Approved Report & Resolution							100.0%	100.0%	100.0%
Function 2 - Municipal Manager										
Resolution of council to be executed atleast within 90 days	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
The keeping and compilation of minutes of all meetings of Council and its committee	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Publication of four newsletter in financial year	One newsletter per quarter				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote 2 - Budget & Treasury Office										
Function 1 - Finance Service										
95% invoices paid on time - within 30 days of invoice or statement.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Continuous monitoring of departmental expenditure against budget.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective departmental communication - Attendance of meetings, training.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Delivery of 99% correct accounts	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Monthly closing within (5) working days after month end.	Monthly				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Recover 100% of monies for clearance certificates.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
All salaries and third party payments paid on time	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Compile and submit to the Municipal Manager a Report on the implementation of the supply chain management policy to be reported to the Council in accordance with the regulations.	Quarterly and Annually				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Updated and safeguarding of Back-ups	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Implement and Maintain complete asset register according to GRAP	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Financial Statements by 31 August 2014 and submitted to the Auditor-General	31 August 2014				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Monthly reporting in terms of MFMA, DORA PT and NT and other legislative requirements	Monthly - Measure by receiving all transfers				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
96% updated creditors database.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
100% Support for the Audit Committee.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ensure that the recommendations in the External Audit report is successfully implemented.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To ensure the alignment of the IDP objectives be reflected in the municipal budget.	31 May 2014				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Monitor expenditure/revenue and compare accumulated totals with approved budget amounts.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ensure true reflection of actual expenditure on all votes.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintain and monitor metering equipment in such a manner that losses are minimised.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ensure that all transactions are in compliance with MFMA	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Report any expected over expenditure to the Municipal Manager	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Report any expected loss of revenue to the Municipal Manager	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote 3 - Corporate Services										

Function 1 - Corporate Service										
Maintenance of an effective record and registry system.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Administration of Human Resource recruitment and selection.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Update of Skills Development Plan	30 June 2013				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Oversee that training in terms of the Skills Development Plan is being implemented.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reclaim all monies due in term of Skills Development Plan.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Report on Employee Equity Plan and submission of report in terms of Legislation to Department of Labour.	30 June 2013				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Adherence to both portfolio committee and council meeting	Schedule of council meeting with full preparation (1 meeting per quarter)				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Administration of Staff establishment and organograms reviewed for efficiency and effectiveness annually.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote 4 - Community Services										
Function 1 - Community Service										
Fencing of cemeteries	Number of cemeteries fenced				95% of Approved number of cemeteries	95% of Approved number of cemeteries	95% of Approved number of cemeteries	95% of Approved number of cemeteries	95% of Approved number of cemeteries	95% of Approved number of cemeteries
Ensure effective veld fire fighting in the municipal area	Number of veld fire combacted				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Collection of refuse	Number of household serviced				97.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Maintenance and Management of municipal recreational facilities	Number of facilities maintained				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ensure monitoring of community library	Number of monitoring done				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote 5 - Technical Services										
Function 1 - Technical Services										
To implement projects for which funding has been secured.	Continuous				100%	100%	100%	100%	100%	100%
Manage maintenance of infrastructure assets.	Continuous				100%	100%	100%	100%	100%	100%
Complete projects within specifications and budget. Monthly progress and expenditure report.	Monthly				100%	100%	100%	100%	100%	100%
Manage the maintenance of the municipal vehicles fleet and equipment.	Continuous				100%	100%	100%	100%	100%	100%
Vote 7 - Water Unit										
Function 1 - Water Unit										
Water control and management – breaks and losses – daily, weekly and monthly.	Continuous				95%	95%	95%	95%	95%	95%
Water breaks must be repaired within twelve (12) hours after break has been reported.	Continuous				95%	95%	95%	95%	95%	95%
Managing total water supply system to ensure sufficient water provision.	Continuous				100%	100%	100%	100%	100%	100%
Monitoring of water quality and testing	Monthly				100%	100%	100%	100%	100%	100%
Vote 8 - Development & Town Planning Services										
Function 1 - Planning & Development										
Conducting IDP and Budget road show	Number of IDP and Budget road shows meeting (2 road show annually)				100%	100%	100%	100%	100%	100%
Subssion of quarterly and mid-year budget and performance reports by all	All report submitted				100%	100%	100%	100%	100%	100%

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

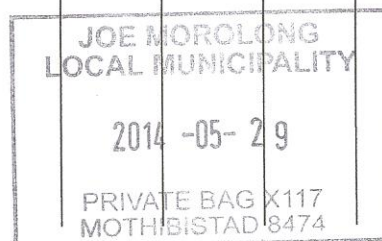
Table 28– Table SA8: Performance indicators and benchmarks.

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	1.2%	0.0%	0.3%	1.7%	1.4%	1.4%	1.4%	1.5%	1.3%	1.2%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	141.6%	0.0%	2.3%	6.3%	5.8%	5.8%	5.8%	6.3%	5.8%	5.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.8	0.5	0.4	2.0	1.0	1.0	1.0	0.8	0.8	1.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.8	0.5	0.4	2.0	1.0	1.0	1.0	0.8	0.8	1.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.1	0.0	0.0	0.1	0.1	0.1	0.3	0.6	1.0
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		-10549.9%	-97.5%	-309.5%	75.0%	161.9%	161.9%	161.9%	94.4%	94.4%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		-10549.9%	-97.5%	-309.5%	75.0%	161.9%	161.9%	161.9%	94.4%	94.4%	94.4%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	41.2%	38.3%	33.0%	21.0%	20.0%	20.0%	20.0%	3.4%	0.5%	0.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		42.7%	734.4%	-3537.4%	401.1%	322.7%	322.7%	322.7%	107.5%	29.7%	14.4%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										

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Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	58.4%	35.4%	25.5%	29.4%	27.0%	27.0%	27.0%	32.7%	29.4%	30.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	68.6%	44.4%	31.7%	35.6%	32.0%	32.0%		38.7%	34.6%	35.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	5.2%	7.9%	7.6%	13.9%	13.9%		5.6%	8.2%	8.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	174.6%	68.2%	24.2%	5.4%	3.0%	3.0%	3.0%	7.8%	7.2%	7.3%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	(1.2)	9.8	39.2	18.6	18.6	18.6	34.1	32.2	34.6	37.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	250.3%	148.0%	99.3%	95.4%	95.4%	95.4%	18.3%	2.9%	3.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	9.6	1.2	(0.3)	0.2	0.4	0.4	0.4	0.9	3.3	6.0

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, municipality borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It is estimated that the cost of borrowing as a percentage of the operating expenditure will be 1.5 per cent in 2014/15 and will then decrease to 1.2 per cent at the end of the MTREF.

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- *Capital charges to own revenue* is a measure of the cost of borrowing in relation to the municipality's own revenue. It is estimated that the cost of borrowing as a percentage of the own revenue will be 6.3 per cent in 2014/15 and will then decrease to 5.5 per cent at the end of the MTREF

Liquidity

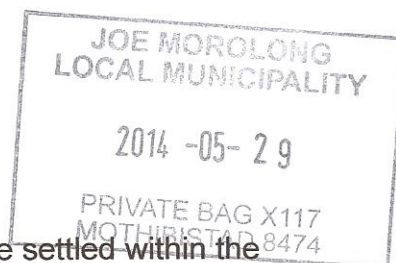
- *Current ratio* is a measure of the current assets divided by the current liabilities. For the 2014/15 MTREF the current ratio is 0.8 in the 2014/15 financial year and 0.8 and 1.2 for the two outer years. Going forward it will be necessary to improve these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. For the 2014/15 MTREF the ratio is 0.3 in the 2014/15 financial year and 0.6 and 1.0 for the two outer years. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the municipality.

Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

Creditors Management

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure more than 95 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the municipality, which is



expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business.

Other Indicators

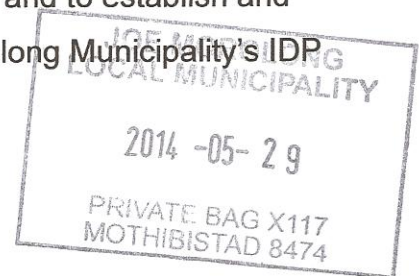
- Employee costs as a percentage of operating revenue fluctuate over the 2014/15 MTREF.
- Repairs and maintenance as percentage of operating revenue is increasing over the 2014/15 MTREF. The increasing repairs and maintenance is part of the municipality's plan for protection of revenue generating assets.

2.8 Overview budget related policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

a) Budget, Funding, Reserves and Virement Policy

The policy aim to set out; the principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, responsibilities of the mayor , the accounting officer , the chief financial officer and other senior managers in compiling the budget and to establish and maintain procedures to ensure adherence Joe Morolong Municipality's IDP review and budget processes.



b) Banking and Investment Policy

The policy aim to gain the optimal return on banking and investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

c) Credit Control and Debt Collection Policy

The policy aim to maximize revenue by timeously collecting all moneys owed to the municipality; ensure that action are taken to recover arrear debt is warranted and fair; to enable Joe Morolong Local Municipality to develop and maintain a sustainable service delivery relationship with its customers; to deliver excellent service to the communities of Joe Morolong Local Municipality in return for payment of their rates and service accounts and encourage and inculcate the culture of payment.

d) Tariffs Policy

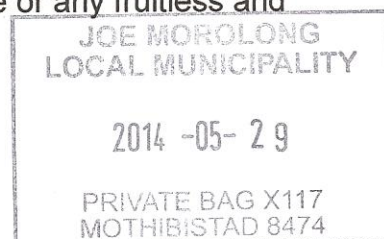
The policy aim to empower council with among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements. To determine fair, transparent and affordable charges based on its economic regions and their impact on local economic development.

e) Fruitless and Wasteful Expenditure Policy

The policy aim to provide for measures to identify unauthorised, irregular or fruitless and wasteful expenditure; provide for frameworks to avoid of any irregular expenditure or any fruitless and wasteful expenditure; provide for recovery of irregular expenditure or any fruitless and wasteful expenditure and to provide for reporting on any irregular expenditure or any fruitless and wasteful expenditure.

f) Supply Chain Management Policy

The policy aim to ensure sound, sustainable and accountable supply chain management practices within the municipality, whilst promoting black economic empowerment as a priority in terms of the goals and objectives of the municipality's preferential procurement policy.



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The above policies will be available on the municipal website (www.joemorolong.gov.za) as well as the following:

- Property Rates policy
- Fixed Assets policy
- Indigent Policy
- Risk Management Policy
- Cash Shortage Policy
- Bad Debt Written Off Policy
- Asset Management Policy
- Petty Cash Policy

2.9 Overview of budget assumptions

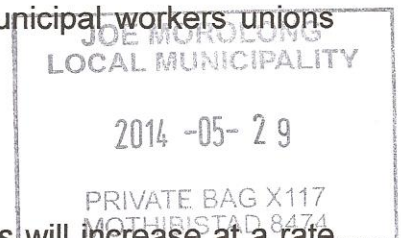
a) Inflation

There are some factors that have been taken into consideration in the compilation of the 2014/15 budget:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipal residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 41 per cent of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places an unbalanced upward pressure on the expenditure budget. The wage agreement concluded by SALGBC with the municipal workers unions was considered.

b) Collection rate for revenue services

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



The rate of revenue collection currently has been budgeted at 95 per cent of annual billings for rates, services, rents, and then 80% for other revenue. The performance of arrear collections have been budgeted at 80 per cent collection for 2014/15 MTREF.

c) Salary increases

The wage agreement concluded by SALGBC with the municipal workers unions was considered as recommended in MFMA Circular 72.

d) Impact of national, provincial and local policies

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

- EPWP and LED through the capital projects
- Provision of clean water
- Sanitation
- Electricity; and
- Decent housing

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

e) Ability of the municipality to spend and deliver on the programmes

It is estimated that spending rate at an average of at least 98 per cent is to be achieved on operating expenditure and average of 99 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.



2.10 Overview of budget funding

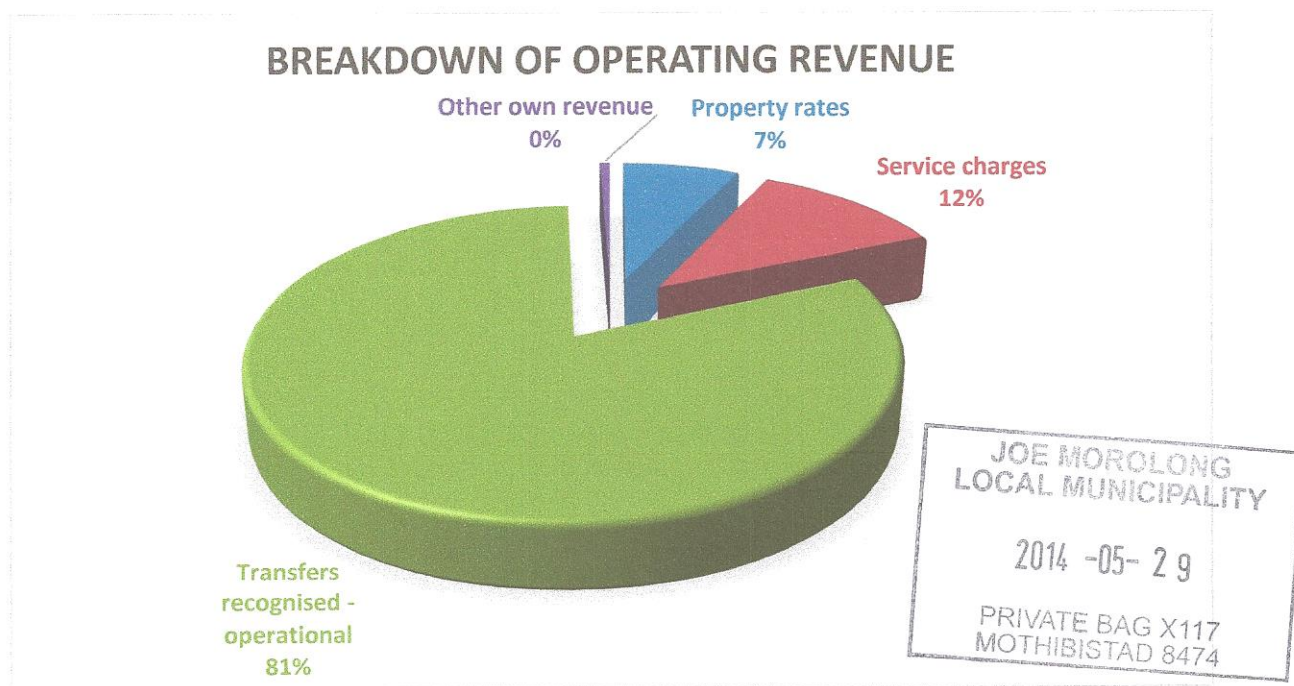
a) Operating Revenue

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

Table 29 – Breakdown of the operating revenue over medium term

Description R thousands	2012/13 Medium Term Revenue & Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Financial Performance						
Property rates	9,651	6.99%	10,172	6.14%	10,721	6.26%
Service charges	16,093	11.65%	17,466	10.54%	18,963	11.08%
Transfers recognised - operational	111,580	80.76%	137,022	82.69%	140,449	82.04%
Other own revenue	840	0.61%	1,036	0.63%	1,058	0.62%
Total Operating Revenue(excluding capital transfers and contributions)	138,163	100%	165,696	100%	171,192	100%
Total Operating Expenditure	109,273		128,021		135,845	
Surplus/(Deficit)	28,890		37,676		35,346	

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year;



Tariff setting plays a major role in ensuring the desired level of revenue, even though the municipality is still dependent on grants. Getting the tariff setting right assist in the compilation of credible and funded budget. The municipality derives its operational revenue from provision of services namely: water, electricity, sanitation and solid

waste removal including property rates. The operational grants plays a major role in the municipal budget funding.

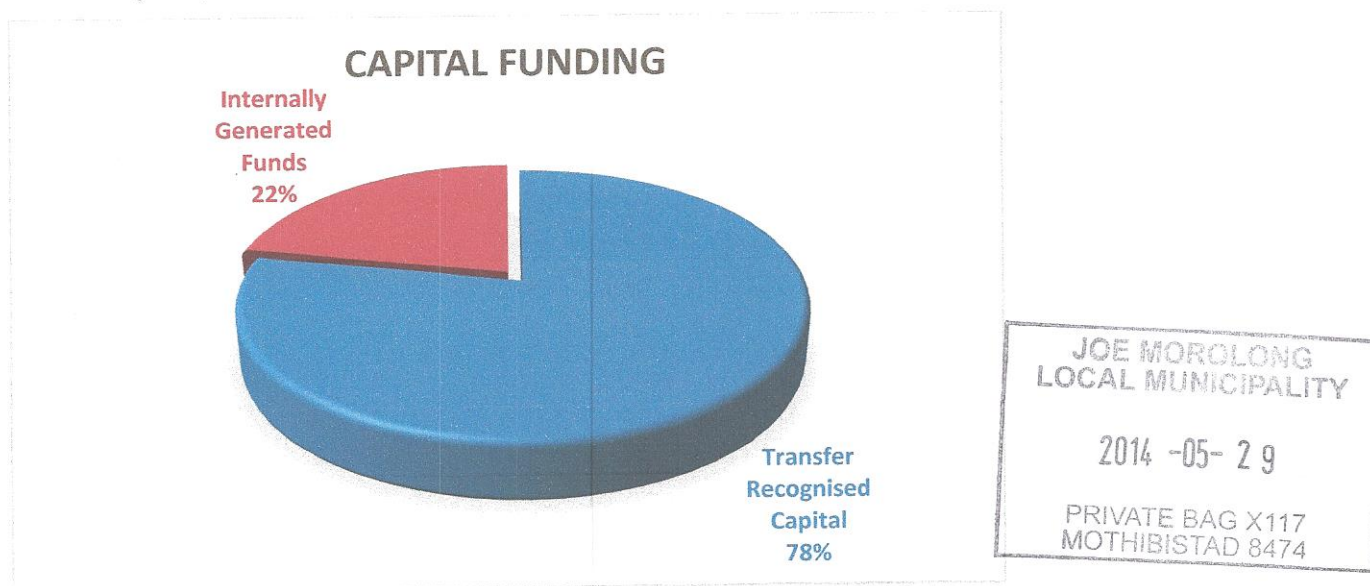
b) Capital Revenue

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

Table 30 – Breakdown of the capital funding over medium term

Description R thousands	2014/15 Medium Term Revenue and Expenditure Framework					
	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Funded by						
National Government	104,205		116,398		131,979	
Transfer Recognised Capital	104,205	78.29%	116,398	75.55%	131,979	78.88%
Internally Generated Funds	28,890	21.71%	37,676	24.45%	35,346	21.12%
Public Contributions & Donations	–		–	0.00%	–	
Total Capital Funding	133,095	100%	154,073	100%	167,325	100%

The following graph represent the breakdown of the capital funding for the 2014/15 financial year;



Capital grants and receipts equates to 78% of the total funding source which represents R104.2 Million for the 2014/15 financial year and steadily increase to R132.0 million or 79% per cent by 2016/17.

Table 31 – Table SA18: Breakdown of the capital funding over medium term

Description	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital Transfers and Grants									
National Government:	24,938	33,114	56,479	62,289	100,563	100,563	107,058	119,366	135,078
Municipal Infrastructure Grant (MIG)	24,938	33,114	56,479	55,253	55,253	55,253	57,058	59,366	61,898
Regional Bulk Infrastructure					38,274	38,274			
Municipal Water Infrastructure Grant				7,036	7,036	7,036	50,000	60,000	73,180
Provincial Government:	3,258	-	-	-	-	-	-	-	-
Roads	3,258								
Other grant providers:	18,367	32,399	64,495	-	8,579	8,579	-	-	-
Rural Household Infrastructure Grant	9,926	5,235	58,398						
ACIP Sanitation	8,441	27,164	6,098						
Sishen Mine (Roads)					8,579	8,579			
Total Capital Transfers and Grants	46,563	65,513	120,974	62,289	109,143	109,143	107,058	119,366	135,078

c) Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below provides understanding for Councillors and management. Some specific feature includes:

- Clear separation of receipts and payment by category
- Clear separation of government capital and operating receipts, which enables cash from ratepayers and other; to be provided for as cash inflow based on their actual performance and assist in determining collection rate for the municipality.
- Separation of borrowing and loan repayments.

The table below shows that cash and cash equivalent of the municipality were largely exhausted by 2012/13 moving from positive cash balance of R 13.4 in 2011/12 to a deficit of R 2.6 million in 2012/13. With the compilation of 2013/14 approved budget and revised budget it moved from negative closing cash flow to positive closing cash flow. The 2014/15 MTREF show a steadily increase in cash and cash equivalent at the end of financial years.



Table 32 – Table A7: Budgeted cash flow management

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other	(39,728)	(38,283)	(84,374)	19,971	44,825	44,825	44,825	25,103	27,057	29,017
Government - operating	89,765	61,664	77,609	94,721	99,530	99,530	99,530	111,580	137,022	140,449
Government - capital	24,049	67,916	103,912	60,224	98,498	98,498	98,498	104,205	116,398	131,979
Interest	893	1,303	3,508		643	643	643	40	42	44
Dividends										
Payments										
Suppliers and employees	(43,504)	(106,039)	(126,296)	(91,912)	(112,570)	(112,570)	(112,570)	(103,935)	(121,379)	(127,801)
Finance charges	(467)	(2,402)	(96)	(900)	(55)	(55)	(55)	(100)	(105)	(111)
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES	31,008	(15,841)	(25,737)	82,104	130,871	130,871	130,871	136,892	159,035	173,578
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE			206,903							
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments	(17)	(18)	362							
Payments										
Capital assets	(22,862)	(2,656)	(196,778)	(80,241)	(127,095)	(127,095)	(127,095)	(133,073)	(139,049)	(149,403)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(22,879)	(2,674)	10,486	(80,241)	(127,095)	(127,095)	(127,095)	(133,073)	(139,049)	(149,403)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing	(1,330)	2,394	(611)	(784)	(784)	(784)	(784)	(784)	(784)	(784)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(1,330)	2,394	(611)	(784)	(784)	(784)	(784)	(784)	(784)	(784)
NET INCREASE/ (DECREASE) IN CASH HELD	6,799	(16,121)	(15,861)	1,079	2,992	2,992	2,992	3,035	19,202	23,391
Cash/cash equivalents at the year begin:	22,615	29,414	13,293	367	21	21	21	3,013	6,048	25,250
Cash/cash equivalents at the year-end:	29,414	13,293	(2,568)	1,446	3,013	3,013	3,013	6,048	25,250	48,640



Table 33 – Table SA10: Funding Compliance Measurement

Description	MFMA section	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	29,414	13,293	(2,568)	1,446	3,013	3,013	3,013	6,048	25,250	48,640
Cash + investments at the yr end less applications - R'000	18(1)b	(1,722,548)	(139,610)	(204,159)	12,033	34,722	34,722	34,722	1,195	269	5,753
Cash year end/monthly employee/supplier payments	18(1)b	9.6	1.2	(0.3)	0.2	0.4	0.4	0.4	0.9	3.3	6.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	(6.0%)	46.3%	0.7%	(2.6%)	(6.0%)	(6.0%)	(8.9%)	1.4%	1.4%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	(10549.9%)	(97.5%)	(309.5%)	75.0%	161.9%	161.9%	161.9%	94.4%	94.4%	94.4%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	0.0%	355.0%	134.7%	0.7%	0.6%	0.6%	0.6%	4.7%	4.6%	4.5%
Capital payments % of capital expenditure	18(1)c;19	112.4%	100.0%	100.0%	98.0%	106.4%	106.4%	106.4%	100.0%	90.2%	89.3%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	145.3%	(9.5%)	(28.7%)	0.0%	0.0%	0.0%	(81.5%)	(82.9%)	11.1%
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	0.0%	0.6%	0.8%	11.5%	1.8%	1.8%	0.8%	0.8%	1.3%	1.2%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	0.6%	0.2%	0.2%	0.0%	7.9%	9.7%	9.0%

Cash and Cash equivalents

The municipality's cash position was discussed as part of the budgeted cash flow statement. If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2014/15 MTREF shows R6.0 million, R25.3 million and R48.6 million for each respective financial year.

Cash and Investments less applications

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required

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applications to be made. A positive" cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

Cash at year end/monthly employee and supplier payments

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Remarkably, the ratio has been falling significantly for the period 2010/11 to 2012/13 moving from 9.6 to (0.3) with the adopted 2012/13 MTREF. In 2013/14 budget the ratio started to increase to positive ratio, as part of the 2014/15 MTREF the municipality continues to improve cash position causes the ratio to move upwards to 0.9 and then significantly increases to 3.3 and 6.0 for the outer years. As indicated above the municipality will be able to cover the municipality's employee and supplier payments.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. For the 2014/15 MTREF the suggestive outcome is a surplus of R132.4 million, R153.1 million and R166.7 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based



on the increase in revenue, which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3-6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage declined to (8.9) then increases slightly to 1.4 per cent for the respective two outer financial years. The decrease in revenue is as results of property rate which was informed by the new valuation roll whereby the rates revenue decreased by 17.4 per cent in 2014/15 financial year. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in water at 11 per cent. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are collected. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 94.4 per cent for each of the respective financial years. It must be noted that service charges, property rate and rent is calculated at the collection rate of 95 per cent, other revenue and outstanding debtors at 80 per cent, the cash flow statement has been predictably determined.

In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be precisely managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.



Debt Impairment expense as % of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 4.7, 4.6 and 4.5 per cent over the MTREF.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Borrowing Receipts % of Capital Expenditure

The purpose of this measurement is to determine the proportion of a municipality's own-funded capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. The municipality will not be utilizing external borrowing for any of its capital projects and therefore the ratio is 0%.

Transfers / Grants Revenue as a % of Government Grants Available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

Current Consumer Debtors % change

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the



Budgeted Financial Position. The municipality is currently data cleansing which will reduce the debtor's arrears.

Repairs and Maintenance expenditure levels

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

The total repairs and maintenance amounts to 0.8% of the total value Property, Plant and Equipment in the 2014/15 budget and increases to at least 1.3% in the following year. We acknowledge that the municipality should provide at least 8% of the total value of assets for repair and maintenance as stated on MFMA Circular No 70. The value of our municipal assets amount to R 1.0 billion and the total budgeted repairs and maintenance amount to R7.7 million and increases to R13.6 million and R 14.2 million respectively for the outer years. Currently the municipality's focus on the refurbishment of the assets and they have allocated amount of R10 million for 2014/15 and increases to R15 million for two outers.

Asset renewal as % of capital budget

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. The municipality has made provision of 7.9, 9.7 and 9.0 per cent for 2014/15 MTREF



2.11 Expenditure on grants and reconciliations of unspent funds

Table 34 – Table SA19 - Expenditure on transfers and grants programmes

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	54,893	60,987	72,681	92,220	92,220	92,220	107,758	132,404	135,434
Local Government Equitable Share	47,483	54,260	67,506	80,780	80,780	80,780	93,255	114,787	117,715
Water Services Operating Subsidy	5,460	3,875	1,875	8,000	8,000	8,000	10,000	15,000	15,000
Finance Management	1,200	1,887	1,500	1,550	1,550	1,550	1,600	1,650	1,700
Municipal Systems Improvement	750	965	800	890	890	890	934	967	1,019
EPWP Incentive		–	1,000	1,000	1,000	1,000	1,969		
Provincial Government:	290	1,077	4,928	436	5,245	5,245	969	1,650	1,916
Sport and Recreation	290	684	223	436	436	436	969	1,650	1,916
Housing					2,352	2,352			
EPWP Incentive		393	4,705		2,457	2,457			
District Municipality:	–	525	–	–	–	–	–	–	–
<i>John Taolo Gaetsewe District Municipality</i>		525							
Total operating expenditure of Transfers & Grants:	55,183	62,589	77,609	92,656	97,465	97,465	108,727	134,054	137,350
Capital expenditure of Transfers and Grants									
National Government:	24,938	33,114	56,479	62,289	100,563	100,563	107,058	119,366	135,078
Municipal Infrastructure Grant (MIG)	24,938	33,114	56,479	55,253	55,253	55,253	57,058	59,366	61,898
Regional Bulk Infrastructure					38,274	38,274			
Municipal Water Infrastructure Grant				7,036	7,036	7,036	50,000	60,000	73,180
Provincial Government:	3,258	–	–	–	–	–	–	–	–
Roads	3,258								
District Municipality:	–	–	–	–	–	–	–	–	–
<i>John Taolo Gaetsewe District Municipality</i>									
Other grant providers:	18,367	32,399	64,495	–	8,579	8,579	–	–	–
Rural Household Infrastructure Grant	9,926	5,235	58,398						
ACIP Sanitation	8,441	27,164	6,098						
Sishen Mine (Roads)					8,579	8,579			
Total capital expenditure of Transfers and Grants	46,563	65,513	120,974	62,289	109,143	109,143	107,058	119,366	135,078
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	101,746	128,102	198,583	154,945	206,608	206,608	215,785	253,420	272,428

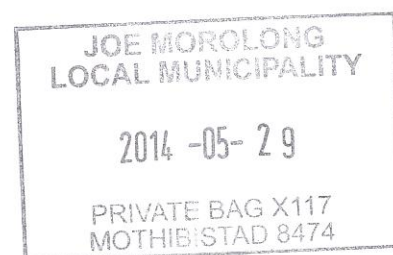


Table 35 – Table SA20 – Reconciliation of transfers, grants receipts and unspent funds

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Operating transfers and grants:									
National Government:									
Balance unspent at beginning of the year	454								
Current year receipts	54,893	60,987	72,681	94,285	94,285	94,285	110,611	135,372	138,533
Conditions met - transferred to revenue	54,735	60,987	72,681	94,285	94,285	94,285	110,611	135,372	138,533
Conditions still to be met - transferred to liabilities	612								
Provincial Government:									
Balance unspent at beginning of the year	2,564		–						
Current year receipts	9,926	1,077	4,928	436	5,245	5,245	969	1,650	1,916
Conditions met - transferred to revenue	5,649	1,077	4,928	436	5,245	5,245	969	1,650	1,916
Conditions still to be met - transferred to liabilities	6,841	–							
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts		525							
Conditions met - transferred to revenue	–	525	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	60,384	62,589	77,609	94,721	99,530	99,530	111,580	137,022	140,449
Total operating transfers and grants - CTBM	7,452	–	–	–	–	–	–	–	–
Capital transfers and grants:									
National Government:									
Balance unspent at beginning of the year	20,540		9,553						
Current year receipts	36,637	65,513	120,974	60,224	98,498	98,498	104,205	116,398	131,979
Conditions met - transferred to revenue	41,103	55,960	130,528	60,224	98,498	98,498	104,205	116,398	131,979
Conditions still to be met - transferred to liabilities	16,075	9,553							
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year			–						
Current year receipts									
Conditions met - transferred to revenue	–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	41,103	55,960	130,528	60,224	98,498	98,498	104,205	116,398	131,979
Total capital transfers and grants - CTBM	16,075	9,553	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE	101,487	118,549	208,136	154,945	198,028	198,028	215,785	253,420	272,428
TOTAL TRANSFERS AND GRANTS - CTBM	23,527	9,553	–	–	–	–	–	–	–

2.12 Councillors and employee benefits

Table 36 – Table SA 22 – Summary of councillors and staff benefits

Summary of Employee and Councillor remuneration R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Councillors (Political Office Bearers plus Other)	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages	4,957	5,787	3,842	3,731	2,651	2,651	4,648	4,899	5,164
Pension and UIF Contributions		1,150	871	1,235	743	743	820	865	911
Medical Aid Contributions			20	172	172	172	–	–	–
Motor Vehicle Allowance		1,875	1,986	1,895	2,395	2,395	2,056	2,167	2,284
Cellphone Allowance		471		404	404	404	701	739	779
Housing Allowances									
Other benefits and allowances									
Sub Total - Councillors	4,957	9,284	6,718	7,438	6,366	6,366	8,226	8,670	9,138
% increase		87.3%	(27.6%)	10.7%	(14.4%)	–	29.2%	5.4%	5.4%
Senior Managers of the Municipality									
Basic Salaries and Wages	1,268	1,426	1,991	2,501	2,501	2,501	2,904	3,060	3,226
Pension and UIF Contributions	336	17	4	296	296	296	564	594	626
Medical Aid Contributions	498	–	–	–	–	–	43	45	48
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	222	222	222	–	–	–
Motor Vehicle Allowance	1,095	861	1,202	1,304	1,304	1,304	1,552	1,636	1,724
Cellphone Allowance	–	11	14	12	12	12	91	96	101
Housing Allowances	126	–	40	184	184	184	436	460	484
Other benefits and allowances	217	100	233	–	–	–	0	1	1
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	3,541	2,415	3,484	4,519	4,519	4,519	5,590	5,892	6,210
% increase		(31.8%)	44.3%	29.7%	–	–	23.7%	5.4%	5.4%
Other Municipal Staff									
Basic Salaries and Wages	12,698	18,550	14,380	22,788	20,259	20,259	25,429	27,948	29,786
Pension and UIF Contributions	2,117	2,968	2,654	2,545	3,134	3,134	5,184	5,418	5,726
Medical Aid Contributions	–	2,043	1,762	1,414	1,414	1,414	2,323	2,505	2,704
Overtime	879	1,756	1,056	736	1,131	1,131	1,102	1,168	1,234
Performance Bonus	684	225	950	1,332	1,364	1,364	2,526	2,718	2,889
Motor Vehicle Allowance	1,596	4,959	3,434	1,636	2,053	2,053	1,692	1,650	1,717
Cellphone Allowance	–	833	608	183	188	188	410	401	425
Housing Allowances	244	–	–	60	276	276	585	245	265
Other benefits and allowances	154	979	396	286	56	56	316	639	664
Payments in lieu of leave		1,668	(1,184)	214	64	64	70	71	720
Long service awards		166	92						
Post-retirement benefit obligations									
Sub Total - Other Municipal Staff	18,372	34,148	24,149	31,194	29,938	29,938	39,637	42,763	46,129
% increase		85.9%	(29.3%)	29.2%	(4.0%)	–	32.4%	7.9%	7.9%
Total Parent Municipality	26,870	45,847	34,351	43,151	40,823	40,823	53,453	57,325	61,477
		70.6%	(25.1%)	25.6%	(5.4%)	–	30.9%	7.2%	7.2%

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Table 37 – Table SA 23 – Salaries, allowance and benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
Councillors						
Speaker	397,174	59,576	166,973			623,723
Chief Whip						–
Executive Mayor	498,089	74,713	200,611			773,413
Deputy Executive Mayor						–
Executive Committee	1,487,782	223,167	634,253			2,345,202
Total for all other councillors	2,265,249	462,831	1,755,223			4,483,303
Total Councillors	4,648,294	820,287	2,757,060			8,225,641
Senior Managers of the Municipality						
Municipal Manager (MM)	540,408	91,778	429,336			1,061,522
Chief Finance Officer	491,280	177,426	322,835			991,541
Director: Corporate Services	409,988	102,303	388,748			901,039
Director: Community Services	479,242	131,382	296,535			907,159
Director: Technical Services	402,502	102,303	378,495			883,300
Director: Planning & Development	580,213	1,987	263,155			845,355
Total Senior Managers of the Municipality	2,903,633	607,179	2,079,104	–		5,589,916
TOTAL COST OF COUNCILLOR, DIRECTOR & EXECUTIVE REMUNERATION	7,551,927	1,427,466	4,836,164	–		13,815,557

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Table 38 – Table SA 24 – Summary of personnel numbers

Summary of Personnel Numbers Number	2012/13			Current Year 2013/14			Budget Year 2014/15		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council & Boards of Municipal Entities									
Councillors (Political Office Bearers & Councillors)	29	–	29	28		28			29
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	6	–	5	6		6	6		6
Other Managers	9	9		10	10		16	10	1
Professionals	1	1	–	22	21	1	11	8	–
Finance	1	1		16	15	1	3	2	
Spatial/town planning				1	1				
Information Technology				1	1				
Roads									
Electricity									
Water									
Sanitation				2	2		3	2	
Refuse				2	2				
Other									
Technicians	77	77	–	17	17	–	5	4	–
Finance							6	3	
Spatial/town planning									
Information Technology									
Roads							1		
Electricity							1	1	
Water	32	32	–				3	1	
Sanitation							1	1	
Refuse									
Other									
Clerks (Clerical and administrative)	45	45		17	17				
Service and sales workers	6						55	42	
Skilled agricultural and fishery workers									
Craft and related trades	17	17							
Plant and Machine Operators									
Elementary Occupations				1	1		40	30	
TOTAL PERSONNEL NUMBERS	145	104	34	113	78	35	214	134	36
% increase				(22.1%)	(25.0%)	2.9%	89.4%	71.8%	2.9%
Total municipal employees headcount							36	24	
Finance personnel headcount							17	15	
Human Resources personnel headcount									

2.12 Monthly targets for revenue, expenditure and cash flow



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Table 39 – Table SA 25 – Budgeted monthly revenue and expenditure

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source															
Property rates	599	599	599	599	599	599	599	599	599	599	599	3,057	9,651	10,172	10,721
Property rates - penalties & collection charges	604	604	604	604	604	604	604	604	604	604	604	-	-	-	-
Service charges - electricity revenue	535	535	535	535	535	535	535	535	535	535	535	7,249	7,785	8,360	8,360
Service charges - water revenue	126	126	126	126	126	126	126	126	126	126	126	6,419	7,125	7,909	7,909
Service charges - refuse revenue	76	76	76	76	76	76	76	76	76	76	76	1,510	1,591	1,677	1,677
Service charges - other	8	8	8	8	8	8	8	8	8	8	8	915	964	1,016	1,016
Rental of facilities and equipment	4	4	4	4	4	4	4	4	4	4	4	-	-	-	-
Interest earned - external investments	4	4	4	4	4	4	4	4	4	4	4	95	98	101	101
Interest earned - outstanding debtors												-	-	-	-
Dividends received												-	-	-	-
Fines												-	-	-	-
Licences and permits												-	-	-	-
Agency services												-	-	-	-
Transfers recognised - operational	46,543	934	52	485	36,230	52	52	1,075	26,314	52	52	-	-	-	-
Other revenue	52	52	52	52	52	52	52	52	52	52	52	127	111,580	137,022	140,449
Gains on disposal of PPE												694	885	902	902
Total Revenue (excluding capital transfers and contributions)	48,547	2,938	2,004	2,469	36,234	2,004	2,004	3,079	28,318	2,004	2,004	4,537	138,163	165,696	171,192
Expenditure By Type															
Employee related costs	3,545	3,545	3,545	3,545	6,228	3,545	3,545	3,545	3,545	3,545	3,545	3,544	45,227	48,655	52,339
Remuneration of councillors	685	685	685	685	685	685	685	685	685	685	685	1,213	8,226	8,670	9,138
Debt impairment												1,213	1,213	1,279	1,348
Depreciation & asset impairment	8	8	8	8	8	401	8	8	8	8	8	401	9,826	10,983	11,521
Finance charges	931	931	931	931	931	931	931	931	931	931	931	884	11,169	12,066	13,035
Bulk purchases	386	386	386	386	386	386	386	386	386	386	386	-	-	-	-
Other materials	168	168	168	168	168	168	168	168	168	168	168	4,636	5,904	6,282	6,282
Contracted services	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,173	2,021	2,130	2,245	2,245
Transfers and grants												26,071	37,444	39,042	39,042
Loss on disposal of PPE												-	-	-	-
Total Expenditure	7,897	7,897	7,897	7,897	10,580	8,289	7,897	7,897	7,897	7,897	7,897	19,328	109,273	128,021	135,845
Surplus/(Deficit)	40,649	(4,959)	(5,893)	(5,409)	27,654	(6,285)	(5,893)	(4,818)	20,421	(5,893)	(5,893)	(14,791)	28,890	37,676	35,346
Transfers recognised - capital	39,970				37,470				26,765			-	104,205	116,398	131,979
Contributions recognised - capital												-	-	-	-
Contributed assets												-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	80,620	(4,959)	(5,893)	(5,409)	65,125	(6,285)	(5,893)	(4,818)	47,185	(5,893)	(5,893)	(14,791)	133,095	154,073	167,325
Taxation												-	-	-	-
Attributable to minorities												-	-	-	-
Share of surplus/ (deficit) of associate												-	-	-	-
Surplus/(Deficit)	80,620	(4,959)	(5,893)	(5,409)	65,125	(6,285)	(5,893)	(4,818)	47,185	(5,893)	(5,893)	(14,791)	133,095	154,073	167,325

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Table 40 – Table SA 26 – Budgeted monthly revenue and expenditure (municipal vote)

Description	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Revenue by Vote															
Vote 1 - Executive & Council	5,317	1,547	613	613	33,252	613	613	613	23,927	613	613	-	5,317	5,556	5,807
Vote 2 - Budget & Treasury Office	34,198	21	21	21	21	21	21	21	21	21	21	3,070	100,285	122,174	125,506
Vote 3 - Corporate Support Services	21	204	204	689	795	204	204	1,280	204	204	204	21	256	241	231
Vote 4 - Community Services	992	13	13	13	19,983	13	13	13	14,277	13	13	12	5,391	4,235	4,641
Vote 5 - Technical Services	22,836	604	604	604	604	604	604	604	16,047	604	604	604	57,211	59,522	62,058
Vote 6 - Electricity Services	604	547	547	547	21,047	547	547	547	547	547	547	622	7,249	7,785	8,360
Vote 7 - Water Services	24,547	2	2	2	2	2	2	2	2	2	2	2	66,636	82,555	96,541
Vote 8 - Development & Town Planning Services	2	2	2	2	2	2	2	2	2	2	2	2	24	25	27
Total Revenue by Vote	88,517	2,938	2,004	2,489	75,705	2,004	2,004	3,079	55,083	2,004	2,004	4,537	242,368	282,094	303,170
Expenditure by Vote to be appropriated															
Vote 1 - Executive & Council	1,325	1,325	1,325	1,325	1,536	1,325	1,325	1,325	1,325	1,325	1,325	1,325	16,106	17,018	17,982
Vote 2 - Budget & Treasury Office	1,230	1,230	1,230	1,230	1,671	1,622	1,230	1,230	1,230	1,230	1,230	12,661	27,019	29,117	30,678
Vote 3 - Corporate Support Services	946	946	946	946	1,283	946	946	946	946	946	946	946	11,693	14,248	15,548
Vote 4 - Community Services	843	843	843	843	988	843	843	843	843	843	843	843	10,528	10,854	11,555
Vote 5 - Technical Services	440	440	440	440	557	440	440	440	440	440	440	440	5,833	5,843	6,142
Vote 6 - Electricity Services	557	557	557	557	557	557	557	557	557	557	557	557	6,688	7,235	7,807
Vote 7 - Water Services	2,382	2,382	2,382	2,382	3,023	2,382	2,382	2,382	2,382	2,382	2,382	2,382	29,228	37,378	39,611
Vote 8 - Development & Town Planning Services	174	174	174	174	261	174	174	174	174	174	174	174	2,178	6,328	6,524
Total Expenditure by Vote	7,897	7,897	7,897	7,897	10,579	8,289	7,897	7,897	7,897	7,897	7,897	19,329	109,273	128,021	135,845
Surplus/(Deficit) before assoc.	80,620	(4,959)	(5,893)	(5,409)	65,125	(6,285)	(5,893)	(4,818)	47,185	(5,893)	(5,893)	(14,792)	133,095	154,073	167,325
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	80,620	(4,959)	(5,893)	(5,409)	65,125	(6,285)	(5,893)	(4,818)	47,185	(5,893)	(5,893)	(14,792)	133,095	154,073	167,325

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Table 41 – Table SA 27 – Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	July	August	Sept.	October	November	December	January	February	March	April	May	June			
Revenue - Standard															
Governance and administration															
Executive and council	39,536	1,568	634	634	33,274	634	634	634	23,948	634	634	3,092	105,857	127,971	131,543
Budget and treasury office	5,317												5,317	5,566	5,807
Corporate services	34,198	1,547	613	613	33,252	613	613	613	23,927	613	613	3,070	100,285	122,174	125,506
Community and public safety															
Community and social services	21	21	21	21	21	21	21	21	21	21	21	21	256	241	231
Sport and recreation	790	2	2	487	593	2	2	1,078	2	2	2	3	2,966	1,680	1,948
Public safety	790	2	2	487	593	2	2	1,078	2	2	2	3	2,966	1,680	1,948
Housing															
Health															
Economic and environmental services															
Planning and development	22,838	15	15	15	19,985	15	15	15	14,279	15	15	14	57,235	59,547	62,085
Road transport	22,838	15	15	15	19,985	15	15	15	14,279	15	15	14	57,235	59,547	62,085
Environmental protection															
Trading services															
Electricity	25,353	1,353	1,353	1,353	21,853	1,353	1,353	1,353	16,853	1,353	1,353	1,428	76,310	92,896	107,594
Water	604	604	604	604	604	604	604	604	604	604	604	604	7,249	7,785	8,360
Waste water management	24,547	547	547	547	21,047	547	547	547	16,047	547	547	622	66,636	82,555	96,541
Waste management	126	126	126	126	126	126	126	126	126	126	126	126	1,510	1,591	1,677
Other	76	76	76	76	76	76	76	76	76	76	76	76	915	964	1,016
Total Revenue - Standard	88,517	2,938	2,004	2,489	75,704	2,004	2,004	3,079	55,083	2,004	2,004	4,537	242,368	282,094	303,170
Expenditure - Standard															
Governance and administration															
Executive and council	3,500	3,500	3,500	3,500	4,489	3,893	3,500	3,500	3,500	3,500	3,500	14,932	54,818	60,382	64,208
Budget and treasury office	1,325	1,325	1,325	1,325	1,536	1,325	1,325	1,325	1,325	1,325	1,325	12,661	16,106	17,018	17,982
Corporate services	1,230	1,230	1,230	1,230	1,671	1,622	1,230	1,230	1,230	1,230	1,230	27,019	27,019	29,117	30,678
Community and public safety															
Community and social services	946	946	946	946	1,283	946	946	946	946	946	946	946	11,693	14,248	15,548
Sport and recreation	843	843	843	843	1,260	843	843	843	843	843	843	843	10,528	10,854	11,555
Public safety	843	843	843	843	1,260	843	843	843	843	843	843	843	10,528	10,854	11,555
Housing															
Health															
Economic and environmental services															
Planning and development	615	615	615	615	1,249	615	615	615	615	615	615	615	8,011	12,171	12,665
Road transport	615	615	615	615	1,249	615	615	615	615	615	615	615	8,011	12,171	12,665
Environmental protection															
Trading services															
Electricity	2,940	2,940	2,940	2,940	3,581	2,940	2,940	2,940	2,940	2,940	2,940	2,940	35,916	44,613	47,418
Water	557	557	557	557	557	557	557	557	557	557	557	558	6,688	7,235	7,807
Waste water management	2,382	2,382	2,382	2,382	3,023	2,382	2,382	2,382	2,382	2,382	2,382	2,382	29,228	37,378	39,611

Of the

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Budget Year 2014/15

Medium Term Revenue and Expenditure Framework

Table 43 – Table SA 29 – Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2014/15												Budget Year 2014/15	Budget Year +1	Budget Year +2
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June			
Capital Expenditure - Standard															
Governance and administration	822	20	350	211	55	-	500	-	-	-	-	-	1,958	7,344	329
Executive and council	622												622	-	-
Budget and treasury office		20		211									231	214	184
Corporate services	200		350		55		500						210	7,130	145
Community and public safety	1,068	2,063	1,068	2,234	2,234	2,234	2,563	2,208	2,208	1,041	1,041	1,128	21,092	18,545	21,695
Community and social services	354	1,350	354	1,521	1,521	1,521	1,849	1,495	1,495	328	328	415	12,533	9,640	12,397
Sport and recreation	713	713	713	713	713	713	713	713	713	713	713	713	8,559	8,905	9,298
Public safety															
Housing															
Health															
Economic and environmental services	1,399	1,399	1,399	1,399	4,299	1,399	1,399	1,399	1,399	1,399	1,399	1,399	19,688	20,264	18,863
Planning and development					2,900								2,900	3,264	3,366
Road transport	1,399	1,399	1,399	1,399	1,399	1,399	1,399	1,399	1,399	1,399	1,399	1,399	16,788	17,000	15,497
Environmental protection															
Trading services	7,530	7,530	7,530	7,530	7,530	7,530	7,530	7,530	7,530	7,530	7,530	7,530	90,359	107,921	126,437
Electricity															
Water	6,280	6,280	6,280	6,280	6,280	6,280	6,280	6,280	6,280	6,280	6,280	6,280	75,359	86,318	117,139
Waste water management	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	15,000	21,603	9,298
Waste management															
Other															
Total Capital Expenditure - Standard	10,819	11,012	10,347	11,374	14,118	11,163	11,991	11,137	11,137	9,970	9,970	10,056	133,095	154,073	167,325
Funded by:															
National Government	39,970				37,470				26,765				104,205	116,398	131,979
Provincial Government													-	-	-
District Municipality													-	-	-
Other transfers and grants													-	-	-
Transfers recognised - capital	39,970	-	-	-	37,470	-	-	-	26,765	-	-	-	104,205	116,398	131,979
Public contributions & donations													-	-	-
Borrowing	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	28,890	37,676	35,346
Internally generated funds	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	133,095	154,073	167,325
Total Capital Funding	42,378	2,408	2,408	2,408	39,878	2,408	2,408	2,408	29,172	2,408	2,408	2,408	133,095	154,073	167,325

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Table 44 – Table SA 30 – Budgeted monthly cash flow

MONTHLY CASH FLOWS																
R thousand	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Cash Receipts By Source																
Property rates	570	570	570	570	570	570	570	570	570	570	570	2,904	1	9,168	9,664	10,185
Property rates - penalties & collection charges												-				
Service charges - electricity revenue	574	574	574	574	574	574	574	574	574	574	574	574	6,887	7,396	7,942	
Service charges - water revenue	508	508	508	508	508	508	508	508	508	508	508	508	6,098	6,769	7,514	
Service charges - sanitation revenue	120	120	120	120	120	120	120	120	120	120	120	120	1,434	1,512	1,593	
Service charges - refuse revenue	72	72	72	72	72	72	72	72	72	72	72	72	869	916	965	
Service charges - other																
Rental of facilities and equipment	8	8	8	8	8	8	8	8	8	8	8	7	91	93	96	
Interest earned - external investments												-				
Interest earned - outstanding debtors	3	3	3	3	3	3	3	3	3	3	3	3	40	42	44	
Dividends received																
Fines																
Licences and permits																
Agency services																
Transfer receipts - operational	46,543	934		485	36,230			1,075	26,314				111,580	137,022	140,449	
Other revenue												-	-	708	721	
Cash Receipts by Source	48,397	2,788	1,854	2,339	38,084	1,854	1,854	2,930	28,168	1,854	1,854	4,744	136,723	164,122	169,511	
Transfer receipts - capital	39,970				37,470				26,765				0	104,205	116,398	131,979
Contributions recognised - capital & Contributed assets													-			
Proceeds on disposal of PPE													-			
Short term loans													-			
Borrowing long term/refinancing													-			
Increase (decrease) in consumer deposits													-			
Decrease (increase) in non-current debtors													-			
Decrease (increase) other non-current receivables													-			
Decrease (increase) in non-current investments													-			
Total Cash Receipts by Source	88,367	2,788	1,854	2,339	75,555	1,854	1,854	2,930	54,933	1,854	1,854	4,744	240,928	280,520	301,490	
Cash Payments by Type																
Employee related costs	3,432	3,432	3,432	3,432	6,114	3,432	3,432	3,432	3,432	3,432	3,432	3,432	43,870	47,195	50,768	
Remuneration of councillors	686	686	686	686	686	686	686	686	686	686	686	685	8,226	8,670	9,138	
Finance charges	8	8	8	8	8	8	8	8	8	8	8	8	100	105	111	
Bulk purchases - Electricity	541	541	541	541	541	541	541	541	541	541	541	541	6,488	7,011	7,577	
Bulk purchases - Water & Sewer	390	390	390	390	390	390	390	390	390	390	390	390	4,680	5,055	5,459	
Other materials												-	-	-	-	
Contracted services	303	303	1,000	303	303	303	303	303	303	303	303	374	4,404	5,609	5,968	

Transfers and grants - other municipalities															
Other expenditure															
Cash Payments by Type	168	168	168	168	168	168	168	168	168	168	168	168	167	-	2,245
Other Cash Flows/Payments by Type	2,854	2,854	2,854	2,854	2,854	2,854	2,854	2,854	2,854	2,854	2,854	2,854	2,854	2,021	2,245
Capital assets	8,382	8,382	9,079	8,382	11,064	8,382	8,382	8,382	8,382	8,382	8,382	8,453	104,035	34,246	46,646
Repayment of borrowing	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	133,073	45,710	127,912
Other Cash Flows/Payments	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	11,089	139,049	149,403	149,403
Total Cash Payments by Type	19,472	19,472	20,169	19,472	22,153	19,864	19,472	19,472	19,472	19,472	19,472	19,472	19,934	237,893	278,099
NET INCREASE/(DECREASE) IN CASH HELD	68,896	(16,683)	(18,314)	(17,133)	53,401	(18,009)	(17,617)	(16,542)	35,461	(17,617)	(17,617)	(15,190)	3,035	19,201	23,391
Cash/cash equivalents at the month/year begin:	3,013	71,909	55,225	36,911	19,779	73,180	55,170	37,553	21,011	56,472	38,855	21,238	6,048	6,048	25,249
Cash/cash equivalents at the month/year end:	71,909	55,225	36,911	19,779	73,180	55,170	37,553	21,011	56,472	38,855	21,238	6,048	6,048	25,249	48,640

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2.13 Contracts having future budgetary implication

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

2.14 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.



Table 44: Table SA 34a - Capital expenditure on new assets by asset class

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class	14,235		184,658	51,759	106,901	106,901	95,646	107,493	122,771
Infrastructure									
Infrastructure - Road transport	-	-	64,999	9,723	26,590	26,590	16,788	17,000	15,497
Roads, Pavements & Bridges	-	-	64,999	9,723	26,590	26,590	16,788	17,000	15,497
Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	6,280	-	-	-	-	-	-
Generation	-	-	6,280	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water	14,124	-	101,909	27,036	68,310	68,310	63,859	68,890	97,976
Dams & Reservoirs	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-
Reticulation	14,124	-	101,909	27,036	68,310	68,310	63,859	68,890	97,976
Infrastructure - Sanitation	-	-	11,470	15,000	12,000	12,000	15,000	21,603	9,298
Reticulation	-	-	11,470	15,000	12,000	12,000	15,000	21,603	9,298
Sewerage purification	-	-	-	-	-	-	-	-	-
Infrastructure - Other	111	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-
Other	111	-	-	-	-	-	-	-	-
Community	1,981			13,768	5,490	5,490	18,354	17,543	18,733
Parks & gardens	-	-	-	-	-	-	-	-	-
Sportsfields & stadia	1,258	-	-	8,288	-	-	8,559	8,905	9,298
Swimming pools	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	4,800	4,800	4,800	7,000	8,000	8,500
Libraries	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	100	-	-
Security and policing	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	680	690	690	2,696	638	934
Other	722	-	-	-	-	-	-	-	-
Heritage assets									
Buildings	-	-	-	4,285	-	-	-	-	-
Other	-	-	-	4,285	-	-	-	-	-
Investment properties									
Housing development	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Other assets	4,096	2,643	12,120	11,457	6,436	6,436	8,384	14,038	10,637
General vehicles	2,167	-	3,566	7,450	4,350	4,350	6,250	5,565	8,697
Specialised vehicles	-	-	-	1,000	1,000	1,000	-	-	1,000
Plant & equipment	288	-	-	-	-	-	-	-	-
Computers - hardware/equipment	-	153	389	682	579	579	220	401	197
Furniture and other office equipment	910	45	123	25	-	-	77	70	80
Abattoirs	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-
Civic Land and Buildings	-	-	-	-	-	-	-	-	-
Other Buildings	494	2,200	8,000	2,200	408	408	1,837	8,002	663
Other Land	-	-	42	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-
Other	237	245	-	100	99	99	-	-	-
Agricultural assets									
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets									
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	25	12		90	458	458	211		184
Computers - software & programming	25	12	-	90	458	458	211	-	184
Total Capital Expenditure on new assets	20,336	2,656	196,778	81,359	119,285	119,285	122,595	139,073	152,325
Specialised vehicles									
Refuse	-	-	-	1,000	1,000	1,000	-	-	1,000
Fire	-	-	-	1,000	1,000	1,000	-	-	1,000
Conservancy	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-

Table 45: Table SA 34b - Capital expenditure on renewal existing assets by asset class

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	-	-	-	-	-	10,000	15,000	15,000
Infrastructure - Road transport Roads, Pavements & Bridges Storm water	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity Generation Transmission & Reticulation Street Lighting	-	-	-	-	-	-	-	-	-
Infrastructure - Water Dams & Reservoirs Water purification Reticulation	-	-	-	-	-	-	10,000	15,000	15,000
Infrastructure - Sanitation Reticulation Sewerage purification	-	-	-	-	-	-	10,000	15,000	15,000
Infrastructure - Other Waste Management Transportation Gas Other	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Parks & gardens Sportsfields & stadia Swimming pools Community halls Libraries Recreational facilities Fire, safety & emergency Security and policing Buses Clinics Museums & Art Galleries Cemeteries Social rental housing Other									
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development Other									
Other assets	-	-	-	500	200	200	500	-	-
General vehicles Specialised vehicles Plant & equipment Computers - hardware/equipment Furniture and other office equipment Abattoirs Markets Civic Land and Buildings Other Buildings Other Land Surplus Assets - (Investment or Inventory) Other	-	-	-	-	-	-	-	-	-
				500	200	200	500		
Agricultural assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
List sub-class	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Computers - software & programming	-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	-	-	-	500	200	200	10,500	15,000	15,000

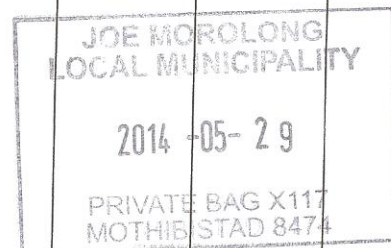


Table 46: Table SA 34c – Repairs and maintenance expenditure by asset class

Description R thousand	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure	–	1,790	3,427	6,518	15,190	15,190	6,925	12,205	12,807
Infrastructure - Road transport	–	724	384	220	220	220	205	234	241
Roads, Pavements & Bridges	–	724	384	220	220	220	205	234	241
Storm water	–	–	–	–	215	215	200	224	230
Infrastructure - Electricity	–	–	–	–	215	215	200	224	230
Generation	–	–	–	–	215	215	200	224	230
Transmission & Reticulation	–	–	–	–	215	215	200	224	230
Street Lighting	–	–	–	–	215	215	200	224	230
Infrastructure - Water	–	1,066	3,043	6,169	14,671	14,671	6,075	11,225	11,786
Dams & Reservoirs	–	309	(38)	221	171	171	600	2,108	2,213
Water purification	–	756	3,080	5,947	14,500	14,500	5,475	9,117	9,573
Reticulation	–	–	–	76	31	31	135	195	205
Infrastructure - Sanitation	–	–	–	76	5	5	35	37	39
Reticulation	–	–	–	76	26	26	100	158	166
Sewerage purification	–	–	–	54	52	52	310	327	344
Infrastructure - Other	–	–	–	6	4	4	10	11	11
Waste Management	–	–	–	48	48	48	300	316	333
Transportation	–	–	–	56	56	56	80	84	89
Gas	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Community	–	942	719	16	6	6	–	–	–
Parks & gardens	–	791	719	20	40	40	50	53	56
Sportsfields & stadia	–	151	20	10	10	10	30	32	33
Swimming pools	–	–	–	–	–	–	–	–	–
Community halls	–	–	–	–	–	–	–	–	–
Libraries	–	–	–	–	–	–	–	–	–
Recreational facilities	–	–	–	–	–	–	–	–	–
Fire, safety & emergency	–	–	–	–	–	–	–	–	–
Security and policing	–	–	–	–	–	–	–	–	–
Buses	–	–	–	–	–	–	–	–	–
Clinics	–	–	–	–	–	–	–	–	–
Museums & Art Galleries	–	–	–	–	–	–	–	–	–
Cemeteries	–	–	–	–	–	–	–	–	–
Social rental housing	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Housing development	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
Other assets	–	2,398	4,335	2,660	2,562	2,562	725	1,268	1,301
General vehicles	–	–	–	668	484	484	545	647	678
Specialised vehicles	–	–	–	50	–	–	–	–	–
Plant & equipment	–	–	–	–	–	–	–	–	–
Computers - hardware/equipment	–	(162)	120	50	116	116	50	130	135
Furniture and other office equipment	–	–	–	–	–	–	–	30	20
Abattoirs	–	–	–	–	–	–	–	–	–
Markets	–	–	–	–	–	–	–	–	–
Civic Land and Buildings	–	–	–	–	–	–	–	–	–
Other Buildings	–	568	187	326	326	326	100	420	430
Other Land	–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–	–	–
Other	–	1,991	4,028	1,566	1,636	1,636	30	42	38
Agricultural assets	–	–	–	–	–	–	–	–	–
List sub-class	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
List sub-class	–	–	–	–	–	–	–	–	–
Intangibles	–	227	34	–	–	–	–	–	–
Computers - software & programming	–	227	34	–	–	–	–	–	–
Other (list sub-class)	–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance Expenditure	–	5,357	8,515	9,233	17,808	17,808	7,730	13,557	14,197

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2.14 Legislation Compliance Status

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

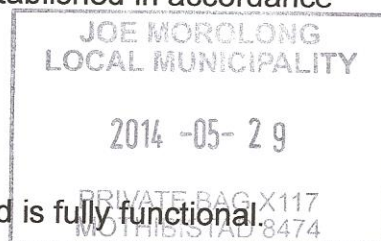
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Budget & Treasury Office. Since the introduction of the Internship programme the municipality has successfully employed 5 of the trained 12 interns through whereby 4 interns resigned during the programme and a majority of those who completed the programme were appointed in the municipality.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.



5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.14 Other supporting documents

Table 48: Table SA 1 – Supporting details to Budgeted Financial Performance

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
REVENUE ITEMS:										
Property rates										
Total Property Rates		29,801	29,998	29,246	29,246	29,246	29,246	30,370	32,010	33,738
less Revenue Foregone		26,684	23,212	17,562	17,562	17,562	17,562	20,719	21,838	23,017
Net Property Rates	-	3,116	6,786	11,684	11,684	11,684	11,684	9,651	10,172	10,721
Service charges - electricity revenue										
Total Service charges - electricity revenue		7,467	5,177	6,751	6,751	6,751	6,751	7,249	7,785	8,360
less Revenue Foregone										
Net Service charges - electricity revenue	-	7,467	5,177	6,751	6,751	6,751	6,751	7,249	7,785	8,360
Service charges - water revenue										
Total Service charges - water revenue		6,295	10,253	5,783	5,783	5,783	5,783	6,419	7,125	7,909
less Revenue Foregone										
Net Service charges - water revenue	-	6,295	10,253	5,783	5,783	5,783	5,783	6,419	7,125	7,909
Service charges - sanitation revenue										
Total Service charges - sanitation revenue		(1,844)	1,141	839	1,424	1,424	1,424	1,510	1,591	1,677
less Revenue Foregone										
Net Service charges - sanitation revenue	-	(1,844)	1,141	839	1,424	1,424	1,424	1,510	1,591	1,677
Service charges - refuse revenue										
Total refuse removal revenue		729	652	571	863	863	863	915	964	1,016
Total landfill revenue										
less Revenue Foregone										
Net Service charges - refuse revenue	-	729	652	571	863	863	863	915	964	1,016
Other Revenue by source										
Tender Deposit	24	21	67	100	100	100	100	110	100	100
Grading Fees		3	23	10	10	10	10	15	15	16
Cemetery Fees		0	0	1	1	1	1	1	1	1
Photocopies		4	9	7	7	7	7	5	5	5
Telephone Account Private	15	16	(27)	67	67	67	67	67	67	67
Cellphone deductions				150	150	150	150	100	80	70
Library Fines				1	1	1	1	2	2	2
Connection Fees	96	84	38	525	525	525	525	355	570	596
OTHER	198	23,320	2,352	60	60	60	60	41	46	46
Renting Property	30	-	2							
Sale of Pre-paid water	15	(0)	9							
Insurance Claim Received	-	3	609							
Total 'Other' Revenue	377	23,451	3,084	920	920	920	920	694	885	902
EXPENDITURE ITEMS:										
Employee related costs										
Basic Salaries and Wages	11,807	19,993	16,415	24,289	21,760	21,760	21,760	28,177	30,845	32,839
Pension and UIF Contributions	1,879	2,985	2,656	3,110	3,699	3,699	3,699	5,748	6,012	6,352
Medical Aid Contributions	1,211	2,043	1,762	2,117	2,117	2,117	2,117	2,366	2,550	2,751
Overtime	879	1,756	1,056	736	1,131	1,131	1,131	1,102	1,168	1,234
Performance Bonus	1,447	225	950	1,555	1,586	1,586	1,586	2,682	2,882	3,061
Motor Vehicle Allowance	3,022	5,820	4,609	2,940	3,357	3,357	3,357	3,244	3,286	3,441
Cellphone Allowance	301	844	622	195	200	200	200	501	497	526
Housing Allowances	457	-	44	244	460	460	460	1,021	704	749
Other benefits and allowances	285	1,063	610	314	84	84	84	317	640	664
Payments in lieu of leave	1,255	1,668	(1,184)	214	64	64	64	70	71	720
Long service awards	354	166	92	-	-	-	-			
Post-retirement benefit obligations										
sub-total	22,897	36,563	27,633	35,713	34,457	34,457	34,457	45,227	48,655	52,339
Less: Employees costs capitalised to PPE										
Total Employee related costs	22,897	36,563	27,633	35,713	34,457	34,457	34,457	45,227	48,655	52,339
Contributions recognised - capital										
Kumba Iron Ore(Sishen Mine)-Road					8,579	8,579	8,579			
Total Contributions recognised - capital	-	-	-	-	8,579	8,579	8,579	-	-	-
Depreciation & asset impairment										

Depreciation of Property, Plant & Equipment	67,924	67,954	26,169	5,615	3,000	3,000	3,000	9,826	10,983	11,521
Lease amortisation		-								
Capital asset impairment										
Depreciation resulting from revaluation of PPE										
Total Depreciation & asset impairment	67,924	67,954	26,169	5,615	3,000	3,000	3,000	9,826	10,983	11,521
Bulk purchases										
Electricity Bulk Purchases		3,540	2,194	6,004	6,004	6,004	6,004	6,488	7,011	7,577
Water Bulk Purchases		2,766	6,733	5,002	4,302	4,302	4,302	4,680	5,055	5,459
Total bulk purchases	-	6,306	8,926	11,006	10,306	10,306	10,306	11,169	12,066	13,035
Transfers and grants										
Cash transfers and grants	-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants	31,235	66,067	107,880	-	-	-	-	2,021	2,130	2,245
Total transfers and grants	31,235	66,067	107,880	-	-	-	-	2,021	2,130	2,245
Contracted services										
Nashua Mobile								145	160	176
Vysyem Trading cc								288	317	348
Steiner								66	73	80
Software License								110	121	133
Internet - Telkom								33	36	40
Toshiba								40	44	48
Santam								800	843	889
Amagedo Security Service								500	575	600
Baphalane Security Service								500	575	600
Other								2,155	3,161	3,368
sub-total	-	-	-	-	-	-	-	4,636	5,904	6,282
Allocations to organs of state:										
Electricity				6,106	11,100	11,100	11,100			
Water										
Sanitation										
Other										
Total contracted services	-	-	-	6,106	11,100	11,100	11,100	4,636	5,904	6,282
Other Expenditure By Type										
Collection costs										
Contributions to 'other' provisions										
Consultant fees		5,592	13,124		767	767	767	1,785	1,354	1,428
Audit fees		1,644	1,187	2,030	2,380	2,380	2,380	2,960	3,118	3,284
General expenses	19,219	16,806	20,871	19,564	28,064	28,064	28,064	4,037	4,931	5,168
Free Basic Services		1,696	3,270	1,923				-	-	-
Repair & Maintenance	5,298	5,357	8,515	9,233	17,808	17,808	17,808	7,730	13,557	14,197
Community Participation		1,316	606					580	714	749
Fuel & Oil		4,602	3,193					1,160	1,116	1,174
Pump Operating Cost		1,672	1,163					1,000	1,260	1,323
Telephone & Fax		2,824	2,664					350	410	420
Travelling & Subsistence		2,273	2,984					2,669	2,915	3,068
Ward Committees								1,300	1,299	1,336
Cellphones								500	527	555
SALGA LEVIES								500	510	520
Electricity Boreholes								1,500	1,733	1,819
Poverty Alleviation									4,000	4,000
Total 'Other' Expenditure	24,517	43,784	57,575	32,750	49,018	49,018	49,018	26,071	37,444	39,042
Repairs and Maintenance by Expenditure Item										
Employee related costs										
Other materials										
Contracted Services										
Other Expenditure	-	5,357	8,515	9,233	17,808	17,808	17,808	7,730	13,557	14,197
Total Repairs and Maintenance Expenditure	-	5,357	8,515	9,233	17,808	17,808	17,808	7,730	13,557	14,197

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Table 49: Table SA 2 – Matrix Financial Performance Budget (revenue source/expenditure type and department)

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Budget & Treasury Office	Vote 3 - Corporate Support Services	Vote 4 - Community Services	Vote 5 - Technical Services	Vote 6 - Electricity Services	Vote 7 - Water Services	Vote 8 - Development & Town Planning Services	Total
Revenue By Source										
Property rates			9,651							9,651
Property rates - penalties & collection charges										-
Service charges - electricity revenue										7,249
Service charges - water revenue										6,419
Service charges - sanitation revenue					1,510			6,419		1,510
Service charges - refuse revenue					915					915
Service charges - other					26				24	-
Rental of facilities and equipment				45						95
Interest earned - external investments										-
Interest earned - outstanding debtors										-
Dividends received			50							50
Fines										-
Licences and permits										-
Agency services										-
Other revenue										-
Transfers recognised - operational		5,317	112 90,472	211	2 2,938	153 2,853		217 10,000		694 111,580
Gains on disposal of PPE										-
Total Revenue (excluding capital transfers and contributions)		5,317	100,285	256	5,391	3,006	7,249	16,636	24	138,163
Expenditure By Type										
Employee related costs		4,329	8,517	6,692	7,398	4,317		12,282	1,692	45,227
Remuneration of councillors		8,226								8,226
Debt impairment			1,213							1,213
Depreciation & asset impairment			9,826							9,826
Finance charges			884							884
Bulk purchases							4,680			11,169
Other materials										-
Contracted services			800	1,767		469		1,600		4,636
Transfers and grants										2,011
Other expenditure		3,552	5,778	3,234	2,011	1,047	200	10,665	486	26,081
Loss on disposal of PPE					1,119					-
Total Expenditure		16,106	27,019	11,693	10,528	5,833	6,688	29,228	2,178	109,273
Surplus/(Deficit)		(10,789)	73,265	(11,437)	(5,137)	(2,827)	561	(12,591)	(2,154)	28,890
Transfers recognised - capital						54,205		50,000		104,205
Contributions recognised - capital										-
Contributed assets										-
Surplus/(Deficit) after capital transfers & contributions		(10,789)	73,265	(11,437)	(5,137)	51,378	561	37,409	(2,154)	133,095

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Table 50: Table SA 3 – Supporting details to Budgeted Financial Position

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
ASSETS										
Call investment deposits										
Call deposits < 90 days	18,883				89	89	89	218	218	218
Other current investments > 90 days										
Total Call investment deposits	18,883	-	-	-	89	89	89	218	218	218
Consumer debtors										
Consumer debtors	3,899	71,457	128,416	25,627	25,627	25,627	25,627	5,941	2,087	2,246
Less: Provision for debt impairment		(56,089)	(109,290)	(170)	(170)	(170)	(170)	(1,213)	(1,279)	(1,348)
Total Consumer debtors	3,899	15,368	19,126	25,457	25,457	25,457	25,457	4,727	809	898
Debt impairment provision										
Balance at the beginning of the year										
Contributions to the provision										
Bad debts written off										
Balance at end of year	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	1,285,432	948,031	1,144,809	80,191	976,446	976,446	976,446	1,108,824	1,155,831	1,263,754
Leases recognised as PPE										
Less: Accumulated depreciation	607,853	60,791	86,641					94,641	103,073	111,960
Total Property, plant and equipment (PPE)	677,579	887,240	1,058,169	80,191	976,446	976,446	976,446	1,014,183	1,052,758	1,151,793
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)										
Current portion of long-term liabilities	277	611	627	784	784	784	784	784	784	784
Total Current liabilities - Borrowing	277	611	627	784	784	784	784	784	784	784
Trade and other payables										
Trade and other creditors	12,552	97,629	90,855	5,800	9,723	9,723	9,723	6,500	7,500	7,000
Unspent conditional transfers	23,527	17,063		1,350	-	-	-	-	-	-
VAT					9,500	9,500	9,500	3,260	3,507	3,774
Total Trade and other payables	36,079	114,691	90,855	7,150	19,223	19,223	19,223	9,760	11,007	10,774
Non current liabilities - Borrowing										
Borrowing	3,147	4,163	3,536	5,744	3,500	3,500	3,500	2,836	2,186	1,536
Finance leases (including PPP asset element)					4,250	4,250	4,250			
Total Non current liabilities - Borrowing	3,147	4,163	3,536	5,744	7,750	7,750	7,750	2,836	2,186	1,536
Provisions - non-current										
Retirement benefits										
List other major provision items										
Refuse landfill site rehabilitation		1,244	1,551	1,312	1,312	1,312	1,312	1,551	1,551	1,551
Other				2,603	2,603	2,603	2,603			
Total Provisions - non-current	-	1,244	1,551	3,915	3,915	3,915	3,915	1,551	1,551	1,551
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	719,100	944,241	1,036,807	1,675	850,084	850,084	850,084	878,434	895,093	986,975
GRAP adjustments										
Restated balance	719,100	944,241	1,036,807	1,675	850,084	850,084	850,084	878,434	895,093	986,975
Surplus/(Deficit)	(52,375)	(119,791)	(38,219)	81,859	119,485	119,485	119,485	133,095	154,073	167,325
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
Accumulated Surplus/(Deficit)	666,724	824,450	998,588	83,533	969,570	969,570	969,570	1,011,529	1,049,166	1,154,300
Reserves										
Housing Development Fund										
Capital replacement										
Self-insurance										
Other reserves										
Revaluation										
Total Reserves	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	666,724	824,450	998,588	83,533	969,570	969,570	969,570	1,011,529	1,049,166	1,154,300

Table 51: Table SA 9 – Social, economic and demographic status

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
Demographics											
Population		98	98	90	90	90	90	90	90	90	90
Females aged 5 - 14		14	14	11	11	11	11	11	11	11	11
Males aged 5 - 14		14	14	12	12	12	12	12	12	12	12
Females aged 15 - 34		16	16	15	15	15	15	15	15	15	15
Males aged 15 - 34		14	14	12	12	12	12	12	12	12	12
Unemployment		7	7	5	5	5	5	5	5	5	5
Monthly household income (no. of households)											
No income											
R1 - R1 600											
R1 601 - R3 200											
R3 201 - R6 400											
R6 401 - R12 800											
R12 801 - R25 600											
R25 601 - R51 200											
R52 201 - R102 400											
R102 401 - R204 800											
R204 801 - R409 600											
R409 601 - R819 200											
> R819 200											
Poverty profiles (no. of households)											
< R2 060 per household per month											
Insert description											
Household/demographics (000)											
Number of people in municipal area		97,945	97,945	89,530	89,530	89,530	89,530	89,530	89,530	89,530	89,530
Number of poor people in municipal area											
Number of households in municipal area		21,723	21,723	23,490	23,490	23,490	23,490	23,490	23,490	23,490	23,490
Number of poor households in municipal area					8	8	8	8	8	8	8
Definition of poor household (R per month)					< R2500	< R2500	< R2500	< R2500	< R2500	< R2500	< R2500
Housing statistics											
Formal		14,102	14,102	17,187	17,187	17,187	17,187	17,187	17,187	17,187	17,187
Informal		7,621	7,621	6,303	6,303	6,303	6,303	6,303	6,303	6,303	6,303
Total number of households		21,723	21,723	23,490	23,490	23,490	23,490	23,490	23,490	23,490	23,490
Dwellings provided by municipality											
Dwellings provided by province/s											
Dwellings provided by private sector											
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
Economic											
Inflation/inflation outlook (CPIX)							5.6%	5.7%	6.2%	5.9%	5.5%
Interest rate - borrowing											
Interest rate - investment								0.0%	0.0%	0.0%	0.0%
Remuneration increases								7.0%	6.8%	6.4%	6.4%
Consumption growth (electricity)											
Consumption growth (water)											
Collection rates											
Property tax/service charges									95.0%	95.0%	95.0%
Rental of facilities & equipment									95.0%	95.0%	95.0%
Interest - external investments									0.0%	0.0%	0.0%
Interest - debtors									80.0%	80.0%	80.0%
Revenue from agency services									0.0%	0.0%	0.0%

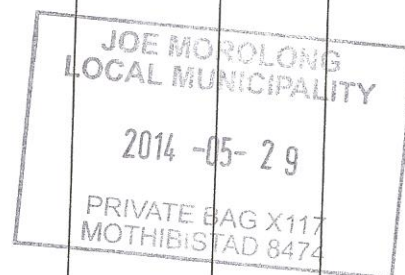


Table 52: Table SA 32 – List of external mechanism

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Sebata Municipal Solution	Yrs		Licencing, support refinement of Sebata Financial System	31 July 2013	
Eskom	Yrs	1	Electricity supply agreement with in other municipal areas(FBS)	Yearly	1,906
Maximum Profit Recovery	Yrs	2	Review of transaction on a contingency basis (VAT)	03 November 2015	25% of the Claim
Nashua Mobile	Yrs	7	Installation of Nashua sim routers	N/A but has Termination option	145
Steiner Hygiene	Yrs		Equipment hire	N/A but has Termination option	66
Vysyem Trading	Mths	36	Copiers and Fax machine hire	30 September 2015	288
Telkom SA Limited	Yrs	5	TI-DIS Silver Access agreement	08 May 2017	
Telkom SA Limited	Yrs	5	Office Telephone PBX	On-going	350
Telkom SA Limited	Yrs	5	Service rental (diginet term discount agreement)	23 April 2017	33

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2.15 Municipal Manager's Quality Certificate

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JOE MOROLONG
LOCAL MUNICIPALITY

NC 451

QUALITY CERTIFICATE

I, Tshepo Macdonald Bloom, Municipal Manager of JOE MOROLONG LOCAL MUNICIPALITY, hereby certify that the Annual Budget and Supporting Documentation have been prepared in accordance with the Municipal Finance Management Act; (Act 56 of 2003) and regulations made under the act and that the Annual Budget are consistent with the Integrated Development Plan of the municipality.

PRINT NAME: Tshepo Macdonald Bloom
Municipal Manager of JOE MOROLONG LOCAL MUNICIPALITY (NC 451)

Signature: Tshepo Macdonald Bloom

Date: 29 / May / 2014

