

# **MASILONYANA LOCAL MUNICIPALITY**

**(FS 181)**



## **2016/17 TO 2018/19 MEDIUM TERM REVENUE AND EXPENDITURE/ FORECASTS**

**(DRAFT)**

# Table of Contents

<b>ANNEXURE.....</b>	
1.1	MAYOR’S REPORT ..... 3
1.2	COUNCIL RESOLUTIONS ..... 3
1.3	EXECUTIVE SUMMARY ..... 4
1.4	OPERATING REVENUE FRAMEWORK ..... 5
1.5	OPERATING EXPENDITURE FRAMEWORK..... 14
1.6	CAPITAL EXPENDITURE ..... 21
1.7	ANNUAL BUDGET TABLES -PARENT MUNICIPALITY..... 21
<b>PART 2 – SUPPORTING DOCUMENTATION.....</b>	
2.1	OVERVIEW OF THE ANNUAL BUDGET PROCESS ..... 30
2.2	OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP..... 38
2.3	MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS ..... 39
2.4	OVERVIEW OF BUDGET RELATED POLICIES ..... 40
2.5	OVERVIEW OF BUDGET ASSUMPTIONS ..... 41
2.6	OVERVIEW OF BUDGET FUNDING ..... 43
2.7	EXPENDITURE ON GRANTS AND RECONCILIATION OF UNSPENT FUNDS ..... 45
2.8	COUNCILLOR AND EMPLOYEE BENEFITS ..... 46
2.9	MONTHLY TARGET FOR REVENUE , EXPENDITURE AND CASH FLOW .....47
2.10	CONTRACT HAVING FUTURE BUDGETARY IMPLICATIONS ..... 51
2.11	CAPITAL EXPENDITURE DETAILS ..... 51
2.12.	LEGISLATION COMPLIANCE STATUS ..... 57
2.13	OTHER SUPPORTING DOCUMENTS ..... 58
2.14.	MUNICIPAL MANAGER’S QUALITY CERTIFICATE ..... 59

# Part 1 – Annual Budget

## 1.1 Mayor's Report

As attached

## 1.2 Council Resolutions

- The Council of Masilonyana Local Municipality, acting in terms of section 24 of the Local Government: Municipal Finance Management Act (MFMA), (Act 56 of 2003) approves and adopts the following resolutions:
  - The annual budget of the municipality for the financial year 2015/16 and indicative allocations for the two projected outer years 2016/17 and 2017/18; and the multi-year and single-year capital appropriations as set out in the following tables:
    - Budgeted Financial Performance (revenue and expenditure by standard classification)
    - Budgeted Financial Performance (revenue and expenditure by municipal vote)
    - Budgeted Financial Performance (revenue by source and expenditure by type)
    - Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source
  - The financial position, cash flow budget and cash-backed reserve/accumulated surplus as set out in the following tables:
    - Budgeted Financial Position
    - Budgeted Cash Flows
    - Cash backed reserves and accumulated surplus reconciliation
- The tariffs for the supply of electricity, water, sanitation, refuse removal and property rates as set out in Section 2, that were used to prepare the estimates of revenue by source with effect from 1 July 2015
- The revised Integrated Development Plan (IDP) and related amendments..
- The measurable performance objectives for capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework as set out in Supporting Table SA6.
- The Budget related policies including any amendments set out in the report.
- Cash backing be implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy.
- Find the attached signed Council Resolution.

### 1.3 Executive summary

This section contains an Executive Summary of the Masilonyana Municipality's Budget followed by a more detailed explanation of its Operating and Capital components over the next three years.

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

The Municipality's business and service delivery priorities were reviewed as part of this year's strategic planning and budget process. Where appropriate, funds were transferred from low- to high-priority programs so as to maintain sound financial stewardship and to improve service delivery. In this regard, road maintenance, pothole repairs, and replacement of electrical and water infrastructure network has been identified as priority areas.

The drive by the Municipality is to achieve the targets of Operation Clean Audit 2014. Significant progress has been made with the implementation of the financial turnaround plan; including the clean-up of the billing system, the compilation of a GRAP compliant asset register and the implementation of internal controls.

National Treasury's MFMA Circulars No. 78, and other related circulars were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/2017 MTREF can be summarised as follows:

- The ongoing difficulties in the local economy which has a negative impact on the municipality
- The need to reprioritise projects and expenditure within the existing resource envelope given the backlog in infrastructure maintenance;
- The increased cost of bulk electricity due to tariff increases from Eskom which is placing upward pressure on service tariffs to residents. This is further resulting in refuse removal, sewerage and property rates tariffs increasing sufficiently in order to "balance the basket of tariffs".
- Low collection rate
- Provision for bad debts

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Service tariffs and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/2016 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2016/17 MTREF**

	<b>Final Budget 2015/16</b>	<b>Budget Year 2016/17</b>	<b>Budget Year +1 2017/18</b>	<b>Budget Year +2 2018/19</b>
		<b>'000</b>	<b>'000</b>	<b>'000</b>
Total Operating Revenue	230 363	226 811	228 485	248 600
Total Operating Expenditure	247 138	249 692	266 776	289 519
Surplus (Deficit)for the year	(16 775)	(22 881)	(38 292)	(40 920)
Total Capital Expenditure	48 479 000	24 060	24 195	25 383

Total budgeted operating revenue has decreased by R3 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget, and this is due to the decrease of operational grants due to the Municipality. For the two outer years, operational revenue has slightly increased by R1.5 million in the 2017/2018, and R10 million in 2018/19 due increased services charged respectively.

Total budgeted operating expenditure for the 2016/17 financial year has been appropriated at R 249 million. When compared to the 2015/16 Adjustments Budget, operational expenditure has increased by R 2 million in the 2016/17 budget as a result of non-cash items and Creditors arrears accrued from the 2015/16 financial year, and will increase by R17 million and increase by R23 million for the 2017/18 and 2018/19 respectively.

The capital budget is projected to be R23.6, Capital budget is constituted of MIG of R22.5 million, and R1.5 of own fund capital expenditure.

There's also an in-kind allocation for RBIG and Electrification for 43.8 and R 6 million respectively, however these grants should not be included in the budget as they are controlled by relevant departments

## 1.4 Operating Revenue Framework

For municipalities to continue improving the quality of services provided to its residence it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues.

The municipality has anticipated that services charges revenue will increase by 6% in the 2016/17 financial year, which is equivalent to the 6% CPI on other services and 8% on electricity. The reason for the increase anticipated is that more revenue strategies will be put in place to enable to municipality to collect both the current and overdue service charges.

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

- National Treasury's guidelines
- Growth in the municipal area and continued economic development especially the SMME;
- Efficient revenue management, which aims to ensure at least a 70% annual collection rate for property rates and other key service charges;
- Electricity tariff increases of 8% in terms of MFMA circular 78 as proposed by Eskom
- Achievement of at least 75% cost recovery of specific user charges in relation to trading services;

- Increase ability to extend new services and recover costs; and
- The municipality's Indigent Policy and rendering of free basic services.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

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

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>	1										
Property rates	2	15,076	15,478	16,586	18,947	33,528	-	-	35,540	35,766	35,533
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	21,818	20,119	20,864	27,437	28,626	-	(1,261)	29,479	31,188	34,490
Service charges - water revenue	2	15,756	17,992	19,167	23,448	32,606	-	(3,347)	34,368	32,820	38,688
Service charges - sanitation revenue	2	18,290	17,505	17,567	17,348	17,348	-	(2,264)	20,522	21,712	25,653
Service charges - refuse revenue	2	9,437	8,252	8,394	10,809	10,809	-	(1,255)	12,640	13,373	15,635
Service charges - other			260	267			-				
Rental of facilities and equipment		159	244	241	196	264			280	296	313
Interest earned - external investments		27	316	384	399	500			530	561	593
Interest earned - outstanding debtors		2,998	8,216	4,721	4,597	4,597			4,873	5,454	5,771
Dividends received		26	5	5	5	5			5	6	6
Fines		81	16	43	11	111			118	124	132
Licences and permits		-	-	-	-	-					
Agency services		-	-	-	-	-					
Transfers recognised - operational		80,939	87,422	90,147	92,163	92,163			87,634	86,313	90,893
Other revenue	2	20,354	179	62	6,053	6,153	-	-	824	871	894
Gains on disposal of PPE					334	334					
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>184,959</b>	<b>176,004</b>	<b>178,448</b>	<b>201,746</b>	<b>227,043</b>	<b>-</b>	<b>(8,128)</b>	<b>226,811</b>	<b>228,485</b>	<b>248,600</b>

**Table 3 Operating Transfers and Grant Receipts**

In terms of circular 79, National Treasury advises that municipalities should adopt a conservative approach when projecting their expected revenues and cash receipts due revenues and cash flows that are expected to remain under pressure in 2016/17 due to the state of the economy. Another challenge identified was that municipalities are not able to set cost-reflective tariffs as advised in previous circulars because the cost drivers are not known] level of commitment from other departments in determining cost reflective tariffs is questioned which poses a challenge and would result in Municipalities are advised to determine the costs per service in determining tariffs.

Choose name from list - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		83,391	83,391	85,160	92,163	92,163	-	86,409	84,879	89,459
Local Government Equitable Share		81,091	81,091	81,403	88,321	88,321		79,723	78,909	83,489
Finance Management		1,500	1,500	1,800	1,800	1,800		1,900	2,155	2,155
Municipal Systems Improvement		800	800	934	930	930				
EPWP Incentive				1,023	1,112	1,112		1,147		
Councillors support grant								3,639	3,815	3,815
Provincial Government:		-	-	-	-	-	-	-	-	-
Councillors support grant										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	83,391	83,391	85,160	92,163	92,163	-	86,409	84,879	89,459
<b>Capital Transfers and Grants</b>										
National Government:		-	28,977	36,782	25,230	34,130	-	22,500	23,898	25,069
Municipal Infrastructure Grant (MIG)			28,977	36,782	23,730	32,630		22,500	23,898	25,069
Intergrated Energy Electrification Grant					1,500	1,500				
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	-	28,977	36,782	25,230	34,130	-	22,500	23,898	25,069
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		83,391	112,368	121,942	117,393	126,293	-	108,909	108,777	114,528

The above table is the operating transfer and grants received, in terms of the DORA allocation for 2016/2017, the following were allocated to the municipality

**Municipality allocation**

MIG	R22 500 000	conditional grant
FMG	R 1 900 000	conditional grant
Equitable share	R79 723 000	unconditional grant
EPWP	R 1 147 000	conditional grant

**In-Kind Allocation**

EEMDS	R 6 000 00	conditional
RBIG	R 43 883 000	conditional
MSIG	R 1 300 000	conditional
Electrification Grant	R 81 000	in-kind

The above grants in terms of the DORA has different conditions except the equitable share. We keep on including the equitable share in our operational budget since it is not described as in kind allocation.

**Table 4 Comparison of proposed rates to be levied for the 2015/16 and 2016/2017 financial year**

Council has took a decision not to increase the tariff on property rates tariffs due to the implementation of new valuation roll from the 1 July 2015. The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial from 1 July 2015 is contained below

		TARIFFS		% Increase/ decrease
		VAT INCL		
		2015/2016 RAND	2016/2017 RAND	
<b>1</b>	<b><u>PROPERTY RATES</u></b>			
	<b>WINBURG</b>			
	Property	0.01348	0.01429	6%
	Vacant land irrespective of zoning			
	<b>SOUTPAN</b>	-		
	Property	0.01348	0.01429	6%
	Vacant land irrespective of zoning			
	<b>VERKEERDEVLEI</b>	-		
	Property	0.01348	0.01429	6%
	Vacant land irrespective of zoning			
	<b>THEUNISSEN</b>	-		
	Property	0.01348	0.01429	6%
	Vacant land irrespective of zoning			
	<b>BRANDFORT</b>	-		
	Property	0.01348	0.01429	6%
	Vacant land irrespective of zoning			
	Religious	0.01348	0.01429	6%
	<b>STATE ( ALL TOWNS)</b>	0.02697	0.02858	6%
		-		
	<b>BUSINESS ( ALL TOWNS)</b>	0.02697	0.02858	6%
	Vacant land irrespective of zoning			
	<b>AGRICULTURE (residential tariff/4)</b>	0.00201	0.00213	6%
	<b>PUBLIC SERVICE INFRASTRUCTURE 30%</b>	0.02697	0.00357	-0.1055336
	<b>MINING</b>	0.00201	0.00213	6%

Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.



- **Property Rates**

Property rates partially cover the cost of the provision of general services.

The municipality implemented the valuation roll 2015/2016 which was a year later due to the challenges that were reported during the year to CoGTA Provincial. The municipality sent an application to the MEC for COGTA to extend implementation of old valuation roll by another year in 2013/2014 financial year, which was granted. The valuation roll was extended to the 5<sup>th</sup> year.

The valuation process was still in process, the objections period was extended to the 19 June 2015. The municipality initially projected for a 33% increase on property rates revenue due to the new implementation of valuation roll.

The property rates tariff by the CPI of 6%. We will assess performance mid- year to determine whether revenue projected was under or over. We will then adjust upon the outcome of the assessment made.

The municipal Property Rates Policy stipulates that Public Services Infrastructure tariff is equals to 25% household tariff, and has been calculated according.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R15 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 30 % rebate will be granted on state owned residential properties
- 100 percent rebate will be granted to registered indigents in terms of the Indigent Policy;
- Properties owned and used for public service purposes rendering the following services directly to the public: hospitals and public clinics; schools including pre-schools, early childhood development centres and further education and training colleges; libraries; police stations ;prisons; and courts of law will receive a 25% rebate on assessed rates.

- **Sale of Electricity and Impact of Tariff Increases**

NERSA has announced the revised bulk electricity pricing structure of 8% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2016

Considering the Eskom *increases*, the consumer tariff had to be increased by 8% ( as per NERSA approval) to offset the additional bulk purchase cost from 1 April 2015

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

The municipality has applied for electricity increases that will be cost reflective and at the same try to discourage community to save by implementing the Inclining Block Tariff

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 5 Comparison between current electricity charges and increases (Domestic)**

<b>MASILONYANA FINAL APPROVED TARIFFS</b>				<b>TARIFFS</b>	<b>TARIFFS</b>
				<b>VAT INCL</b>	<b>VAT INCL</b>
				<b>2015/2016</b>	<b>2016/2017</b>
				<b>RAND</b>	<b>RAND</b>
<b>2</b>	<b>ELECTRICITY TARIFFS</b>				
	<b>DOMESTIC PRE-PAID</b>				
	<i>Basic charge</i>			72.01	76.33
	<i>Block 1 (0-50k Wh)</i>			79.00	83.74
	<i>Block 2 (51- 350k Wh)</i>			93.00	98.58
	<i>Block 3 (351-600k Wh)</i>			134.00	142.04
	<i>Block 4 (&gt;600k Wh)</i>			160.00	169.60
	<b>DOMESTIC CONVENTIONAL</b>				
	<b>Basic charge</b>			96.93	102.75
	<i>Block 1 (0-50k Wh)</i>			72.00	76.32
	<i>Block 2 (51- 350k Wh)</i>			93.00	98.58
	<i>Block 3 (351-600k Wh)</i>			134.00	142.04
	<i>Block 4 (&gt;600k Wh)</i>			160.00	169.60
	<b>SCHOOLS AND OLD AGE HOMES</b>				
	<b>CONVENTIONAL</b>				
	<i>Basic charge</i>			269.26	290.80
	<i>Consumption per unit (c/kWh)</i>			118.30c	127.76c
	<b>PRE-PAID</b>				
	<i>Basic charge</i>			134.11	144.84
	<i>Consumption per unit (c/kWh)</i>			118.30c	127.76c
	<b>DEPARTMENTAL (INTERNAL)</b>				
	<i>Basic charge</i>			280.00	302.40
	<i>Consumption per unit (c/kWh)</i>			136.00c	146.88c
	<b>CONSUMER BEOW 50kVA EXCLUDING RESODENTIALS AND OLD AGE HOMES</b>				
	<i>Basic charge</i>			446.29	481.99
	<i>Consumption per unit (c )</i>			75.00c	81.00c
	<i>Demand charges</i>			165.00	178.20
	<b>INDUSTRIAL TARIFFS</b>				
	<b>Large power user 400V (scale 3A)</b>				
	<i>Basic charge</i>			1003.84	1084.15
	<i>Consumption per unit (c )</i>			69.23c	74.77c
	<i>Demand charges</i>			190.37	205.60
	<b>LARGE POWER USER 11kv (scale 3B)</b>				
	<i>Basic charge</i>			617.60	667.01
	<i>Consumption per unit (c )</i>			60.00c	64.80c
	<i>Demand charges</i>			196.00	211.68
	<b>NON- STANDARD TARIFF</b>				
	<b>Farms Residential</b>				
	<b>Conventional</b>				
	<i>Basic charge</i>			178.96	193.28
	<i>Energy charge (c/kWh)</i>			120.40c	130.03c

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). However the is in a process of benchmarking with other Municipality to ensure that correct step tariffs are charged in the near future.

The municipality further request that council should take note of the additional percentage that has been requested by ESKOM. Subject to the additional percentage increase granted to Eskom, Council should increase its tariffs in line with Eskom tariffs

- **Refuse Removal and Impact of Tariff Increases**

A 6% increase in the waste removal tariff is proposed from 1 July 2016. The following table compares current and proposed amounts payable from 1 July 2016:

<b>MASILONYANA FINAL DRAFT TARIFFS</b>					
				<b>TARIFFS</b>	<b>TARIFFS</b>
				<b>VAT INCL</b>	<b>VAT INCL</b>
				<b>2015/2016</b>	<b>2016/2017</b>
				<b>RAND</b>	<b>RAND</b>
<b>7</b>	<b>REFUSE REMOVAL</b>				
	<i>Households</i>			60.22	63.84
	<i>Businesses per bin (80l)per month</i>			174.36	184.82
	<i>Garden refuse removal</i>			234.39	248.45
	<i>Building material removal 6 cubic metre</i>			428.20	453.89
	<i>Government refuse removal per month</i>			578.55	613.26

**Table 6 Comparison between current waste removal charges and increases**

- **Sale of Water and Impact of Tariff Increases**

A 6 percent increase in the water tariff is proposed from 1 July 2016. The following table compares current and proposed amounts payable from 1 July 2016:

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

<b>MASILONYANA FINAL DRAFT TARIFFS</b>					
				<b>TARIFFS</b>	<b>TARIFFS</b>
				<b>VAT INCL</b>	<b>VAT INCL</b>
				<b>2015/2016</b>	<b>2016/2017</b>
				<b>RAND</b>	<b>RAND</b>
<b>3</b>	<b><u>WATER CONSUMPTION</u></b>				
	Minimum charge		<i>Free basic to indigent</i>	67.96	72.04
	0-6 Kilolitre		<i>Free to indigents</i>	-	-
	0-6 Kilolitre			5.99	6.35
	7-10 Kilolitre			8.79	9.32
	11-15 Kilolitre			11.59	12.29
	16-21 Kilolitre			14.50	15.37
	>21 Kilolitre			16.50	17.49
	Flat rate per month			152.00	161.12
	<b><u>REPAIR WORK</u></b>				
	Actual cost plus 10%				
	<b><u>RECONNECTION FEES</u></b>				
	Reconnection			899.00	952.94
	<b><u>COMMERCIAL</u></b>				
	Consumption up to 200 per kilolitre			14.50	15.37
	Consumption >200 per kilolitre			16.50	17.49
	<b><u>INSTITUTIONAL BUILDING</u></b>				
	Consumption up to 200 per kilolitre			12.50	13.25
	Consumption >200 per kilolitre			14.50	15.37
	<b><u>INDUSTRIES</u></b>				
	Consumption up to 200 per kilolitre			14.50	15.37
	Consumption >200 per kilolitre			17.50	18.55
	<b><u>VACANT STANDS</u></b>				
	<b>Basic charge</b>				
	Per residential stand			176.00	186.56
	Per non- residential stand			198.00	209.88
				-	-

A flat rate for water was introduced for all sites within Masilonyana Municipality that are unmetered. The municipality has increased a tariff to ensure that we can afford to replace the old water meter and install the new ones where there aren't any

- **Sewerage and Impact of Tariff Increases**

A 6% increase in the sewerage tariff is proposed from 1 July 2016.

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

<b>MASILONYANA FINAL DRAFT TARIFFS</b>					
				<b>TARIFFS</b>	<b>TARIFFS</b>
				<b>VAT INCL</b>	<b>VAT INCL</b>
				<b>2015/2016</b>	<b>2016/2017</b>
				<b>RAND</b>	<b>RAND</b>
<b>4</b>	<b>SEWERAGE TARIFFS</b>				
	<i>Buckets per month</i>			102.28	108.42
	<i>Households</i>			102.28	108.42
	<i>Business</i>			358.31	379.81
	<i>Schools with septic tanks per cubic meter</i>			1,279.72	1,356.50
	<i>Schools with sewerage</i>			1,238.79	1,313.11
	<i>Post Office</i>			1,243.83	1,318.46
	<i>SAPS</i>			1,243.83	1,318.46
	<i>Correctional Services</i>			13,502.62	14,312.78
	<i>Hostels</i>			371.10	393.36
	<i>Dept of Justice</i>			419.77	444.96
	<i>SAPS Quarters and Hostels</i>			2,367.44	2,509.49
	<i>Hospitals</i>			18,286.97	19,384.18
	<i>Traffic Department</i>			422.24	447.57
	<i>Old age homes</i>			844.59	895.26
	<i>Households with Septic Tanks per cubic meter</i>			150.95	160.01
	<i>Business with Septic Tanks</i>			328.71	348.43
	<i>Opening of a blocked drain</i>			352.26	373.39
	<b>VACUM TANKER SERVICE</b>				
	<i>For the removal of sewerage by vacuum tank outside a sewer reticulated area per kilolitre</i>			123.99	131.43
	<b>VIP TOILETS</b>				
	<i>Cleaning of VIP toilets (Households) pm</i>			45.00	47.70
	<b>INDUSTRIAL EFFLUENT</b>				
	<i>Consumption per kl</i>			14.55	15.42
	<b>VACANT STAND</b>				
	<i>Residential stand pm</i>			149.42	158.39
	<i>Non-residential stand pm</i>			207.94	220.42

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit; and in these case the expenditure exceeds the revenue due to non-cash items which must be budgeted for.
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

- Strict adherence to the principle of “*no project plan no budget*”. If there is no business plan no funding allocation can be made.

#### **Tariffs to implement the SPLUMA**

<b>MASILONYANA FINAL APPROVED TARIFFS</b>			
<b>SPLUMA</b>		<b>TARIFFS</b>	<b>TARIFFS</b>
		<b>VAT INCL</b>	<b>VAT INCL</b>
		<b>2015/2016</b>	<b>2016/2017</b>
		<b>RAND</b>	<b>RAND</b>
		<b>VAT INCL</b>	<b>VAT INCL</b>
<b>16</b>	<b><u>CATEGORY 1 APPLICATION</u></b>		
Single	0-500		20.00
	501-1000		15.00
	1001 and more		10.00
Group	0-500		15.00
	501-1000		13.00
	1001 and more		11.00
Business & Other	0-500		22.00
	501-1000		20.00
	1001 and more		13.00
Industrial	0-500		20.00
	501-1000		18.00
	1001 and more		11.00
	Rezoning	2,000.00	2,000.00
	Removal, amendments or suspension of restrictive title conditions	1,200.00	1,200.00
	Amendments of general plan	2,000.00	2,000.00
	Permanent closure of a public place	1,000.00	1,000.00
	Consent use	1,000.00	1,000.00
	Sub-division	1,000.00	1,000.00
	Sub-division per additional portion after 5th	100.00	100.00
	Consolidation	1,000.00	1,000.00
	Consolidation per additional portion after 5th	100.00	100.00
<b>17</b>	<b><u>CATEGORY 2 APPLICATION</u></b>		
	Sub-division	1,000.00	1,000.00
	Sub-division per additional portion after 5th	100.00	100.00
	Consolidation	1,000.00	1,000.00
	Consolidation per additional portion after 5th	100.00	100.00
	Consent use	1,000.00	1,000.00
	Removal, amendments or suspension of restrictive title conditions	1,200.00	1,200.00
<b>18</b>	<b>GENERAL: Application fees</b>		
	Appeal		3,000.00
	Zoning Certificate		80.00

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

**Table 9 Summary of operating expenditure by standard classification item**

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Expenditure By Type</b>											
Employee related costs	2	39,408	62,653	72,549	67,407	66,126	-	-	69,536	73,569	77,836
Remuneration of councillors		4,433	5,439	4,939	4,936	4,786			5,073	5,367	5,679
Debt impairment	3	25,890	93,111	29,493	27,683	27,683			29,344	31,046	32,847
Depreciation & asset impairment	2	37,750	28,812	25,141	30,460	30,460	-	-	32,287	34,160	36,141
Finance charges		1,085	1,657	4,794	2,882	1,544			1,636	1,731	1,831
Bulk purchases	2	39,664	31,808	34,439	66,318	66,318	-	-	43,113	48,216	58,427
Other materials	8		6,227	6,130	19,878	8,812			9,341	9,882	10,456
Contracted services		400	-	-	2,100	2,100	-	-	2,355	2,492	2,492
Transfers and grants		15,201	11,606	10,004	15,524	15,524	-	-	16,455	17,409	18,419
Other expenditure	4, 5	33,513	41,490	40,579	18,681	23,785	-	-	40,551	42,903	45,392
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>197,344</b>	<b>282,803</b>	<b>228,067</b>	<b>255,869</b>	<b>247,138</b>	<b>-</b>	<b>-</b>	<b>249,692</b>	<b>266,776</b>	<b>289,519</b>

The budgeted allocation for employee related costs (Inclusive of Councillors Remuneration and vacancies) for the 2016/17 financial year totals R74.6 million (increased slightly as a result of CPI estimates) for, which equals 40% of the total operating expenditure (non-cash items excluded).

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). Gazette 35700 has also been used to determine the budget for senior management salaries effectively from 01 July 2014..

We are currently collecting on average 45% of revenue billed, The provision for debt impairment was budgeted for as it is a non-cash item and have been increased by R2 million.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R32 million for the 2016/17 financial year and equates to 13% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital), interest on outstanding creditors such as Eskom, Bulk Water, chemicals and bank charges Finance charges makes up R1.6 million for 2016/17.

Bulk purchases are directly informed by the purchase of electricity from Eskom and bulk purchases from Department of Water and Sanitation and Sand-Vet. The annual price increases have been factored into the budget appropriations and directly inform the revenue provision. These includes the outstanding amounts owed as per the recent agreement that were entered into between these creditors and the municipality



## **Main operating expenditure for the 2016/2017 financial year**

### **Priority given to repairs and maintenance**

For the 2016/2017 financial year, the major portion of total repairs and maintenance will be spent on infrastructure assets. As follows:

FS181 Masilonyana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		6,061	–	1,352	17,777	8,812	–	8,341	8,825	9,336
Infrastructure - Road transport		845	–	–	7,126	3,126	–	3,013	3,188	3,373
Roads, Pavements & Bridges					3,878	1,878		1,691	1,789	1,892
Storm water		845			3,248	1,248		1,323	1,399	1,480
Infrastructure - Electricity		628	–	921	3,002	1,672	–	1,773	1,875	1,984
Generation								–	–	–
Transmission & Reticulation		380		921	2,342	1,342		1,423	1,505	1,593
Street Lighting		248			660	330		350	370	392
Infrastructure - Water		3,136	–	33	2,055	2,055	–	2,179	2,305	2,439
Dams & Reservoirs		575		33				–	–	–
Water purification								–	–	–
Reticulation		2,561			2,055	2,055		2,179	2,305	2,439
Infrastructure - Sanitation		–	–	21	5,594	1,959	–	1,376	1,456	1,540
Reticulation				21	5,594	1,959		1,376	1,456	1,540
Sewerage purification								–	–	–
Infrastructure - Other		1,452	–	377	–	–	–	–	–	–
Waste Management		1,452		377						
Transportation	2									
Gas	3									
Other										
<b>Community</b>		203	–	3,513	–	–	–	1,000	758	802
Parks & gardens		32								
Sportfields & stadia										
Swimming pools										
Community halls								1,000	758	802
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other		171		3,513						
<b>Heritage assets</b>		–	–	–	–	–	–	–	–	–
Buildings										
Other	9									
<b>Investment properties</b>		–	–	–	–	–	–	–	–	–
Housing development										
Other										
<b>Other assets</b>		2,069	6,227	1,264	2,026	–	–	–	300	317
General vehicles		1,042			1,985			–	300	317
Specialised vehicles		–	–	–	–	–	–	–	–	–
Plant & equipment		449								
Computers - hardware/equipment		86			41			–	–	–
Furniture and other office equipment		13								
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		479								
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			6,227	1,264						
<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 Repairs and Maintenance Expenditure</b>	1	8,333	6,227	6,129	19,803	8,812	–	9,341	9,883	10,455
<b>Specialised vehicles</b>		–	–	–	–	–	–	–	–	–
Refuse										
Fire										
Conservancy										
Ambulances										
<b>R&amp;M as a % of PPE</b>		1.7%	1.2%	1.0%	3.4%	1.5%	0.0%	1.5%	1.5%	1.5%
<b>R&amp;M as % Operating Expenditure</b>		4.2%	2.2%	2.7%	7.7%	3.6%	0.0%	3.7%	3.7%	3.6%

### **Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Masilonyana Municipality's Indigent Policy.

A summary of the free basic services package is set out below:

- All registered indigents will receive 50 kWh of electricity per month fully subsidised.
- All registered indigents will receive 6 kl of water per month fully subsidised.
- All registered indigents shall be fully subsidised for refuse removal.
- All registered indigents shall be fully subsidised for sewerage.
- All registered indigents shall be fully subsidised for the payment of property rates.
- In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery

The cost of the social package of the registered indigent households is financed by National Government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

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

Choose name from list - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		100	-	-	250	2,500	-	-	2,227	1,288	1,150
Vote 2 - Finance and Admin		-	3,547	-	-	200	-	-	560	592	627
Vote 3 - Community Facilities		1,650	1,500	-	497	1,839	-	-	-	632	-
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Sports & Recreation		3,800	2,000	-	5,823	5,062	-	-	3,319	7,294	3,530
Vote 7 - REFUSE		21,000	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Water Management		9,328	10,652	-	-	390	-	-	-	-	-
Vote 9 - Roads and Transport		12,591	4,970	-	24,195	25,269	-	-	13,376	14,214	20,076
Vote 10 - Water		7,582	11,473	-	715	5,234	-	-	4,578	175	-
Vote 11 - Electricity		-	-	-	2,310	1,847	-	-	-	-	-
Vote 12 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	5,638	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>56,051</b>	<b>34,142</b>	<b>-</b>	<b>33,790</b>	<b>47,979</b>	<b>-</b>	<b>-</b>	<b>24,060</b>	<b>24,195</b>	<b>25,383</b>
<b>Total Capital Expenditure - Vote</b>		<b>56,051</b>	<b>34,142</b>	<b>-</b>	<b>33,790</b>	<b>47,979</b>	<b>-</b>	<b>-</b>	<b>24,060</b>	<b>24,195</b>	<b>25,383</b>

**Table 10 2016/17 Medium-term capital budget per vote**

For 2016/17 an amount of 24 060 000 million has been appropriated for the development of infrastructure assets which represents 86% of the total capital budget. Roads and Storm water receives the highest allocation with R13 Mil.

## 1.7 Annual Budget Tables

The following pages present the 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 tabled by the Council. Each table is accompanied by explanatory notes on the facing page.

**Table A1 - Budget Summary**

**FS181 Masilonyana - Table A1 Budget Summary**

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	15,076	15,478	16,586	18,947	33,528	-	-	35,540	35,766	35,533
Service charges	65,300	64,128	66,260	79,041	89,388	-	(8,128)	97,008	99,093	114,465
Investment revenue	27	316	384	399	500	-	-	530	561	593
Transfers recognised - operational	80,939	87,422	90,147	92,163	92,163	-	-	87,634	86,313	90,893
Other own revenue	23,617	8,660	5,072	11,196	11,464	-	-	6,099	6,752	7,115
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>184,959</b>	<b>176,004</b>	<b>178,448</b>	<b>201,746</b>	<b>227,043</b>	<b>-</b>	<b>(8,128)</b>	<b>226,811</b>	<b>228,485</b>	<b>248,600</b>
Employee costs	39,408	62,653	72,549	67,407	66,126	-	-	69,536	73,569	77,836
Remuneration of councillors	4,433	5,439	4,939	4,936	4,786	-	-	5,073	5,367	5,679
Depreciation & asset impairment	37,750	28,812	25,141	30,460	30,460	-	-	32,287	34,160	36,141
Finance charges	1,085	1,657	4,794	2,882	1,544	-	-	1,636	1,731	1,831
Materials and bulk purchases	39,664	38,035	40,569	86,196	75,131	-	-	52,454	58,098	68,882
Transfers and grants	15,201	11,606	10,004	15,524	15,524	-	-	16,455	17,409	18,419
Other expenditure	59,802	134,601	70,072	48,465	53,568	-	-	72,251	76,441	80,731
<b>Total Expenditure</b>	<b>197,344</b>	<b>282,803</b>	<b>228,067</b>	<b>255,869</b>	<b>247,138</b>	<b>-</b>	<b>-</b>	<b>249,692</b>	<b>266,776</b>	<b>289,519</b>
<b>Surplus/(Deficit)</b>	<b>(12,385)</b>	<b>(106,799)</b>	<b>(49,619)</b>	<b>(54,123)</b>	<b>(20,095)</b>	<b>-</b>	<b>(8,128)</b>	<b>(22,881)</b>	<b>(38,292)</b>	<b>(40,920)</b>
Transfers recognised - capital	-	-	-	25,230	34,130	-	-	22,500	23,898	25,069
Contributions recognised - capital & contributed assets	-	-	-	8,560	14,349	-	-	1,560	297	314
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(12,385)</b>	<b>(106,799)</b>	<b>(49,619)</b>	<b>(20,333)</b>	<b>28,384</b>	<b>-</b>	<b>(8,128)</b>	<b>1,179</b>	<b>(14,097)</b>	<b>(15,537)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(12,385)</b>	<b>(106,799)</b>	<b>(49,619)</b>	<b>(20,333)</b>	<b>28,384</b>	<b>-</b>	<b>(8,128)</b>	<b>1,179</b>	<b>(14,097)</b>	<b>(15,537)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>37,061</b>	<b>65,252</b>	<b>86,931</b>	<b>33,790</b>	<b>47,979</b>	<b>-</b>	<b>-</b>	<b>24,060</b>	<b>24,195</b>	<b>25,383</b>
Transfers recognised - capital	89,262	96,070	63,515	25,230	34,130	-	-	22,500	23,898	25,069
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	3,850	3,324	23,416	8,560	13,849	-	-	1,560	297	314
<b>Total sources of capital funds</b>	<b>93,112</b>	<b>99,394</b>	<b>86,931</b>	<b>33,790</b>	<b>47,979</b>	<b>-</b>	<b>-</b>	<b>24,060</b>	<b>24,195</b>	<b>25,383</b>
<b>Financial position</b>										
Total current assets	63,022	14,720	39,634	50,361	50,361	-	-	53,383	56,479	59,755
Total non current assets	565,003	601,445	694,755	653,090	653,090	-	-	692,275	732,427	774,908
Total current liabilities	63,634	82,590	114,569	36,570	36,570	-	-	37,489	39,664	41,964
Total non current liabilities	20,665	21,941	38,285	2,976	2,976	-	-	3,154	3,337	3,531
Community wealth/Equity	543,726	511,635	581,535	663,906	663,906	-	-	705,014	745,905	789,168
<b>Cash flows</b>										
Net cash from (used) operating	32,791	62,273	85,444	19,379	1,928	-	-	38,810	21,274	14,597
Net cash from (used) investing	(25,830)	(63,141)	(70,465)	(21,346)	(33,796)	-	-	(24,060)	(24,195)	(25,383)
Net cash from (used) financing	(1,950)	(1,853)	(878)	(739)	(739)	-	-	(834)	(883)	(934)
<b>Cash/cash equivalents at the year end</b>	<b>6,299</b>	<b>3,578</b>	<b>17,680</b>	<b>7,091</b>	<b>(32,607)</b>	<b>-</b>	<b>-</b>	<b>13,916</b>	<b>10,113</b>	<b>(1,607)</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	6,387	3,669	17,775	7,605	7,605	-	-	8,061	8,529	9,024
Application of cash and investments	39,322	75,586	101,055	4,969	16,604	-	-	2,713	1,582	3,500
<b>Balance - surplus (shortfall)</b>	<b>(32,935)</b>	<b>(71,917)</b>	<b>(83,280)</b>	<b>2,636</b>	<b>(8,999)</b>	<b>-</b>	<b>-</b>	<b>5,348</b>	<b>6,947</b>	<b>5,523</b>
<b>Asset management</b>										
Asset register summary (WDV)	540,068	601,354	587,073	652,643	150,903	-	657,080	657,080	661,625	666,435
Depreciation & asset impairment	37,750	28,812	25,141	30,460	30,460	-	32,287	32,287	34,160	36,141
Renewal of Existing Assets	37,061	65,251	86,931	33,790	47,979	-	-	-	-	-
Repairs and Maintenance	8,333	6,227	6,129	19,803	8,812	-	9,341	9,341	9,883	10,455
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	7,667	7,667	-	8,128	8,128	8,599	9,098
Revenue cost of free services provided	2,909	-	-	6,901	6,901	-	-	-	3,796	4,016
<b>Households below minimum service level</b>										
Water:	-	0	0	0	0	-	0	0	0	0
Sanitation/sewerage:	-	-	-	2	2	-	2	2	2	2
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	1	-	2	2	-	-	-	-	-

**Explanatory notes to 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 tabled 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.

- It must be noted that although the budget of the municipality reflects a deficit budget, this is as a result of the non-cash items which is debts impairment and depreciation on assets as a compliance to implement the GRAP 17.
- For a municipality to gradually reflect a surplus budget we need to reduce the expenditure and increase revenue which in this case will have an impact on the tariffs in the future budgets
- Financial management reforms emphasises 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.

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

FS181 Masilonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		72,760	112,136	112,456	52,614	70,000	-	70,493	72,845	72,513
Executive and council		41,113	87,426	90,152	18,859	23,560	-	10,786	11,436	12,129
Budget and treasury office		31,647	24,710	22,304	24,782	37,467	-	53,732	55,849	54,502
Corporate services		-	-	-	8,973	8,973	-	5,975	5,560	5,882
<b>Community and public safety</b>		240	-	-	735	11,241	-	10,878	12,206	13,244
Community and social services		111	-	-	387	-	-	2,765	3,806	4,064
Sport and recreation		-	-	-	-	8,541	-	5,305	5,668	6,055
Public safety		81	-	-	262	1,578	-	1,642	1,487	1,794
Housing		49	-	-	86	1,122	-	1,166	1,246	1,331
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		2,306	-	-	49,861	56,001	-	50,955	50,169	52,649
Planning and development		-	-	-	-	3,229	-	2,415	2,486	2,631
Road transport		2,306	-	-	49,861	52,772	-	48,540	47,683	50,018
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		109,653	63,868	65,992	132,326	138,280	-	118,545	117,459	135,576
Electricity		34,746	20,119	20,864	37,698	50,186	-	38,730	34,907	46,412
Water		31,824	17,992	19,167	52,583	32,248	-	36,901	34,729	38,790
Waste water management		25,627	17,505	17,567	32,494	31,427	-	22,770	26,590	27,988
Waste management		17,457	8,252	8,394	9,551	24,419	-	20,145	21,232	22,387
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	184,959	176,004	178,448	235,536	275,522	-	250,871	252,679	273,982
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		87,218	233,161	177,494	108,489	75,265	-	75,299	89,558	94,918
Executive and council		20,813	5,439	4,939	15,795	16,586	-	16,917	19,008	20,276
Budget and treasury office		55,191	225,947	171,966	67,283	32,703	-	26,488	34,242	36,228
Corporate services		11,214	1,776	590	25,411	25,976	-	31,894	36,308	38,414
<b>Community and public safety</b>		19,850	-	-	19,393	22,629	-	27,883	24,578	26,057
Community and social services		5,693	-	-	15,476	17,333	-	18,726	15,670	16,608
Sport and recreation		10,140	-	-	-	-	-	4,666	4,965	5,284
Public safety		502	-	-	2,745	4,174	-	3,208	2,663	2,798
Housing		3,516	-	-	1,172	1,122	-	1,284	1,280	1,367
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		15,107	6,227	6,130	17,993	39,250	-	30,370	32,219	34,255
Planning and development		-	-	-	7,230	2,101	-	2,415	2,486	2,631
Road transport		15,107	6,227	6,130	10,763	37,149	-	27,955	29,733	31,625
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		75,168	31,808	34,439	109,994	109,994	-	116,140	120,421	134,289
Electricity		36,436	27,956	29,676	67,959	67,959	-	45,028	47,814	57,077
Water		24,201	3,853	4,763	19,999	19,999	-	33,809	35,964	38,257
Waste water management		9,098	-	-	12,485	12,485	-	21,068	22,360	23,731
Waste management		5,434	-	-	9,551	9,551	-	16,235	14,284	15,224
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	197,343	271,196	218,063	255,869	247,138	-	249,692	266,776	289,519
<b>Surplus/(Deficit) for the year</b>		(12,384)	(95,192)	(39,615)	(20,333)	28,384	-	1,179	(14,097)	(15,536)

**Explanatory notes to 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.
- Note the Total Revenue on this table excludes capital revenues (Transfers recognised – capital) and 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.

- Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Finance and Admin.

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

**FS181 Masilonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council		41,113	87,426	90,152	27,832	32,533	-	15,761	16,699	17,697
Vote 2 - Finance and Admin		31,647	24,710	22,304	16,222	26,439	-	53,171	55,849	54,502
Vote 3 - Community Facilities		111	-	-	387	387	-	2,765	3,806	4,064
Vote 4 - Housing		69	-	-	86	1,036	-	1,166	1,246	1,331
Vote 5 - Public Safety		81	-	-	262	1,578	-	1,642	1,487	1,794
Vote 6 - Sports & Recreation		-	-	-	-	8,541	-	5,305	5,668	6,055
Vote 7 - REFUSE		17,457	8,252	8,394	9,551	24,419	-	20,145	21,232	22,387
Vote 8 - Waste Water Management		25,627	17,505	17,567	32,494	31,427	-	22,770	26,590	27,988
Vote 9 - Roads and Transport		2,306	-	-	24,631	18,642	-	26,040	23,785	24,950
Vote 10 - Water		31,824	17,992	19,167	52,583	32,248	-	36,901	34,729	38,790
Vote 11 - Electricity		34,746	20,119	20,864	37,698	50,186	-	38,730	34,907	46,412
Vote 12 - PLANNING & DEVELOPMENT		-	-	-	-	3,229	-	2,415	2,486	2,631
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>184,980</b>	<b>176,004</b>	<b>178,449</b>	<b>201,746</b>	<b>230,665</b>	<b>-</b>	<b>226,811</b>	<b>228,485</b>	<b>248,600</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council		32,027	7,215	5,529	41,206	42,562	-	48,811	55,315	58,689
Vote 2 - Finance and Admin		55,191	225,947	171,966	67,283	32,703	-	26,488	34,242	36,228
Vote 3 - Community Facilities		5,693	-	-	15,476	17,333	-	18,726	15,670	16,608
Vote 4 - Housing		3,516	-	-	1,172	1,122	-	1,284	1,280	1,367
Vote 5 - Public Safety		502	-	-	2,745	4,174	-	3,208	2,663	2,798
Vote 6 - Sports & Recreation		10,140	-	-	-	-	-	4,666	4,965	5,284
Vote 7 - REFUSE		5,434	-	-	9,551	9,551	-	16,235	14,284	15,224
Vote 8 - Waste Water Management		9,098	-	-	12,485	12,485	-	21,068	22,360	23,731
Vote 9 - Roads and Transport		15,107	6,227	6,130	10,763	37,149	-	27,955	29,733	31,625
Vote 10 - Water		24,201	3,853	4,763	19,999	19,999	-	33,809	35,964	38,257
Vote 11 - Electricity		36,436	27,956	29,676	67,959	67,959	-	45,028	47,814	57,077
Vote 12 - PLANNING & DEVELOPMENT		-	-	-	7,230	2,101	-	2,415	2,486	2,631
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>197,345</b>	<b>271,196</b>	<b>218,063</b>	<b>255,869</b>	<b>247,138</b>	<b>-</b>	<b>249,692</b>	<b>266,776</b>	<b>289,519</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(12,365)</b>	<b>(95,192)</b>	<b>(39,614)</b>	<b>(54,123)</b>	<b>(16,473)</b>	<b>-</b>	<b>(22,882)</b>	<b>(38,291)</b>	<b>(40,919)</b>

**Explanatory notes to 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 budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table A4 - Budgeted Financial Performance (revenue and expenditure)**

FS181 Masilonyana - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	15,076	15,478	16,586	18,947	33,528	-	-	35,540	35,766	35,533
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	21,818	20,119	20,864	27,437	28,626	-	(1,261)	29,479	31,188	34,490
Service charges - water revenue	2	15,756	17,992	19,167	23,448	32,606	-	(3,347)	34,368	32,820	38,688
Service charges - sanitation revenue	2	18,290	17,505	17,567	17,348	17,348	-	(2,264)	20,522	21,712	25,653
Service charges - refuse revenue	2	9,437	8,252	8,394	10,809	10,809	-	(1,255)	12,640	13,373	15,635
Service charges - other			260	267			-				
Rental of facilities and equipment		159	244	241	196	264			280	296	313
Interest earned - external investments		27	316	384	399	500			530	561	593
Interest earned - outstanding debtors		2,998	8,216	4,721	4,597	4,597			4,873	5,454	5,771
Dividends received		26	5	5	5	5			5	6	6
Fines		81	16	43	11	111			118	124	132
Licences and permits		-	-	-	-	-			-	-	-
Agency services		-	-	-	-	-			-	-	-
Transfers recognised - operational		80,939	87,422	90,147	92,163	92,163			87,634	86,313	90,893
Other revenue	2	20,354	179	62	6,053	6,153	-	-	824	871	894
Gains on disposal of PPE					334	334					
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>184,959</b>	<b>176,004</b>	<b>178,448</b>	<b>201,746</b>	<b>227,043</b>	<b>-</b>	<b>(8,128)</b>	<b>226,811</b>	<b>228,485</b>	<b>248,600</b>
<b>Expenditure By Type</b>											
Employee related costs	2	39,408	62,653	72,549	67,407	66,126	-	-	69,536	73,569	77,836
Remuneration of councillors		4,433	5,439	4,939	4,936	4,786			5,073	5,367	5,679
Debt impairment	3	25,890	93,111	29,493	27,683	27,683			29,344	31,046	32,847
Depreciation & asset impairment	2	37,750	28,812	25,141	30,460	30,460	-	-	32,287	34,160	36,141
Finance charges		1,085	1,657	4,794	2,882	1,544			1,636	1,731	1,831
Bulk purchases	2	39,664	31,808	34,439	66,318	66,318	-	-	43,113	48,216	58,427
Other materials	8		6,227	6,130	19,878	8,812			9,341	9,882	10,456
Contracted services		400	-	-	2,100	2,100	-	-	2,355	2,492	2,492
Transfers and grants		15,201	11,606	10,004	15,524	15,524	-	-	16,455	17,409	18,419
Other expenditure	4, 5	33,513	41,490	40,579	18,681	23,785	-	-	40,551	42,903	45,392
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>197,344</b>	<b>282,803</b>	<b>228,067</b>	<b>255,869</b>	<b>247,138</b>	<b>-</b>	<b>-</b>	<b>249,692</b>	<b>266,776</b>	<b>289,519</b>
<b>Surplus/(Deficit)</b>		<b>(12,385)</b>	<b>(106,799)</b>	<b>(49,619)</b>	<b>(54,123)</b>	<b>(20,095)</b>	<b>-</b>	<b>(8,128)</b>	<b>(22,881)</b>	<b>(38,292)</b>	<b>(40,920)</b>
Transfers recognised - capital					25,230	34,130			22,500	23,898	25,069
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets					8,560	14,349			1,560	297	314
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(12,385)</b>	<b>(106,799)</b>	<b>(49,619)</b>	<b>(20,333)</b>	<b>28,384</b>	<b>-</b>	<b>(8,128)</b>	<b>1,179</b>	<b>(14,097)</b>	<b>(15,537)</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>(12,385)</b>	<b>(106,799)</b>	<b>(49,619)</b>	<b>(20,333)</b>	<b>28,384</b>	<b>-</b>	<b>(8,128)</b>	<b>1,179</b>	<b>(14,097)</b>	<b>(15,537)</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(12,385)</b>	<b>(106,799)</b>	<b>(49,619)</b>	<b>(20,333)</b>	<b>28,384</b>	<b>-</b>	<b>(8,128)</b>	<b>1,179</b>	<b>(14,097)</b>	<b>(15,537)</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>(12,385)</b>	<b>(106,799)</b>	<b>(49,619)</b>	<b>(20,333)</b>	<b>28,384</b>	<b>-</b>	<b>(8,128)</b>	<b>1,179</b>	<b>(14,097)</b>	<b>(15,537)</b>

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

- Total revenue is R226 million in 2016/17.
- Revenue to be generated from property rates is R35.5 million in the 2016/17 financial year and remains a significant funding source for the municipality, which is determined refer to sheet SA12b:
- Total rates revenue projection on State owned, Public Service Infrastructure no significant increase
- Services charges relating to electricity, water, sewerage and refuse removal constitutes the biggest component of the revenue of the municipality amounting to R97.4 million for the 2016/17 financial year.
- Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government amounting to R 87 Million
- Bulk purchases has decreased since from R66 million to R43 million due to the payment arrangement made between the Municipality and ESKOM. These bulk purchases, and other expenditure are the main cost drivers within the municipality. Alternative operational gains and efficiencies will have to be identified to lessen the impact of these expenditure in future



- We have budgeted for the following head of department as the structure makes provision for these vacancy and are very key. Director Corporate Services, Director Infrastructure and Director Urban and Planning and Housing.

**Choose name from list - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum	No.		1.				2.
<b>Senior Managers of the Municipality</b>							
Municipal Manager (MM)	5	610,424	102,411	240,000			952,835
Chief Finance Officer		571,955	1,785	357,935			931,675
Director: Corporate		496,833	13,929	260,000			770,762
Director: Social & Community		924,413	1,785	180,000			1,106,198
Director: Technical		496,833	13,929	260,000			770,762
Director: Local Economic Development		496,833	13,929	260,000			770,762

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

**FS181 Masilonyana - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description	Ref	2012/13			Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital expenditure - Vote</b>	1										
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Facilities		-	-	-	-	-	-	-	-	-	-
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Sports & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 7 - REFUSE		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 9 - Roads and Transport		-	-	-	-	-	-	-	-	-	-
Vote 10 - Water		-	-	-	-	-	-	-	-	-	-
Vote 11 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 12 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		100	-	-	250	2,500	-	-	2,227	1,288	1,150
Vote 2 - Finance and Admin		-	3,547	-	-	200	-	-	560	592	627
Vote 3 - Community Facilities		1,650	1,500	-	497	1,839	-	-	-	632	-
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Sports & Recreation		3,800	2,000	-	5,823	5,062	-	-	3,319	7,294	3,530
Vote 7 - REFUSE		21,000	-	-	-	-	-	-	-	-	-
Vote 8 - Waste Water Management		9,328	10,652	-	-	390	-	-	-	-	-
Vote 9 - Roads and Transport		12,591	4,970	-	24,195	25,269	-	-	13,376	14,214	20,076
Vote 10 - Water		7,582	11,473	-	715	5,234	-	-	4,578	175	-
Vote 11 - Electricity		-	-	-	2,310	1,847	-	-	-	-	-
Vote 12 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	5,638	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>56,051</b>	<b>34,142</b>	-	<b>33,790</b>	<b>47,979</b>	-	-	<b>24,060</b>	<b>24,195</b>	<b>25,383</b>
<b>Total Capital Expenditure - Vote</b>		<b>56,051</b>	<b>34,142</b>	-	<b>33,790</b>	<b>47,979</b>	-	-	<b>24,060</b>	<b>24,195</b>	<b>25,383</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.
- Single-year capital expenditure has been appropriated at R26 million for the 2016/17 financial year.

- This expenditure / appropriations relate to expenditure that will be incurred in the specific budget year.
- The capital programme is funded from National Treasury and internally generated funds from current year surpluses. For 2016/17, capital transfers totals R 22 500 000 with internally generated funding amounts to R1 560 000
- The in-Kind allocation comprises of DWA R43 883 000, INEP R6 000 000, Eskom R81 000, MSIG R1 300 000.

**Table A6 - Budgeted Financial Position**

**FS181 Masilonyana - Table A6 Budgeted Financial Position**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		6,299	3,578	17,680	3,786	3,786			4,013	4,246	4,492
Call investment deposits	1	-	-	-	3,723	3,723	-	-	3,947	4,176	4,418
Consumer debtors	1	40,792	7,497	21,451	42,837	42,837	-	-	45,407	48,041	50,827
Other debtors		15,925	3,631	490							
Current portion of long-term receivables											
Inventory	2	7	14	13	15	15			16	17	18
<b>Total current assets</b>		<b>63,022</b>	<b>14,720</b>	<b>39,634</b>	<b>50,361</b>	<b>50,361</b>	<b>-</b>	<b>-</b>	<b>53,383</b>	<b>56,479</b>	<b>59,755</b>
<b>Non current assets</b>											
Long-term receivables											
Investments		88	91	96	96	96			102	108	114
Investment property		70,735	69,885	69,034	73,938	73,938			78,374	82,920	87,729
Investment in Associate											
Property, plant and equipment	3	494,180	531,469	625,625	579,056	579,056	-	-	613,799	649,399	687,065
Agricultural											
Biological											
Intangible											
Other non-current assets											
<b>Total non current assets</b>		<b>565,003</b>	<b>601,445</b>	<b>694,755</b>	<b>653,090</b>	<b>653,090</b>	<b>-</b>	<b>-</b>	<b>692,275</b>	<b>732,427</b>	<b>774,908</b>
<b>TOTAL ASSETS</b>		<b>628,025</b>	<b>616,165</b>	<b>734,389</b>	<b>703,451</b>	<b>703,451</b>	<b>-</b>	<b>-</b>	<b>745,658</b>	<b>788,906</b>	<b>834,663</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	1,778	391	430	787	787	-	-	834	883	934
Consumer deposits		1,065	1,136	1,262	1,202	1,202					
Trade and other payables	4	60,791	81,062	112,260	34,580	34,580	-	-	36,655	38,781	41,030
Provisions				617							
<b>Total current liabilities</b>		<b>63,634</b>	<b>82,590</b>	<b>114,569</b>	<b>36,570</b>	<b>36,570</b>	<b>-</b>	<b>-</b>	<b>37,489</b>	<b>39,664</b>	<b>41,964</b>
<b>Non current liabilities</b>											
Borrowing		3,741	2,813	2,359	2,976	2,976	-	-	3,154	3,337	3,531
Provisions		16,923	19,128	35,926							
<b>Total non current liabilities</b>		<b>20,665</b>	<b>21,941</b>	<b>38,285</b>	<b>2,976</b>	<b>2,976</b>	<b>-</b>	<b>-</b>	<b>3,154</b>	<b>3,337</b>	<b>3,531</b>
<b>TOTAL LIABILITIES</b>		<b>84,299</b>	<b>104,531</b>	<b>152,854</b>	<b>39,545</b>	<b>39,545</b>	<b>-</b>	<b>-</b>	<b>40,644</b>	<b>43,001</b>	<b>45,495</b>
<b>NET ASSETS</b>	5	<b>543,726</b>	<b>511,635</b>	<b>581,535</b>	<b>663,906</b>	<b>663,906</b>	<b>-</b>	<b>-</b>	<b>705,014</b>	<b>745,905</b>	<b>789,168</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		543,726	511,635	581,535	663,906	663,906			705,014	745,905	789,168
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>543,726</b>	<b>511,635</b>	<b>581,535</b>	<b>663,906</b>	<b>663,906</b>	<b>-</b>	<b>-</b>	<b>705,014</b>	<b>745,905</b>	<b>789,168</b>

## Table A7 - Budgeted Cash Flow Statement

FS181 Masilonyana - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges					15,491	10,911			29,502	31,213	33,023
Service charges		23,553	34,403	39,797	58,860	44,075			73,110	77,350	81,837
Other revenue		55	16	43	888	1,263			1,024	1,083	1,146
Government - operating	1	127,638	136,937	180,507	92,163	92,163			87,774	86,313	90,893
Government - capital	1				25,230	34,130			22,500	23,898	25,069
Interest		13,725	8,531	5,105	4,597	5,097			4,185	4,427	4,684
Dividends			5	5	5	5			5	6	6
<b>Payments</b>											
Suppliers and employees		(131,095)	(116,549)	(136,467)	(155,096)	(164,295)			(161,198)	(183,876)	(201,811)
Finance charges		(1,085)	(1,071)	(3,545)	(2,882)	(1,544)			(1,636)	(1,731)	(1,831)
Transfers and Grants	1				(19,878)	(19,878)			(16,455)	(17,409)	(18,419)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>32,791</b>	<b>62,273</b>	<b>85,444</b>	<b>19,379</b>	<b>1,928</b>	<b>-</b>	<b>-</b>	<b>38,810</b>	<b>21,274</b>	<b>14,597</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE					334	334			-	-	-
Decrease (increase) in non-current debtors					3,550				-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(25,830)	(63,141)	(70,465)	(25,230)	(34,130)			(24,060)	(24,195)	(25,383)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(25,830)</b>	<b>(63,141)</b>	<b>(70,465)</b>	<b>(21,346)</b>	<b>(33,796)</b>	<b>-</b>	<b>-</b>	<b>(24,060)</b>	<b>(24,195)</b>	<b>(25,383)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing		(1,950)							-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing			(1,853)	(878)	(739)	(739)			(834)	(883)	(934)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1,950)</b>	<b>(1,853)</b>	<b>(878)</b>	<b>(739)</b>	<b>(739)</b>	<b>-</b>	<b>-</b>	<b>(834)</b>	<b>(883)</b>	<b>(934)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>5,011</b>	<b>(2,721)</b>	<b>14,101</b>	<b>(2,706)</b>	<b>(32,607)</b>	<b>-</b>	<b>-</b>	<b>13,916</b>	<b>(3,803)</b>	<b>(11,720)</b>
Cash/cash equivalents at the year begin:	2	1,287	6,299	3,578	9,796				-	13,916	10,113
Cash/cash equivalents at the year end:	2	6,299	3,578	17,680	7,091	(32,607)			13,916	10,113	(1,607)

### 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.
- The municipality's cash is projected to be positive at year end and we also have already started with the implementation of the credit control which will yield positive result
- Inability of the municipality to collect what is owed versus the normal operations of the municipality which are cost

### Table SA8 – Performance indicators and benchmarks

FS181 Masilonyana - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.5%	1.2%	2.5%	1.4%	0.9%	0.0%	0.0%	1.0%	1.0%	1.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	1.0%	4.0%	6.4%	3.3%	1.7%	0.0%	0.0%	1.8%	1.8%	1.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure exd. transfers and grants and contributions	5.9%	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	1.0	0.2	0.3	1.4	1.4	-	-	1.4	1.4	1.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	0.2	0.3	1.4	1.4	-	-	1.4	1.4	1.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.0	0.2	0.2	0.2	-	-	0.2	0.2	0.2
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		29.3%	43.2%	48.0%	79.5%	44.7%	0.0%	0.0%	77.4%	80.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			29.3%	43.2%	48.0%	75.9%	44.7%	0.0%	0.0%	77.4%	80.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		30.7%	6.3%	12.3%	21.2%	18.9%	0.0%	0.0%	20.0%	21.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments			703.5%	2233.7%	538.8%	487.7%	-106.1%	0.0%	0.0%	263.4%	383.5%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)		16,412	2,815							
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated		0	0							
	Total Cost of Losses (Rand '000)		2232636	4206940							
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	10.0	14.8	16.5	18.8	18.8	18.8	(1.6)	26.2	25.3	28.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	70.4%	13.9%	26.4%	43.6%	34.8%	0.0%	0.0%	34.2%	35.5%	33.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.6	0.2	1.3	0.5	(2.2)	-	-	1.0	0.7	(0.1)

References

## 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.

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 which the municipality approved in September 2015.

The following table is the BPP for 2016/2017 tabled in September 2015:

#### IDP PROCESS PLAN & BUDGET TIMETABLE (2015/2016)

##### IDP PROCESS PLAN 2016/ 2017 & BUDGET TIMETABLE (2016/2017)

Date	Activity	Responsibility	Deliverables	Phases
22-July-2015 to 14-August 2015	Development of the process plan	MM and IDP Manager	Preparation for IDP Review 2015/2016	
20-30 August 2015	Tabling of the Process Plan to Council	Mayor & MM	Preparation for IDP 2015/2016	<b>Planning Phase</b>
18 August 2015 – 09 September 2015	<ul style="list-style-type: none"> <li>• Compilation of a proposed budget timeline <b>(20-08-2015)</b></li> <li>• Approval of proposed budget timeline by Executive Committee <b>(04 to 14-08-2015)</b></li> <li>• Approval of proposed budget timeline by Council <b>(18 Aug- to 09-Sept-2015)</b></li> </ul>	Mayor tables the proposed plan to Council (MM/CFO)	Compilation and approval of a proposed budget timeline in line with the budget reforms from National Treasury	

12-26 August 2015	Submission of IDP Process Plan to the Mayor's, Speaker's offices and Exco members	MM, Speaker and IDP Manager	Community participation (ward based) preparation and submission of inputs from political office bearers	
26-August-2015 to 9-September -2015	Notice to the Municipal Manager, Mayor/Exco, Section 57 and Middle Managers	MM and IDP Manager	Presentations of Projects and Plans by the Heads of Departments (Masilonyana) Steering Session	
11-25 September 2015	SDF Community participation meeting	MM and IDP Manager, Cogta & Dept of Rural Development	Community participation	
23-30 September 2015	Newspaper Advertisement for IDP Rep Forum (City Press, Sowetan, Masilonyana News)	MM, Mayor, Speaker and IDP Manager	Community participation (Community Organisations representatives)	
2-9 October 2015	Steering committee session	Mayor / Exco, MM, Senior & Middle Management	i)Revision of vision & mission ii)Presentation of progress on IDP projects for 2014/2015 by section 57 Directors iii)Agenda setting for Community Participation	<b>Strategic Planning</b>
7-31 October 2015	Strategic Alignment Workshop	Municipal Manager/CFO and IDP Manager	Completion of a Strategic Alignment workshop to determine objectives for the 2015/2016 Budget process	
4 <sup>th</sup> -5 <sup>th</sup> November-2015	Compilation and approval of Operational Plans, a Budget Policy/Guidelines and Tarrif Policy in line with the IDP	MM, Senior Management / HOD's	<ul style="list-style-type: none"> <li>• Reconsider strategies and objectives</li> <li>• Analyze Integrated Sector Programs</li> <li>• Submission of Project List to Lejweleputswa District Municipality for possible funding</li> </ul>	

4- November 2015 to 5 December 2015	Draft operating and capital budgets in line with approved operational plans, budget guidelines and secured financing sources	Municipal Manager, Senior Management & IDP Manager	<ul style="list-style-type: none"> <li>Amend existing project design</li> <li>Presentation of projects by various HOD's of MLM</li> </ul>	
18-25 November 2015	IDP Rep Forum	Municipal Manager, Senior Management & IDP Manager	Consolidation of all information gathered during various processes and addressing concerns, comments and incorporating inputs from stakeholders	
25- November- 2015 to 12 December 2015	Ward based IDP Community Consultations	Councillors, MM, Snr Management, IDP Manager & Coordinator: Public Participation	Ward based community participation	
9-12 December 2015	Mayoral Imbizo & IDP Community Participation	Mayor, Councillors, Municipal Manager, Snr Management, IDP Manager & Coordinator: Public Participation	Ward based community participation	
9-12 December 2015	Revision of and approval by Council on the 2015/2016 adjustments budget	MM, CFO and Heads of Departments	<ul style="list-style-type: none"> <li>Revision of the 2015/2016 operational and capital budget</li> <li>Compilation of the MFMA sec 72 report &amp; submission to the Mayor</li> <li>Approval of 2015/2016 adjustments budget by Exco &amp; Council</li> </ul>	
21 January to 31 <sup>st</sup> January 2016	Distribution of the 2015/2016 adjustment budget	IDP Manager	Distributed Draft IDP	

2-12 February 2016	Steering Committee Session	Mayor/Exco, MM, Snr & Middle Management	i) Presentation of progress on IDP projects for 2014/2015 by HOD's ii) Agenda setting for Community Participation	
12-19 February 2016	Preparation of progress on IDP projects and new projects	MM, HOD's & IDP Manager	New projects and other developmental issues as discussed during Steering Committee meetings	
14-27 February 2016	Community participation meeting	Mayor, Speaker, Councillors, Municipal Manager, IDP Manager & Coordinator: Public Participation	Mayor, Speaker (Ward & PR) Councillors outlines progress on 2015/2016 IDP projects	
2-6 March 2016	Consolidation of the Community needs	IDP Manager	Report on the needs identified	<b>Inputs, Consolidation Phase</b>
2-12 March 2016	2 <sup>nd</sup> Steering Committee session	Mayor/Exco, MM, Snr & Middle Management	i) Reporting on progress made during community participation. ii) Development of new objectives and strategies iii) Alignment exercise (costing of projects by the CFO)	
11 March to 20 March 2016	<ul style="list-style-type: none"> <li>Interaction with sector departments to integrate funding</li> <li>CFO/Finance Department to consolidate and prepare the third draft capital and operating budget</li> </ul>	MM, CFO & HOD's	Third draft of the operational and capital budget for the 2014/2015, 2015/2016 to 2016/2017 financial years consolidated and tabled to Council	



16-23 March 2016	IDP Planning Forum (NAFCOC/Business Forum & Mines)	Municipal Manager/Manager : Mayor's Office, IDP Manager & LED Officer	i)Presentation of IDP/Community needs to the forum ii)Presentation of the new strategies, objectives and the budget iii)Presentation by Mining houses & Business forum(s) on their plans/commitments	
18 March to 30 March 2016	Final draft of the operational and capital budgets for the 2014/2015 to 2015/2016 financial years consolidated and submitted to the Exec Committee for discussion	MM, CFO & HOD's	<ul style="list-style-type: none"> <li>Finance Department to consolidate and prepare the final draft capital and operating budget</li> <li>Evaluation of and discussion on draft capital and operating budget by Council</li> </ul>	
19-31 March 2016	IDP Rep Forum	MM, Snr Management & IDP Manager	Consolidation of all information gathered during various processes and addressing concerns, comments and incorporating inputs from stakeholders	
26 March 2016 to 16 April 2016	Consultation on final draft budget through formal meetings with all possible stakeholders	Mayor, MM and CFO	Draft budget to be consulted with the Community, stakeholders, District Municipality, Provincial and National Government	
<b>26 March 2016 to 02 April 2016</b>	Tabling of the draft IDP / Budget	Mayor / Municipal Manager	Tabled IDP and Budget	<b>Tabling of the draft and final approval phases</b>
03 April 2016	Attending a working session on compiling the simplified IDP document	IDP Manager	Benchmarking IDP progress with other Municipalities	

10 April 2016	Submission of the draft IDP and Budget to FS-Cogta & FS-Treasury	MM / CFO & IDP Manager	Submitted Draft IDP and Budget	
10 - 14 April 2016	Preparations for IDP Provincial Assessments of 15 – 19 April 2015	Mayor / Exco / MM, HOD's & IDP Manager	Consolidation of the overall and information for final adoption by Council	
08 – 15 April 201	Working on comments from the advertised IDP draft & Budget	MM, Corporate Director & IDP Manager		
13 – 17 April 2016	IDP Provincial Assessments 2015-2016	Free State Province, Sector Departments	Production of Credible and Simplified IDP documents	
20 – 24 April 201	Advertising for inputs and comments by stakeholders and community members on the Drafts IDP & Budget	IDP Manager	Maximizing community participation on planning	
27 April 2016 to 11 May 2016	Working on comments from the advertised IDP draft & Budget	MM, Corporate Director & IDP Manager		
12 May 2016 to 19 May 2016	IDP Rep Forum	Municipal Manager, Senior Management & IDP Manager	Consolidation of all information gathered during various processes and addressing concerns, comments and incorporating inputs from stakeholders	
26 May 2016 to 29 May 2016	Submission of approved operational and capital budget to National Treasury	CFO	Finance Department to submit approved budget to Provincial Treasury and National Treasury	
31 May 2016	Final Approval of the IDP and the Budget	Mayor/Exco, MM, HOD's & IDP Manager	<ul style="list-style-type: none"> <li>Final Approval by the Council</li> </ul>	
28 May 2016	Preparations for implementation of the approved Budget.	Mayor/Exco, MM, HOD's, Middle Management & IDP Manager	<ul style="list-style-type: none"> <li>Finance Department to finalise all preparations and ensure proper and timeous implementation of budget,</li> </ul>	

			including promulgation of tariffs <ul style="list-style-type: none"> <li>• MM to submit draft SDBIP's and draft Performance Agreements of section 57 personnel to Mayor</li> </ul>	
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National Treasury, in MFMA Circular No 74, provided specific guidelines to municipalities on options available to ensure that the budget process for the 2016/17 MTREF period is completed on time and within the legislative requirements.

A revised budget time schedule was tabled to Council. In accordance with the revised budget time schedule the IDP and annual budget for 2016/17 was tabled before Council and was approved in September 2015.

The Municipality's IDP is its 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.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2015/16 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.

• **Financial Modelling and Key Planning Drivers**

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipality growth.
- Policy priorities and strategic objectives.
- Asset maintenance.
- Economic climate and trends (i.e. inflation, Eskom increases, household debt).
- Cash Flow Management Strategy.
- Revenue enhancement strategy
- Revenue collection
- Debtor payment levels..
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 78 & 79 has been taken into consideration in the planning and prioritisation process.

- **Community Consultation**

The meetings are to resume on the 13 April 2016 to ensure that public inputs will be incorporated.

WARD	DATE	TIME	VENUE	RESPONSIBLE
Ward 4 & 5	13/04/2016 Wednesday	17h00	Winburg Townhall	Mayor, Ward Cllr. & other Councillors
Ward 3	14/04/2016 Thursday	17h00	Verkeerdevlei Townhall	Mayor, Ward Cllr. & other Councillors
Ward 1,2,10	20/04/2016 Wednesday	17h00	Brandfort Townhall	Mayor, Ward Cllr. & other Councillors
Ward 6	21/04/2016 Thursday	17h00	Theunissen Townhall	Mayor, Ward Cllr. & other Councillors
Ward 3,7,8&9	28/04/2015 Wednesday	17h00	Theunissen Townhall	Mayor, Ward Cllr. & other Councillors
Ward 2	04/05/2016 Wednesday	17h00	Kagisanong Combined School	Mayor, Ward Cllr. & other Councillors
Businesses (All towns)	05/05/2016 Thursday	17h00	Theunissen Townhall	Mayor, Ward Cllr. & other Councillors

## **BUDGET CONSULTATION SCHEDULE FOR 2016/2017 DRAFT BUDGET**

A copy of the draft budget and tariffs will be available on the Municipal website ([www.masilonyana.fs.gov.za](http://www.masilonyana.fs.gov.za)). And Inputs on the draft budget can be submitted from 14 April to 13 May 2016 at all Municipal offices, there will an inputs box at the front of each office, during working hours.



## 2.2 Overview of alignment of annual budget with IDP

- In order to ensure integrated and focused service delivery between all spheres of government it was important for the Masilonyana Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building
  - clean, healthy, safe, and sustainable communities, financial viability, and sound institutional governance.
  - 
  - Local priorities were identified as part of the IDP review process, which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:
    - 
    - Provision of quality basic services and infrastructure which includes, amongst others:
      - Provide electricity;
      - Provide water;
      - Provide sanitation;
      - Provide waste removal;
      - Provide roads and storm water;
      - Provide stands;
      - Maintaining the infrastructure of the Municipality.
    - 
    - Economic growth and development that leads to sustainable job creation by:
      - Ensuring there is a clear structural plan for the Municipality;
      - Ensuring planning processes function in accordance with set timeframes;
      - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
    - 
    - Fight poverty and build clean, healthy, safe and sustainable communities:
      - Effective implementation of the Indigent Policy;
      - Extending waste removal services and ensuring effective city cleansing;
      - Ensuring all waste water treatment works are operating optimally;
      - Working with Police to address crime;
      - Ensuring safe working environments by effective enforcement of building and health regulations;
      - Promote viable, sustainable communities through proper zoning.
    - 
    - Good governance, financial viability and institutional governance:
      - Reviewing the use of contracted services;
      - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan;
      - Publishing the outcomes of all tender processes on the municipal website;
- To create financially sustainable and accountable municipality

The Masilonyana Municipality's IDP strategic objectives for the next financial year are as follows:

FS181 Masilonyana - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>R thousand</b>													
Loda Economica development	PMU, LED, server	A			1,916	4,871					2,227	1,288	1,150
Basic Service delivery	Construction of & Brandfort sport complex, fencing of cemetery, Irrigation system for soccerfields, Township	B			16,463	13,404	4,633					632	
Basic Service Delivery	Electrification	C					1,500				3,319	7,294	3,530
Sustainable service delivery	Construction of 3.5 stormwater channel Masilo/Theunissen, Construction 2km block paving and 10 speedhumps: Masilo	D			684	200	16,806						
Basic Service delivery	Grader and Cherry Picker	E			245	4,588	7,500						
Municipal transformation and development	Furniture & Equipment	F			350	2,930	250				560	592	627
Basic Service delivery	Construction of 1.5km residential distributor street Winburg/Makelekelela, Fencing of water treatment plant: Soutpan	G			9,717		655				13,376	14,214	16,564
Basic Service delivery	Upgrading and construction of the waste disposal site Brandfort/Majwemasweu	H			3,309								
Basic Service delivery	Water Treatment Plant Winburg and Theunissen	I			5,915	9,445	60						
Basic Service delivery	Installation of 505 domestic water meters in Verkeerdevlei/Tshepong, Water tankers in all towns	J			350								
Basic Service delivery	Upgrading of landfills & Construction of waste disposal sites	K			1,388								
Basic Service delivery	Water distribution	L			907						4,578	175	
Basic Service delivery	Construction of sewer pump station, upgrading of oxidation ponds, upgrade of outfall sewer	M											
Provide quality basic service	Water Treatment Plant in Soutpan, Highmaslights informal settlement	N					1,200						
Provide quality basic service	Bulk Water Pipeline in Brandfort/Winburg	O			17,000	50,000							
Provide quality basic service	Upgrading of Water Purification Plant	P			600								
Allocations to other priorities			3		2,200	2,523	1,186						
<b>Total Capital Expenditure</b>			1	-	<b>61,046</b>	<b>87,961</b>	<b>33,790</b>	-	-	-	<b>24,060</b>	<b>24,195</b>	<b>21,871</b>

## 2.3 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, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

FS181 Masilonyana - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Vote 1 - Executive &amp; Council</b>	Good Governance,									
Function 1 - (name)	improve public participation	6.0%	10.0%					20.0%	21.0%	20.0%
Sub-function 1 - (Council General)	improve communication			13.0%						
Insert measure/s description	clean audit									
Sub-function 2 - (Office of the Mayor)										
Insert measure/s description										
Sub-function 3 - (Office of the Speaker)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (Municipal Manager)										
Insert measure/s description										
Sub-function 2 - (corporate Services)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
<b>Vote 2 - FINANCE &amp; ADMIN</b>	Improve capital spending									
Function 1 - (name)	enhance revenue,	17.0%	26.0%	22.0%				11.0%	13.0%	13.0%
Sub-function 1 - Properties & Rates	maintain credit rating,									
Insert measure/s description	budget									
Sub-function 2 - (Townhall & offices)	municipal asset management									
Insert measure/s description										
Sub-function 3 - (Financial Services)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
<b>Vote 3 - COMMUNITY FACILITIES</b>	Increase access to sanitation,									
Function 1 - (name)	refuse removal collection,									
Sub-function 1 - (name)	improve maintenance of							70.0%	66.0%	67.0%
Insert measure/s description	infrastructure,									
Sub-function 2 - (name)	infrastructure development									
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
<b>Vote 4 TECHNICAL SERVICES</b>										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

## 2.4 Overview of Budget related policies

The policies that were reviewed in relation to budget are as follows:

- Credit Control Policy
- Debt Write Off Policy
- Indigent Policy



- Tariff Policy
- Property Rates Policy
- Travelling and Subsistence Policy
- Fixed Asset Management Policy
- Supply Chain Management Policy
- UIFW policy
- Budget Policy

## 2.5 Overview of budget assumptions

- **External factors**
  - The municipality is expected to budget based on its strength to collect revenue
  - Decrease budget for Repairs and Maintenance due to financial constraints
  - Enforce cost containment measures
  - Refrain from budgeting for luxury and non-priorities such as excessive catering
  - Increase the labour force by way of implementing EPWP grant
  - Budget in line with IDP especially programmes/activities/ projects that are not yet achieved
  - Nersa tariff increase 8% (not approved yet)

- **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.

Cash flow is assumed to be 45 percent of billings, including an increased collection of arrear debt from the revised debt and credit control policy and the OPERATION PATATLA that was launched on the 05 May 2015.

- **Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of 100 percent is achieved on operating expenditure and on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

**Table 21 SA30 - Budget cash flow statement**

FS181 Masilonyana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>													1		
Property rates	1,152	1,180	1,661	1,375	2,002	1,237	2,511	3,032	3,838	3,838	3,838	3,838	29,502	31,213	33,023
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2,574	2,238	2,420	2,182	1,882	1,707	1,683	1,944	1,900	1,211	1,211	1,211	22,164	23,450	24,810
Service charges - water revenue	2,216	2,144	1,972	2,200	2,117	2,274	2,166	2,349	2,100	2,100	2,100	2,183	25,922	27,425	29,016
Service charges - sanitation revenue	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	3,029	15,490	16,388	17,339
Service charges - refuse revenue	795	795	795	795	795	795	795	795	795	795	795	794	9,535	10,088	10,673
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	23	23	23	23	23	23	23	23	23	23	23	23	280	296	313
Interest earned - external investments	93	46	37	-	95	65	37	-	108	49	-	0	530	561	593
Interest earned - outstanding debtors	406	406	406	406	406	406	406	406	406	406	406	(812)	3,655	3,867	4,091
Dividends received	-	-	-	-	-	-	-	-	-	-	-	5	5	6	6
Fines	10	10	10	10	10	10	10	10	10	10	10	9	118	124	132
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	32,038	1,682	-	-	26,957	-	-	382	26,574	-	-	140	87,774	86,313	90,893
Other revenue	69	69	69	69	69	69	69	69	69	69	69	77	626	663	701
<b>Cash Receipts by Source</b>	<b>40,509</b>	<b>9,726</b>	<b>8,457</b>	<b>8,192</b>	<b>35,488</b>	<b>7,649</b>	<b>8,765</b>	<b>10,142</b>	<b>36,956</b>	<b>9,634</b>	<b>9,585</b>	<b>10,498</b>	<b>195,600</b>	<b>200,393</b>	<b>211,589</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	7,500	-	-	-	7,500	-	-	-	7,500	-	-	-	22,500	23,898	25,069
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>48,009</b>	<b>9,726</b>	<b>8,457</b>	<b>8,192</b>	<b>42,988</b>	<b>7,649</b>	<b>8,765</b>	<b>10,142</b>	<b>44,456</b>	<b>9,634</b>	<b>9,585</b>	<b>10,498</b>	<b>218,100</b>	<b>224,291</b>	<b>236,658</b>
<b>Cash Payments by Type</b>															
Employee related costs	5,977	5,631	5,870	5,442	5,294	6,328	5,828	5,528	5,904	6,218	5,828	7,056	70,903	75,015	79,366
Remuneration of councillors	422	423	422	453	392	395	406	435	415	427	428	460	5,073	5,367	5,679
Finance charges	136	136	136	136	136	136	136	136	136	136	136	136	1,636	1,731	1,831
Bulk purchases - Electricity	3,728	402	4,283	2,795	4,316	2,296	2,233	2,257	5,007	5,052	2,266	2,796	37,431	42,204	52,067
Bulk purchases - Water & Sewer	700	680	300	692	350	592	692	496	692	496	692	488	5,682	6,011	6,380
Other materials	850	623	729	504	600	1,063	642	766	878	1,078	778	828	9,341	9,882	10,456
Contracted services	327	321	208	342	52	44	230	88	-	-	-	743	2,355	2,492	2,492
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	1,696	1,530	1,644	2,154	1,568	1,605	1,505	1,703	763	763	763	763	16,455	17,409	18,419
Other expenditure	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	(6,758)	30,414	42,903	45,392
<b>Cash Payments by Type</b>	<b>17,215</b>	<b>13,126</b>	<b>16,672</b>	<b>15,505</b>	<b>16,430</b>	<b>15,597</b>	<b>14,950</b>	<b>14,985</b>	<b>16,977</b>	<b>17,054</b>	<b>14,267</b>	<b>6,511</b>	<b>179,289</b>	<b>203,016</b>	<b>222,061</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	2,062	2,875	1,875	2,062	2,062	1,875	1,875	1,875	1,875	1,875	1,875	1,874	24,060	24,195	25,383
Repayment of borrowing	-	-	209	-	-	209	-	-	-	-	-	209	834	863	934
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>19,277</b>	<b>16,001</b>	<b>18,755</b>	<b>17,567</b>	<b>18,492</b>	<b>17,681</b>	<b>16,825</b>	<b>16,860</b>	<b>19,061</b>	<b>18,929</b>	<b>16,142</b>	<b>8,594</b>	<b>204,184</b>	<b>228,094</b>	<b>248,378</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>28,732</b>	<b>(6,275)</b>	<b>(10,299)</b>	<b>(9,374)</b>	<b>24,496</b>	<b>(10,031)</b>	<b>(8,061)</b>	<b>(6,717)</b>	<b>25,385</b>	<b>(9,295)</b>	<b>(6,557)</b>	<b>1,903</b>	<b>13,916</b>	<b>(3,803)</b>	<b>(11,720)</b>
Cash/cash equivalents at the monthly year begin:	-	28,732	22,456	12,158	2,784	27,280	17,248	9,188	2,470	27,865	18,570	12,013	-	13,916	10,113
Cash/cash equivalents at the monthly year end:	28,732	22,456	12,158	2,784	27,280	17,248	9,188	2,470	27,865	18,570	12,013	13,916	10,113	(1,607)	

## **Limitation in revenue growth/generation**

The following factors, weaknesses and root causes with regard to revenue growth and/or generation have been identified:

- The decline in the industry had a direct and significant impact on the incoming revenue streams of the Municipality. For example, a decrease in production of some mines that has closed down, have resulted in a decrease in service charges billed to the mines
  - Employed communities members hiding behind indigents
  - No integrated data base exists across the Municipality to allow for a comprehensive view of effective revenue generation.
  - Inadequate billing system.
  - Meters are bridged.
  - Low tariff structures
  - Abuse of the indigent subsidy scheme.
  - High water and electricity losses
- 
- **Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'.

Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

## 2.6 Overview of budget Funding

Table 22 A8 - Cash backed reserves/accumulated surplus reconciliation

FS181 Masilonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	6,299	3,578	17,680	7,091	(32,607)	-	-	13,916	10,113	(1,607)
Other current investments > 90 days		-	0	0	419	40,116	-	-	(5,956)	(1,691)	10,517
Non current assets - Investments	1	88	91	96	96	96	-	-	102	108	114
<b>Cash and investments available:</b>		<b>6,387</b>	<b>3,669</b>	<b>17,775</b>	<b>7,605</b>	<b>7,605</b>	<b>-</b>	<b>-</b>	<b>8,061</b>	<b>8,529</b>	<b>9,024</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		7,889	-	15,744	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	31,434	75,586	85,311	4,969	16,604	-	-	2,713	1,582	3,500
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>39,322</b>	<b>75,586</b>	<b>101,055</b>	<b>4,969</b>	<b>16,604</b>	<b>-</b>	<b>-</b>	<b>2,713</b>	<b>1,582</b>	<b>3,500</b>
<b>Surplus(shortfall)</b>		<b>(32,935)</b>	<b>(71,917)</b>	<b>(83,280)</b>	<b>2,636</b>	<b>(8,999)</b>	<b>-</b>	<b>-</b>	<b>5,348</b>	<b>6,947</b>	<b>5,523</b>

## 2.7. Expenditure on grants and reconciliation

FS181 Masilonyana - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year					92,163	92,163				
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	92,163	92,163	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</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>		-	-	-	-	-	-	-	-	-
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>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		-	-	-	92,163	92,163	-	-	-	-
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year					8,900	8,900				
Current year receipts					25,230	34,130		22,500	23,898	25,069
<b>Conditions met - transferred to revenue</b>		-	-	-	34,130	43,030	-	22,500	23,898	25,069
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</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>		-	-	-	-	-	-	-	-	-
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>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	-	-	34,130	43,030	-	22,500	23,898	25,069
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	-	-	126,293	135,193	-	22,500	23,898	25,069
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-

## 2.8 Councillor and employee benefits

FS181 Masilonyana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		3,783	4,018	5,250	3,112	3,112		3,100	3,292	3,486
Pension and UIF Contributions					-	-		30	31	33
Medical Aid Contributions					35	35		206	219	232
Motor Vehicle Allowance					-	-		-	-	-
Cellphone Allowance		14	11	20	-	-		-	-	-
Housing Allowances					-	-		-	-	-
Other benefits and allowances		851	1,207	1,442	1,790	1,639		1,737	1,845	1,954
<b>Sub Total - Councillors</b>		<b>4,648</b>	<b>5,236</b>	<b>6,712</b>	<b>4,937</b>	<b>4,786</b>	<b>-</b>	<b>5,073</b>	<b>5,388</b>	<b>5,705</b>
<b>% increase</b>	4		<b>12.7%</b>	<b>28.2%</b>	<b>(26.4%)</b>	<b>(3.1%)</b>	<b>(100.0%)</b>	<b>-</b>	<b>6.2%</b>	<b>5.9%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		2,857	3,091	1,852	3,394	3,394		3,650	3,876	4,105
Pension and UIF Contributions		50	93	7	93	93		98	104	110
Medical Aid Contributions					148	148		156	166	176
Overtime					-	-		-	-	-
Performance Bonus					-	-		-	-	-
Motor Vehicle Allowance	3	1,059	1,015	1,142	1,295	1,295		1,373	1,458	1,544
Cellphone Allowance	3			34	24	24		25	27	29
Housing Allowances	3				-	-		-	-	-
Other benefits and allowances	3		289	138	146	-		-	-	-
Payments in lieu of leave					-	-		-	-	-
Long service awards					-	-		-	-	-
Post-retirement benefit obligations	6				-	0		0	0	0
<b>Sub Total - Senior Managers of Municipality</b>		<b>3,967</b>	<b>4,487</b>	<b>3,173</b>	<b>5,099</b>	<b>4,953</b>	<b>-</b>	<b>5,302</b>	<b>5,631</b>	<b>5,963</b>
<b>% increase</b>	4		<b>13.1%</b>	<b>(29.3%)</b>	<b>60.7%</b>	<b>(2.9%)</b>	<b>(100.0%)</b>	<b>-</b>	<b>6.2%</b>	<b>5.9%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		35,272	41,925	34,391	38,354	39,896		41,732	44,020	46,617
Pension and UIF Contributions		5,547	4,708	3,634	3,708	4,891		5,184	5,505	5,830
Medical Aid Contributions		2,429	2,569	2,264	2,395	4,273		4,529	4,810	5,094
Overtime		2,633	2,715	2,237	1,898	1,898		2,012	2,136	2,262
Performance Bonus		3,169	2,805		-	-		-	-	-
Motor Vehicle Allowance	3	3,637	3,505		3,708	3,708		3,931	4,174	4,421
Cellphone Allowance	3	506	427	169	452	452		479	509	539
Housing Allowances	3	66	10	56	16	16		17	18	19
Other benefits and allowances	3	1,372	1,149	6,049	2,398	2,398		2,542	2,699	2,859
Payments in lieu of leave		1,074	1,550		986	1,331		1,411	1,498	1,587
Long service awards		-	-		1,526	2,311		2,450	2,602	2,755
Post-retirement benefit obligations	6	149	279		-	-		-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>55,854</b>	<b>61,642</b>	<b>48,800</b>	<b>55,441</b>	<b>61,173</b>	<b>-</b>	<b>64,286</b>	<b>67,972</b>	<b>71,983</b>
<b>% increase</b>	4		<b>10.4%</b>	<b>(20.8%)</b>	<b>13.6%</b>	<b>10.3%</b>	<b>(100.0%)</b>	<b>-</b>	<b>5.7%</b>	<b>5.9%</b>
<b>Total Parent Municipality</b>		<b>64,468</b>	<b>71,364</b>	<b>58,685</b>	<b>65,477</b>	<b>70,912</b>	<b>-</b>	<b>74,661</b>	<b>78,991</b>	<b>83,651</b>
			<b>10.7%</b>	<b>(17.8%)</b>	<b>11.6%</b>	<b>8.3%</b>	<b>(100.0%)</b>	<b>-</b>	<b>5.8%</b>	<b>5.9%</b>

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

FS181 Maslonyana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash Receipts By Source</b>													1		
Property rates - penalties & collection charges	1,152	1,180	1,661	1,375	2,002	1,237	2,511	3,032	3,838	3,838	3,838	3,838	29,502	31,213	33,023
Service charges - electricity revenue	2,574	2,238	2,420	2,182	1,882	1,707	1,683	1,944	1,900	1,211	1,211	1,211	22,164	23,450	24,810
Service charges - water revenue	2,216	2,144	1,972	2,200	2,117	2,274	2,166	2,349	2,100	2,100	2,100	2,183	25,922	27,425	29,016
Service charges - sanitation revenue	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	1,133	3,029	15,490	16,388	17,339
Service charges - refuse revenue	795	795	795	795	795	795	795	795	795	795	795	794	9,535	10,088	10,673
Service charges - other															
Rental of facilities and equipment	23	23	23	23	23	23	23	23	23	23	23	23	280	296	313
Interest earned - external investments	93	46	37		95	65	37		108	49		0	530	561	593
Interest earned - outstanding debtors	406	406	406	406	406	406	406	406	406	406	406	(812)	3,655	3,867	4,091
Dividends received													5	6	6
Fines	10	10	10	10	10	10	10	10	10	10	10	9	118	124	132
Licences and permits															
Agency services															
Transfer receipts - operational	32,038	1,682			26,957			382	26,574			140	87,774	86,313	90,893
Other revenue	69			69	69			69	69	69	69	77	626	663	701
<b>Cash Receipts by Source</b>	<b>40,509</b>	<b>9,726</b>	<b>8,457</b>	<b>8,192</b>	<b>35,488</b>	<b>7,649</b>	<b>8,765</b>	<b>10,142</b>	<b>36,956</b>	<b>9,634</b>	<b>9,585</b>	<b>10,498</b>	<b>195,600</b>	<b>200,393</b>	<b>211,589</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	7,500				7,500								22,500	23,898	25,069
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>48,009</b>	<b>9,726</b>	<b>8,457</b>	<b>8,192</b>	<b>42,988</b>	<b>7,649</b>	<b>8,765</b>	<b>10,142</b>	<b>44,456</b>	<b>9,634</b>	<b>9,585</b>	<b>10,498</b>	<b>218,100</b>	<b>224,291</b>	<b>236,658</b>
<b>Cash Payments by Type</b>															
Employee related costs	5,977	5,631	5,870	5,442	5,294	6,328	5,828	5,528	5,904	6,218	5,828	7,056	70,903	75,015	79,366
Remuneration of councillors	422	423	422	453	392	395	406	435	415	427	425	460	5,073	5,367	5,679
Finance charges	136	136	136	136	136	136	136	136	136	136	136	136	1,636	1,731	1,831
Bulk purchases - Electricity	3,728	402	4,283	2,795	4,316	2,296	2,233	2,257	5,007	5,052	2,266	2,796	37,431	42,204	52,067
Bulk purchases - Water & Sewer	700	860		300	692	350	692	496	692	496	692	498	5,682	6,011	6,360
Other materials	850	623	729	504	600	1,063	642	766	878	1,078	778	828	9,341	9,882	10,456
Contracted services	327	321	208	342	52	44	230	88				743	2,355	2,492	2,492
Transfers and grants - other municipalities															
Transfers and grants - other	1,696	1,530	1,644	2,154	1,568	1,605	1,505	1,703	763	763	763	763	16,455	17,409	18,419
Other expenditure	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	3,379	(6,758)	30,414	42,903	45,392
<b>Cash Payments by Type</b>	<b>17,215</b>	<b>13,126</b>	<b>16,672</b>	<b>15,505</b>	<b>16,430</b>	<b>15,597</b>	<b>14,950</b>	<b>14,985</b>	<b>16,977</b>	<b>17,054</b>	<b>14,267</b>	<b>6,511</b>	<b>179,289</b>	<b>203,016</b>	<b>222,061</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	2,062	2,875	1,875	2,062	2,062	1,875	1,875	1,875	1,875	1,875	1,875	1,874	24,060	24,195	25,383
Repayment of borrowing			209		209								834	883	934
Other Cash Flows/Payments															
<b>Total Cash Payments by Type</b>	<b>19,277</b>	<b>16,001</b>	<b>18,755</b>	<b>17,567</b>	<b>18,492</b>	<b>17,681</b>	<b>16,825</b>	<b>16,860</b>	<b>19,061</b>	<b>18,929</b>	<b>16,142</b>	<b>8,594</b>	<b>204,184</b>	<b>228,094</b>	<b>248,378</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>28,732</b>	<b>(6,275)</b>	<b>(10,299)</b>	<b>(9,374)</b>	<b>24,496</b>	<b>(10,031)</b>	<b>(8,061)</b>	<b>(6,717)</b>	<b>25,395</b>	<b>(9,295)</b>	<b>(6,557)</b>	<b>1,903</b>	<b>13,916</b>	<b>(3,803)</b>	<b>(11,720)</b>
Cash/cash equivalents at the month/year begin:		28,732	22,456	12,158	2,784	27,280	17,248	9,188	2,470	27,865	18,570	12,013		13,916	10,113
Cash/cash equivalents at the month/year end:	28,732	22,456	12,158	2,784	27,280	17,248	9,188	2,470	27,865	18,570	12,013	13,916	13,916	10,113	(1,607)

## Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

- *Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. 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.

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.

- *Cash plus investments less application of funds*

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. This has been extensively discussed above.

- *Monthly average payments covered by cash or cash equivalents*

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 such as rate boycotts. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

- *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. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term which in the municipality's case it the current situation. However we will gradually increase the tariffs to ensure that community is contributing towards sustainable and quality services.

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.



<b>Total Operating Revenue</b>			184,959	176,004	178,448	201,746	227,043	-	(8,128)	226,811	228,485	248,600
<b>Total Operating Expenditure</b>			197,344	282,803	228,067	255,869	247,138	-	-	249,692	266,776	289,519
<b>Operating Performance Surplus/(Deficit)</b>			(12,385)	(106,799)	(49,619)	(54,123)	(20,095)	-	(8,128)	(22,881)	(38,292)	(40,920)
<b>Cash and Cash Equivalents (30 June 2012)</b>										13,916		
<b>Revenue</b>												
% Increase in Total Operating Revenue			(4.8%)	1.4%	13.1%	12.5%	(100.0%)	0.0%	(0.1%)	0.7%	8.8%	
% Increase in Property Rates Revenue			2.7%	7.2%	14.2%	77.0%	(100.0%)	0.0%	6.0%	0.6%	(0.7%)	
% Increase in Electricity Revenue			(7.8%)	3.7%	31.5%	4.3%	(100.0%)	0.0%	3.0%	5.8%	10.6%	
% Increase in Property Rates & Services Charges			(1.0%)	4.1%	18.3%	25.4%	(100.0%)	0.0%	7.8%	1.7%	11.2%	
<b>Expenditure</b>												
% Increase in Total Operating Expenditure			43.3%	(19.4%)	12.2%	(3.4%)	(100.0%)	0.0%	1.0%	6.8%	8.5%	
% Increase in Employee Costs			59.0%	15.8%	(7.1%)	(1.9%)	(100.0%)	0.0%	5.2%	5.8%	5.8%	
% Increase in Electricity Bulk Purchases			(21.3%)	6.2%	105.4%	0.0%	(100.0%)	0.0%	(38.6%)	12.8%	23.4%	
Average Cost Per Budgeted Employee Position (Remuneration)				154688.6674	118465.2109				113620.6189			
Average Cost Per Councillor (Remuneration)				246929.65	246815.2				253658			
R&M % of PPE			1.7%	1.2%	1.0%	3.4%	1.5%	0.0%	1.5%	1.5%	1.5%	
Asset Renewal and R&M as a % of PPE			8.0%	12.0%	16.0%	8.0%	38.0%	0.0%	1.0%	1.0%	2.0%	
Debt Impairment % of Total Billable Revenue			32.2%	117.0%	35.6%	28.3%	22.5%	0.0%	22.1%	23.0%	21.9%	
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)			3,850	3,324	23,416	8,560	13,849	-	-	1,560	297	314
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			89,262	96,070	63,515	25,230	34,130	-	-	22,500	23,898	25,069
Internally Generated funds % of Non Grant Funding			100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			95.9%	96.7%	73.1%	74.7%	71.1%	0.0%	93.5%	98.8%	98.8%	
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)			37,061	65,252	86,931	33,790	47,979	-	-	24,060	24,195	25,383
Asset Renewal			37,061	65,251	86,931	33,790	47,979	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure			39.8%	65.6%	100.0%	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other			22.7%	39.0%	45.3%	69.1%	42.0%	0.0%	0.0%	74.8%	77.4%	73.8%
Cash Coverage Ratio			0	0	0	0	(0)	-	-	0	0	(0)
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.5%	1.2%	2.5%	1.4%	0.9%	0.0%	0.0%	1.0%	1.0%	1.0%
Borrowing Receipts % of Capital Expenditure			5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)			(32,935)	(71,917)	(83,280)	2,636	(8,999)	-	-	5,348	6,947	5,523
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	8.7%	8.7%	0.0%		10.2%	10.9%	10.9%
Free Services as a % of Operating Revenue (excl operational transfers)			2.8%	0.0%	0.0%	6.3%	5.1%	0.0%		0.0%	2.7%	2.5%
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			184,959	176,004	178,448	201,746	227,043	-	(8,128)	226,811	228,485	248,600
Total Operating Expenditure			197,344	282,803	228,067	255,869	247,138	-	-	249,692	266,776	289,519
Surplus/(Deficit) Budgeted Operating Statement			(12,385)	(106,799)	(49,619)	(54,123)	(20,095)	-	(8,128)	(22,881)	(38,292)	(40,920)
Surplus/(Deficit) Considering Reserves and Cash Backing			(32,935)	(71,917)	(83,280)	2,636	(8,999)	-	-	5,348	6,947	5,523
<b>MTREF Funded (1) / Unfunded (0)</b>	15	0	0	0	1	0	1	1	1	1	1	1
<b>MTREF Funded ✓ / Unfunded ✗</b>	15	✗	✗	✗	✓	✗	✓	✓	✓	✓	✓	✓

- *Property Rates/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. The result is intended to be an approximation of the real increase in revenue. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6percent, with the increase in electricity at 8.0percent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due the correction of the billing system and accurately accounting for indigent subsidies as income foregone.

- *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.

- *Debt impairment expense as a percentage 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. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

- *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 creditors be paid within 30 days.

- *Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

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.

- *Transfers/grants revenue as a percentage of Government transfers/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 percent 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.

- *Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. Here are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend.

- *Repairs and maintenance expenditure level*

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 actual repairs and maintenance R9 341 000 of operating expenditure is 3.7% for 2016/2017.

- *Asset renewal/rehabilitation expenditure level*

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. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

## **2.10 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

FS181 Masilonyana - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding	Current Year	2016/17 Medium Term Revenue & Expenditure Framework			Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
		Years	2015/16	Budget Year	Budget Year	Budget Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
R thousand		Total	Original Budget	2016/17	+1 2017/18	+2 2018/19	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
<b>Parent Municipality:</b>													
<b>Revenue Obligation By Contract</b>	2												
Contract 1													-
Contract 2													-
Contract 3 etc													-
<b>Total Operating Revenue Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenditure Obligation By Contract</b>	2												
ESKOM				37,431	42,204	52,067							131,702
Telkom		780	842	898	954	1,010							4,484
Pastel		160	164	175	186	197							882
<b>Total Operating Expenditure Implication</b>		940	1,007	38,504	43,344	53,274	-	-	-	-	-	-	137,068
<b>Capital Expenditure Obligation By Contract</b>	2												
LATERAL UNISON			424	452	480								1,356
Contract 2													-
Contract 3 etc													-
<b>Total Capital Expenditure Implication</b>		-	424	452	480	-	-	-	-	-	-	-	1,356
<b>Total Parent Expenditure Implication</b>		940	1,431	38,956	43,824	53,274	-	-	-	-	-	-	138,424

## 2.11 Capital expenditure details

The following table present details of the Municipality's capital expenditure programmes.

**Table SA34(a)–Capital expenditure on new assets by asset class**

**FS181 Masilonyana - Supporting Table SA34a Capital expenditure on new assets by asset class**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	1									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		31,611	62,124	63,515	27,220	38,875	-	19,181	15,677	20,076
Infrastructure - Road transport		12,591	-	-	24,195	25,269	-	13,376	14,214	20,076
Roads, Pavements & Bridges		12,591			24,195	25,269		13,376	14,214	20,076
Storm water										
Infrastructure - Electricity		-	197	-	2,310	1,847	-	-	-	-
Generation			197		1,500	1,500				
Transmission & Reticulation										
Street Lighting					810	347				
Infrastructure - Water		7,582	304	-	715	5,234	-	4,578	175	-
Dams & Reservoirs						4,519		4,578	175	
Water purification					715	715				
Reticulation		7,582	304							
Infrastructure - Sanitation		9,238	111	-	-	390	-	-	-	-
Reticulation		9,238	111			390				
Sewerage purification										
Infrastructure - Other		2,200	61,512	63,515	-	6,135	-	1,227	1,288	0
Waste Management		2,100								
Transportation	2									
Gas										
Other	3	100	61,512	63,515		6,135		1,227	1,288	0
<b>Community</b>		5,450	-	-	6,320	6,404	-	-	632	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls					497	750				
Libraries										
Recreational facilities		3,800			5,823	5,062				
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries		1,650				592			632	
Social rental housing	8									
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	3,127	23,416	250	2,700	-	1,560	592	1,777
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment				2,073	250	2,500		1,000		
Furniture and other office equipment						200		560	592	627
Abattoirs										
Markets										
Civic Land and Buildings				21,343						
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			3,127							1,150
<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 new assets</b>	1	37,061	65,251	86,931	33,790	47,979	-	20,741	16,901	21,853

**Table 34(b) Capital Infrastructure Program new & existing assets**

**FS181 Masilonyana - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		31,611	62,124	63,515	27,220	38,875	-	-	-	-
Infrastructure - Road transport		12,591	-	-	24,195	25,269	-	-	-	-
Roads, Pavements & Bridges		12,591			24,195	25,269				
Storm water										
Infrastructure - Electricity		-	197	-	2,310	1,847	-	-	-	-
Generation			197							
Transmission & Reticulation					1,500	1,500				
Street Lighting					810	347				
Infrastructure - Water		7,582	304	-	715	5,234	-	-	-	-
Dams & Reservoirs		7,582	304			4,519				
Water purification					715	715				
Reticulation										
Infrastructure - Sanitation		9,238	111	-	-	390	-	-	-	-
Reticulation		9,238	111			390				
Sewerage purification										
Infrastructure - Other		2,200	61,512	63,515	-	6,135	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3	2,200	61,512	63,515		6,135				
<b>Community</b>		5,450	-	-	6,320	6,404	-	3,319	7,294	3,530
Parks & gardens					-	-				
Sportsfields & stadia								3,319	7,294	3,530
Swimming pools										
Community halls					497	750				
Libraries										
Recreational facilities					5,823	5,062				
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries						592				
Social rental housing	8									
Other		5,450								
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	3,127	23,416	250	2,700	-	-	-	-
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment					250	2,500				
Furniture and other office equipment						200				
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			3,127	23,416						
<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 asset</b>	1	37,061	65,251	86,931	33,790	47,979	-	3,319	7,294	3,530

FS181 Masilonyana - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	1									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		6,061	-	1,352	17,777	8,812	-	8,341	8,825	9,336
Infrastructure - Road transport		845	-	-	7,126	3,126	-	3,013	3,188	3,373
Roads, Pavements & Bridges					3,878	1,878		1,691	1,789	1,892
Storm water		845			3,248	1,248		1,323	1,399	1,480
Infrastructure - Electricity		628	-	921	3,002	1,672	-	1,773	1,875	1,984
Generation								-	-	-
Transmission & Reticulation		380		921	2,342	1,342		1,423	1,505	1,593
Street Lighting		248			660	330		350	370	392
Infrastructure - Water		3,136	-	33	2,055	2,055	-	2,179	2,305	2,439
Dams & Reservoirs		575		33				-	-	-
Water purification								-	-	-
Reticulation		2,561			2,055	2,055		2,179	2,305	2,439
Infrastructure - Sanitation		-	-	21	5,594	1,959	-	1,376	1,456	1,540
Reticulation				21	5,594	1,959		1,376	1,456	1,540
Sewerage purification								-	-	-
Infrastructure - Other		1,452	-	377	-	-	-	-	-	-
Waste Management		1,452		377						
Transportation	2									
Gas	3									
Other										
<b>Community</b>		203	-	3,513	-	-	-	1,000	758	802
Parks & gardens		32								
Sportfields & stadia										
Swimming pools										
Community halls								1,000	758	802
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other		171		3,513						
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		2,069	6,227	1,264	2,026	-	-	-	300	317
General vehicles		1,042			1,985				300	317
Specialised vehicles		-			-				-	-
Plant & equipment		449								
Computers - hardware/equipment		86			41					
Furniture and other office equipment		13								
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		479								
Other Land										
Surplus Assets - (Investment or Inventory)										
Other			6,227	1,264						
<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 Repairs and Maintenance Expenditure</b>	1	8,333	6,227	6,129	19,803	8,812	-	9,341	9,883	10,455

**The municipality's own capital funding is appropriated as follows:**

Procurement of IT Networks	R 1 000 000
Furniture & Equipment	R 560 000
<b>Total</b>	<b>R 1 560 000</b>

**Depreciation in relation to repairs and maintenance over the MTREF**

There are no planned loans for the MTREF as Capital expenditure will be funded through Government grants and internally generated funds. The downward movement over the MTREF indicates the annual repayment of the outstanding liabilities.

FS181 Masilonyana - Supporting Table SA34d Depreciation by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Depreciation by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		400	3,100	28,790	26,208	26,208	-	27,780	29,503	31,244
Infrastructure - Road transport		400	3,100	28,790	11,589	11,589	-	12,284	13,046	13,816
Roads, Pavements & Bridges										
Storm water		400	3,100	28,790	11,589	11,589	-	12,284	13,046	13,816
Infrastructure - Electricity		-	-	-	2,045	2,045	-	2,168	2,302	2,438
Generation										
Transmission & Reticulation					1,166	1,166	-	1,236	1,312	1,390
Street Lighting					879	879	-	932	990	1,048
Infrastructure - Water		-	-	-	10,245	10,245	-	10,860	11,533	12,213
Dams & Reservoirs					8,795	8,795	-	9,323	9,901	10,485
Water purification					1,450	1,450	-	1,537	1,632	1,729
Reticulation					-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	2,329	2,329	-	2,469	2,622	2,776
Reticulation					879	879	-	932	990	1,048
Sewerage purification					1,450	1,450	-	1,537	1,632	1,729
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas	3									
Other										
<b>Community</b>		-	-	-	1,561	1,561	-	1,655	1,757	1,861
Parks & gardens					105	105	-	111	118	125
Sportfields & stadia										
Swimming pools										
Community halls					1,456	1,456	-	1,543	1,639	1,736
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>		-	-	-	2,691	2,691	-	2,852	3,029	3,208
General vehicles					784	784	-	831	883	935
Specialised vehicles										
Plant & equipment					356	356	-	377	401	424
Computers - hardware/equipment					101	101	-	107	114	120
Furniture and other office equipment					1,450	1,450	-	1,537	1,632	1,729
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other										
<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 Depreciation</b>	<b>1</b>	<b>400</b>	<b>3,100</b>	<b>28,790</b>	<b>30,460</b>	<b>30,460</b>	<b>-</b>	<b>32,288</b>	<b>34,289</b>	<b>36,313</b>



## Table SA17 Movement in outstanding Borrowing (Long Term Liabilities)

FS181 Masilonyana - Supporting Table SA17 Borrowing

Borrowing - Categorized by type	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)		5,518	3,666	988	2,750	2,750	2,750	2,175	1,873	1,324
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Municipality sub-total</b>	1	5,518	3,666	988	2,750	2,750	2,750	2,175	1,873	1,324
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	5,518	3,666	988	2,750	2,750	2,750	2,175	1,873	1,324

## 2.12 Legislation compliance status

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

- **In year reporting**  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
- **Internship programme**  
The Municipality is participating in the Municipal Financial Management Internship programme and has appointed five interns as from 1 August 2015.
- **Budget and Treasury Office**  
The Budget and Treasury Office has been established and is fully functional in accordance with the MFMA.
- **Audit Committee**  
The Audit Committee has been established and is functional

- **Service Delivery and Implementation Plan**  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in June 2015 directly aligned and informed by the 2014/15 MTREF.
- **Annual Report**  
The 2014/15 Annual report has been compiled and tabled in terms of the MFMA and National Treasury requirements.
- **Policies**  
All amendments to the budget related policies as outlined above on 2.5 are reviewed and tabled to Council.

### **2.13. Other supporting Documents**

Policies to be attached.

## 2.14. Municipal Manager's quality certificate

I Maputsoe David Nthau, the municipal manager of Masilonyana Local Municipality, hereby certify that the 2016/2017 Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the 2016/2017 Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

**Print Name** : **Maputsoe David Nthau**

**Municipal Manager of Masilonyana Local Municipality (FS181)**

**Signature** : \_\_\_\_\_

**Date** : \_\_\_\_\_