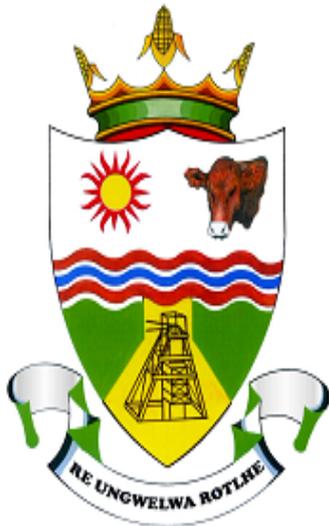


# ANNUAL BUDGET OF JOE MOROLONG LOCAL MUNICIPALITY



JOE MOROLONG  
LOCAL MUNICIPALITY

(NC 451)

## 2015/16 TO 2017/18 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](http://www.treasury.gov.za)
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## Table of Contents

Content	Page No
Glossary .....	3
<b>PART 1</b>	
Mayor's Budget Speech.....	5
Council Budget Resolutions .....	9
Executive Summary .....	11
Annual budget tables .....	30
<b>PART 2- SUPPORT DOCUMENTATION</b>	
Overview of the Annual Budget Process.....	48
Budget Process Overview.....	48
Integrated Development Plan.....	50
IDP and Service Delivery and Budget Implementation plan.....	50
Community Consultation.....	51
Overview of Alignment of Annual Budget with IDP.....	52
Measurable performance objectives and indicators.....	55
Overview of Budget Related Policies.....	60
Overview of Budget Assumptions.....	62
Overview of Budget Funding.....	64
Expenditure on Grants and Reconciliation of Unspent Funds.....	73
Councillors and Employee benefits.....	75
Monthly Target for Revenue, Expenditure and Cash Flow.....	78
Contracts Having Future Budgetary Implication.....	84
Capital Expenditure Details.....	84
Legislation Compliance Status.....	90
Other Supporting Documents.....	91
Municipal Manager's Quality Certificate .....	95

## 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**

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

Let me start by quoting President Jacob Zuma during his SONA when he said “the year 2015 is the Year of the Freedom Charter and Unity in Action to Advance Economic Freedom. It is the year of going the extra mile in building a united, democratic, non-racial, non-sexist and prosperous South Africa”.

Madam Speaker, as the municipality we have been working tirelessly to ensure that the lives of our people improve and that service delivery needs are addressed. As a result the Council has reach the realization that going back to the basics as Minister Parvin Gordon’s vigorous expressed is what needs to be done. The Municipality launched a campaign “Operation Tsiboga” which aims to build relations with Traditional Leaders, communities and other stakeholders at large. It further, aim to improve communication and public participation in our local communities. Hence the establishment of the hotline which operates around the clock for community queries and complaints to be attended as a matter of urgent. An Audit Plan with all corrective measures has also been developed to address All Audit Findings of the previous Financial Year.

Ladies and gentlemen it is clear that the ANC led council means business in service delivery issues.

Madam Speaker allow me to extend my gratitude to all stakeholders that worked side by side with the Municipality in our unified struggle to improve the lives of our people.

We acknowledge that a lot still needs to be done in addressing all our challenges which I strongly believe that there is need for integrated solution from Government, NGOs, Communities and other Stakeholder.

Madam Speaker, the Joe Morolong Local Municipality is again for 2015/2016 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 5.6% and the headline inflation forecast for forth coming financial year is estimated to be 4.8%, 5.9% and 5.6% respectively for 2016/17 and 2017/18.

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 2015/16 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 2015/16 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 14.24%, bulk water tariff increase of 7.7%, consumer inflation, as well as other cost factors influencing service delivery.

### **FOCUS OF THE 2015/2016 BUDGET**

- ❖ With the 2015/16 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 2015/2016 financial year amounts to R 126.4 Million with the main focus on the following:

- ❖ Provision of water R 69.1 Million
- ❖ Roads R 17.6 Million

❖ Sanitation	R 20.9 Million
❖ Traffic Testing Centre	R 2.4 Million
❖ Sports & Recreations	R 8.4 Million
❖ Community Halls	R 4.0 Million
❖ Cemeteries	R 2.3 Million
❖ Computers, Offices Equipment & Other	R 1.2 Million
❖ Municipal Office Fencing	R 0.5 million

Capital projects for the 2015/16 financial year are funded from grants receivable from the National Government amounting to R 115.7 Million and own funding to the amount of R 10.7 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 2015/16 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 2015.
  - ✓ 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 2015.
  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:**

- 1) Property Rates Policy
- 2) Banking and Investment Policy
- 3) Budget, Funding, Reserves & Virement Policy
- 4) Credit Control and Debt Collection Policy
- 5) Fixed Assets Policy
- 6) Indigent Policy
- 7) Risk Management Policy
- 8) Supply Chain Management Policy
- 9) Tariffs Policy
- 10) Fruitless and Wasteful Expenditure Policy
- 11) Cash Shortage Policy
- 12) Bad Debt Write Off Policy
- 13) Asset Management Policy
- 14) Petty Cash Policy

**BUDGET RESOLUTION: 283/2014/15**

## 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 and catering.

- **National Treasury's MFMA Circular No. 67, 70, 74 and 75 was used to guide the compilation of the 2015/16 MTREF.**
  
- **The main challenges experienced during the compilation of the 2015/2016 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 2015/16 MTREF:**
  - The 2014/15 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 2015/16 draft budget
  - The budget was prepared on a zero base principle and some of the operational expenses such as advertising, some contracted service and fuel expenses were prepared based on the 2014/2015 financial year performance.
  - 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
  - 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 2015/16 Medium-term Revenue and Expenditure Framework:

**Table 1 Overview of the 2015/16 MTREF**

	<b>Adjustment Budget 2014/15 R '000</b>	<b>Budget Year 2015/16 R '000</b>	<b>Budget Year +1 2016/17 R 000</b>	<b>Budget Year +2 2017/18 R 000</b>
Total Operating Revenue	R 136,514	R 174,369	R 169,126	R 172,627
Total Operating Expenditure	R 114,065	R 163,655	R 162,271	R 171,870
(Surplus)/Deficit for the year	R 22,448	R 10,714	R 6,855	R 0,757
Total Capital Expenditure	R 138,845	R 126,383	R 137,901	R 139,122

Total operating revenue has grown by R 37.8 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will decrease by R 5.2 million and then increase by R 3.5 million respectively, equating to a total revenue growth of R 36.1 million over the MTREF when compared to the 2014/15 financial year. The decrease of R 5.2 million in 2016/17 financial year is as result of reduction in the operational grants

Total operating expenditure for the 2015/16 financial year has been appropriated at R 163.7 million and translates into a budgeted surplus of R 10.7 million. When compared to the 2014/15 Adjustments Budget, operational expenditure has increased by R 49.6 million in the 2015/16 budget as result of increase in spending for repairs and maintenance and will decrease by R 1.4 million and then increase by R 9.6 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases to R 6.9million and then reduces to R 0.8 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 126.4 million for 2015/16 is 9 per cent less when compared to the 2014/15 Adjustment Budget. The decrease is due to the non allocation of RBIG and Kumba which was added on the 2014/15 Adjustment budget. The capital programme increases to R137.9 million in the 2016/17 financial year and R139.1 million in 2017/18. 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 to be built around the following key components:

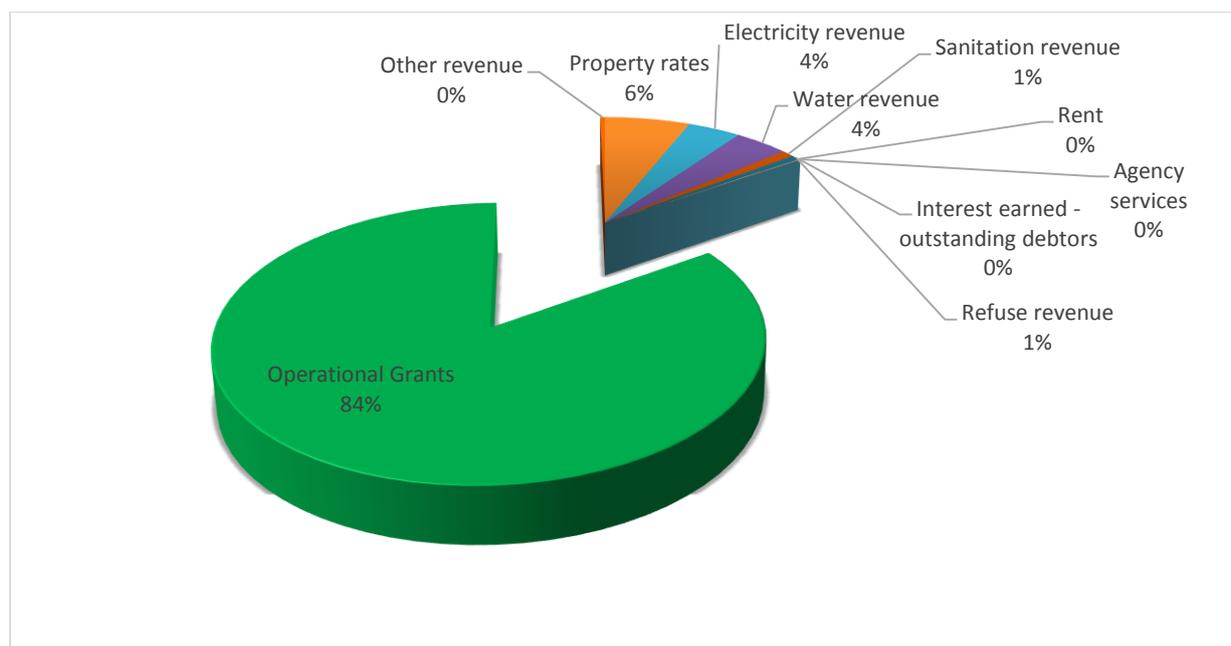
- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved 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 2015/16 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>										
Property rates	3 116	6 925	3 371	9 651	6 303	6 303	6 303	10 489	11 223	12 009
Property rates - penalties & collection charges										
Service charges - electricity revenue	7 467	5 177	4 914	7 249	5 855	5 855	5 855	6 569	7 403	8 342
Service charges - water revenue	6 295	10 262	5 315	6 419	6 746	6 746	6 746	6 798	7 172	7 566
Service charges - sanitation revenue	(1 844)	1 141	1 439	1 510	1 510	1 510	1 510	1 585	1 664	1 748
Service charges - refuse revenue	729	652	838	915	915	915	915	960	1 008	1 059
Service charges - other										
Rental of facilities and equipment	37	171	100	95	95	95	95	97	103	108
Interest earned - external investments	1 303	123	260		92	92	92	-	-	-
Interest earned - outstanding debtors		3 385	3 727	50	352	352	352	50	50	50
Dividends received										
Fines										
Licences and permits										
Agency services								109	116	123
Transfers recognised - operational	62 589	70 029	74 257	111 580	113 634	113 634	113 634	147 129	140 027	141 242
Other revenue	23 451	3 296	1 022	694	1 012	1 012	1 012	582	360	381
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>103 145</b>	<b>101 161</b>	<b>95 241</b>	<b>138 163</b>	<b>136 514</b>	<b>136 514</b>	<b>136 514</b>	<b>174 369</b>	<b>169 126</b>	<b>172 627</b>

The following table gives a breakdown of source of income by categories for the year 2015/16 financial year.



**Table 3 Percentage growth in revenue by main revenue source**

Description R thousand	Current Year 2015/16		2015/16 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2015/16	%	Budget Year 2016/17	%	Budget Year 2017/18	%
<b>Revenue By Source</b>								
Property rates	6 303	4.62%	10 489	6.02%	11 223	6.64%	12 009	6.96%
Property rates - penalties & collection charges	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Service charges - electricity revenue	5 855	4.29%	6 569	3.77%	7 403	4.38%	8 342	4.83%
Service charges - water revenue	6 746	4.94%	6 798	3.90%	7 172	4.24%	7 566	4.38%
Service charges - sanitation revenue	1 510	1.11%	1 585	0.91%	1 664	0.98%	1 748	1.01%
Service charges - refuse revenue	915	0.67%	960	0.55%	1 008	0.60%	1 059	0.61%
Service charges - other	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Rental of facilities and equipment	95	0.07%	97	0.06%	103	0.06%	108	0.06%
Interest earned - external investments	92	0.07%	–	0.00%	–	0.00%	–	0.00%
Interest earned - outstanding debtors	352	0.26%	50	0.03%	50	0.03%	50	0.03%
Dividends received	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Fines	2	0.00%	–	0.00%	–	0.00%	–	0.00%
Licences and permits	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Agency services	–	0.00%	109	0.06%	116	0.07%	123	0.07%
Transfers recognised - operational	113 634	83.24%	147 129	84.38%	140 027	82.79%	141 242	81.82%
Other revenue	1 010	0.74%	582	0.33%	360	0.21%	381	0.22%
Gains on disposal of PPE	–	0.00%	–	0.00%	–	0.00%	–	0.00%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>136 514</b>	<b>100.00%</b>	<b>174 369</b>	<b>100.00%</b>	<b>169 126</b>	<b>100%</b>	<b>172 627</b>	<b>100%</b>
<b>Total Revenue from rates and service charges</b>	<b>21 328</b>	<b>16%</b>	<b>26 401</b>	<b>15%</b>	<b>28 470</b>	<b>17%</b>	<b>30 723</b>	<b>18%</b>

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 R147.1 million in 2015/16 and decreases to R141.2 million by 2017/18 which translates to 84% in 2015/16 and decreases to 82% by 2017/18 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 increase in property rates revenue in relation to the updated valuation, whereby there are additional mining development in the area. 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 16 percent in 2015/16 and 17 and 18 percent of the total revenue mix respectively in 2016/17 and 2017/18.

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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>									
<b>Operating Transfers and Grants</b>									
<b>National Government:</b>	<b>61 379</b>	<b>69 806</b>	<b>73 667</b>	<b>107 758</b>	<b>107 758</b>	<b>107 758</b>	<b>142 694</b>	<b>135 440</b>	<b>136 385</b>
Local Government Equitable Share	54 260	67 506	71 227	93 255	93 255	93 255	115 253	117 673	117 381
Water Services Operating Subsidy	3 875			10 000	10 000	10 000	22 500	15 000	15 826
Finance Management	1 887	1 500	1 550	1 600	1 600	1 600	1 675	1 810	2 145
Municipal Systems Improvement	965	800	890	934	934	934	930	957	1 033
EPWP Incentive	393			1 969	1 969	1 969	2 336		
<b>Provincial Government:</b>	<b>684</b>	<b>223</b>	<b>590</b>	<b>969</b>	<b>3 023</b>	<b>3 023</b>	<b>1 505</b>	<b>1 541</b>	<b>1 638</b>
Sport and Recreation	684	223	590	969	969	969	1 505	1 541	1 638
Housing					2 054	2 054			
<b>District Municipality:</b>	<b>525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>John Taolo Gaetsewe District Municipality</i>	525								
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating Transfers and Grants</b>	<b>62 589</b>	<b>70 029</b>	<b>74 257</b>	<b>108 727</b>	<b>110 781</b>	<b>110 781</b>	<b>144 199</b>	<b>136 981</b>	<b>138 023</b>

### 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 2015/16 financial year**

<b>Category</b>	<b>Current Tariff (from 01 July 2014)</b>	<b>Approved Tariff (from 01 July 2015)</b>
	<b>c</b>	<b>c</b>
Residential properties	0.00764	0.00818
State owned properties	0.01399	0.01497
Business & Commercial	0.01399	0.01497
Agricultural	0.00764	0.00818
Industrial	0.01399	0.01657
Mines	0.01549	0.01657

### **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 2015 for water. This is based on input cost assumption of 7.7 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**

<b>Category</b>	<b>Current Tariffs 2014/15</b>	<b>Approved Tariffs 2015/16</b>
<b>Residential</b>	<b>Rand per kl</b>	<b>Rand per kl</b>
0 – 10 kl	4.51	5.00
10 – 20 kl	5.63	6.25
> 20 kl	10.76	11.94
<b>Business</b>		
0 – 10 kl	11.26	12.50
10 – 20 kl	14.56	16.16
> 20 kl	19.87	22.06
<b>Industrial</b>		
0 – 10 kl	15.91	35.00
10 – 20 kl	19.20	45.00
> 20 kl	23.18	65.00

**1.2.4. Sanitation and Impact of Tariff Increase**

A tariff increase of 7 percent for sanitation from 1 July 2015 is approved by council.

**Table 7 Comparison between current sanitation charges and increases**

<b>Categories</b>	<b>Current Tariffs 2014/15</b>	<b>Approved Tariffs 2015/16</b>
<b>Residential</b>		
Availability charge	56.71	60.68
Basic charge	56.71	60.68
Charge per Toilet	78.44	83.93
<b>Business</b>		
Availability charge	65.19	69.75
Basic charge	65.19	69.75
Charge per Toilet	139.92	149.71

### 1.2.5 Refuse and Impact of Tariff Increases

A tariff increase of 7 percent for refuse from 1 July 2015 is approved by council

**Table 8 Comparison between current refuse charges and increases**

Categories	Current Tariffs 2014/15	Approved Tariffs 2015/16
<b>Van Zylsrus</b>		
Residential	22.79	24.39
Business (per container)	47.30	50.61
<b>Hotazel</b>		
Availability charge	38.90	41.63
Basic charge	38.90	41.63
Basic removal charge	114.80	122.83

### 1.2.6 Electricity and impact of Tariff Increases

A tariff increase of 12% percent for electricity from 1 July 2015 is approved by council as recommended by NERSA in MFMA Circular no: 75

**Table 9 Comparison between current electricity charges and increases**

Categories	Current Tariffs 2014/15	Approved Tariffs 2015/16
<b>Hotazel</b>		
Availability charge	77.27	86.69
<b>Single Phased pre-paid</b>		
-basic charge	66.31	74.40
-per kwh	1.22	1.37
<b>Three phase pre-paid</b>		
-basic charge	96.58	108.36
-per kwh	1.48	1.66
<b>Normal metered</b>		
-basic charge	96.58	108.36
-per kwh	1.22	1.37

**The tariffs for 2015/16 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 will be not be charged and that indigent person will be fully subsidized for the same.
- That the average tariff increases will be as affordable as possible.

**1.2.7 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 10.4 per cent, with the increase for indigent households being to 6.6 per cent.

**Table 10– Table SA14 Household bills**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Rand/cent</b>										
<b>Monthly Account for Household - 'Middle Income Range'</b>										
<b>Rates and services charges:</b>										
Property rates			94.19	99.84	99.84	99.84	7.0%	106.83	114.31	122.31
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption			1 632.35	1 811.91	1 811.91	1 811.91	11.0%	2 011.22	2 232.45	2 478.02
Sanitation			314.05	332.89	332.89	332.89	7.0%	356.19	381.13	407.80
Refuse removal			165.30	175.22	175.22	175.22	7.0%	187.49	200.61	214.65
Other										
<b>sub-total</b>	-	-	<b>2 205.89</b>	<b>2 419.86</b>	<b>2 419.86</b>	<b>2 419.86</b>	<b>10.0%</b>	<b>2 661.73</b>	<b>2 928.50</b>	<b>3 222.79</b>
VAT on Services			308.82	338.78	338.78	338.78				
<b>Total large household bill:</b>	-	-	<b>2 514.71</b>	<b>2 758.64</b>	<b>2 758.64</b>	<b>2 758.64</b>	<b>(3.5%)</b>	<b>2 661.73</b>	<b>2 928.50</b>	<b>3 222.79</b>
<b>% increase/-decrease</b>		-	-	<b>9.7%</b>	-	-	<b>(3.5%)</b>	<b>(3.5%)</b>	<b>10.0%</b>	<b>10.0%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>										
<b>Rates and services charges:</b>										
Property rates			57.17	57.17	57.17	57.17	7.0%	61.17	65.45	70.04
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption			501.76	501.76	501.76	501.76	11.0%	556.95	618.22	686.22
Sanitation							-			
Refuse removal			24.50	24.50	24.50	24.50	7.0%	26.22	28.05	30.01
Other										
<b>sub-total</b>	-	-	<b>583.43</b>	<b>583.43</b>	<b>583.43</b>	<b>583.43</b>	<b>10.4%</b>	<b>644.34</b>	<b>711.72</b>	<b>786.27</b>
VAT on Services										
<b>Total small household bill:</b>	-	-	<b>583.43</b>	<b>583.43</b>	<b>583.43</b>	<b>583.43</b>	<b>10.4%</b>	<b>644.34</b>	<b>711.72</b>	<b>786.27</b>
<b>% increase/-decrease</b>		-	-	-	-	-	<b>10.4%</b>	<b>10.4%</b>	<b>10.5%</b>	<b>10.5%</b>
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>										
<b>Rates and services charges:</b>										
Property rates								-	-	-
Electricity: Basic levy										
Electricity: Consumption			57.00	57.00	57.00	57.00	12.7%	63.95	71.76	80.51
Water: Basic levy			-	-	-	-				
Water: Consumption			4.06	4.06	4.06	4.06	11.0%	4.51	5.00	5.55
Sanitation			53.12	53.12	53.12	53.12	7.0%	56.84	60.82	65.07
Refuse removal			21.50	21.50	21.50	21.50	7.0%	23.01	24.62	26.34
Other										
<b>sub-total</b>	-	-	<b>135.68</b>	<b>135.68</b>	<b>135.68</b>	<b>135.68</b>	<b>9.3%</b>	<b>148.30</b>	<b>162.19</b>	<b>177.48</b>
VAT on Services			19.00	19.00	19.00	19.00				
<b>Total small household bill:</b>	-	-	<b>154.68</b>	<b>154.68</b>	<b>154.68</b>	<b>217.36</b>	<b>(4.1%)</b>	<b>148.30</b>	<b>162.19</b>	<b>177.48</b>
<b>% increase/-decrease</b>		-	-	-	-	<b>40.5%</b>	<b>(31.8%)</b>	<b>(31.8%)</b>	<b>9.4%</b>	<b>9.4%</b>

### 1.3 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 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 2015/16 budget and MTREF (classified per main type of operating expenditure):

**Table 11 Summary of operating expenditure by standard classification item**

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Expenditure By Type</b>									
Employee related costs	36 563	27 974	37 025	45 227	44 715	44 715	49 199	52 053	54 812
Remuneration of councillors	9 284	6 718	7 504	8 226	8 247	8 247	8 538	9 033	9 512
Debt impairment	56 089	32 578	2 336	1 213	1 213	1 213	3 960	4 271	4 609
Depreciation & asset impairment	67 954	20 507	24 326	9 826	7 717	7 717	10 000	10 550	11 130
Finance charges	2 402	96	232	884	899	899	934	943	951
Bulk purchases	6 306	8 926	11 018	11 169	9 469	9 469	10 847	12 085	13 466
Other materials	-								
Contracted services	-	82	168	4 636	8 700	8 700	20 398	22 619	23 804
Transfers and grants	66 067	115 727	13 705	2 021	2 471	2 471	4 730	4 938	5 376
Other expenditure	43 784	57 503	61 354	26 071	30 635	30 635	55 048	45 779	48 210
Loss on disposal of PPE									
<b>Total Expenditure</b>	<b>288 449</b>	<b>270 111</b>	<b>157 668</b>	<b>109 273</b>	<b>114 065</b>	<b>114 065</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>

The budgeted allocation for employee related costs for the 2015/16 financial year totals R49.2 million, which equals 30 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 6.2 per cent for the 2015/16 financial year. An annual increase of 5.3 per cent has been included in the two outer years of the MTREF. The municipality have made provision

for 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; Budget and Treasury seven positions, Community Services four positions, Electricity two, and Water Unit two 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 2015/16 financial year this amount equates to R3.9 million and escalates to R4.6 million by 2017/18. 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 1 percent (R0.93 million) of operating expenditure for 2015/16 and increases to R0.95 million by 2017/18.

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.

Contracted Service increase is as result of municipality's plan to lease fleet for the period of 36 months which will cover management and repairs & maintenance, and at the end of the period they will be transferred to municipality without any additional cost. Fleet lease is budgeted at R 17.2 million, which will comprise of the following:

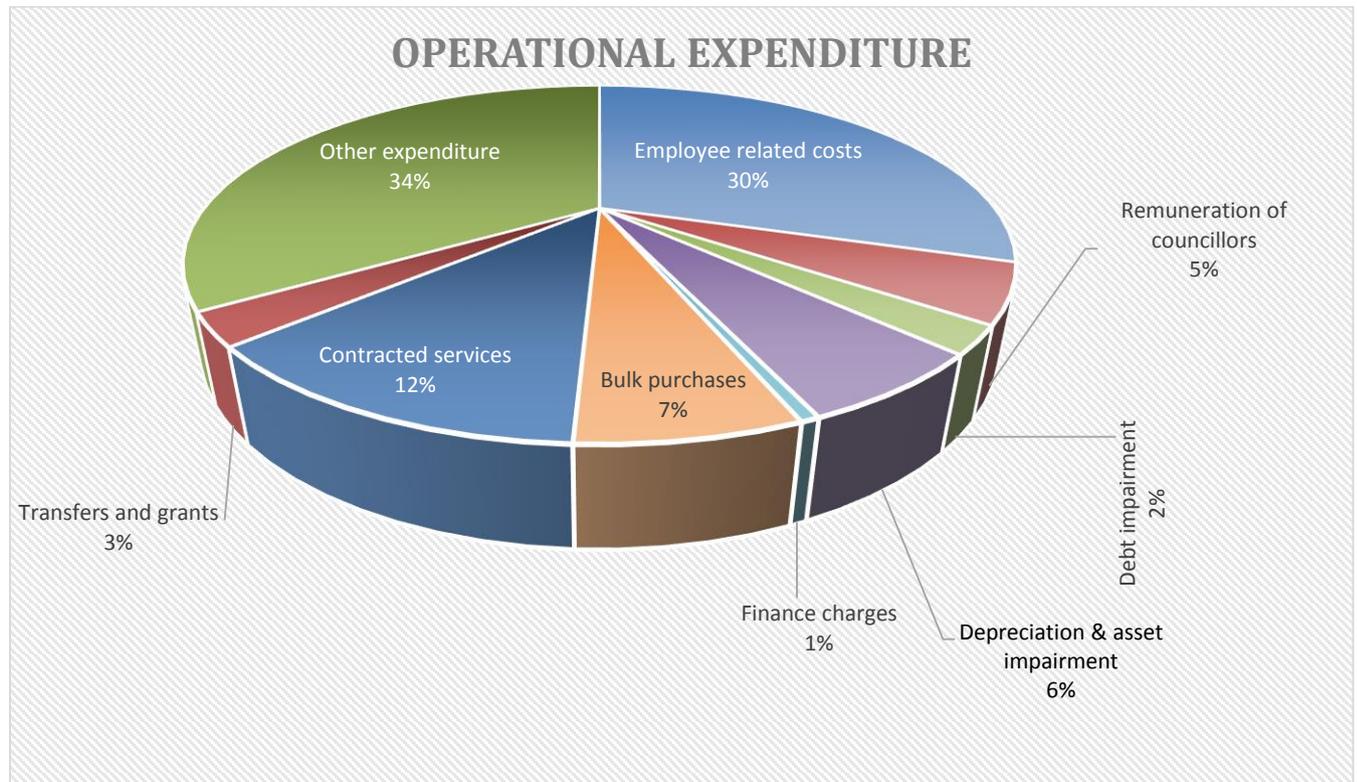
DESCRIPTION	QUANTITY
6 Ton Crane Truck	2
4 Ton Crane Truck	2
10 Ton Drum Roller	2
6 Ton Chery Picker Truck	1
Grader for gravel roads 140H	4
6 Cube Tipper Truck	2
Water Delivery Truck minimum of 10 000 liters	2
Water Delivery Trailer with minimum 1000 liters	1
Honey Sucker(sewer) Truck with minimum 10 000 liters	2
Diesel Delivery Truck with minimum 5 000 liters	2
TLB 4x4	2
22 Seater Bus	1
Refuse Truck 10-ton	3
Single Cab Bakkie 4x2	3
Single Cab Bakkie 4x4	2
Double Cab Bakkie 4x2	15
Double Cab Bakkie 4x4	8

The aim of lease is to improve service delivery as the municipality realize that it will be difficult to afford such vehicles at once. Contracted Service make up 12 percent (R20.4 million) of operating expenditure for 2015/16 and increases to R23.8 million by 2017/18.

Other expenditure comprises of various line items relating to the daily operations of the municipality including repairs and maintenance. 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 5.5 per cent for 2015/16 unless there was a specific reason for such line item to be more than inflation.

Other expenditure increase is mainly as result of repairs and maintenance, which is influenced by Water Service Operating Subsidy Grant (WSOG) condition is to refurbish the water boreholes, the grant amount to R 22.5 million.

The following table gives a breakdown of main expenditure categories for the year 2015/16 financial year.



### 1.3.1 Repairs and Maintenance

Table 12 Repairs and Maintenance per asset class

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	67 954	20 507	24 326	9 826	7 717	7 717	10 000	10 550	11 130
<b>Repairs and Maintenance by Asset Class</b>	5 357	11 683	18 215	7 730	6 515	6 515	26 558	19 504	20 604
<i>Infrastructure - Road transport</i>	724	152	78	205	218	218	243	262	277
<i>Infrastructure - Electricity</i>	-	-	-	200	280	280	200	225	254
<i>Infrastructure - Water</i>	1 066	3 763	14 289	6 075	4 955	4 955	25 700	18 376	19 388
<i>Infrastructure - Sanitation</i>	-	-	13	135	80	80	110	116	122
<i>Infrastructure - Other</i>	-	2 215	848	310	305	305	15	16	17
Infrastructure	1 790	6 129	15 228	6 925	5 838	5 838	26 268	18 995	20 057
Community	942	16	187	80	40	40	80	84	89
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	2 625	5 538	2 800	725	637	637	210	424	458
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>73 311</b>	<b>32 190</b>	<b>42 541</b>	<b>17 556</b>	<b>14 231</b>	<b>14 231</b>	<b>36 558</b>	<b>30 054</b>	<b>31 734</b>

For the 2015/16 financial year, R26.3 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 R25.7 million, followed by roads and electricity infrastructure by R 0.2 million each, other infrastructure and sanitation at

R0.1 million. Community assets has been allocated R0.08 million and other assets has been allocated R0.2 million of total repairs and maintenance.

The total repairs and maintenance amounts to 2.1% of the total value Property, Plant and Equipment in the 2015/16 budget and decreases to at least 1.4% 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 water infrastructure mainly the old infrastructure.

#### 1.4 Capital expenditure

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

**Table 13 2015/16 Medium-term capital budget per vote**

Vote Description R thousand	Current Year 2014/15		2014/15 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2015/16	%	Budget Year 2016/17	%	Budget Year 2017/18	%
Executive and council	600	0.43%	–	0.00%	–	0.00%	–	0.00%
Budget and treasury office	20	0.01%	50	0.04%	38	0.03%	279	0.20%
Corporate services	872	0.63%	1 205	0.95%	250	0.18%	200	0.14%
Community and social services	10 556	7.60%	6 576	5.20%	4 500	3.26%	–	0.00%
Sport and recreation	–	0.00%	8 350	6.61%	8 680	6.29%	8 680	6.24%
Public safety	–	0.00%	2 433	1.93%	1 592	1.15%	–	0.00%
Planning and development	400	0.29%	–	0.00%	–	0.00%	–	0.00%
Road transport	28 259	20.35%	17 555	13.89%	20 474	14.85%	4 215	3.03%
Water	78 890	56.82%	69 140	54.71%	90 505	65.63%	108 391	77.91%
Waste water management	19 247	13.86%	21 074	16.67%	11 863	8.60%	17 357	12.48%
<b>Total Capital Expenditure - Standard</b>	<b>138 845</b>	<b>100%</b>	<b>126 383</b>	<b>100%</b>	<b>137 901</b>	<b>100%</b>	<b>139 122</b>	<b>100%</b>

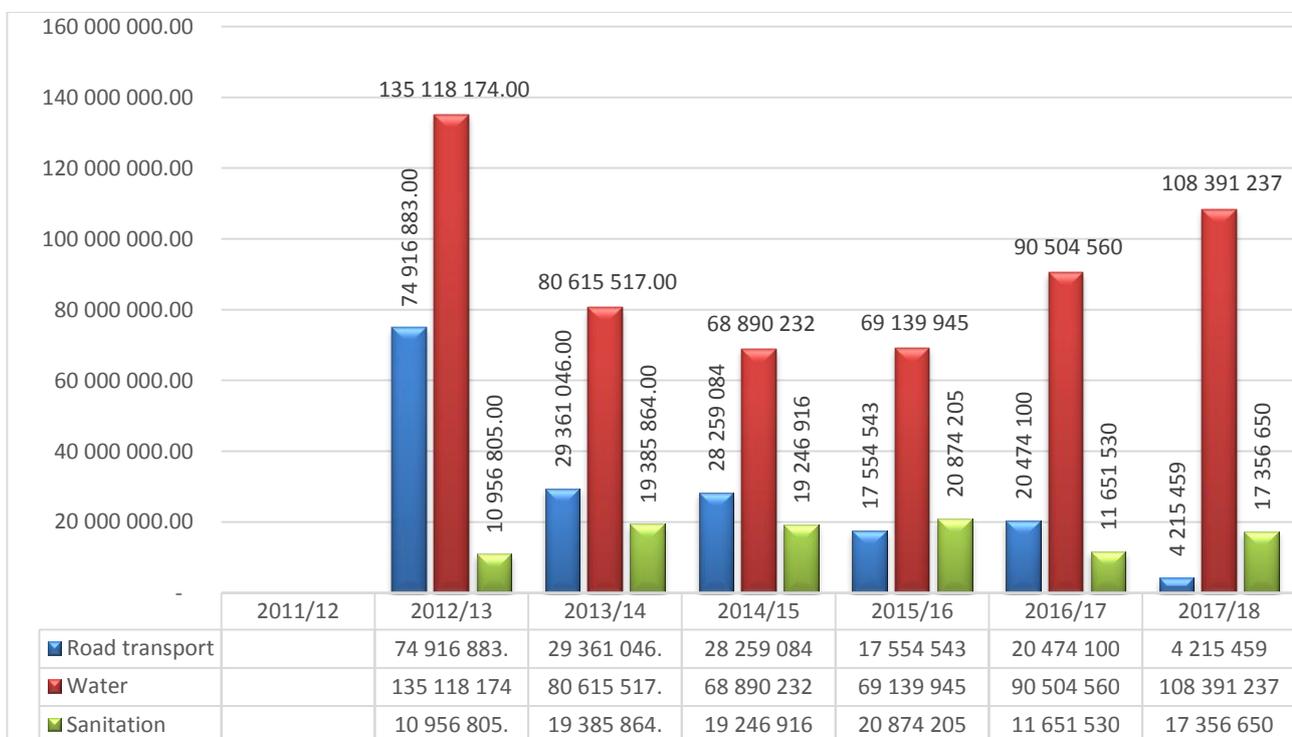
For 2015/16 an amount of R 126.4 million has been budgeted for the capital expenses and increases to R 139.1 million in 2017/18. For 2015/16 financial year an amount of R 107.6 million has been appropriated for development of Infrastructure which represent 85.1 per cent of the total capital budget. In the outer years this amount totals R 122.6million, 88.9 per cent and R 130 million, 93.4 per cent respectively for each of the financial years. For 2015/16 financial year water receives the highest allocation of R 69.1 million, which represent 54.7 per cent followed by waste water management at R 21.1 million at 16.7 per cent and then roads at R 17.5 million at 13.9 per cent.

The capital budget for the 2015/2016 financial year amounts to R 126.4 Million with the main focus on the following:

- ❖ Provision of water R 69.1 Million
- ❖ Roads R 17.6 Million
- ❖ Sanitation R 20.9 Million
- ❖ Traffic Testing Centre R 2.4 Million
- ❖ Sports & Recreations R 8.4 Million
- ❖ Community Halls R 4.0 Million
- ❖ Cemeteries R 2.3 Million
- ❖ Computers, Offices Equipment & Other R 1.2 Million
- ❖ Municipal Office Fencing R 0.5 million

Capital projects for the 2015/1 financial year are funded from grants receivable from the National Government amounting to R 115.7 Million and own funding to the amount of R 10.7 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 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

NC451 Joe Morolong - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	3 116	6 925	3 371	9 651	6 303	6 303	6 303	10 489	11 223	12 009
Service charges	12 648	17 232	12 505	16 093	15 025	15 025	15 025	15 912	17 247	18 715
Investment revenue	1 303	123	260	-	92	92	92	-	-	-
Transfers recognised - operational	62 589	70 029	74 257	111 580	113 634	113 634	113 634	147 129	140 027	141 242
Other own revenue	23 489	6 852	4 849	840	1 460	1 460	1 460	839	629	662
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>103 145</b>	<b>101 161</b>	<b>95 241</b>	<b>138 163</b>	<b>136 514</b>	<b>136 514</b>	<b>136 514</b>	<b>174 369</b>	<b>169 126</b>	<b>172 627</b>
Employee costs	36 563	27 974	37 025	45 227	44 715	44 715	44 715	49 199	52 053	54 812
Remuneration of councillors	9 284	6 718	7 504	8 226	8 247	8 247	8 247	8 538	9 033	9 512
Depreciation & asset impairment	67 954	20 507	24 326	9 826	7 717	7 717	7 717	10 000	10 550	11 130
Finance charges	2 402	96	232	884	899	899	899	934	943	951
Materials and bulk purchases	6 306	8 926	11 018	11 169	9 469	9 469	9 469	10 847	12 085	13 466
Transfers and grants	66 067	115 727	13 705	2 021	2 471	2 471	2 471	4 730	4 938	5 376
Other expenditure	99 873	90 163	63 858	31 921	40 548	40 548	40 548	79 406	72 669	76 622
<b>Total Expenditure</b>	<b>288 449</b>	<b>270 111</b>	<b>157 668</b>	<b>109 273</b>	<b>114 065</b>	<b>114 065</b>	<b>114 065</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>
<b>Surplus/(Deficit)</b>	<b>(185 305)</b>	<b>(168 950)</b>	<b>(62 426)</b>	<b>28 890</b>	<b>22 448</b>	<b>22 448</b>	<b>22 448</b>	<b>10 714</b>	<b>6 855</b>	<b>757</b>
Transfers recognised - capital	65 513	136 743	127 472	104 205	116 396	116 396	116 396	115 669	131 046	138 365
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(119 791)</b>	<b>(32 207)</b>	<b>65 046</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(119 791)</b>	<b>(32 207)</b>	<b>65 046</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>2 656</b>	<b>246 156</b>	<b>131 146</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
Transfers recognised - capital	2 200	227 008	100 292	104 205	120 205	120 205	120 205	115 669	131 046	138 365
Public contributions & donations	-	-	29 340	-	8 160	8 160	8 160	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	456	19 148	1 514	28 890	10 479	10 479	10 479	10 714	6 855	757
<b>Total sources of capital funds</b>	<b>2 656</b>	<b>246 156</b>	<b>131 146</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
<b>Financial position</b>										
Total current assets	54 964	39 103	47 757	9 458	25 576	25 576	25 576	19 921	30 908	42 507
Total non current assets	890 714	1 052 533	1 159 368	1 017 648	1 168 019	1 168 019	1 168 019	1 262 412	1 378 171	1 488 877
Total current liabilities	115 822	96 704	52 311	11 190	13 606	13 606	13 606	14 675	15 236	15 818
Total non current liabilities	5 406	5 087	4 194	4 387	3 851	3 851	3 851	4 145	3 834	3 520
Community wealth/Equity	824 450	989 844	1 150 620	1 011 529	1 176 138	1 176 138	1 176 138	1 263 513	1 390 009	1 512 046
<b>Cash flows</b>										
Net cash from (used) operating	(15 842)	230 544	149 643	136 892	150 879	150 879	150 879	137 242	149 351	151 169
Net cash from (used) investing	(2 674)	(245 794)	(131 146)	(133 073)	(138 845)	(138 845)	(138 845)	(126 383)	(137 901)	(139 122)
Net cash from (used) financing	2 394	(611)	(1 225)	(784)	(784)	(784)	(784)	(784)	(784)	(784)
<b>Cash/cash equivalents at the year end</b>	<b>13 292</b>	<b>(2 568)</b>	<b>14 703</b>	<b>6 048</b>	<b>14 349</b>	<b>14 349</b>	<b>14 349</b>	<b>13 173</b>	<b>23 839</b>	<b>35 102</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	13 654	(2 568)	14 703	3 231	19 349	19 349	19 349	13 430	24 099	35 365
Application of cash and investments	153 264	51 647	(18 386)	2 036	1 825	1 825	1 825	9 035	9 360	9 693
<b>Balance - surplus (shortfall)</b>	<b>(139 610)</b>	<b>(54 216)</b>	<b>33 089</b>	<b>1 195</b>	<b>17 524</b>	<b>17 524</b>	<b>17 524</b>	<b>4 395</b>	<b>14 739</b>	<b>25 672</b>
<b>Asset management</b>										
Asset register summary (WDV)	890 352	1 052 533	1 159 368	1 017 648	1 168 019	1 168 019	1 262 412	1 262 412	1 378 171	1 488 877
Depreciation & asset impairment	67 954	20 507	24 326	9 826	7 717	7 717	10 000	10 000	10 550	11 130
Renewal of Existing Assets	-	-	-	10 500	10 250	10 250	10 250	700	-	-
Repairs and Maintenance	5 357	11 683	18 215	7 730	6 515	6 515	26 558	26 558	19 504	20 604
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	1 915	2 011	2 461	2 461	4 730	4 730	4 938	5 376
Revenue cost of free services provided	-	-	-	-	-	-	28 470	28 470	30 502	32 694
<b>Households below minimum service level</b>										
Water:	2	2	2	2	2	2	2	2	1	1
Sanitation/sewerage:	3	3	3	3	3	3	3	3	3	3
Energy:	-	-	-	4	4	4	4	4	4	4
Refuse:	23	23	23	24	24	24	24	24	24	24

## **Table 14 – Table A1 Budget Summary**

### **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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17
<b>Revenue - Standard</b>									
<b>Governance and administration</b>	<b>84 912</b>	<b>82 970</b>	<b>82 034</b>	<b>105 857</b>	<b>103 212</b>	<b>103 212</b>	<b>128 791</b>	<b>132 104</b>	<b>133 031</b>
Executive and council	19 022	3 642	4 581	5 317	5 446	5 446	5 998	6 279	6 564
Budget and treasury office	64 973	79 176	77 307	100 285	97 460	97 460	122 522	125 561	126 186
Corporate services	918	152	146	256	306	306	271	264	281
<b>Community and public safety</b>	<b>684</b>	<b>8 414</b>	<b>608</b>	<b>2 966</b>	<b>5 021</b>	<b>5 021</b>	<b>4 003</b>	<b>1 712</b>	<b>1 819</b>
Community and social services	684	225	608	2 966	2 966	2 966	3 893	1 596	1 696
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	109	116	123
Housing	-	8 188	-	-	2 054	2 054	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>61 220</b>	<b>62 211</b>	<b>66 204</b>	<b>57 235</b>	<b>65 394</b>	<b>65 394</b>	<b>58 615</b>	<b>60 929</b>	<b>64 397</b>
Planning and development	61 220	62 211	66 204	57 235	57 235	57 235	58 615	60 929	64 397
Road transport	-	-	-	-	8 160	8 160	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>21 842</b>	<b>84 309</b>	<b>73 868</b>	<b>76 310</b>	<b>79 283</b>	<b>79 283</b>	<b>98 629</b>	<b>105 427</b>	<b>111 746</b>
Electricity	7 467	5 177	4 914	7 249	5 855	5 855	6 569	7 403	8 342
Water	15 489	77 339	66 677	66 636	71 004	71 004	89 515	95 352	100 597
Waste water management	(1 844)	1 141	1 439	1 510	1 510	1 510	1 585	1 664	1 748
Waste management	729	652	838	915	915	915	960	1 008	1 059
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Standard</b>	<b>168 658</b>	<b>237 904</b>	<b>222 714</b>	<b>242 369</b>	<b>252 910</b>	<b>252 910</b>	<b>290 038</b>	<b>300 172</b>	<b>310 992</b>
<b>Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>102 158</b>	<b>104 178</b>	<b>80 554</b>	<b>54 818</b>	<b>57 678</b>	<b>57 678</b>	<b>63 967</b>	<b>66 576</b>	<b>70 266</b>
Executive and council	74 182	13 664	17 185	16 106	16 672	16 672	16 419	17 386	18 308
Budget and treasury office	10 732	72 040	41 299	27 019	29 746	29 746	35 237	35 000	36 914
Corporate services	17 244	18 474	22 070	11 693	11 259	11 259	12 311	14 191	15 044
<b>Community and public safety</b>	<b>(8 032)</b>	<b>11 703</b>	<b>10 276</b>	<b>10 528</b>	<b>12 643</b>	<b>12 643</b>	<b>7 871</b>	<b>8 434</b>	<b>8 730</b>
Community and social services	6 969	6 528	5 643	10 528	10 588	10 588	6 963	7 474	7 719
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	907	960	1 012
Housing	(15 001)	5 175	4 634	-	2 054	2 054	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>126 315</b>	<b>54 302</b>	<b>13 759</b>	<b>8 011</b>	<b>7 962</b>	<b>7 962</b>	<b>9 931</b>	<b>8 187</b>	<b>8 634</b>
Planning and development	126 315	54 302	13 759	8 011	7 962	7 962	9 931	8 187	8 634
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>68 008</b>	<b>99 929</b>	<b>53 079</b>	<b>35 916</b>	<b>35 782</b>	<b>35 782</b>	<b>81 885</b>	<b>79 074</b>	<b>84 240</b>
Electricity	3 540	2 194	7 002	6 688	5 268	5 268	8 375	9 415	10 584
Water	64 468	97 735	46 077	29 228	30 514	30 514	71 914	67 970	71 877
Waste water management	-	-	-	-	-	-	587	621	654
Waste management	-	-	-	-	-	-	1 010	1 068	1 125
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>288 449</b>	<b>270 111</b>	<b>157 668</b>	<b>109 273</b>	<b>114 065</b>	<b>114 065</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>
<b>Surplus/(Deficit) for the year</b>	<b>(119 791)</b>	<b>(32 207)</b>	<b>65 046</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>

**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.

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

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>									
Vote 1 - Executive & Council	19 022	3 642	4 581	5 317	5 446	5 446	5 998	6 279	6 564
Vote 2 - Budget & Treasury Office	64 973	79 176	77 307	100 285	97 460	97 460	122 522	125 561	126 186
Vote 3 - Corporate Support Services	918	152	146	256	306	306	271	264	281
Vote 4 - Community Services	(430)	10 207	2 884	5 391	7 445	7 445	6 548	4 385	4 626
Vote 5 - Technical Services	60 302	56 502	63 708	57 211	65 370	65 370	58 615	60 929	64 397
Vote 6 - Electricity Services	7 467	5 177	4 914	7 249	5 855	5 855	6 569	7 403	8 342
Vote 7 - Water Services	15 489	77 339	66 677	66 636	71 004	71 004	89 515	95 352	100 597
Vote 8 - Development & Town Planning Services	918	5 709	2 496	24	24	24	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>168 658</b>	<b>237 904</b>	<b>222 714</b>	<b>242 369</b>	<b>252 910</b>	<b>252 910</b>	<b>290 038</b>	<b>300 172</b>	<b>310 992</b>
<b>Expenditure by Vote to be appropriated</b>									
Vote 1 - Executive & Council	74 182	13 664	17 185	16 106	16 672	16 672	16 419	17 386	18 308
Vote 2 - Budget & Treasury Office	10 732	72 040	41 299	27 019	29 746	29 746	35 237	35 000	36 914
Vote 3 - Corporate Support Services	17 244	18 474	22 070	11 693	11 259	11 259	12 311	14 191	15 044
Vote 4 - Community Services	(8 032)	11 703	10 276	10 528	12 643	12 643	9 468	10 123	10 509
Vote 5 - Technical Services	107 534	44 949	3 847	5 833	5 936	5 936	5 702	5 591	5 900
Vote 6 - Electricity Services	3 540	2 194	7 002	6 688	5 268	5 268	8 375	9 415	10 584
Vote 7 - Water Services	64 468	97 735	46 077	29 228	30 514	30 514	71 914	67 970	71 877
Vote 8 - Development & Town Planning Services	18 781	9 353	9 912	2 178	2 026	2 026	4 229	2 596	2 734
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>288 449</b>	<b>270 111</b>	<b>157 668</b>	<b>109 273</b>	<b>114 065</b>	<b>114 065</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>
<b>Surplus/(Deficit) for the year</b>	<b>(119 791)</b>	<b>(32 207)</b>	<b>65 046</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>

**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)**

Description	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>									
<b>Revenue By Source</b>									
Property rates	3 116	6 925	3 371	9 651	6 303	6 303	10 489	11 223	12 009
Property rates - penalties & collection charges									
Service charges - electricity revenue	7 467	5 177	4 914	7 249	5 855	5 855	6 569	7 403	8 342
Service charges - water revenue	6 295	10 262	5 315	6 419	6 746	6 746	6 798	7 172	7 566
Service charges - sanitation revenue	(1 844)	1 141	1 439	1 510	1 510	1 510	1 585	1 664	1 748
Service charges - refuse revenue	729	652	838	915	915	915	960	1 008	1 059
Service charges - other									
Rental of facilities and equipment	37	171	100	95	95	95	97	103	108
Interest earned - external investments	1 303	123	260		92	92	-	-	-
Interest earned - outstanding debtors		3 385	3 727	50	352	352	50	50	50
Dividends received									
Fines									
Licences and permits									
Agency services							109	116	123
Transfers recognised - operational	62 589	70 029	74 257	111 580	113 634	113 634	147 129	140 027	141 242
Other revenue	23 451	3 296	1 022	694	1 012	1 012	582	360	381
Gains on disposal of PPE									
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>103 145</b>	<b>101 161</b>	<b>95 241</b>	<b>138 163</b>	<b>136 514</b>	<b>136 514</b>	<b>174 369</b>	<b>169 126</b>	<b>172 627</b>
<b>Expenditure By Type</b>									
Employee related costs	36 563	27 974	37 025	45 227	44 715	44 715	49 199	52 053	54 812
Remuneration of councillors	9 284	6 718	7 504	8 226	8 247	8 247	8 538	9 033	9 512
Debt impairment	56 089	32 578	2 336	1 213	1 213	1 213	3 960	4 271	4 609
Depreciation & asset impairment	67 954	20 507	24 326	9 826	7 717	7 717	10 000	10 550	11 130
Finance charges	2 402	96	232	884	899	899	934	943	951
Bulk purchases	6 306	8 926	11 018	11 169	9 469	9 469	10 847	12 085	13 466
Other materials	-								
Contracted services	-	82	168	4 636	8 700	8 700	20 398	22 619	23 804
Transfers and grants	66 067	115 727	13 705	2 021	2 471	2 471	4 730	4 938	5 376
Other expenditure	43 784	57 503	61 354	26 071	30 635	30 635	55 048	45 779	48 210
Loss on disposal of PPE									
<b>Total Expenditure</b>	<b>288 449</b>	<b>270 111</b>	<b>157 668</b>	<b>109 273</b>	<b>114 065</b>	<b>114 065</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>
<b>Surplus/(Deficit)</b>	<b>(185 305)</b>	<b>(168 950)</b>	<b>(62 426)</b>	<b>28 890</b>	<b>22 448</b>	<b>22 448</b>	<b>10 714</b>	<b>6 855</b>	<b>757</b>
Transfers recognised - capital	65 513	136 743	127 472	104 205	116 396	116 396	115 669	131 046	138 365
Contributions recognised - capital	-	-	-	-	-	-	-	-	-
Contributed assets									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(119 791)</b>	<b>(32 207)</b>	<b>65 046</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>(119 791)</b>	<b>(32 207)</b>	<b>65 046</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(119 791)</b>	<b>(32 207)</b>	<b>65 046</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
Share of surplus/ (deficit) of associate									
<b>Surplus/(Deficit) for the year</b>	<b>(119 791)</b>	<b>(32 207)</b>	<b>65 046</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>

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

Total operating revenue is R 174.4 Million for 2015/16 and decrease to R 169.1 and then increases to R 172.6 Million by 2016/17 and 2017/18 respectively.

Revenue to be generated from property rates will be R 10.5 Million in the 2015/16 and increase to R 12.0 million by 2017/18 financial year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes R 15.9 million in 2015/16 and increases to R 18.7 million in 2017/18. 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 163.7 million for 2015/16 and increase to R171.9 million by 2017/18.

The increase in the employee related cost is as results that the municipality will have to fill new positions under certain departments being; Budget and Treasury seven positions, Community Services four positions, Electricity two, and Water Unit two position

Contracted Service increase is as result of municipality's plan to lease fleet for the period of 36 months which will cover repairs and maintenance, and at the end of the period they will be transferred to municipality without any additional cost. The aim of lease is to improve service delivery as the municipality realize that it will be difficult to afford such vehicles at once. For more detail read with page 25 above.

Other expenditure increase is mainly as result of repairs and maintenance, which is influenced by Water Service Operating Subsidy Grant (WSOG) condition is to refurbish the water boreholes, the grant amount to R 22.5 million.

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

Vote Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure - Vote</b>									
<b>Multi-year expenditure to be appropriated</b>									
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury Office	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Support Services	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services	-	-	-	23 559	19 247	19 247	29 225	20 331	26 037
Vote 5 - Technical Services	-	-	-	16 788	20 099	20 099	17 555	20 474	4 215
Vote 6 - Electricity Services	-	-	-	-	-	-	-	-	-
Vote 7 - Water Services	-	-	-	13 859	14 859	14 859	68 890	90 241	108 113
Vote 8 - Development & Town Planning Services	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	-	-	-	<b>54 205</b>	<b>54 205</b>	<b>54 205</b>	<b>115 669</b>	<b>131 047</b>	<b>138 365</b>
<b>Single-year expenditure to be appropriated</b>									
Vote 1 - Executive & Council	2 200	861	667	622	600	600	-	-	-
Vote 2 - Budget & Treasury Office	-	528	521	231	20	20	50	38	279
Vote 3 - Corporate Support Services	456	372	327	1 105	872	872	1 205	250	200
Vote 4 - Community Services	-	25 767	19 386	12 533	10 556	10 556	9 209	6 303	-
Vote 5 - Technical Services	-	74 976	29 423	2 900	8 560	8 560	-	-	-
Vote 6 - Electricity Services	-	6 016	-	-	-	-	-	-	-
Vote 7 - Water Services	-	137 636	80 822	61 500	64 031	64 031	250	264	278
Vote 8 - Development & Town Planning Services	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>2 656</b>	<b>246 156</b>	<b>131 146</b>	<b>78 890</b>	<b>84 640</b>	<b>84 640</b>	<b>10 714</b>	<b>6 854</b>	<b>757</b>
<b>Total Capital Expenditure - Vote</b>	<b>2 656</b>	<b>246 156</b>	<b>131 146</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
<b>Capital Expenditure - Standard</b>									
<b>Governance and administration</b>	<b>2 656</b>	<b>1 761</b>	<b>1 515</b>	<b>1 958</b>	<b>1 492</b>	<b>1 492</b>	<b>1 255</b>	<b>288</b>	<b>479</b>
Executive and council	2 200	861	667	622	600	600	-	-	-
Budget and treasury office	-	528	521	231	20	20	50	38	279
Corporate services	456	372	327	1 105	872	872	1 205	250	200
<b>Community and public safety</b>	<b>-</b>	<b>14 810</b>	<b>-</b>	<b>21 092</b>	<b>10 556</b>	<b>10 556</b>	<b>17 360</b>	<b>14 772</b>	<b>8 680</b>
Community and social services	-	14 810	-	12 533	10 556	10 556	6 576	4 500	-
Sport and recreation	-	-	-	8 559	-	-	8 350	8 680	8 680
Public safety	-	-	-	-	-	-	2 433	1 592	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>-</b>	<b>74 976</b>	<b>29 423</b>	<b>19 688</b>	<b>28 659</b>	<b>28 659</b>	<b>17 555</b>	<b>20 474</b>	<b>4 215</b>
Planning and development	-	59	62	2 900	400	400	-	-	-
Road transport	-	74 917	29 361	16 788	28 259	28 259	17 555	20 474	4 215
Environmental protection	-	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>-</b>	<b>154 609</b>	<b>100 208</b>	<b>90 359</b>	<b>98 137</b>	<b>98 137</b>	<b>90 214</b>	<b>102 367</b>	<b>125 748</b>
Electricity	-	6 016	-	-	-	-	-	-	-
Water	-	137 636	80 822	75 359	78 890	78 890	69 140	90 505	108 391
Waste water management	-	10 957	19 386	15 000	19 247	19 247	21 074	11 863	17 357
Waste management	-	-	-	-	-	-	-	-	-
<b>Other</b>									
<b>Total Capital Expenditure - Standard</b>	<b>2 656</b>	<b>246 156</b>	<b>131 146</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
<b>Funded by:</b>									
National Government	-	147 194	100 292	104 205	120 205	120 205	115 669	131 046	138 365
Provincial Government	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-
Other transfers and grants	2 200	79 814	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>2 200</b>	<b>227 008</b>	<b>100 292</b>	<b>104 205</b>	<b>120 205</b>	<b>120 205</b>	<b>115 669</b>	<b>131 046</b>	<b>138 365</b>
<b>Public contributions &amp; donations</b>									
<b>Borrowing</b>									
<b>Internally generated funds</b>									
Internally generated funds	456	19 148	1 514	28 890	10 479	10 479	10 714	6 855	757
<b>Total Capital Funding</b>	<b>2 656</b>	<b>246 156</b>	<b>131 146</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>

## **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 126.4 million for the 2015/16 financial year and increases over the MTREF to R 137.9 million and R 139.1 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 2015/2016. Included in our single-year appropriations is an expenditure that will be incurred in the 2015/16 budget year such as the procurement of computers and office furniture. 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>ASSETS</b>									
<b>Current assets</b>									
Cash	13 293	28	3 099	3 013	14 349	14 349	13 173	23 839	35 102
Call investment deposits	-	1 980	17 475	218	5 000	5 000	257	260	263
Consumer debtors	15 368	19 126	23 976	4 727	4 727	4 727	4 916	5 155	5 406
Other debtors	24 182	16 657	1 245						
Current portion of long-term receivables									
Inventory	2 121	1 312	1 962	1 500	1 500	1 500	1 575	1 654	1 736
<b>Total current assets</b>	<b>54 964</b>	<b>39 103</b>	<b>47 757</b>	<b>9 458</b>	<b>25 576</b>	<b>25 576</b>	<b>19 921</b>	<b>30 908</b>	<b>42 507</b>
<b>Non current assets</b>									
Long-term receivables									
Investments	362								
Investment property	3 085			3 085	-				
Investment in Associate									
Property, plant and equipment	887 240	1 052 533	1 159 054	1 014 183	1 167 639	1 167 639	1 261 992	1 377 751	1 488 228
Agricultural									
Biological									
Intangible	28	-	314	380	380	380	420	420	649
Other non-current assets									
<b>Total non current assets</b>	<b>890 714</b>	<b>1 052 533</b>	<b>1 159 368</b>	<b>1 017 648</b>	<b>1 168 019</b>	<b>1 168 019</b>	<b>1 262 412</b>	<b>1 378 171</b>	<b>1 488 877</b>
<b>TOTAL ASSETS</b>	<b>945 678</b>	<b>1 091 635</b>	<b>1 207 125</b>	<b>1 027 106</b>	<b>1 193 595</b>	<b>1 193 595</b>	<b>1 282 333</b>	<b>1 409 079</b>	<b>1 531 384</b>
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Bank overdraft		4 577	5 871						
Borrowing	611	627	627	784	784	784	784	784	784
Consumer deposits									
Trade and other payables	114 691	90 855	45 120	9 760	12 177	12 177	13 214	13 740	14 287
Provisions	519	645	693	645	645	645	677	711	747
<b>Total current liabilities</b>	<b>115 822</b>	<b>96 704</b>	<b>52 311</b>	<b>11 190</b>	<b>13 606</b>	<b>13 606</b>	<b>14 675</b>	<b>15 236</b>	<b>15 818</b>
<b>Non current liabilities</b>									
Borrowing	4 163	3 536	2 310	2 836	2 300	2 300	2 516	2 124	1 724
Provisions	1 244	1 551	1 884	1 551	1 551	1 551	1 629	1 710	1 796
<b>Total non current liabilities</b>	<b>5 406</b>	<b>5 087</b>	<b>4 194</b>	<b>4 387</b>	<b>3 851</b>	<b>3 851</b>	<b>4 145</b>	<b>3 834</b>	<b>3 520</b>
<b>TOTAL LIABILITIES</b>	<b>121 228</b>	<b>101 791</b>	<b>56 505</b>	<b>15 577</b>	<b>17 457</b>	<b>17 457</b>	<b>18 820</b>	<b>19 070</b>	<b>19 338</b>
<b>NET ASSETS</b>	<b>824 450</b>	<b>989 844</b>	<b>1 150 620</b>	<b>1 011 529</b>	<b>1 176 138</b>	<b>1 176 138</b>	<b>1 263 513</b>	<b>1 390 009</b>	<b>1 512 046</b>
<b>COMMUNITY WEALTH/EQUITY</b>									
Accumulated Surplus/(Deficit)	824 450	989 844	1 150 620	1 011 529	1 176 138	1 176 138	1 263 513	1 390 009	1 512 046
Reserves	-	-	-	-	-	-	-	-	-
Minorities' interests									
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>824 450</b>	<b>989 844</b>	<b>1 150 620</b>	<b>1 011 529</b>	<b>1 176 138</b>	<b>1 176 138</b>	<b>1 263 513</b>	<b>1 390 009</b>	<b>1 512 046</b>

## 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates, penalties & collection charges	3 144	2 453	3 371	9 168	4 727	4 727	8 916	9 540	10 207
Service charges	(64 916)	28 098	45 458	15 288	13 823	13 823	13 526	14 660	15 907
Other revenue	23 489	3 426	3 355	646	13 100	13 100	714	525	555
Government - operating	61 664	70 029	74 257	111 580	110 781	110 781	147 129	140 027	141 242
Government - capital	67 916	327 252	127 487	104 205	119 249	119 249	115 669	131 046	138 365
Interest	1 303	123	260	40	269	269	40	43	43
Dividends							-	-	-
<b>Payments</b>									
Suppliers and employees	(106 039)	(200 742)	(104 313)	(103 935)	(108 935)	(108 935)	(143 873)	(141 394)	(149 608)
Finance charges	(2 402)	(96)	(232)	(100)	(115)	(115)	(149)	(157)	(166)
Transfers and Grants	-				(2 021)	(2 021)	(4 730)	(4 938)	(5 376)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(15 842)</b>	<b>230 544</b>	<b>149 643</b>	<b>136 892</b>	<b>150 879</b>	<b>150 879</b>	<b>137 242</b>	<b>149 351</b>	<b>151 169</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE							-	-	-
Decrease (increase) in non-current debtors							-	-	-
Decrease (increase) other non-current receivables							-	-	-
Decrease (increase) in non-current investments	(18)	362					-	-	-
<b>Payments</b>									
Capital assets	(2 656)	(246 156)	(131 146)	(133 073)	(138 845)	(138 845)	(126 383)	(137 901)	(139 122)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(2 674)</b>	<b>(245 794)</b>	<b>(131 146)</b>	<b>(133 073)</b>	<b>(138 845)</b>	<b>(138 845)</b>	<b>(126 383)</b>	<b>(137 901)</b>	<b>(139 122)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							-	-	-
Borrowing long term/refinancing							-	-	-
Increase (decrease) in consumer deposits							-	-	-
<b>Payments</b>									
Repayment of borrowing	2 394	(611)	(1 225)	(784)	(784)	(784)	(784)	(784)	(784)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>2 394</b>	<b>(611)</b>	<b>(1 225)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 122)</b>	<b>(15 861)</b>	<b>17 272</b>	<b>3 035</b>	<b>11 250</b>	<b>11 250</b>	<b>10 074</b>	<b>10 666</b>	<b>11 263</b>
Cash/cash equivalents at the year begin:	29 414	13 293	(2 568)	3 013	3 099	3 099	3 099	13 173	23 839
Cash/cash equivalents at the year end:	13 292	(2 568)	14 703	6 048	14 349	14 349	13 173	23 839	35 102

## **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 from the 2011/12 to 2012/13 period resulting in an overdraft and started to increase from 2013/14 to 2017/18 budget.

The tabled budget for 2014/15 provide for a net increase in cash of R 3 million resulting in an overall projected positive cash position of R 6.1 million in the original budget and net increases after adjustment budget is R 11.3 million resulting in overall projection of positive cash of R14.3 million at the year end of 2014/15.

The budgeted cash flow for 2015/16 provide for a net increase in cash of R 10.1 million resulting in an overall projected positive cash position of R 13.2 million at year end.

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

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b><u>Cash and investments available</u></b>									
Cash/cash equivalents at the year end	13 292	(2 568)	14 703	6 048	14 349	14 349	13 173	23 839	35 102
Other current investments > 90 days	0	-	-	(2 817)	5 000	5 000	257	260	263
Non current assets - Investments	362	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>13 654</b>	<b>(2 568)</b>	<b>14 703</b>	<b>3 231</b>	<b>19 349</b>	<b>19 349</b>	<b>13 430</b>	<b>24 099</b>	<b>35 365</b>
<b><u>Application of cash and investments</u></b>									
Unspent conditional transfers	17 063	-	-	-	-	-	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements			526				550	570	590
Other working capital requirements	136 202	51 647	(18 912)	2 036	1 825	1 825	8 485	8 790	9 103
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments:</b>	<b>153 264</b>	<b>51 647</b>	<b>(18 386)</b>	<b>2 036</b>	<b>1 825</b>	<b>1 825</b>	<b>9 035</b>	<b>9 360</b>	<b>9 693</b>
<b>Surplus(shortfall)</b>	<b>(139 610)</b>	<b>(54 216)</b>	<b>33 089</b>	<b>1 195</b>	<b>17 524</b>	<b>17 524</b>	<b>4 395</b>	<b>14 739</b>	<b>25 672</b>

**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.

**Table 22- Table A9 Asset Management**

NC451 Joe Morolong - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	2 656	246 156	131 146	122 595	128 595	128 595	125 683	137 901	139 122
Infrastructure - Road transport		-	74 917	29 361	16 788	28 259	28 259	17 555	20 474	4 215
Infrastructure - Electricity		-	6 016	-	-	-	-	-	-	-
Infrastructure - Water		-	135 118	80 616	63 859	68 890	68 890	69 140	90 505	108 391
Infrastructure - Sanitation		-	10 957	19 386	15 000	19 247	19 247	20 874	11 652	17 357
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	227 008	129 362	95 646	116 396	116 396	107 569	122 630	129 963
Community		-	14 805	-	18 354	8 969	8 969	14 721	13 180	8 680
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2 643	4 342	1 416	8 384	3 142	3 142	3 028	2 091	250
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		12	-	367	211	87	87	365	-	229
<b>Total Renewal of Existing Assets</b>	2	-	-	-	10 500	10 250	10 250	700	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	10 000	10 000	10 000	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	10 000	10 000	10 000	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	500	250	250	700	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	74 917	29 361	16 788	28 259	28 259	17 555	20 474	4 215
Infrastructure - Road transport		-	74 917	29 361	16 788	28 259	28 259	17 555	20 474	4 215
Infrastructure - Electricity		-	6 016	-	-	-	-	-	-	-
Infrastructure - Water		-	135 118	80 616	73 859	78 890	78 890	69 140	90 505	108 391
Infrastructure - Sanitation		-	10 957	19 386	15 000	19 247	19 247	20 874	11 652	17 357
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	227 008	129 362	105 646	126 396	126 396	107 569	122 630	129 963
Community		-	14 805	-	18 354	8 969	8 969	14 721	13 180	8 680
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	2 643	4 342	1 416	8 884	3 392	3 392	3 728	2 091	250
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		12	-	367	211	87	87	365	-	229
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	2 656	246 156	131 146	133 095	138 845	138 845	126 383	137 901	139 122
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
Infrastructure - Road transport		852	710 368	732 287	704 110	721 198	721 198	734 776	751 056	750 846
Infrastructure - Electricity		-	5 792	5 551	5 847	5 551	5 551	5 499	5 443	5 384
Infrastructure - Water		153	196 665	279 208	145 026	310 839	310 839	377 526	465 443	571 104
Infrastructure - Sanitation		-	10 441	9 886	24 867	9 886	9 886	9 764	9 635	9 499
Infrastructure - Other		773 728	-	-	2 379	-	-	-	-	-
Infrastructure		774 732	923 266	1 026 932	882 229	1 047 474	1 047 474	1 127 565	1 231 576	1 336 832
Community		-	118 754	114 448	116 761	106 247	106 247	118 710	129 507	135 673
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		3 085	-	-	3 085	-	-	-	-	-
Other assets		112 508	10 512	17 673	15 193	13 917	13 917	15 717	16 668	15 722
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		28	-	314	380	380	380	420	420	649
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	890 352	1 052 533	1 159 368	1 017 648	1 168 019	1 168 019	1 262 412	1 378 171	1 488 877
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		67 954	20 507	24 326	9 826	7 717	7 717	10 000	10 550	11 130
<b>Repairs and Maintenance by Asset Class</b>	3	5 357	11 683	18 215	7 730	6 515	6 515	26 558	19 504	20 604
Infrastructure - Road transport		724	152	78	205	218	218	243	262	277
Infrastructure - Electricity		-	-	-	200	280	280	200	225	254
Infrastructure - Water		1 066	3 763	14 289	6 075	4 955	4 955	25 700	18 376	19 388
Infrastructure - Sanitation		-	-	13	135	80	80	110	116	122
Infrastructure - Other		-	2 215	848	310	305	305	15	16	17
Infrastructure		1 790	6 129	15 228	6 925	5 838	5 838	26 268	18 995	20 057
Community		942	16	187	80	40	40	80	84	89
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	2 625	5 538	2 800	725	637	637	210	424	458
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		73 311	32 190	42 541	17 556	14 231	14 231	36 558	30 054	31 734
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	7.9%	7.4%	7.4%	0.6%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn*</b>		0.0%	0.0%	0.0%	106.9%	132.8%	132.8%	7.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>		0.6%	1.1%	1.6%	0.8%	0.6%	0.6%	2.1%	1.4%	1.4%
<b>Renewal and R&amp;M as a % of PPE</b>		1.0%	1.0%	2.0%	2.0%	1.0%	1.0%	2.0%	1.0%	1.0%

## **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 2.1% of the total value Property, Plant and Equipment in the 2015/16 budget and decreases to at least 1.4% 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 R 26.6 million and decreases to R 19.5 million and then R 20.6 million respectively for the outer years.

**Table 23- Table A10 Basic Service Delivery Measurement**

NC451 Joe Morolong - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		3 718	3 718	3 718	3 718	3 718	3 718	3 818	3 868	3 918
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2	18 048	18 048	18 048	18 048	18 048	18 048	18 248	18 448	18 698
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		21 766	21 766	21 766	21 766	21 766	21 766	22 066	22 316	22 616
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply		1 941	1 941	1 941	1 941	1 941	1 941	1 691	1 491	1 241
<i>Below Minimum Service Level sub-total</i>		1 941	1 941	1 941	1 941	1 941	1 941	1 691	1 491	1 241
<b>Total number of households</b>	5	<b>23 707</b>	<b>23 707</b>	<b>23 707</b>	<b>23 707</b>	<b>23 707</b>	<b>23 707</b>	<b>23 757</b>	<b>23 807</b>	<b>23 857</b>
<b>Sanitation/sewerage:</b>										
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	18 454	18 654	18 954
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	20 585	20 785	21 085
Bucket toilet		469	469	469	469	469	469	419	369	319
Other toilet provisions (< min.service level)										
No toilet provisions		2 432	2 432	2 432	2 853	2 853	2 853	2 753	2 653	2 453
<i>Below Minimum Service Level sub-total</i>		2 901	2 901	2 901	3 322	3 322	3 322	3 172	3 022	2 772
<b>Total number of households</b>	5	<b>23 286</b>	<b>23 286</b>	<b>23 286</b>	<b>23 707</b>	<b>23 707</b>	<b>23 707</b>	<b>23 757</b>	<b>23 807</b>	<b>23 857</b>
<b>Energy:</b>										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)		19 384	19 384	19 384	19 384	19 384	19 384	19 634	19 834	19 984
<i>Minimum Service Level and Above sub-total</i>		19 384	19 384	19 384	19 384	19 384	19 384	19 634	19 834	19 984
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources					4 323	4 323	4 323	4 123	3 973	3 873
<i>Below Minimum Service Level sub-total</i>		-	-	-	4 323	4 323	4 323	4 123	3 973	3 873
<b>Total number of households</b>	5	<b>19 384</b>	<b>19 384</b>	<b>19 384</b>	<b>23 707</b>	<b>23 707</b>	<b>23 707</b>	<b>23 757</b>	<b>23 807</b>	<b>23 857</b>
<b>Refuse:</b>										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		1 581	1 581	1 581	1 581	1 581	1 581	1 581	1 581	1 681
Using communal refuse dump										
Using own refuse dump		19 146	19 146	19 146	19 146	19 146	19 146	19 196	19 246	19 196
Other rubbish disposal										
No rubbish disposal		2 707	2 707	2 707	2 980	2 980	2 980	2 980	2 980	2 930
<i>Below Minimum Service Level sub-total</i>		23 434	23 434	23 434	23 707	23 707	23 707	23 757	23 807	23 807
<b>Total number of households</b>	5	<b>23 434</b>	<b>23 434</b>	<b>23 434</b>	<b>23 707</b>	<b>23 707</b>	<b>23 707</b>	<b>23 757</b>	<b>23 807</b>	<b>23 807</b>
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)				8 480	8 195	8 195	8 195	8 195	8 195	8 195
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)				8 480	8 195	8 195	8 195	8 195	8 195	8 195
Refuse (removed at least once a week)										
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)				100	105	105	105	2 582	2 518	2 649
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)				1 815	1 906	2 356	2 356	2 148	2 420	2 727
Refuse (removed once a week)										
<b>Total cost of FBS provided (minimum social package)</b>		-	-	1 915	2 011	2 461	2 461	4 730	4 938	5 376
<b>Highest level of free service provided</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)								15	15	15
Property rates (other exemptions, reductions and rebates)								19 881	20 969	22 115
Water								8 575	9 518	10 565
Sanitation										
Electricity/other energy										
Refuse										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of free services provided (total social package)</b>	6	-	-	-	-	-	-	28 470	30 502	32 694

### **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.

It is anticipated that these Free Basic Services will cost the municipality R 4.7 million in 2015/16, increasing to R 5.4 million in 2017/18. This is covered by the municipality's equitable share allocation from national government. Currently, the 'free services' represent about 3 percent of total operating expenditure.

It is very difficult to measure correctly the revenue cost of free basic as the municipality is mostly rural and the infrastructure used for water was communal stand pipes except Van Zylsrus and Hotazel, and the municipality is busy installing the prepaid meter that assist in measuring the correct cost of revenue for free basic service, and Eskom provide the electricity in more than 99% of municipal areas

## **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 2014) 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 11 August 2014. Below is the table with planned and actual dates:

NO	REQUIRED INPUTS	BY WHOM	PERIOD (FINAL DATE FOR COMPLETION)	ACTUAL DATES
1.	Preparation for IDP and budget process plan for approval by council	CFO and IDP manager	14 August 2014	11 August 2014
2.	Preparation for IDP review process by communicating to IDP forum stakeholders	Director	03 to 09 September 2014	09 September 2014
3.	IDP steering committee meeting	Mayor/ IDP Manager	10 September 2014	22 September 2014
4.	IDP meeting with all stakeholders (representative forum meeting)	Mayor/ IDP Manager	11 September 2014	22 July 2014
5.	Inputs for all projects from all stakeholders (2014/15)	IDP manager	15 to 19 September 2014	
6.	IDP steering committee meeting	Mayor/ IDP Manager	27 October 2014	08 October 2014
7.	Second IDP meeting with all the stakeholders	IDP manager	31 October 2014	15 October 2014
8.	Comparison between 2013/14 IDP initiatives originating from the strategic planning session.	All the Departments	03 to 07 November 2014	10 November 2014
9.	Formulation of key IDP priorities	All Departments	10 to 14 November 2014	08-21 October 2014
10	First draft budget and policies to council for 2015/16	CFO/ Municipal Manager	18 November 2014	18 November 2014
11	Prepare and distribute departmental total budgets MTEF to all heads of departments with actual figures and distribute the budget guidelines received from national treasury to all heads of departments.	CFO	19 November 2014	06 October 2014
12	Meeting with heads of departments for budget compilation	CFO	20 November 2014	03 & 04 October 2014
13	Adjustments of all grants gazetted for MTEF as per DORA	CFO	21 November 2014	No DORA adjustments
14	Community Consultation/participation on the draft of the IDP	IDP MANAGER	25 to 28 November 2014	08 to 21 October 2014
15	Community consultation for IDP inputs	IDP Manager	01 December 2014	7-21 October 2014
16	Meeting with heads of departments for budget compilation	CFO	05 December 2014	05 March 2015
17	Align total budget with IDP with National and provincial priorities and Growth and Development Plan	All the departments	15 January 2015	05 March 2015
18	Presentation of a Draft IDP & Budget 2015/ 16	Council	27 March 2015	20 March 2015
19	Commence public budget IDP participation process with all wards within Joe Morolong Local Municipality	CFO/ IDP(Chairpersons)	29 April 2015	7-17 April 2015
20	Presentation of public participation results to Council for inclusion into the final budget of 2015/16	Mayor/ CFO/ IDP	30 April 2015	27 April 2015
21	Final total budget proposal to council for approval	Mayor/ CFO/ IDP	29 May 2015	27 April 2015
22	Finalisation of top layer SDBIPs	Directors	04 June 2015	27 April 2015
23	Finalisation of Departmental SDBIPs	MM	18 June 2015	
24	Send approval IDP and budget to COGHSTA, Provincial and National Treasury	CFO/ MM	25 June 2015	

There were deviations from key dates set out in the budget time schedule tabled in council on the 11 August 2014 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.

During IDP review 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;
- 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.
- The community also requested the municipality to improve on turnaround time relating to maintenance issues relating to water infrastructure

### **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 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the midyear of 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 2015/16 MTREF will be tabled before council on the 27 May 2015 together with community consultation minutes. Consultation time table was published in the municipal website and local newspaper and hard copies for draft budget will be available in the main municipal office and satellite offices and draft budget softcopy was loaded on the municipal website ([www.joemorolong.gov.za](http://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 17 April 2015. The applicable dates and venues was published in all the local newspapers and notice board of public places. Other stakeholders involved in the consultation will include Agri Kuruman, sector departments, mining houses and 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 municipality to assist with water provision for their livestock, learners transport, Early Learning Centres and mobile clinics.
- 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 2015/16 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 R thousand	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	83 258	139 018	135 299	131 096	142 229	142 229	154 699	163 683	173 336
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	(430)	10 207	2 884	5 391	7 445	7 445	6 548	4 385	4 626
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	19 939	3 794	4 727	5 573	5 752	5 752	6 269	6 543	6 845
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	918	5 709	2 496	24	24	24	-	-	-
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	64 973	79 176	77 307	100 285	97 460	97 460	122 522	125 561	126 186
<b>Total Revenue</b>		<b>168 658</b>	<b>237 904</b>	<b>222 714</b>	<b>242 368</b>	<b>252 910</b>	<b>252 910</b>	<b>290 038</b>	<b>300 172</b>	<b>310 992</b>

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

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	175 542	144 878	56 926	41 749	41 719	41 719	87 588	84 665	90 140
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	(8 032)	11 703	10 276	10 528	12 643	12 643	7 871	8 434	8 730
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	91 425	32 137	39 255	27 798	27 932	27 932	28 730	31 576	33 352
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	18 781	9 353	9 912	2 178	2 026	2 026	4 229	2 596	2 734
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	10 732	72 040	41 299	27 019	29 746	29 746	35 237	35 000	36 914
<b>Total Expenditure</b>		<b>288 449</b>	<b>270 111</b>	<b>157 668</b>	<b>109 273</b>	<b>114 065</b>	<b>114 065</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>

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

Strategic Objective	Goal	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	–	218 628	110 245	95 046	107 549	107 549	107 769	122 841	129 963
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	–	25 767	19 386	36 092	29 803	29 803	17 360	14 772	8 680
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	2 656	1 233	994	1 727	1 472	1 472	1 205	250	200
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	–	–	–	–	–	–	–	–	–
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	–	528	521	231	20	20	50	38	279
<b>Total Capital Expenditure</b>		<b>2 656</b>	<b>246 156</b>	<b>131 146</b>	<b>133 095</b>	<b>138 845</b>	<b>138 845</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>

## **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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Vote 1 - Executive &amp; Council</b>										
<b>Function 1 - Council</b>										
<b>Sub-function 1 - (name)</b>										
<i>Tabling &amp; Approval of IDP &amp; Budget for each budget year</i>	Approval before 31 May each year	1	1	1	1	1	1	1	1	1
<i>Hold quarterly council meeting</i>	Number of meeting held	4	4	4	4	4	4	4	4	4
<i>Approval of Sec 72 Reports by 25 January each year</i>	Approved Report & Resolution	1	1	1	1	1	1	1	1	1
<i>Tabling &amp; Approval of Adjusted Budget</i>	Number of Adjusted Budget	1	1	1	1	1	1	1	1	1
<b>Sub-function 2 - Municipal Manager</b>										
<i>The keeping and compilation of minutes of all meetings of Council and its committee</i>	Number of minutes	20	20	20	20	20	20	20	20	20
<i>Publication of four newsletter in financial year</i>	Number of newsletter	4	4	4	4	4	4	4	4	4
<b>Vote 2 - Budget &amp; Treasury Office</b>										
<b>Sub-function 1 - Budget &amp; Treasury</b>										
<i>Financial Statements by 31 August 2014 and submitted to the Auditor-General</i>	Submitted AFS	1	1	1	1	1	1	1	1	1
<i>All salaries and third party payments paid on time</i>	Number	12	12	12	12	12	12	12	12	12
<i>Monthly sec 71 reports</i>	Number of report	12	12	12	12	12	12	12	12	12
<i>Compile Quaterly reports</i>	7 reports per quarter	28	28	28	28	28	28	28	28	28
<b>Vote 3 - Corporate Services</b>										
<b>Function 1 - Corporate</b>										
<i>Maintenance of an effective record and registry system.</i>	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Administration of Human Resource recruitment and selection.</i>	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Update of Skills Development Plan</i>	Number				1	1	1	1	1	1
<i>Oversee that training in terms of the Skills Development Plan is being implemented.</i>	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Reclaim all monies due in term of Skills Development Plan.</i>	4				4	4	4	4	4	4
<b>Vote 4 - Community Service</b>										
<b>Function 1 - Community</b>										
<i>Number with VIP toilets</i>	Number							1494	1200	2545
<i>Construction of sportfields</i>	Number							2	2	2
<i>Construction of phase 1 Testing station</i>	Complete testing staion							1	1	
<i>This indicator reflects the number of single residential properties that the Municipality is aware of which are receiving a weekly door to door refuse removal service.</i>	Number (1500)				1500	1500	1500	1500	1500	1500
<b>Vote 5 - Techical Service</b>										
<b>Function 1 - Technical</b>										
<i>Construction of internal roads</i>	Kilomeetre							6	5	1.5
<i>Construction of bridge</i>	Number							1		
<b>Vote 7 - Water Unit</b>										
<b>Function 1 - Water</b>										
<i>Water control and management – breaks and losses – daily, weekly and monthly.</i>	Continuous				95%	95%	95%	95%	95%	95%
<i>Water breaks must be repaired within twelve (12) hours after break has been reported.</i>	Continuous				95%	95%	95%	95%	95%	95%
<i>Managing total water supply system to ensure sufficient water provision.</i>	Continuous				95%	95%	95%	95%	95%	95%
<i>Monitoring of water quality and testing</i>	Monthly				12	12	12	12	12	12
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>										
<b>And so on for the rest of the Votes</b>										

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF

**Table 28– Table SA8: Performance indicators and benchmarks.**

**NC451 Joe Morolong - Supporting Table SA8 Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.3%	0.9%	1.5%	1.5%	1.5%	1.5%	1.1%	1.1%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	2.3%	6.9%	6.3%	7.4%	7.4%	7.4%	6.3%	5.9%	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%
<b>Safety of Capital</b>											
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%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0.5	0.4	0.9	0.8	1.9	1.9	1.9	1.4	2.0	2.7
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.4	0.9	0.8	1.9	1.9	1.9	1.4	2.0	2.7
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.0	0.4	0.3	1.4	1.4	1.4	0.9	1.6	2.2
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		-391.8%	126.5%	307.6%	95.0%	87.0%	87.0%	87.0%	85.0%	85.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		-391.8%	126.5%	307.6%	95.0%	87.0%	87.0%	87.0%	85.0%	85.0%	85.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	38.3%	35.4%	26.5%	3.4%	3.5%	3.5%	3.5%	2.8%	3.0%	3.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))				98.0%	99.0%	99.0%	99.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		734.5%	-3537.4%	303.3%	107.5%	58.5%	58.5%	58.5%	96.1%	55.2%	39.0%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		0								
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.4%	27.7%	38.9%	32.7%	32.8%	32.8%	32.8%	28.2%	30.8%	31.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	44.4%	34.3%	46.8%	38.7%	38.8%	38.8%	38.8%	33.1%	36.1%	37.3%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.2%	11.5%	19.1%	5.6%	4.8%	4.8%	4.8%	15.2%	11.5%	11.9%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	68.2%	20.4%	25.8%	7.8%	6.3%	6.3%	6.3%	6.3%	6.8%	7.0%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	55.2	21.0	25.5	25.2	25.2	25.2	27.8	32.9	35.2	38.0
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	250.3%	147.1%	157.9%	18.3%	22.1%	22.1%	22.1%	18.6%	18.0%	17.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.2	(0.3)	2.2	0.9	2.0	2.0	2.0	1.4	2.4	3.4

## 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 1.1 per cent in 2015/16 and will then decrease to 1.0 per cent at the end of the MTREF.
- *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 2015/16 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 2015/16 MTREF the current ratio is 1.4 in the 2015/16 and will increase to 2.7 percent at the end of MTREF. 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 2015/16 MTREF the ratio is 0.9 in the 2015/16 financial year and 1.6 and 2.2 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**

- Electricity and Water losses: the municipality is still busy installing the meters that will assist in measuring the losses of both electricity and electricity with the assistance DBSA programme.
- Employee costs as a percentage of operating revenue fluctuate over the 2015/16 MTREF.
- Repairs and maintenance as percentage of operating revenue fluctuate over the 2015/16 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.

The above policies will be available on the municipal website ([www.joemorolong.gov.za](http://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 2015/16 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 30 per cent of total operating expenditure in the 2015/16 MTREF. The wage agreement has not yet been concluded between SALGBC and municipal workers unions which can be a little risky based on the previous agreements that was signed.

### **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 for other revenue. The performance of arrear collections have been budgeted at 95 per cent collection for 2015/16 MTREF.

### **c) Salary increases**

The wage agreement has not yet been concluded between SALGBC and municipal workers unions which can be a little risky based on the previous agreements that was signed. The municipality has budgeted salary increase of 6.2 percent and in case the agreement will be below the budgeted increase,

this will be good as it will be the additional money available on improving of service delivery.

**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 100 per cent on the capital programme for the 2015/16 MTREF of which performance has been factored into the cash flow budget.

## 2.10 Overview of budget funding

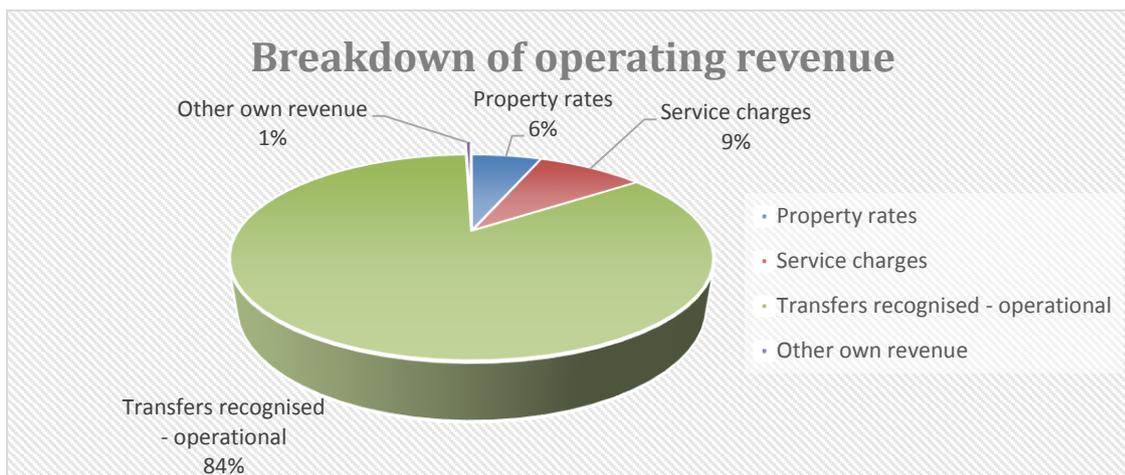
### a) Operating Revenue

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	2015/16 Medium Term Revenue & Expenditure Framework					
	Budget Year 2015/16	%	Budget Year 2016/17	%	Budget Year 2017/18	%
<b>Financial Performance</b>						
Property rates	10 489	6.02%	11 223	6.64%	12 009	6.96%
Service charges	15 912	9.13%	17 247	10.20%	18 715	10.84%
Transfers recognised - operational	147 129	84.38%	140 027	82.79%	141 242	81.82%
Other own revenue	839	0.48%	629	0.37%	662	0.38%
<b>Total Operating Revenue( excluding capital transfers and contributions)</b>	<b>174 369</b>	<b>100%</b>	<b>169 126</b>	<b>100%</b>	<b>172 627</b>	<b>100%</b>
<b>Total Operating Expenditure</b>	<b>163 655</b>		<b>162 271</b>		<b>171 870</b>	
<b>Surplus/(Deficit)</b>	<b>10 714</b>		<b>6 855</b>		<b>757</b>	

The following graph is a breakdown of the operational revenue per main category for the 2015/16 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.

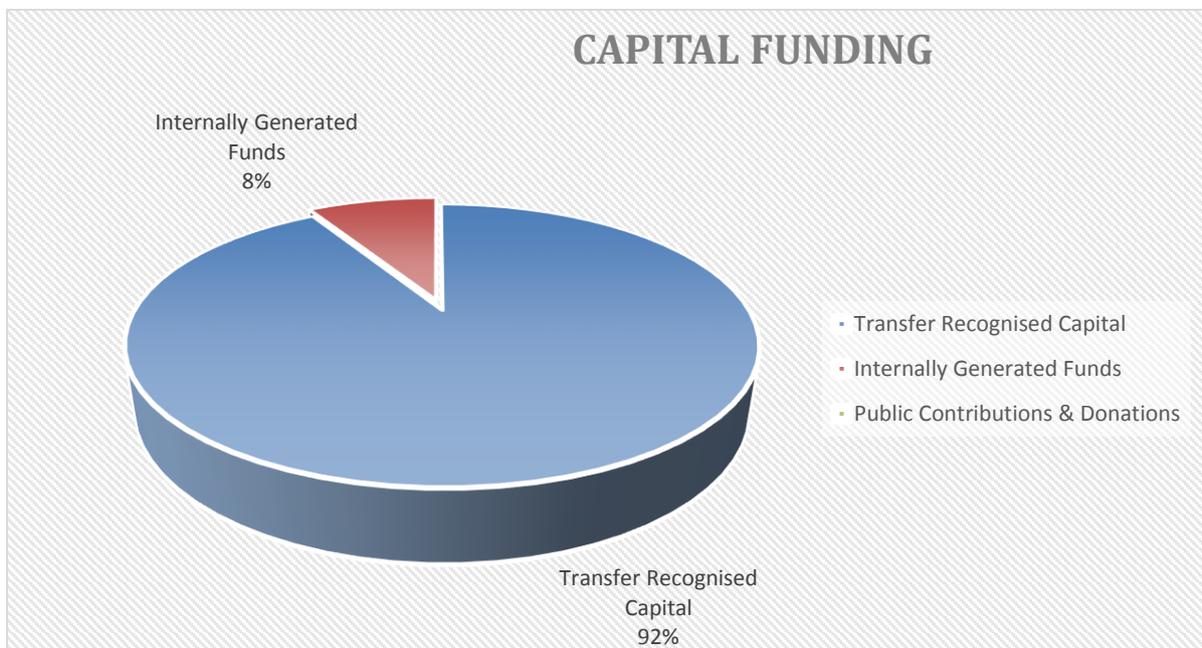
## b) Capital Revenue

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 2015/16	%	Budget Year 2016/17	%	Budget Year 2017/18	%
<b>Funded by</b>						
National Government	115 669		131 046		138 365	
Transfer Recognised Capital	115 669	91.52%	131 046	95.03%	138 365	99.46%
Internally Generated Funds	10 714	8.48%	6 855	4.97%	757	0.54%
Public Contributions & Donations	–		–	0.00%	–	
<b>Total Capital Funding</b>	<b>126 383</b>	<b>100%</b>	<b>137 901</b>	<b>100%</b>	<b>139 122</b>	<b>100%</b>

The following graph represent the breakdown of the capital funding for the 2015/16 financial year;



Capital grants and receipts equates to 92% of the total funding source which represents R115.7 Million for the 2015/16 financial year and steadily increase to R138.4 million or 99% per cent by 2017/18.

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

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>RECEIPTS:</b>									
<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	<b>38 350</b>	<b>122 457</b>	<b>116 221</b>	<b>107 058</b>	<b>111 089</b>	<b>111 089</b>	<b>118 599</b>	<b>134 092</b>	<b>141 584</b>
Municipal Infrastructure Grant (MIG)	33 114	56 479	55 253	57 058	57 058	57 058	58 599	60 912	64 379
Regional Bulk Infrastructure	5 235	58 398	43 436		4 031	4 031			
Municipal Water Infrastructure Grant		5 705	7 036	50 000	50 000	50 000	60 000	73 180	77 205
EPWP			2 496						
Water Operation and Subsidy Grant		1 875	8 000						
<b>Provincial Government:</b>	<b>-</b>	<b>8 188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing		8 188							
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other grant providers:</b>	<b>27 164</b>	<b>6 098</b>	<b>11 252</b>	<b>-</b>	<b>8 160</b>	<b>8 160</b>	<b>-</b>	<b>-</b>	<b>-</b>
ACIP Sanitation	27 164	6 098	2 796						
Sishen Mine (Roads)			8 455		8 160	8 160			
<b>Total Capital Transfers and Grants</b>	<b>65 513</b>	<b>136 743</b>	<b>127 472</b>	<b>107 058</b>	<b>119 249</b>	<b>119 249</b>	<b>118 599</b>	<b>134 092</b>	<b>141 584</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>128 102</b>	<b>206 772</b>	<b>201 729</b>	<b>215 785</b>	<b>230 030</b>	<b>230 030</b>	<b>262 798</b>	<b>271 073</b>	<b>279 607</b>

### 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 13.3 in 2011/12 to a deficit of R 2.6 million in 2012/13 and moved to the positive cash balance of R 14.7 million by 2013/14. The 2015/16 MTREF show a steadily increase in cash and cash equivalent at the end of financial years. The budgeted cash flow for 2015/16 provide for a net increase in cash of R 10.1 million resulting in an overall projected positive cash position of R 13.2 million.

**Table 32 – Table A7: Budgeted cash flow management**

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Property rates, penalties & collection charges	3 144	2 453	3 371	9 168	4 727	4 727	8 916	9 540	10 207
Service charges	(64 916)	28 098	45 458	15 288	13 823	13 823	13 526	14 660	15 907
Other revenue	23 489	3 426	3 355	646	13 100	13 100	714	525	555
Government - operating	61 664	70 029	74 257	111 580	110 781	110 781	147 129	140 027	141 242
Government - capital	67 916	327 252	127 487	104 205	119 249	119 249	115 669	131 046	138 365
Interest	1 303	123	260	40	269	269	40	43	43
Dividends							-	-	-
<b>Payments</b>									
Suppliers and employees	(106 039)	(200 742)	(104 313)	(103 935)	(108 935)	(108 935)	(143 873)	(141 394)	(149 608)
Finance charges	(2 402)	(96)	(232)	(100)	(115)	(115)	(149)	(157)	(166)
Transfers and Grants	-				(2 021)	(2 021)	(4 730)	(4 938)	(5 376)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>(15 842)</b>	<b>230 544</b>	<b>149 643</b>	<b>136 892</b>	<b>150 879</b>	<b>150 879</b>	<b>137 242</b>	<b>149 351</b>	<b>151 169</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE							-	-	-
Decrease (increase) in non-current debtors							-	-	-
Decrease (increase) other non-current receivables							-	-	-
Decrease (increase) in non-current investments	(18)	362					-	-	-
<b>Payments</b>									
Capital assets	(2 656)	(246 156)	(131 146)	(133 073)	(138 845)	(138 845)	(126 383)	(137 901)	(139 122)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(2 674)</b>	<b>(245 794)</b>	<b>(131 146)</b>	<b>(133 073)</b>	<b>(138 845)</b>	<b>(138 845)</b>	<b>(126 383)</b>	<b>(137 901)</b>	<b>(139 122)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans							-	-	-
Borrowing long term/refinancing							-	-	-
Increase (decrease) in consumer deposits							-	-	-
<b>Payments</b>									
Repayment of borrowing	2 394	(611)	(1 225)	(784)	(784)	(784)	(784)	(784)	(784)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>2 394</b>	<b>(611)</b>	<b>(1 225)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(16 122)</b>	<b>(15 861)</b>	<b>17 272</b>	<b>3 035</b>	<b>11 250</b>	<b>11 250</b>	<b>10 074</b>	<b>10 666</b>	<b>11 263</b>
Cash/cash equivalents at the year begin:	29 414	13 293	(2 568)	3 013	3 099	3 099	3 099	13 173	23 839
Cash/cash equivalents at the year end:	13 292	(2 568)	14 703	6 048	14 349	14 349	13 173	23 839	35 102

**Table 33 – Table SA10: Funding Compliance Measurement**

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
			<b>Funding measures</b>									
Cash/cash equivalents at the year end - R'000	18(1)b	1	13 292	(2 568)	14 703	6 048	14 349	14 349	14 349	13 173	23 839	35 102
Cash + investments at the yr end less applications - R'000	18(1)b	2	(139 610)	(54 216)	33 089	1 195	17 524	17 524	17 524	4 395	14 739	25 672
Cash year end/monthly employee/supplier payments	18(1)b	3	1.2	(0.3)	2.2	0.9	2.0	2.0	2.0	1.4	2.4	3.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(119 791)	(32 207)	65 046	133 095	138 845	138 845	138 845	126 383	137 901	139 122
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	47.2%	(40.3%)	56.2%	(23.2%)	(6.0%)	(6.0%)	17.8%	1.8%	1.9%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	(97.5%)	109.6%	251.8%	94.4%	138.9%	138.9%	138.9%	85.0%	85.0%	85.0%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	355.8%	134.9%	14.7%	4.7%	5.7%	5.7%	5.7%	15.0%	15.0%	15.0%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(9.5%)	(29.5%)	(81.3%)	0.0%	0.0%	0.0%	4.0%	4.9%	4.9%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.6%	1.1%	1.6%	0.8%	0.6%	0.6%	2.3%	2.1%	1.4%	1.4%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	7.9%	7.4%	7.4%	0.0%	0.6%	0.0%	0.0%

**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 2015/16 MTREF shows R 13.2 million, R 23.8 million and R 35.1 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 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 fluctuating for the period 2011/12 to 2013/14 moving from 1.2 to (2.2) with the audited 2013/14 outcome. In 2014/15 adopted budget the ratio was at positive and after revised budget increased to 2.0, as part of the 2015/16 MTREF the municipality continues to strive in improve cash position though the ratio to move downwards to 1.4 and then continue to increase over the MTREF. 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 2015/16 MTREF the suggestive outcome is a surplus of R126.4 million, R137.9 million and R139.1 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 increase to 17.8 then decreases slightly to 1.8 then increase to 1.9 per cent for the respective two outer financial years. The increase in revenue is as results of property rate which was informed by the updated valuation roll whereby the rates revenue increased by 66.4 per cent in 2014/15 financial year. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 7 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 85 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 85 per cent.

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 15.0 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 two 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. The consumer will increase by 4.0 percent for 2015/16 then 4.9 percent for the outer years.

### **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 2.1% of the total value Property, Plant and Equipment in the 2015/16 budget and decreases to at least 1.4% 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 R 26.6 million and decreases to R 19.5 million and then R 20.6 million respectively for the outer years.

### **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 0.6, 2015/16 budget year

## 2.11 Expenditure on grants and reconciliations of unspent funds

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

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>60 987</b>	<b>69 806</b>	<b>73 667</b>	<b>107 758</b>	<b>107 758</b>	<b>107 758</b>	<b>142 694</b>	<b>135 440</b>	<b>136 385</b>
Local Government Equitable Share	54 260	67 506	71 227	93 255	93 255	93 255	115 253	117 673	117 381
Water Services Operating Subsidy	3 875			10 000	10 000	10 000	22 500	15 000	15 826
Finance Management	1 887	1 500	1 550	1 600	1 600	1 600	1 675	1 810	2 145
Municipal Systems Improvement	965	800	890	934	934	934	930	957	1 033
EPWP Incentive	-			1 969	1 969	1 969	2 336		
<b>Provincial Government:</b>	<b>1 077</b>	<b>223</b>	<b>590</b>	<b>969</b>	<b>3 023</b>	<b>3 023</b>	<b>1 505</b>	<b>1 541</b>	<b>1 638</b>
Sport and Recreation	684	223	590	969	969	969	1 505	1 541	1 638
Housing					2 054	2 054			
EPWP Incentive	393								
<b>District Municipality:</b>	<b>525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>John Taolo Gaetsewe District Municipality</i>	525								
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total operating expenditure of Transfers and Grants:</b>	<b>62 589</b>	<b>70 029</b>	<b>74 257</b>	<b>108 727</b>	<b>110 781</b>	<b>110 781</b>	<b>144 199</b>	<b>136 981</b>	<b>138 023</b>
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	<b>38 350</b>	<b>122 457</b>	<b>116 221</b>	<b>107 058</b>	<b>111 089</b>	<b>111 089</b>	<b>118 599</b>	<b>134 092</b>	<b>141 584</b>
Municipal Infrastructure Grant (MIG)	33 114	56 479	55 253	57 058	57 058	57 058	58 599	60 912	64 379
Regional Bulk Infrastructure	5 235	58 398	43 436		4 031	4 031			
Municipal Water Infrastructure Grant		5 705	7 036	50 000	50 000	50 000	60 000	73 180	77 205
EPWP			2 496						
Water Operation and Subsidy Grant		1 875	8 000						
<b>Provincial Government:</b>	<b>-</b>	<b>8 188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing		8 188							
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other grant providers:</b>	<b>27 164</b>	<b>6 098</b>	<b>11 252</b>	<b>-</b>	<b>8 160</b>	<b>8 160</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>ACIP Sanitation</i>	27 164	6 098	2 796						
<i>Sishen Mine (Roads)</i>			8 455		8 160	8 160			
<b>Total capital expenditure of Transfers and Grants</b>	<b>65 513</b>	<b>136 743</b>	<b>127 472</b>	<b>107 058</b>	<b>119 249</b>	<b>119 249</b>	<b>118 599</b>	<b>134 092</b>	<b>141 584</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>128 102</b>	<b>206 772</b>	<b>201 729</b>	<b>215 785</b>	<b>230 030</b>	<b>230 030</b>	<b>262 798</b>	<b>271 073</b>	<b>279 607</b>

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

Description R thousand	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	60 987	69 806	73 667	110 611	110 611	110 611	145 624	138 486	139 604
<b>Conditions met - transferred to revenue</b>	<b>60 987</b>	<b>69 806</b>	<b>73 667</b>	<b>110 611</b>	<b>110 611</b>	<b>110 611</b>	<b>145 624</b>	<b>138 486</b>	<b>139 604</b>
Conditions still to be met - transferred to liabilities									
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	1 077	223	590	969	3 023	3 023	1 505	1 541	1 638
<b>Conditions met - transferred to revenue</b>	<b>1 077</b>	<b>223</b>	<b>590</b>	<b>969</b>	<b>3 023</b>	<b>3 023</b>	<b>1 505</b>	<b>1 541</b>	<b>1 638</b>
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts	525								
<b>Conditions met - transferred to revenue</b>	<b>525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Total operating transfers and grants revenue</b>	<b>62 589</b>	<b>70 029</b>	<b>74 257</b>	<b>111 580</b>	<b>113 634</b>	<b>113 634</b>	<b>147 129</b>	<b>140 027</b>	<b>141 242</b>
<b>Total operating transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	38 350	122 457	116 221	104 205	112 046	112 046	115 669	131 046	138 365
<b>Conditions met - transferred to revenue</b>	<b>28 797</b>	<b>122 457</b>	<b>116 221</b>	<b>104 205</b>	<b>112 046</b>	<b>112 046</b>	<b>115 669</b>	<b>131 046</b>	<b>138 365</b>
Conditions still to be met - transferred to liabilities	9 553								
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts	27 164	6 098	11 252		8 160	8 160			
<b>Conditions met - transferred to revenue</b>	<b>27 164</b>	<b>6 098</b>	<b>11 252</b>	<b>-</b>	<b>8 160</b>	<b>8 160</b>	<b>-</b>	<b>-</b>	<b>-</b>
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	<b>55 960</b>	<b>128 555</b>	<b>127 472</b>	<b>104 205</b>	<b>120 205</b>	<b>120 205</b>	<b>115 669</b>	<b>131 046</b>	<b>138 365</b>
<b>Total capital transfers and grants - CTBM</b>	<b>9 553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>118 549</b>	<b>198 583</b>	<b>201 729</b>	<b>215 785</b>	<b>233 840</b>	<b>233 840</b>	<b>262 798</b>	<b>271 073</b>	<b>279 607</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>9 553</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	5 787	3 842	5 223	4 648	5 432	5 432	4 904	5 188	5 463
Pension and UIF Contributions	1 150	–	–	820	135	135	707	748	787
Medical Aid Contributions	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	1 875	2 876	1 928	2 056	2 056	2 056	2 174	2 300	2 422
Cellphone Allowance	471	–	353	701	623	623	754	797	840
Housing Allowances	–	–	–	–	–	–	–	–	–
Other benefits and allowances	–	–	–	–	–	–	–	–	–
<b>Sub Total - Councillors</b>	<b>9 284</b>	<b>6 718</b>	<b>7 504</b>	<b>8 226</b>	<b>8 247</b>	<b>8 247</b>	<b>8 538</b>	<b>9 033</b>	<b>9 512</b>
<b>% increase</b>		<b>(27.6%)</b>	<b>11.7%</b>	<b>9.6%</b>	<b>0.3%</b>	<b>–</b>	<b>3.5%</b>	<b>5.8%</b>	<b>5.3%</b>
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	1 426	2 035	2 900	2 904	2 904	2 904	2 778	2 939	3 095
Pension and UIF Contributions	17	1	–	564	564	564	495	523	551
Medical Aid Contributions	–	–	–	43	43	43	141	150	158
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance	861	1 202	1 522	1 552	1 552	1 552	1 561	1 652	1 740
Cellphone Allowance	11	14	61	91	91	91	92	97	102
Housing Allowances	–	44	–	436	436	436	488	517	544
Other benefits and allowances	100	188	404	0	0	0	0	0	0
Payments in lieu of leave	–	–	–	–	–	–	–	–	–
Long service awards	–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
<b>Sub Total - Senior Managers of Municipality</b>	<b>2 415</b>	<b>3 484</b>	<b>4 887</b>	<b>5 590</b>	<b>5 590</b>	<b>5 590</b>	<b>5 556</b>	<b>5 878</b>	<b>6 190</b>
<b>% increase</b>		<b>44.3%</b>	<b>40.2%</b>	<b>14.4%</b>	<b>–</b>	<b>–</b>	<b>(0.6%)</b>	<b>5.8%</b>	<b>5.3%</b>
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	18 550	15 829	17 812	25 429	23 465	23 465	27 037	28 605	30 121
Pension and UIF Contributions	2 968	2 653	3 705	5 184	3 940	3 940	5 381	5 693	5 994
Medical Aid Contributions	2 043	1 762	2 170	2 323	2 596	2 596	2 547	2 695	2 838
Overtime	1 756	1 056	1 513	1 102	1 310	1 310	632	669	704
Performance Bonus	225	950	1 679	2 526	1 795	1 795	2 429	2 569	2 706
Motor Vehicle Allowance	4 959	2 232	3 587	1 692	3 713	3 713	2 443	2 585	2 722
Cellphone Allowance	833	593	437	410	374	374	549	581	611
Housing Allowances	–	297	519	585	1 464	1 464	2 141	2 265	2 385
Other benefits and allowances	979	208	716	316	429	429	410	434	457
Payments in lieu of leave	1 668	(1 184)	–	70	40	40	75	79	83
Long service awards	166	92	–	–	–	–	–	–	–
Post-retirement benefit obligations	–	–	–	–	–	–	–	–	–
<b>Sub Total - Other Municipal Staff</b>	<b>34 148</b>	<b>24 490</b>	<b>32 138</b>	<b>39 637</b>	<b>39 126</b>	<b>39 126</b>	<b>43 644</b>	<b>46 175</b>	<b>48 622</b>
<b>% increase</b>		<b>(28.3%)</b>	<b>31.2%</b>	<b>23.3%</b>	<b>(1.3%)</b>	<b>–</b>	<b>11.5%</b>	<b>5.8%</b>	<b>5.3%</b>
<b>Total Parent Municipality</b>	<b>45 847</b>	<b>34 692</b>	<b>44 529</b>	<b>53 453</b>	<b>52 962</b>	<b>52 962</b>	<b>57 738</b>	<b>61 086</b>	<b>64 324</b>
		<b>(24.3%)</b>	<b>28.4%</b>	<b>20.0%</b>	<b>(0.9%)</b>	<b>–</b>	<b>9.0%</b>	<b>5.8%</b>	<b>5.3%</b>
<b>Board Members of Entities</b>									
<b>Senior Managers of Entities</b>									
<b>Other Staff of Entities</b>									
<b>Total Municipal Entities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>45 847</b>	<b>34 692</b>	<b>44 529</b>	<b>53 453</b>	<b>52 962</b>	<b>52 962</b>	<b>57 738</b>	<b>61 086</b>	<b>64 324</b>
<b>% increase</b>		<b>(24.3%)</b>	<b>28.4%</b>	<b>20.0%</b>	<b>(0.9%)</b>	<b>–</b>	<b>9.0%</b>	<b>5.8%</b>	<b>5.3%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>36 563</b>	<b>27 974</b>	<b>37 025</b>	<b>45 227</b>	<b>44 715</b>	<b>44 715</b>	<b>49 199</b>	<b>52 053</b>	<b>54 812</b>

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

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
<b><u>Councillors</u></b>						
Speaker	421 798	63 269	177 325			662 392
Chief Whip						–
Executive Mayor	528 970	79 345	213 048			821 363
Deputy Executive Mayor						–
Executive Committee	1 580 024	237 003	673 576			2 490 603
Total for all other councillors	2 405 694	491 526	1 666 660			4 563 880
<b>Total Councillors</b>	<b>4 936 486</b>	<b>871 143</b>	<b>2 730 609</b>			<b>8 538 238</b>
<b><u>Senior Managers of the Municipality</u></b>						
Municipal Manager (MM)	654 770	1 902	572 206			1 228 878
Chief Finance Officer	308 039	182 383	374 951			865 373
DIRECTOR: CORPORATE SERVICES	307 933	101 654	455 786			865 373
DIRECTOR: COMMUNITY SERVICES	412 215	139 306	313 852			865 373
DIRECTOR: TECHNICAL SERVICES	372 789	116 215	376 369			865 373
DIRECTOR: PLANNING & DEVELOPMENT	439 694	94 780	330 899			865 373
<i>List of each official with packages &gt;= senior manager</i>						
<b>Total Senior Managers of the Municipality</b>	<b>2 495 440</b>	<b>636 240</b>	<b>2 424 063</b>	–		<b>5 555 743</b>
<b><u>A Heading for Each Entity</u></b>						
List each member of board by designation						
<b>Total for municipal entities</b>	–	–	–	–		–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	<b>7 431 926</b>	<b>1 507 383</b>	<b>5 154 672</b>	–		<b>14 093 981</b>

**Table 38 – Table SA 24 – Summary of personnel numbers**

Summary of Personnel Numbers Number	2013/14			Current Year 2014/15			Budget Year 2015/16		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	29		29	29		29	29		29
Board Members of municipal entities									
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	6		6	6		6	6		6
Other Managers		10		16	10	1	14	14	
Professionals	22	21	1	11	8	–	15	15	–
<i>Finance</i>	16	15	1	3	2		5	5	
<i>Spatial/town planning</i>	1	1							
<i>Information Technology</i>	1	1					1	1	
<i>Roads</i>									
<i>Electricity</i>							1	1	
<i>Water</i>	2	2		3	2				
<i>Sanitation</i>	2	2							
<i>Refuse</i>									
<i>Other</i>				5	4		8	8	
Technicians	17	17	–	6	3	–	9	9	–
<i>Finance</i>									
<i>Spatial/town planning</i>									
<i>Information Technology</i>				1					
<i>Roads</i>				1	1		1	1	
<i>Electricity</i>				3	1		2	2	
<i>Water</i>				1	1		3	3	
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>	17	17					3	3	
Clerks (Clerical and administrative)				55	42		55	55	
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators	1	1		40	30		26	26	
Elementary Occupations	29	29		80	41		80	80	
<b>TOTAL PERSONNEL NUMBERS</b>	<b>104</b>	<b>78</b>	<b>36</b>	<b>243</b>	<b>134</b>	<b>36</b>	<b>234</b>	<b>199</b>	<b>35</b>
<b>% increase</b>				133.7%	71.8%	–	(3.7%)	48.5%	(2.8%)
<b>Total municipal employees headcount</b>									
Finance personnel headcount				<b>36</b>	<b>24</b>		<b>37</b>	<b>32</b>	<b>5</b>
Human Resources personnel headcount				<b>17</b>	<b>15</b>		<b>18</b>	<b>18</b>	

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

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

NC451 Joe Morolong - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue By Source</b>																
Property rates			10 489											10 489	11 223	12 009
Property rates - penalties & collection charges														-	-	-
Service charges - electricity revenue		550	550	550	550	550	550	550	550	550	550	550	521	6 569	7 403	8 342
Service charges - water revenue		567	567	567	567	567	567	817	567	567	567	567	316	6 798	7 172	7 566
Service charges - sanitation revenue		132	132	132	132	132	132	132	132	132	132	132	132	1 585	1 664	1 748
Service charges - refuse revenue		80	80	80	80	80	80	80	80	80	80	80	80	960	1 008	1 059
Service charges - other														-	-	-
Rental of facilities and equipment		8	8	8	8	8	8	8	8	8	8	8	8	97	103	108
Interest earned - external investments														-	-	-
Interest earned - outstanding debtors		5	5	5	5	5	5	5	3	3	3	3	3	50	50	50
Dividends received														-	-	-
Fines														-	-	-
Licences and permits														-	-	-
Agency services		9	9	9	9	9	9	9	9	9	9	9	10	109	116	123
Transfers recognised - operational		55 850	1 865		12 003	39 118		5 625	1 454	31 215				147 129	140 027	141 242
Other revenue		49	49	49	49	49	49	49	49	49	49	49	48	582	360	381
Gains on disposal of PPE														-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>57 249</b>	<b>13 753</b>	<b>1 399</b>	<b>13 402</b>	<b>40 517</b>	<b>1 399</b>	<b>7 274</b>	<b>2 853</b>	<b>32 611</b>	<b>1 397</b>	<b>1 397</b>	<b>1 119</b>	<b>174 369</b>	<b>169 126</b>	<b>172 627</b>
<b>Expenditure By Type</b>																
Employee related costs		3 969	3 969	3 969	3 969	6 380	3 969	3 969	3 969	3 969	3 969	3 969	3 134	49 199	52 053	54 812
Remuneration of councillors		712	712	712	712	712	712	712	712	712	712	712	712	8 538	9 033	9 512
Debt impairment														3 960	4 271	4 609
Depreciation & asset impairment				2 500			2 500			2 500				2 500	10 000	10 550
Finance charges		13	13	13	13	13	405	13	13	13	13	13	405	934	943	951
Bulk purchases		904	904	904	904	904	904	904	904	904	904	904	899	10 847	12 085	13 466
Other materials														-	-	-
Contracted services		2 337	1 837	1 837	1 837	1 837	1 837	1 337	1 337	1 337	1 337	1 337	2 195	20 398	22 619	23 804
Transfers and grants		358	358	408	458	458	458	458	458	458	358	358	146	4 730	4 938	5 376
Other expenditure		4 888	4 888	4 888	4 888	4 888	4 888	4 888	4 888	4 888	4 888	4 888	1 281	55 048	45 779	48 210
Loss on disposal of PPE														-	-	-
<b>Total Expenditure</b>		<b>13 179</b>	<b>12 679</b>	<b>15 229</b>	<b>12 779</b>	<b>15 190</b>	<b>15 671</b>	<b>12 279</b>	<b>12 279</b>	<b>14 779</b>	<b>12 179</b>	<b>12 179</b>	<b>15 233</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>
<b>Surplus/(Deficit)</b>		<b>44 070</b>	<b>1 074</b>	<b>(13 830)</b>	<b>623</b>	<b>25 327</b>	<b>(14 272)</b>	<b>(5 005)</b>	<b>(9 426)</b>	<b>17 832</b>	<b>(10 782)</b>	<b>(10 782)</b>	<b>(14 114)</b>	<b>10 714</b>	<b>6 855</b>	<b>757</b>
Transfers recognised - capital		32 219			30 000	22 614			15 000	15 836				115 669	131 046	138 365
Contributions recognised - capital														-	-	-
Contributed assets														-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>76 289</b>	<b>1 074</b>	<b>(13 830)</b>	<b>30 623</b>	<b>47 940</b>	<b>(14 272)</b>	<b>(5 005)</b>	<b>5 574</b>	<b>33 669</b>	<b>(10 782)</b>	<b>(10 782)</b>	<b>(14 114)</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>76 289</b>	<b>1 074</b>	<b>(13 830)</b>	<b>30 623</b>	<b>47 940</b>	<b>(14 272)</b>	<b>(5 005)</b>	<b>5 574</b>	<b>33 669</b>	<b>(10 782)</b>	<b>(10 782)</b>	<b>(14 114)</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>

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

NC451 Joe Morolong - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue by Vote</b>																
Vote 1 - Executive & Council		5 998												5 998	6 279	6 564
Vote 2 - Budget & Treasury Office		41 312	11 433	14	14	38 432	14	14	14	31 229	14	14	14	122 522	125 561	126 186
Vote 3 - Corporate Support Services		23	23	23	23	23	23	23	23	23	23	23	22	271	264	281
Vote 4 - Community Services		226	1 160	226	978	926	226	226	1 679	226	226	226	226	6 548	4 385	4 626
Vote 5 - Technical Services		20 150	1	1	1	22 615	1	1	1	15 838	1	1	1	58 615	60 929	64 397
Vote 6 - Electricity Services		550	550	550	550	550	550	550	550	550	550	550	521	6 569	7 403	8 342
Vote 7 - Water Services		21 210	585	585	41 835	585	585	6 460	15 585	583	583	583	334	89 515	95 352	100 597
Vote 8 - Development & Town Planning Services																
Vote 9 - [NAME OF VOTE 9]																
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
<b>Total Revenue by Vote</b>		<b>89 468</b>	<b>13 753</b>	<b>1 399</b>	<b>43 402</b>	<b>63 130</b>	<b>1 399</b>	<b>7 274</b>	<b>17 853</b>	<b>48 448</b>	<b>1 397</b>	<b>1 397</b>	<b>1 119</b>	<b>290 038</b>	<b>300 172</b>	<b>310 992</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive & Council		1 383	1 383	1 383	1 383	1 530	1 383	1 383	1 383	1 383	1 383	1 383	1 062	16 419	17 386	18 308
Vote 2 - Budget & Treasury Office		1 976	1 976	4 476	1 976	2 496	4 868	1 976	1 976	4 476	1 976	1 976	5 092	35 237	35 000	36 914
Vote 3 - Corporate Support Services		954	954	954	954	1 301	954	954	954	954	954	954	1 472	12 311	14 191	15 044
Vote 4 - Community Services		742	742	742	742	1 148	742	742	742	742	742	742	904	9 468	10 123	10 509
Vote 5 - Technical Services		462	462	462	462	637	462	462	462	462	462	462	449	5 702	5 591	5 900
Vote 6 - Electricity Services		694	694	694	694	749	694	694	694	694	694	694	688	8 375	9 415	10 584
Vote 7 - Water Services		6 596	6 096	6 146	6 196	6 838	6 196	5 696	5 696	5 696	5 596	5 596	5 561	71 914	67 970	71 877
Vote 8 - Development & Town Planning Services		374	374	374	374	490	374	374	374	374	374	374	4	4 229	2 596	2 734
Vote 9 - [NAME OF VOTE 9]																
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
<b>Total Expenditure by Vote</b>		<b>13 179</b>	<b>12 679</b>	<b>15 229</b>	<b>12 779</b>	<b>15 190</b>	<b>15 671</b>	<b>12 279</b>	<b>12 279</b>	<b>14 779</b>	<b>12 179</b>	<b>12 179</b>	<b>15 233</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>76 289</b>	<b>1 074</b>	<b>(13 830)</b>	<b>30 623</b>	<b>47 940</b>	<b>(14 272)</b>	<b>(5 005)</b>	<b>5 574</b>	<b>33 669</b>	<b>(10 782)</b>	<b>(10 782)</b>	<b>(14 114)</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>76 289</b>	<b>1 074</b>	<b>(13 830)</b>	<b>30 623</b>	<b>47 940</b>	<b>(14 272)</b>	<b>(5 005)</b>	<b>5 574</b>	<b>33 669</b>	<b>(10 782)</b>	<b>(10 782)</b>	<b>(14 114)</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>

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

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Revenue - Standard</b>																
<i>Governance and administration</i>		47 332	11 456	37	37	38 455	37	37	37	31 252	37	37	37	128 791	132 104	133 031
Executive and council		5 998												5 998	6 279	6 564
Budget and treasury office		41 312	11 433	14	14	38 432	14	14	14	31 229	14	14	14	122 522	125 561	126 186
Corporate services		23	23	23	23	23	23	23	23	23	23	23	22	271	264	281
<i>Community and public safety</i>		13	948	13	766	713	13	13	1 467	13	13	13	14	4 003	1 712	1 819
Community and social services		4	939	4	757	704	4	4	1 458	4	4	4	5	3 893	1 596	1 696
Sport and recreation																
Public safety		9	9	9	9	9	9	9	9	9	9	9	10	109	116	123
Housing																
Health																
<i>Economic and environmental services</i>		20 150	1	1	1	22 615	1	1	1	15 838	1	1	1	58 615	60 929	64 397
Planning and development		20 150	1	1	1	22 615	1	1	1	15 838	1	1	1	58 615	60 929	64 397
Road transport																
Environmental protection																
<i>Trading services</i>		21 972	1 347	1 347	42 597	1 347	1 347	7 222	16 347	1 345	1 345	1 345	1 066	98 629	105 427	111 746
Electricity		550	550	550	550	550	550	550	550	550	550	550	521	6 569	7 403	8 342
Water		21 210	585	585	41 835	585	585	6 460	15 585	583	583	583	333	89 515	95 352	100 597
Waste water management		132	132	132	132	132	132	132	132	132	132	132	132	1 585	1 664	1 748
Waste management		80	80	80	80	80	80	80	80	80	80	80	80	960	1 008	1 059
<i>Other</i>																
<b>Total Revenue - Standard</b>		<b>89 468</b>	<b>13 753</b>	<b>1 399</b>	<b>43 402</b>	<b>63 130</b>	<b>1 399</b>	<b>7 274</b>	<b>17 853</b>	<b>48 448</b>	<b>1 397</b>	<b>1 397</b>	<b>1 119</b>	<b>290 038</b>	<b>300 172</b>	<b>310 992</b>
<b>Expenditure - Standard</b>																
<i>Governance and administration</i>		4 312	4 312	6 812	4 312	5 327	7 204	4 312	4 312	6 812	4 312	4 312	7 626	63 967	66 576	70 266
Executive and council		1 383	1 383	1 383	1 383	1 530	1 383	1 383	1 383	1 383	1 383	1 383	1 062	16 419	17 386	18 308
Budget and treasury office		1 976	1 976	4 476	1 976	2 496	4 868	1 976	1 976	4 476	1 976	1 976	5 092	35 237	35 000	36 914
Corporate services		954	954	954	954	1 301	954	954	954	954	954	954	1 472	12 311	14 191	15 044
<i>Community and public safety</i>		534	534	534	534	778	534	534	534	534	534	534	1 751	7 871	8 434	8 730
Community and social services		460	460	460	460	676	460	460	460	460	460	460	1 692	6 963	7 474	7 719
Sport and recreation																
Public safety		75	75	75	75	102	75	75	75	75	75	75	60	907	960	1 012
Housing																
Health																
<i>Economic and environmental services</i>		835	835	835	835	1 128	835	835	835	835	835	835	453	9 931	8 187	8 634
Planning and development		835	835	835	835	1 128	835	835	835	835	835	835	453	9 931	8 187	8 634
Road transport																
Environmental protection																
<i>Trading services</i>		7 498	6 998	7 048	7 098	7 957	7 098	6 598	6 598	6 598	6 498	6 498	5 402	81 885	79 074	84 240
Electricity		694	694	694	694	749	694	694	694	694	694	694	688	8 375	9 415	10 584
Water		6 596	6 096	6 146	6 196	6 838	6 196	5 696	5 696	5 696	5 596	5 596	5 561	71 914	67 970	71 877
Waste water management		114	114	114	114	203	114	114	114	114	114	114	(751)	587	621	654
Waste management		94	94	94	94	167	94	94	94	94	94	94	(96)	1 010	1 068	1 125
<i>Other</i>																
<b>Total Expenditure - Standard</b>		<b>13 179</b>	<b>12 679</b>	<b>15 229</b>	<b>12 779</b>	<b>15 190</b>	<b>15 671</b>	<b>12 279</b>	<b>12 279</b>	<b>14 779</b>	<b>12 179</b>	<b>12 179</b>	<b>15 233</b>	<b>163 655</b>	<b>162 271</b>	<b>171 870</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>76 289</b>	<b>1 074</b>	<b>(13 830)</b>	<b>30 623</b>	<b>47 940</b>	<b>(14 272)</b>	<b>(5 005)</b>	<b>5 574</b>	<b>33 669</b>	<b>(10 782)</b>	<b>(10 782)</b>	<b>(14 114)</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>
Share of surplus/ (deficit) of associate																
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>76 289</b>	<b>1 074</b>	<b>(13 830)</b>	<b>30 623</b>	<b>47 940</b>	<b>(14 272)</b>	<b>(5 005)</b>	<b>5 574</b>	<b>33 669</b>	<b>(10 782)</b>	<b>(10 782)</b>	<b>(14 114)</b>	<b>126 383</b>	<b>137 901</b>	<b>139 122</b>

**Table 42 – Table SA 28 – Budgeted monthly capital expenditure (municipal votes)**

NC451 Joe Morolong - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Executive & Council													-	-	-	-
Vote 2 - Budget & Treasury Office													-	-	-	-
Vote 3 - Corporate Support Services													-	-	-	-
Vote 4 - Community Services		2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	2 435	29 225	20 331	26 037
Vote 5 - Technical Services		1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	17 555	20 474	4 215
Vote 6 - Electricity Services													-	-	-	-
Vote 7 - Water Services		5 741	5 741	5 741	5 741	5 741	5 741	5 741	5 741	5 741	5 741	5 741	5 741	68 890	90 241	108 113
Vote 8 - Development & Town Planning Services													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	115 669	131 047	138 365
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Executive & Council		-											-	-	-	-
Vote 2 - Budget & Treasury Office		-	50										-	50	38	279
Vote 3 - Corporate Support Services				550		655							-	1 205	250	200
Vote 4 - Community Services					984	984	1 184	984	984	984	984	984	1 134	9 209	6 303	-
Vote 5 - Technical Services													-	-	-	-
Vote 6 - Electricity Services													-	-	-	-
Vote 7 - Water Services			250										-	250	264	278
Vote 8 - Development & Town Planning Services			-										-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	-	300	550	984	1 639	1 184	984	984	984	984	984	1 134	10 714	6 854	757
<b>Total Capital Expenditure</b>	2	9 639	9 939	10 189	10 623	11 278	10 823	10 623	10 623	10 623	10 623	10 623	10 773	126 383	137 901	139 122

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

NC451 Joe Morolong - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital Expenditure - Standard</b>	1															
<i><b>Governance and administration</b></i>			50	550		655								1 255	288	479
Executive and council																
Budget and treasury office			50											50	38	279
Corporate services				550		655								1 205	250	200
<i><b>Community and public safety</b></i>		696	696	696	1 680	1 680	1 680	1 680	1 680	1 680	1 680	1 680	1 830	17 360	14 772	8 680
Community and social services					714	714	714	714	714	714	714	714	864	6 576	4 500	
Sport and recreation		696	696	696	696	696	696	696	696	696	696	696	696	8 350	8 680	8 680
Public safety					270	270	270	270	270	270	270	270	270	2 433	1 592	
Housing																
Health																
<i><b>Economic and environmental services</b></i>		1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	17 555	20 474	4 215
Planning and development																
Road transport		1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	1 463	17 555	20 474	4 215
Environmental protection																
<i><b>Trading services</b></i>		7 480	7 730	7 480	7 480	7 480	7 680	7 480	7 480	7 480	7 480	7 480	7 480	90 214	102 367	125 748
Electricity																
Water		5 741	5 991	5 741	5 741	5 741	5 741	5 741	5 741	5 741	5 741	5 741	5 741	69 140	90 505	108 391
Waste water management		1 740	1 740	1 740	1 740	1 740	1 940	1 740	1 740	1 740	1 740	1 740	1 740	21 074	11 863	17 357
Waste management																
<i><b>Other</b></i>																
<b>Total Capital Expenditure - Standard</b>	2	9 639	9 939	10 189	10 623	11 278	10 823	10 623	10 623	10 623	10 623	10 623	10 773	126 383	137 901	139 122
<b>Funded by:</b>																
National Government		9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	115 669	131 046	138 365
Provincial Government																
District Municipality																
Other transfers and grants																
<b>Transfers recognised - capital</b>		9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	9 639	115 669	131 046	138 365
<b>Public contributions &amp; donations</b>																
<b>Borrowing</b>																
<b>Internally generated funds</b>			300	550	984	1 639	1 184	984	984	984	984	984	1 134	10 714	6 855	757
<b>Total Capital Funding</b>		9 639	9 939	10 189	10 623	11 278	10 823	10 623	10 623	10 623	10 623	10 623	10 773	126 383	137 901	139 122

**Table 44 – Table SA 30 – Budgeted monthly cash flow**

**NC451 Joe Morolong - Supporting Table SA30 Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Cash Receipts By Source</b>													1			
Property rates		456	906	906	906	906	906	906	906	906	906	307	8 916	9 540	10 207	
Property rates - penalties & collection charges													–	–	–	
Service charges - electricity revenue	682	622	497	522	422	322	372	472	497	547	622	3	5 584	6 292	7 091	
Service charges - water revenue	338	438	538	538	568	588	573	538	488	438	388	343	5 778	6 096	6 431	
Service charges - sanitation revenue	112	112	112	112	112	112	112	112	112	112	112	112	1 347	1 415	1 486	
Service charges - refuse revenue	68	68	68	68	68	68	68	68	68	68	68	68	816	857	900	
Service charges - other													–	–	–	
Rental of facilities and equipment	8	8	8	8	8	8	8	8	8	8	8	8	97	103	108	
Interest earned - external investments													–	–	–	
Interest earned - outstanding debtors	3	3	3	3	3	3	3	3	3	3	3	3	40	43	43	
Dividends received													–	–	–	
Fines													–	–	–	
Licences and permits													–	–	–	
Agency services	7	7	7	7	7	7	9	9	9	9	9	10	93	99	105	
Transfer receipts - operational	55 850	1 865		12 003	39 118		5 625	1 454	31 215				147 129	140 027	141 242	
Other revenue	44	44	44	44	44	44	44	44	44	44	44	44	524	324	342	
<b>Cash Receipts by Source</b>	<b>57 113</b>	<b>3 623</b>	<b>2 183</b>	<b>14 211</b>	<b>41 256</b>	<b>2 058</b>	<b>7 720</b>	<b>3 614</b>	<b>33 350</b>	<b>2 135</b>	<b>2 160</b>	<b>899</b>	<b>170 324</b>	<b>164 794</b>	<b>167 955</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	32 219			30 000	22 614			15 000	15 836				115 669	131 046	138 365	
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													–	–	–	
<b>Total Cash Receipts by Source</b>	<b>89 332</b>	<b>3 623</b>	<b>2 183</b>	<b>44 211</b>	<b>63 870</b>	<b>2 058</b>	<b>7 720</b>	<b>18 614</b>	<b>49 187</b>	<b>2 135</b>	<b>2 160</b>	<b>899</b>	<b>285 993</b>	<b>295 840</b>	<b>306 320</b>	
<b>Cash Payments by Type</b>																
Employee related costs	3 769	3 769	3 769	4 012	6 380	3 782	3 942	3 942	3 942	3 962	3 962	3 967	49 199	52 053	54 812	
Remuneration of councillors	712	712	712	712	712	712	712	712	712	712	712	712	8 538	9 033	9 512	
Finance charges	12	12	12	12	12	12	12	12	12	12	12	12	149	157	166	
Bulk purchases - Electricity	585	585	485	385	365	365	365	385	485	485	555	575	5 618	6 331	7 135	
Bulk purchases - Water & Sewer	298	373	373	473	523	523	523	473	473	423	323	298	5 071	5 578	6 136	
Other materials													–	–	–	
Contracted services	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	1 700	20 398	22 619	23 804	
Transfers and grants - other municipalities													–	–	–	
Transfers and grants - other	229	229	229	229	229	229	229	229	229	229	229	2 211	4 730	4 938	5 376	
Other expenditure	4 965	4 965	4 965	4 965	4 965	4 965	4 965	4 965	4 965	4 965	4 965	429	55 048	45 779	48 210	
<b>Cash Payments by Type</b>	<b>12 269</b>	<b>12 344</b>	<b>12 244</b>	<b>12 488</b>	<b>14 885</b>	<b>12 288</b>	<b>12 448</b>	<b>12 418</b>	<b>12 518</b>	<b>12 488</b>	<b>12 458</b>	<b>9 904</b>	<b>148 751</b>	<b>146 489</b>	<b>155 150</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	9 864	9 902	10 189	10 623	10 623	10 823	10 623	10 623	10 623	10 623	10 623	11 240	126 383	137 901	139 122	
Repayment of borrowing						392						392	784	784	784	
Other Cash Flows/Payments												–	–	–	–	
<b>Total Cash Payments by Type</b>	<b>22 133</b>	<b>22 246</b>	<b>22 433</b>	<b>23 111</b>	<b>25 509</b>	<b>23 504</b>	<b>23 071</b>	<b>23 041</b>	<b>23 141</b>	<b>23 111</b>	<b>23 081</b>	<b>21 536</b>	<b>275 919</b>	<b>285 175</b>	<b>295 057</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>67 199</b>	<b>(18 623)</b>	<b>(20 250)</b>	<b>21 100</b>	<b>38 361</b>	<b>(21 445)</b>	<b>(15 351)</b>	<b>(4 427)</b>	<b>26 045</b>	<b>(20 976)</b>	<b>(20 921)</b>	<b>(20 637)</b>	<b>10 074</b>	<b>10 666</b>	<b>11 263</b>	
Cash/cash equivalents at the month/year begin:	3 099	70 298	51 675	31 425	52 524	90 886	69 440	54 089	49 662	75 708	54 732	33 811	3 099	13 173	23 839	
Cash/cash equivalents at the month/year end:	70 298	51 675	31 425	52 524	90 886	69 440	54 089	49 662	75 708	54 732	33 811	13 173	13 173	23 839	35 102	

### **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**

NC451 Joe Morolong - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>	1									
<b>Infrastructure</b>		–	227 008	129 362	95 646	116 396	116 396	107 569	122 630	129 963
Infrastructure - Road transport		–	74 917	29 361	16 788	28 259	28 259	17 555	20 474	4 215
Roads, Pavements & Bridges			74 917	29 361	16 788	28 259	28 259	17 555	20 474	4 215
Storm water										
Infrastructure - Electricity		–	6 016	–	–	–	–	–	–	–
Generation										
Transmission & Reticulation			6 016		–	–				
Street Lighting										
Infrastructure - Water		–	135 118	80 616	63 859	68 890	68 890	69 140	90 505	108 391
Dams & Reservoirs										
Water purification										
Reticulation			135 118	80 616	63 859	68 890	68 890	69 140	90 505	108 391
Infrastructure - Sanitation		–	10 957	19 386	15 000	19 247	19 247	20 874	11 652	17 357
Reticulation			10 957	19 386	15 000	19 247	19 247	20 874	11 652	17 357
Sewerage purification										
Infrastructure - Other		–	–	–	–	–	–	–	–	–
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		–	14 805	–	18 354	8 969	8 969	14 721	13 180	8 680
Parks & gardens						–	–	35		
Sportsfields & stadia					8 559	–	–	8 350	8 680	8 680
Swimming pools						–	–			
Community halls			14 805		7 000	7 000	7 000	4 000	4 500	–
Libraries					–	–	–			
Recreational facilities						–	–			
Fire, safety & emergency					100	–	–			
Security and policing						–	–			
Buses	7					–	–			
Clinics						–	–			
Museums & Art Galleries						–	–			
Cemeteries					2 696	1 969	1 969	2 336	–	–
Social rental housing	8					–	–			
Other						–	–			
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Housing development										
Other										
<b>Other assets</b>		2 643	4 342	1 416	8 384	3 142	3 142	3 028	2 091	250
General vehicles			3 566	621	6 250	2 100	2 100	–	–	–
Specialised vehicles		–	–	–	–	–	–	–	–	–
Plant & equipment				141	–	–	–	200	211	–
Computers - hardware/equipment		198	776	654	220	191	191	180	38	50
Furniture and other office equipment					77	72	72	160	250	200
Abattoirs						–	–			
Markets						–	–			
Civic Land and Buildings						–	–			
Other Buildings					1 837	779	779	2 433	1 592	
Other Land		2 200	–	–						
Surplus Assets - (Investment or Inventory)			–	–						
Other		245	–	–				55		
<b>Agricultural assets</b>		–	–	–	–	–	–	–	–	–
List sub-class										
<b>Biological assets</b>		–	–	–	–	–	–	–	–	–
List sub-class										
<b>Intangibles</b>		12	–	367	211	87	87	365	–	229
Computers - software & programming		12	–	367	211	87	87	365	–	229
Other (list sub-class)										
<b>Total Capital Expenditure on new assets</b>	1	2 656	246 156	131 146	122 595	128 595	128 595	125 683	137 901	139 122

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

NC451 Joe Morolong - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>	1									
<b>Infrastructure</b>		-	-	-	10 000	10 000	10 000	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	10 000	10 000	10 000	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation					10 000	10 000	10 000			
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	500	250	250	700	-	-
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment								200		
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					500	250	250	500		
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on renewal of existing</b>	1	-	-	-	10 500	10 250	10 250	700	-	-

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

NC451 Joe Morolong - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	10 000	10 000	10 000	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	10 000	10 000	10 000	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation					10 000	10 000	10 000			
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
<b>Community</b>		-	-	-	-	-	-	-	-	-
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										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other										
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	500	250	250	700	-	-
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment								200		
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					500	250	250	500		
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on renewal of existing</b>	1	-	-	-	10 500	10 250	10 250	700	-	-

**Table 47: Table SA 36 – Detailed capital budget per municipal vote**

Municipal Vote/Capital project	Program/Project description	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes	2015/16 Medium Term Revenue & Expenditure Framework			Project information	
								Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>		<b>6</b>	<b>3</b>	<b>3</b>	<b>5</b>							
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>												
<b>Water Unit</b>	<b>Wateraar Water Reticulation</b>	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-27°11,17'90" E-23°48,18'90"			2 096	1 111	-	13	New
<b>Water Unit</b>	Adderly Water Reticulation	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-27°10,53'19" E-23°16,03'84"			4 063	-	-	4	New
<b>Water Unit</b>	Makgaladi Water Reticulation	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-27°24,36'51" E-23°45,46'63"			2 731	-	-	14	New
<b>Water Unit</b>	Maseohatse Water Reticulation	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>				-	6 750	-	10	New
<b>Water Unit</b>	Segwaneng Water Reticulation	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-27°03,46'54" E-23°58,28'18"			-	4 950	-	11	New
<b>Water Unit</b>	Setshwatshwaneng Water Reticulation	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°49,47'27" E-23°32,24,72"			-	4 250	-	8	New
<b>Water Unit</b>	Kome Water Reticulation	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°26,06'38" E-23°05,53,57"			-	-	5 183	1	New
<b>Water Unit</b>	Makhubung Water Reticulation	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°19,04'90" E-23°06,07,29"			-	-	14 107	1	New
<b>Water Unit</b>	Perth Water Reticulation	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°27,28'20" E-23°05,15,57"			-	-	11 618	1	New
Technical Service	Makhubung Road	Yes	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-26°19,08'55" E-23°06,09,18"			4 000	5 000	-	1	New
Technical Service	Dithakong Road	Yes	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-27°05,15'05" E-23°55,31,74"			4 000	4 474	-	12	New
Technical Service	Molapotlase Road	Yes	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>				3 000	-	-	14	New
Technical Service	Segwaneng Road	Yes	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-27°03,46'54" E-23°58,28,18"			3 555	-	-	11	New
Technical Service	Ga- Sehunelo Wyk 4 Road	Yes	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-27°08,43'75" E-23°31,32,65"			-	-	-	7	New
Technical Service	Churchill & Esperanza Roads	Yes	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-26°49,17'16" E-23°12,24,05"			3 000	5 000	-	7	New
Technical Service	Gamagatle Road	Yes	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>				-	6 000	-	9	New
Technical Service	Padstow Road	Yes	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-26°49,17'63" E-23°12,24,40"			-	-	4 215	2	New
Community Service	Magobing West Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°05,27'85" E-23°4,46,31"			600	-	-	4	New
Community Service	Tsineng Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-26°52,15'96" E-23°04,15,96"			7 191	-	-	5	New
Community Service	Matoro Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°03,3'17" E-23°09,45,61'			420	-	-	5	New
Community Service	Maieping Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°8,3'95" E-23°07,23,27'			330	-	-	5	New
Community Service	Wyk 9 Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-26°55,02'20" E-23°15,37,38'			465	-	-	6	New
Community Service	Radiatsongwa Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°16,17'30" E-23°31,20,60'			345	-	-	7	New
Community Service	Wyk 4 Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°08,43'75" E-23°31,32,65'			615	-	-	7	New
Community Service	Pompong Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>				420	-	-	7	New
Community Service	Wyk 7 Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°10,19'89" E-23°33,43,72'			843	-	-	6	New
Community Service	Bendel Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-26°59,50'68" E-23°38,44,88"			9 645	-	-	8	New
Community Service	Wesselsvlei Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°23,35'58" E-23°39,34,01'			-	1 280	-	14	New
Community Service	Damros Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>				-	1 860	-	13	New
Community Service	Vanzylsrus Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°52,39'31" E-22°03,07,98'			-	2 250	-	4	New
Community Service	Mosekeng Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°12,39'0" E-22°19,02,0'			-	693	-	6	New
Community Service	Kokfontein Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°14,43'10" E-22°33,30,83'			-	860	-	7	New
Community Service	Dithakong Sanitation	Yes	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°05,15'05" E-23°55,31,74"			-	4 708	17 357	11	New
Community Service	Loopeng Sport Field	Yes	<i>Community</i>	<i>Sportsfields &amp; stadia</i>	S-26°48,29'6" E-23°24,50,13'			6 936	-	-	2	New
Community Service	Penryn Sport Field	Yes	<i>Community</i>	<i>Sportsfields &amp; stadia</i>	S-26°52,15'96" E-23°24,15,96'			1 414	5 285	-	3	New
Community Service	Bendel Sport Field	Yes	<i>Community</i>	<i>Sportsfields &amp; stadia</i>	S-26°59,50'68" E-23°38,44,88"			-	3 395	3 173	8	New
Community Service	Metsetsaneng Sport Field	Yes	<i>Community</i>	<i>Sportsfields &amp; stadia</i>	S-27°18,53'32" E-23°40,18,70'			-	-	5 507	14	New
Water Unit	Kiangkop Water Supply	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-27°00'02,86" E-23°45,34,40'			3 753	-	-	9	New
Water Unit	Tsineng Water Supply	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°52'15,96" E-23°04,15,96'			11 039	-	-	5	New
Water Unit	Deurham Water Supply	Yes	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°53'48,66" E-23°30,37,70'			6 854	-	-	8	New

Water Unit	Diwatshane Water Supply	Yes	Infrastructure - Water	Reticulation				5 450	-	-	9	New
Water Unit	Dithakong Water Supply	Yes	Infrastructure - Water	Reticulation				19 778	4 827	-	11	New
Water Unit	Cassel Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°58'05,25' E-23°58,50,81'			13 126	7 237	-	11	New
Water Unit	Gakoe/Garamotsokwana Water Supply	Yes	Infrastructure - Water	Reticulation	S-27°07'47,89' E-23°54,32,34'			-	14 883	-	13	New
Water Unit	Laxey Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°43'26,01' E-23°09,32,56'			-	12 450	-	3	New
Water Unit	Ga- Sehunelo Wyk 4 Water Supply	Yes	Infrastructure - Water	Reticulation				-	4 532	-	7	New
Water Unit	Bush Buck Water Supply	Yes	Infrastructure - Water	Reticulation				-	5 420	-	13	New
Water Unit	Camden Water Supply	Yes	Infrastructure - Water	Reticulation	S-27°21'51,29' E-23°53,49,67'			-	5 387	-	13	New
Water Unit	Bojelaopotsane Water Supply	Yes	Infrastructure - Water	Reticulation				-	4 520	-	14	New
Water Unit	Churchill Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°49'17,16' E-23°12,24,05'			-	6 754	-	7	New
Water Unit	Deurward Water Supply	Yes	Infrastructure - Water	Reticulation	S-27°36'56,51' E-23°37,03,04'			-	6 754	-	7	New
Water Unit	Metsimantsi Wyk 1 Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°59'21,54' E-23°07,40,04'			-	930	2 937	6	New
Water Unit	Makhubung Water Supply	Yes	Infrastructure - Water	Reticulation	S-27°28'54,93' E-23°45,11,28'			-	-	4 075	15	New
Water Unit	Metsimantsi Wyk 3 Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°56'17,93' E-23°09,48,65'			-	-	5 600	6	New
Water Unit	Metsimantsi Wyk 4 Water Supply	Yes	Infrastructure - Water	Reticulation				-	-	4 367	6	New
Water Unit	Metsimantsi Wyk 5 Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°53'47,40' E-23°12,37,53'			-	-	5 120	6	New
Water Unit	Metsimantsi Wyk 6 Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°57'11,47' E-23°12,42,89'			-	-	4 350	6	New
Water Unit	Metsimantsi Wyk 7 Water Supply	Yes	Infrastructure - Water	Reticulation	S-27°00'28,08' E-23°12,31,89'			-	-	4 061	6	New
Water Unit	Laxey Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°43'26,01' E-23°09,32,56'			-	-	12 805	3	New
Water Unit	Logobate Water Supply	Yes	Infrastructure - Water	Reticulation	S-27°10'15,97' E-23°24,50,85'			-	-	10 900	5	New
Water Unit	Lothakajaneng Water Supply	Yes	Infrastructure - Water	Reticulation				-	-	12 500	11	New
Water Unit	Magwagwe Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°34'31,52' E-23°19,40,28'			-	-	8 600	15	New
Water Unit	Sesipi Water Supply	Yes	Infrastructure - Water	Reticulation	S-26°28'31,29' E-23°03,33,53'			-	-	2 368	1	New
Water Unit	Purchase of PVC Tanks	Yes	Infrastructure - Water	Other				250	-	-		New
Community Service	Construction of Hall	Yes	Community	Community halls				4 000	4 500	-		New
Community Service	Construction of Cemeteries	Yes	Community	Cemeteries				2 336	-	-		New
Community Service	Construction of Traffic testing station	Yes	Other Assets	Buildings				2 433	1 592	-		New
Community Service	Purchase of equipment	Yes	Other Assets	Other				90	-	-		New
Community Service	Purchase of equipment	yes	Other Assets	Plant & equipment				200	211	-		New
Budget & Treasury Office	Purchase of Computer	yes	Other Assets	Computers - hardware/equipment				10	38	50		New
Budget & Treasury Office	Purchase of Software	Yes	Other Assets	Computers - software & programming				40	-	229		New
Corporate Service	Fencing of municipal yard	Yes	Other Assets	Other Buildings				500	-	-		Renewal
Corporate Service	Purchase of Office Furniture	Yes	Other Assets	Furniture and other office equipment				160	-	-		New
Corporate Service	Purchase of Computer	Yes	Other Assets	Computers - hardware/equipment				370	-	-		New
Corporate Service	Purchase of Software	Yes	Other Assets	Computers - hardware/equipment				325	-	-		New
								-	-	-		
<b>Parent Capital expenditure</b>								<b>126 383</b>	<b>137 901</b>	<b>139 122</b>		
<b>Entity Capital expenditure</b>								-	-	-		
<b>Total Capital expenditure</b>								<b>126 383</b>	<b>137 901</b>	<b>139 122</b>		

## 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 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

6. Annual Report

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



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

Description R thousand	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	Vote 9 - [NAME OF VOTE 9]	Vote 10 - [NAME OF VOTE 10]	Vote 11 - [NAME OF VOTE 11]	Vote 12 - [NAME OF VOTE 12]	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
<b>Revenue By Source</b>																
Property rates		10 489														10 489
Property rates - penalties & collection charges																-
Service charges - electricity revenue						6 569										6 569
Service charges - water revenue							6 798									6 798
Service charges - sanitation revenue				1 585												1 585
Service charges - refuse revenue				960												960
Service charges - other																-
Rental of facilities and equipment			46	52												97
Interest earned - external investments																-
Interest earned - outstanding debtors		50														50
Dividends received																-
Fines																-
Licences and permits																-
Agency services					109											109
Other revenue		123	225	1	16		217									582
Transfers recognised - operational	5 998	111 860		3 841	2 930		22 500									147 129
Gains on disposal of PPE																-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5 998</b>	<b>122 522</b>	<b>271</b>	<b>6 548</b>	<b>2 946</b>	<b>6 569</b>	<b>29 515</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>174 369</b>
<b>Expenditure By Type</b>																
Employee related costs	4 261	9 685	7 077	8 108	4 429	329	12 896	2 414								49 199
Remuneration of councillors	8 538	-	-	-	-	-	-	-								8 538
Debt impairment	-	3 960	-	-	-	-	-	-								3 960
Depreciation & asset impairment	-	10 000	-	-	-	-	-	-								10 000
Finance charges	-	934	-	-	-	-	-	-								934
Bulk purchases	-	-	-	-	-	5 699	5 148	-								10 847
Other materials	-	-	-	-	-	-	-	-								-
Contracted services	-	350	2 680	-	168	-	17 200	-								20 398
Transfers and grants	-	-	-	-	-	2 148	2 582	-								4 730
Other expenditure	3 620	10 306	2 554	1 360	1 105	200	34 087	1 815								55 048
Loss on disposal of PPE																-
<b>Total Expenditure</b>	<b>16 419</b>	<b>35 237</b>	<b>12 311</b>	<b>9 468</b>	<b>5 702</b>	<b>8 375</b>	<b>71 914</b>	<b>4 229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163 655</b>
<b>Surplus/(Deficit)</b>	<b>(10 421)</b>	<b>87 285</b>	<b>(12 040)</b>	<b>(2 919)</b>	<b>(2 757)</b>	<b>(1 806)</b>	<b>(42 399)</b>	<b>(4 229)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 714</b>
Transfers recognised - capital					55 669		60 000									115 669
Contributions recognised - capital																-
Contributed assets																-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(10 421)</b>	<b>87 285</b>	<b>(12 040)</b>	<b>(2 919)</b>	<b>52 913</b>	<b>(1 806)</b>	<b>17 601</b>	<b>(4 229)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126 383</b>

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

NC451 Joe Morolong - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days			1 980	17 475	218	5 000	5 000	5 000	257	260	263
Other current investments > 90 days											
<b>Total Call investment deposits</b>	2	-	1 980	17 475	218	5 000	5 000	5 000	257	260	263
<b>Consumer debtors</b>											
Consumer debtors		71 457	128 416	135 603	5 941	5 941	5 941	5 941	6 238	6 549	6 877
Less: Provision for debt impairment		(56 089)	(109 290)	(111 626)	(1 213)	(1 213)	(1 213)	(1 213)	(1 322)	(1 394)	(1 471)
<b>Total Consumer debtors</b>	2	15 368	19 126	23 976	4 727	4 727	4 727	4 727	4 916	5 155	5 406
<b>Debt impairment provision</b>											
Balance at the beginning of the year											
Contributions to the provision					1 213	1 213	1 213	1 213	1 322	1 394	1 471
Bad debts written off											
<b>Balance at end of year</b>		-	-	-	1 213	1 213	1 213	1 213	1 322	1 394	1 471
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (ex cl. finance leases)		948 031	1 116 041	1 246 819	1 108 824	1 257 280	1 257 280	1 257 280	1 356 115	1 476 580	1 591 998
Leases recognised as PPE						-	-	-			
Less: Accumulated depreciation		60 791	63 508	87 765	94 641	89 641	89 641	89 641	94 123	98 829	103 771
<b>Total Property, plant and equipment (PPE)</b>	2	887 240	1 052 533	1 159 054	1 014 183	1 167 639	1 167 639	1 167 639	1 261 992	1 377 751	1 488 228
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		611	627	627	784	784	784	784	784	784	784
<b>Total Current liabilities - Borrowing</b>		611	627	627	784	784	784	784	784	784	784
<b>Trade and other payables</b>											
Trade and other creditors		97 629	90 855	44 594	6 500	8 391	8 391	8 391	12 664	13 170	13 697
Unspent conditional transfers		17 063							-	-	-
VAT				526	3 260	3 786	3 786	3 786	550	570	590
<b>Total Trade and other payables</b>	2	114 691	90 855	45 120	9 760	12 177	12 177	12 177	13 214	13 740	14 287
<b>Non current liabilities - Borrowing</b>											
Borrowing		4 163	3 536	2 310	2 836	2 300	2 300	2 300	2 516	2 124	1 724
Finance leases (including PPP asset element)											
<b>Total Non current liabilities - Borrowing</b>	4	4 163	3 536	2 310	2 836	2 300	2 300	2 300	2 516	2 124	1 724
<b>Provisions - non-current</b>											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation		1 244	1 551	1 884	1 551	1 551	1 551	1 551	1 629	1 710	1 796
Other											
<b>Total Provisions - non-current</b>		1 244	1 551	1 884	1 551	1 551	1 551	1 551	1 629	1 710	1 796
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		944 241	1 022 051	1 085 574	878 434	1 037 293	1 037 293	1 037 293	1 137 129	1 252 108	1 372 924
GRAP adjustments											
Restated balance		944 241	1 022 051	1 085 574	878 434	1 037 293	1 037 293	1 037 293	1 137 129	1 252 108	1 372 924
Surplus/(Deficit)		(119 791)	(32 207)	65 046	133 095	138 845	138 845	138 845	126 383	137 901	139 122
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
<b>Accumulated Surplus/(Deficit)</b>	1	824 450	989 844	1 150 620	1 011 529	1 176 138	1 176 138	1 176 138	1 263 513	1 390 009	1 512 046
<b>Reserves</b>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	824 450	989 844	1 150 620	1 011 529	1 176 138	1 176 138	1 176 138	1 263 513	1 390 009	1 512 046

**Table 51: 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 of Sebata Financial System	31 July 2013	280
Eskom	Yrs	1	Electricity supply agreement with in other municipal areas(FBS)	Yearly	2 148
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	160
Vysyem Trading	Mths	36	Copiers and Fax machine hire	30 September 2015	317
Telkom SA Limited	Yrs	5	TI-DIS Silver Access agreement	08 May 2017	
Telkom SA Limited	Yrs	5	Office Telephone PBX	On-going	385
Telkom SA Limited	Yrs	5	Service rental (dignet term discount agreement)	23 April 2017	36
Telkom SA Limited	Yrs	5	Service rental (dignet term discount agreement)	23 April 2017	36

## 2.15 Municipal Manager's Quality Certificate

JOE MOROLONG LOCAL MUNICIPALITY



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 M. Bloom  
Municipal Manager of JOE MOROLONG LOCAL MUNICIPALITY (NC 451)

Signature: [Handwritten Signature]

Date : 27/05/2015