

# **MASILONYANA LOCAL MUNICIPALITY**



## **FINAL BUDGET AND MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2018-2019**



### Acronyms and abbreviations

<b>CFO</b>	Chief Financial Officer
<b>CPI</b>	Consumer Price Index
<b>CoGTA</b>	Cooperative Governance and Traditional Affairs
<b>CRRF</b>	Capital Replacement Reserve Fund
<b>EEDSM</b>	Energy Efficiency and Demand Side Management
<b>DoJ</b>	Department of Justice
<b>DoRA</b>	Division of Revenue Act
<b>DWA</b>	Department of Water
<b>EXCO</b>	Executive Committee
<b>FBS</b>	Free basic services
<b>GVA</b>	Gross Value Added
<b>GFS</b>	Government Financial Statistics
<b>GRAP</b>	General Recognised Accounting Practice
<b>IBT</b>	Inclining Block Tariff
<b>IDP</b>	Integrated Development Plan
<b>kℓ</b>	kilolitre
<b>km</b>	kilometre
<b>KPA</b>	Key Performance Area
<b>KPI</b>	Key Performance Indicator
<b>kWh</b>	kilowatt hour
<b>ℓ</b>	litre
<b>LED</b>	Local Economic Development
<b>MBBR</b>	Local Government: Municipal Budget and Reporting Regulations
<b>MEC</b>	Member of the Executive Committee
<b>MFMA</b>	Municipal Financial Management Act (56 of 2003)
<b>MFMG</b>	Municipal Finance Management Grant
<b>MIG</b>	Municipal Infrastructure Grant
<b>MLM</b>	Masilonyana Local Municipality
<b>MM</b>	Municipal Manager
<b>MMC</b>	Member of Mayoral Committee
<b>MPRA</b>	Municipal Properties Rates Act
<b>MSA</b>	Municipal Systems Act
<b>MSIG</b>	Municipal Systems Improvement Grant
<b>MTREF</b>	Medium-term Revenue and Expenditure Framework
<b>NERSA</b>	National Energy Regulator of South Africa
<b>PBO</b>	Public Benefit Organisations
<b>PMS</b>	Performance Management System
<b>PPE</b>	Property Plant and Equipment
<b>PPP</b>	Public Private Partnership
<b>RBIG</b>	Regional Bulk Infrastructure Grant
<b>SALGA</b>	South African Local Government Association
<b>SARS</b>	South African Revenue Services
<b>SAPS</b>	South African Police Services
<b>SDBIP</b>	Service Delivery Budget Implementation Plan
<b>SMMEs</b>	Small Macro-Medium Enterprises
<b>VAT</b>	Value Added Tax



<b>PART 1 – ANNUAL BUDGET</b>	<b>5</b>
1.1 Mayor’s report	5
1.2 Council Resolutions	6
1.3 Executive summary	8
1.4 Annual Budget Tables	9
<b>PART 2 – SUPPORTING DOCUMENTATION</b>	<b>36</b>
2.1 IDP and Service Delivery and Budget Implementation Plan	36
2.2 Financial Modelling and Key Planning Drivers	37
2.3 Overview of alignment of annual budget with IDP	37
2.5 Measurable performance objectives and indicator	457
2.6 Budget related policies	48
2.7 Overview of the budget assumptions	49
2.8 Legislation compliance status	55
2.9 Quality Certificate	57



## LIST OF TABLES

Table 1 Consolidate overview of the 2018/19 MTREF

Table 2 Summary of revenue classified by main revenue source

Table 3 Operating transfers and grant receipt

Table 4 Summary of operating expenditure by item for 2018/19 MTREF

Table 5: Capital Expenditure by vote

Table 6 Capital expenditure by standard classification

Table 7 Capital expenditure per project list

Table 8 MBRR A1 – Consolidated budget summary

Table 9 MBRR table A2- budgeted financial performance (revenue and expenditure by Standard classification)

Table 10 MBRR table A3-budgeted financial performance (revenue and expenditure by municipal vote)

Table 11 MBRR table A4-budgeted financial performance (revenue and expenditure)

Table 12 MBRR table A5-budgeted capital expenditure by vote, standard classification and funding source

Table 13 MBRR table A6-budgeted financial position

Table 14 MBRR table A7-budgeted cash flow statement

Table 15 MBRR table A8- cash backed reserves/accumulated surplus reconciliation

Table 16 MBRR table A9- asset management

Table 17 MBRR table A10- basic service delivery measurement

Table 18: Reconciliation of IDP strategic objectives and budget (Revenue)

Table 19: Reconciliation of IDP strategic objectives and budget (Expenditure)

Table 20: Reconciliation of IDP strategic objectives and budget (Capital)

2.1\_Schedule of key deadlines for the IDP/ Budget process



## PART 1 – ANNUAL BUDGET

### 1.1 Mayor's report

#### **Budget allocation in terms of the operations and capital budget:**

08

The municipality's total operating and capital budget is estimated to be R308 million. Operating expenditure has been projected at R272 million. The Municipality's capital expenditure amounts to R35 million that the 96% is funded from grants and the 4% from internal funds. This is supported with a revenue base of R 274 million from service charges, property rates and operational grants. The municipality has decided to table a balanced budget mainly due to challenges that were faced in collecting revenue will be indicated further in the report. The municipality is also experiencing cash-flow challenges that will have a direct impact on the budget that is being prepared. But as a mitigation strategy, the municipality has developed revenue enhancement committees for each town of the Municipality.

#### **Key priorities for the municipality towards the 2018/19 as per the IDP, SDBIP and its linkage with the Province and National.**

MLM exists within the Free State province which is the non-urban municipality, with a low revenue generation. In this regards the Municipality has aligned its budget and operations towards National and the Provincial key performance areas.

#### Radical economic transformation

MLM will conducts workshops with existing and potential SMMEs and empower them to access the entrepreneurial opportunities offered by the municipality through its Supply Chain Management (SCM) processes. These include:

1. Inviting a larger pool of SMMEs to register on the municipal database of service providers. Invitations will be made through, for example, placement of adverts at local township shops and halls over and above advertising in the local media; also through the sessions that are called by the LED office
2. Constant engagement are made for the purpose of information sharing through LED office and SCM unit
3. Settle the accounts of the SMMEs within the prescribed thirty (30) days period as they are small business, where in there challenges in this regard, prompt communication is made to make arrangements



## 1.2 Council Resolution

The Council of Masilonyana Local Municipality will on 31 May 2018 have a sitting where the Mayor will table the Final Budget 2017/18 Budget and Medium Term Revenue and Expenditure Framework (MTREF) in terms of section 16(2) of the Municipal Finance Management Act (56 of 2003), subsequently be tabled to council 90 days before start of budget year.

- 1.2.1 That cognisance be taken of the report of the Mayor regarding the 2018/2019 budget.
- 1.2.2 That Council of Masilonyana Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) tabling the Final Budget
- 1.2.3 that the annual budget of the municipality for the financial year 2018/19 as set out in the tables below be approved.
- 1.2.4 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12. The operating budget is summarised as follows;

DESCRIPTION	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
Operational Revenue	274 411 000	292 219 000	312 169 000
Operational Expenditure	272 761 000	297 794 000	313 315 000
<b>Surplus/Deficit</b>	<b>1 649 000</b>	<b>(5 574 000)</b>	<b>(1 146 000)</b>

That cognizance be taken that the operational budget is inclusive of the non-cash items which are Depreciation and assets impairment of R28 million and Debt impairment of R51 million.

- 1.2.5 Budgeted Financial Performance (revenue and expenditure by municipal vote);
- 1.2.6 Budgeted Financial Performance (revenue by source and expenditure by type);
- 1.2.7 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source. The capital budget is summarized as follows:



FUNDING SOURCE	CAPITAL BUDGET 2018/2019	CAPITAL BUDGET 2019/2020	CAPITAL BUDGET 2020/2021
Municipal Infrastructure Grant	23 019 000	26 621 000	29 447 000
INEP	1 000 000		
WSIG	10 000 000	0	0
Internal Fundin	1 160 000	0	0
<b>TOTAL CAPEX</b>	<b>35 179 000</b>	<b>26 621 000</b>	<b>29 447 000</b>

There is also an amount of R 15.2 million Gazetted on the DORA for water infrastructure transfers and electrification programmes, however these are an in-kind capital grant and not budgeted for in the Municipal MTREF.

1.2.8 That the Council of Masilonyana Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act 2000 (No.32 of 2000) approve and adopt with effect from 1 July 2016 the following tariffs and rates:

1.2.8.1 Consolidated Final Tariff book 2018/2019 (per department) - **Annexure "1"**

1.2.9 That the Council of Masilonyana Local Municipality approves the following 2018/19 revised budget related policies and tariffs:

- 1.2.9.1 *Municipal Property rates policy (Annexure "2")*
- 1.2.9.2 *Budget policy (Annexure "3")*
- 1.2.9.3 *Tariff policy (Annexure "4")*
- 1.2.9.4 *Indigent policy (Annexure "5")*
- 1.2.9.5 *Fixed Asset management policy (Annexure "6")*
- 1.2.9.6 *Cash management & investment policy (Annexure "7")*
- 1.2.9.7 *Credit control & Debt Collection policy (Annexure "8")*
- 1.2.9.8 *Supply Chain Management policy (Annexure "9")*
- 1.2.9.9 *Unauthorized, Irregular Fruitless and Wasteful policy (Annexure "10")*
- 1.2.9.10 *Bad debt write-off policy (Annexure "11")*
- 1.2.9.11 *Car Allowance (Annexure "12")*
- 1.2.9.12 *Policy governing payments of creditors, councilors and officials (Annexure "13")*
- 1.2.9.13 *Subsistence and Travel policy (Annexure "14")*
- 1.2.9.14 *Disclosure Related parties' policies (Annexure "15")*
- 1.2.9.15 *Events after reporting date policy and procedure manual (Annexure "16")*
- 1.2.9.16 *Virements Policy*



1.2.10 That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of section 8 of the Municipal Budget and Reporting Regulations;

1.2.11 that the municipality did not budget to raise long term loans to fund the capital budget, and

1.2.12 that the Accounting Officer adheres to all prescribed requirements in terms of legislation regarding the submission of the budget document to the various institutions.

**That Council approve Draft IDP 2018-2019 and Final Budget 2018/19 Budget and Medium Term Revenue and Expenditure Framework (MTREF) and further subject both to workshop together with all budget related policies**

### **1.3 Executive summary**

The application of sound financial management principles for the compilation of the Masilonyana'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.

Masilonyana has committed itself to respond to the people's legitimate demand for a better life as reflected in our budget in which the key priorities are water and sanitation, and related critical infrastructure maintenance. In a continued effort to create jobs for the inhabitants of MLM and to encourage private sector investment, the capital budget is being focused on addressing the backlog of the aging infrastructure of the municipality and also to address the capacity in terms distribution of water at the areas in Winburg through funding from DWA.

Masilonyana has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers; and to also ensure that the indigent register is up-to-date. The intervention of the Mayor and Council is requested to communicate this message to the community for the campaigns of indigents to be a success.

National Treasury's MFMA Circular No. 91 was used to guide the compilation of the 2018/19 MTREF

The main challenges experienced during the compilation of the 2018/19 MTREF can be Summarised as follows:

1. The on-going difficulties in the national and local economy;
2. Aging and poor water, electricity and roads infrastructure;
3. The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
4. The increased cost of bulk water and electricity (due to tariff increases from Department of Water and Sanitation and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable – we are fast reaching a point where services are will no longer be affordable; and as a result of this, the debt is growing
5. Wage increases for municipal staff that, as well as the need to fill critical vacancies;
6. Affordability of capital projects





The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

The 2017/18 Adjustments Budget priorities and targets of Maseko Local Municipality, as well as the base line allocations, contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;

Tariff and property rate increases should be affordable. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address Infrastructure backlogs;

## 7. Charting the Way Forward

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/2019 Medium-term Revenue and Expenditure Framework:

### 1.4 ANNUAL BUDGET TABLES

**Table 1: Consolidated Overview of the 2018/2019 MTREF**

2018/2019 MTREF BUDGET SUMMARY			
Description	BUDGET 2018/2019	BUDGET 2019/2020	BUDGET 2020/2021
Total Operating Revenue	274 411 000	292 221 000	312 169 000
Total Operating Expenditure	272 761 000	297 794 000	313 315 000
Surplus/(Deficit ) of the year	<b>1 649 000</b>	<b>(5 574 000)</b>	<b>(1 146 000)</b>
Total Capital Expenditure	<b>35 179 000</b>	<b>26 621 000</b>	<b>29 447 000</b>

#### 1. The total capital budget is exclusive of the in-kind capital budget

Total operating revenue stands at R274 million for the 2018/2019 financial year while total operating expenditure has been appropriated at R272 mil, R297 million in 2019/2020 and R313 in 2020/2021. The municipality will sustain the surplus. The operating expenditure budget is inclusive of non-cash item as reported above on 1.2.4.

MFMA Circular no. 58-79 stated that, in preparation for 2012/2013 budget, municipalities that have chosen the 'revaluation model' when implementing GRAP 17 must exclude the depreciation resulting from the revaluation of PPE when preparing their budgets and calculating any tariff increases. When implementing GRAP 17 in 2008/09 financial year.



However, there continues to be a focus to reduce the deficit for the municipality in line with National Treasury circular 72 requirements, to produce a funded surplus budget. In line with this requirement and with implementation of financial turnaround strategy the municipality projects to achieve moderate surpluses in the years following 2018/2019. This would be achieved through the re-structuring of tariffs that are cost reflective.

Masilonyana Local Municipality has had to take a more conservative approach in the manner in which it approaches the budgeting. This approach includes giving consideration in the budget to the cost containment measures suggested by National Treasury in Circular 80 and 82 in line with the Municipality's revenue enhancement strategy.

These measures will be implemented in an attempt to ensure the future viability of the institution and to focus on reducing the impact on the residents within our community.

The capital budget of R35 million has been provided for 2018/2019, R26 million 2019/20 and R29 million in 2020/21. Own funded capital projects have been appropriated at R 1 million due to limitations of cash reserves and debt owed by the municipality to Eskom, water boards and other creditors.

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

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	16,586	35,060	30,313	42,213	42,213	42,213	42,213	44,450	46,851	49,427
Service charges - electricity revenue	2	20,864	18,770	26,558	32,888	32,888	32,888	32,888	34,631	36,501	38,508
Service charges - water revenue	2	19,167	38,875	34,758	38,145	38,145	38,145	38,145	40,167	42,336	44,664
Service charges - sanitation revenue	2	17,567	20,295	20,769	22,098	22,098	22,098	22,098	23,269	24,525	25,874
Service charges - refuse revenue	2	8,394	11,493	12,785	14,288	14,288	14,288	14,288	15,045	15,858	16,730
Service charges - other		268	(1,184)	-	-	-	-	-	-	-	-
Rental of facilities and equipment		241	253	140	149	149	149	149	157	165	174
Interest earned - external investments		384	495	530	564	564	564	564	594	626	660
Interest earned - outstanding debtors		4,721	7,612	4,563	4,757	4,757	4,757	4,757	5,179	5,459	5,759
Dividends received		5	5	5	6	6	6	6	8	8	8
Fines, penalties and forfeits		43	260	1	1	1	1	1	500	527	556
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		90,147	93,098	104,910	97,714	89,833	89,833	89,833	110,412	119,365	129,808
Other revenue	2	62	333	650	5,000	3,760	3,760	3,760	-	-	-
Gains on disposal of PPE		-	475	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>178,449</b>	<b>225,841</b>	<b>235,982</b>	<b>257,824</b>	<b>248,703</b>	<b>248,703</b>	<b>248,703</b>	<b>274,411</b>	<b>292,220</b>	<b>312,170</b>

Services charges forms the largest component of the revenue basket for the municipality which amounts to R113 million The second largest source is property rates at R44 million when we are not considering grant and subsidies.

Transfers and subsidies constitutes R 110 million of the operating budget.



**Table 3 Operating Transfers and Grant Receipts**

FS181 Masilonyana - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		85,160	92,163	92,334	97,714	89,833	89,833	110,412	119,365	129,808
Local Government Equitable Share		81,403	88,321	79,723	86,054	78,173	78,173	103,492	113,251	123,067
Finance Management		1,800	1,800	1,825	1,900	1,900	1,900	1,970	1,970	2,402
Municipal Systems Improvement		934	930							
EPWP Incentive		1,023	1,112	1,147	1,000	1,000	1,000	1,000	-	-
Energy Efficiency and Demand Management				6,000	5,000	5,000	5,000	-	-	-
Councillors support Grant				3,639	3,760	3,760	3,760	3,950	4,144	4,339
<b>Provincial Government:</b>		-	-	-	-	12,576	12,576	-	-	-
Cogta Financial Relief grant						12,576	12,576			
Councillors support Grant										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total Operating Transfers and Grants</b>	5	85,160	92,163	92,334	97,714	102,409	102,409	110,412	119,365	129,808

**Summary of Rates and Service Charge Tariff implications to the 2018/19 MTREF Budget**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised local economic conditions, the wage agreements with unions, other input costs of services provided by the municipality, the municipality's indigent policy and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

The percentage increases of both Eskom and Water bulk tariffs are beyond the South African Reserve Bank inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality are largely outside the control of the municipality. The Eskom price increase of bulk electricity supplied to municipalities will increase by 7.32 percent on bulk and 6.84 percent on basic services on 01 July 2018, subject to Nersa approval.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities.



The basket of goods and services utilised for the calculation of the CPIX consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, materials and chemicals.

The current challenge that will face MLM is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows:

### 1.3.2 Operating Expenditure Framework

The Council's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

1. repairs and maintenance plan;
2. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA
3. The capital programme the capital budget implementation plan.
4. Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
5. Strict adherences to the principle of no project plan no budget. If there is no business plan, procurement plans, no funding allocation can be made.

The following table is a high level summary of the 2018/2019 budget and MTREF

**Figure 2: Expenditure by major type for the 2018/2019 financial year**

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Expenditure By Type</b>											
Employee related costs	2	73,233	86,134	83,134	89,286	89,286	89,286	89,286	94,018	99,095	104,545
Remuneration of councillors		4,939	6,253	6,628	6,893	6,893	6,893	6,893	7,258	7,650	8,071
Debt impairment	3	29,493	75,794	45,000	35,000	35,000	35,000	35,000	51,324	54,095	57,071
Depreciation & asset impairment	2	24,557	27,384	32,287	26,534	26,534	26,534	26,534	27,940	29,449	31,068
Finance charges		4,790	8,925	5,013	4,335	1,335	1,335	1,335	1,406	1,481	1,534
Bulk purchases	2	34,083	33,770	43,113	42,292	24,453	24,453	24,453	42,849	55,224	57,772
Other materials	8	7,709	11,884	10,394	11,059	11,059	11,059	11,059	13,952	14,706	15,514
Contracted services		-	-	5,058	3,675	3,175	3,175	3,175	3,818	4,532	4,607
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	65,875	45,226	30,578	27,196	23,565	23,565	23,565	30,197	31,561	33,132
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>244,677</b>	<b>295,369</b>	<b>261,205</b>	<b>246,269</b>	<b>221,299</b>	<b>221,299</b>	<b>221,299</b>	<b>272,761</b>	<b>297,794</b>	<b>313,315</b>



## Expenditure: 2018/2019

The budgeted allocation for employee related costs for the 2018/2019 financial year amounts to R94 million, which equals 34 percent of the total operating expenditure; Employee related cost overall will increase by 5.4 percent and 5.5 percent for the 2019/20 and 2020/2021 financial year. Overall the total employee related cost and councillor remuneration totals to 37 percent.

The following are highlights of the components of operating expenditure:

1. As per MFMA circular 86 respectively, overtime is only being provided for emergency services and other critical functions; this is an item that was growing as management did not have proper monitoring and control over it, however, the policy that will regulate overtime and procedures has been develop to address it.
2. 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 (No. 20 of 1998).
3. The most recent proclamation (Government Gazette no. 35962) in this regard has been taken into account in compiling the municipality's budget and an increase of 5.3 percent has factored in as per the MFMA circular 86 taking into consideration grading number 3 of the municipality;
4. The provision of debt impairment was determined based on an annual collection rate of 65 percent, 35 percent of the debt has been impaired against the bad debtors and the remainder on revenue foregone (Exempt property rates, discounts/incentives and interest write offs). For the 2018/2019 financial year this amount equates to R51 million. While this expenditure is considered to be a non-cash flow item; it informs the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The budgeted amount has been increased by R16 million as a result of low collection rate in the 2017/2018 financial year.
5. Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management. Depreciation is widely considered a proxy for the measurement of the rate asset of consumption of assets. Budget appropriations in this regard total R28 million for the 2018/2019 financial year and equates to 9 percent of the total operating expenditure.
6. Finance charges consist primarily of the repayment of interest on long-term borrowing and interest on ESKOM outstanding debt
7. Bulk purchases are directly informed by the purchase of electricity from Eskom and water boards. The Eskom and Water payment plans has been taken into consideration for this years budgeted. The increases have been factored into the budget appropriations and directly inform the revenue provisions.



8. The Bulk purchase constitutes 14 percent of the total operating budget. It is therefore imperative that the municipality prioritise the reduction of the distribution losses to maximum income generation from this expenditure item. The municipality has been ensuring that the distribution losses are prevented and calculated on a monthly basis. Bulk meters has also been procured but not yet installed to assist in ensuring that the municipality has control on the distribution of water especially in the wards where there's non-payments.
9. In line with the Masilonyana's repairs and maintenance plan, this group of expenditure has been prioritized to ensure sustainability of the infrastructure. For 2018/2019 a provision of R14 million has been provided. The municipality has been granted 8% of the MIG projects to be allocated to the repairs and maintenance. This is still under the MFMA circular 74 Guideline which stipulates that the Municipality must budget for at least 8% of the total asset carrying value.
10. Contracted services takes into consideration the cost of updating the valuation and mSCOA costs. In the 2018/19 financial year, this expenditure category totals R3.8 million which constitutes 1% of the operating budget.
11. Other general expenses (eg, fuel, chemicals, stationery, etc) have been identified as one of the highest cost drivers for the municipality. In the 2018/2019 financial year, this group of expenditure totals R30 million or 11 percent of the total operational budget. In this item. The other expenditure that was also increased was uniforms, this makes provision for uniforms/protective clothing for employees under Electrical department to comply with Electricity standards. And the provision is also made for legal services and training to address litigations and legal matters, and to capacitate the employees of the Municipality.

### **1.3.2.2 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 MLM Indigent Management Policy. The target is to register 6500 or more indigents households during the 2018/2019 over MTREF financial year, a process reviewed annually. The Indigent is an ongoing process where in anyone can lose their jobs as a result of this they may be declared as indigent , we will however be adjusting the budget if we reach that target. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share of R107 million receivable in terms of the annual Division of Revenue Bill.



**Table 5: Capital expenditure by vote**

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

Description	Ref	Budget Year 2018/19											Medium Term Revenue and Expenditure Framework				
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>Single-year expenditure to be appropriated</b>	2																
Vote 1 - Executive and Council			48,497		64,000		2,024		3,188		2,588		2,588		1,221	1,171	1,227
Vote 2 - Finance and Admin			-		-		-		-		-		-		-	-	-
Vote 3 - Community Facilities			-		-		645		5,439		405		405		3,098	2,643	3,098
Vote 4 - Housing			-		-		-		-		-		-		-	-	-
Vote 5 - Public Safety			-		-		-		90		90		90		90	-	-
Vote 6 - Sports & Recreation			-		-		1,537		1,685		-		-		1,036	1,054	1,104
Vote 7 - REFUSE			-		-		184		2,000		2,000		2,000		2,600	-	-
Vote 8 - Waste Water Management			-		-		-		13,861		-		-		6,770	9,720	4,710
Vote 9 - Roads and Transport			-		-		17,082		13,861		9,091		9,091		4,132	8,693	11,394
Vote 10 - Water			-		-		928		15,000		13,634		13,634		14,232	140	-
Vote 11 - Electricity			-		-		-		10,000		6,750		6,750		1,000	3,200	7,914
Vote 12 - PLANNING & DEVELOPMENT			-		-		326		-		-		-		1,000	-	-
Vote 13 - [NAME OF VOTE 13]			-		-		-		-		-		-		-	-	-
Vote 14 - [NAME OF VOTE 14]			-		-		-		-		-		-		-	-	-
Vote 15 - [NAME OF VOTE 15]			-		-		-		-		-		-		-	-	-
<b>Capital single-year expenditure sub-total</b>			<b>48,497</b>		<b>64,000</b>		<b>22,725</b>		<b>65,124</b>		<b>34,558</b>		<b>34,558</b>		<b>35,179</b>	<b>26,621</b>	<b>29,447</b>



**Table 6: Capital expenditure by Standard Classification**

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

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital Expenditure - Functional</b>											
<i>Governance and administration</i>		48,497	64,000	2,024	1,000	1,588	1,588	1,588	1,221	1,171	1,227
Executive and council		48,497	64,000	2,024		1,188	1,188	1,188	1,151	1,171	1,227
Finance and administration		-			1,000	400	400	400	70		
Internal audit						-	-	-			
<i>Community and public safety</i>		-	-	2,182	8,402	495	495	495	4,224	3,697	4,202
Community and social services				644	6,627	405	405	405	3,098	2,643	3,098
Sport and recreation				1,538	1,685	0	0	0	1,036	1,054	1,104
Public safety					90	90	90	90	90		
Housing						-	-	-			
Health						-	-	-			
<i>Economic and environmental services</i>		-	-	17,407	14,861	10,091	10,091	10,091	5,132	8,693	11,394
Planning and development				326	1,000	1,000	1,000	1,000	1,000		
Road transport				17,081	13,861	9,091	9,091	9,091	4,132	8,693	11,394
Environmental protection						-	-	-			
<i>Trading services</i>		-	-	1,112	27,000	22,384	22,384	22,384	24,602	13,060	12,624
Energy sources					10,000	6,750	6,750	6,750	1,000	3,200	7,914
Water management				928	15,000	13,634	13,634	13,634	14,232	140	
Waste water management						-	-	-	6,770	9,720	4,710
Waste management				184	2,000	2,000	2,000	2,000	2,600		
<i>Other</i>						-	-	-			
<b>Total Capital Expenditure - Functional</b>	3	48,497	64,000	22,725	51,263	34,558	34,558	34,558	35,179	26,621	29,447
<b>Funded by:</b>											
National Government		48,497	64,000	10,754	43,768	30,913	30,913	30,913	34,019	26,621	29,447
Provincial Government											
District Municipality											
Other transfers and grants											
<b>Transfers recognised - capital</b>	4	48,497	64,000	10,754	43,768	30,913	30,913	30,913	34,019	26,621	29,447
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6										
<b>Internally generated funds</b>				11,971	7,495	3,645	3,645	3,645	1,160		
<b>Total Capital Funding</b>	7	48,497	64,000	22,725	51,263	34,558	34,558	34,558	35,179	26,621	29,447

In the 2018/2019 an amount of R25 million has been appropriated for the trading services which represents 69 percent of the total capital budget followed by the Economic and environmental services with an amount of R5 million which represent 14 percent.

Expenditure in new assets represents 77% of the total capital budget while asset renewal equates to 6%. Further detail relating to asset classes and proposed capital expenditure is contained in Table SA 34(a) and (b) and A9 (Asset Management) of the MBRR.

In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

Some of the salient projects to be undertaken over the medium-term includes amongst others:





**Table 7: Capital Budget per Infrastructure Type**

FS181 Masilonyana - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 5	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
<b>PMU</b>																
MIGFS/0842/SW11/11		Brandfont/Majwemasweu: Upgrading of the Waste Disposal Site								1,125	1,188	1,151	1,171	1,227		
MIGFS/0855/W11/11		Theunissen/Masilo: Installation of 3720 domestic, 2 zonal and 4 bulk water meters								-	1,661	2,600	-	-		
MIGFS/0856/W11/11		Verkeerdelei/Tshepong: Installation of 505 domestic, 2 zonal and 5 bulk water meters								920	2,696	250	-	-		
MIGFS/0857/W 11/11		Brandfont/Majwemasweu: Installation of 2719 domestic, 3 zonal and 3 bulk water meters								2,048	2,000	230	-	-		
MIGFS/0859/W11/11		Winburg/Makelekelefa: Installation of 3122 domestic and 3 zonal water meters									6,395	230	-	-		
MIGFS/1080/CF/15/17		Masilo: Refurbishment of sport facility (MIS:233721)										1,036	1,054	1,104		
MIGFS/1081/ST/15/17		Masilo: Construction of 3.5km lined storm water channel (MIS:233705)										3,822	200	-		
MIGFS/110/W/16/18		Theunissen/Masilo: Refurbishment of the concrete reservoir tower (MIS:238916)										180	-	-		
MIGFS/121R, ST/16/17		Brandfont/Majwemasweu: Construction of 1km block paving road and storm water (MIS:240072)										-	3,897	5,121		
MIGFS/122/R,ST/16/17		Masilo/Theunissen: Upgrading of 1km soil road to block paving – phase 2 (MIS:241645)										310	-	-		
MIGFS/130/C/16/17		Brandfont/Majwemasweu: Fencing of community cemetery and construction of ablution facilities (MIS:241660)										3,098	-	-		
MIGFS/153/ST/16/18		Winburg/Makelekelefa: Construction of 2km storm water drainage (MIS:240379)										-	-	5,004		
MIGFS/154/ST/16/18		Verkeerdelei/Tshepong: Construction of 1.5km storm water drainage (MIS:254881)										-	4,596	204		
MIGFS/155/C/16/18		Winburg/Makelekelefa: Fencing of Molapo cemetery and construction of ablution facilities (MIS:254917)										-	2,643	-		
MIGFS/157/C/16/18		Winburg/Makelekelefa: Fencing of Boitumelo community cemetery and construction of ablution facilities (MIS:254575)								348	8,452	-	-	3,098		
Parent Capital expenditure	1											13,139	13,561	15,758		

a. Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations.

These tables set out the municipality’s 2018/19 budget and MTREF as approved by Council. Each table is accompanied by explanatory notes on the facing page.

**Table8: MBRR A1-Consolidated Budget Summary**



MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masilonyana - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Financial Performance</b>										
Property rates	16,586	35,060	30,313	42,213	42,213	42,213	42,213	44,450	46,851	49,427
Service charges	66,261	88,250	94,871	107,420	107,420	107,420	107,420	113,111	119,220	125,777
Investment revenue	384	495	530	564	564	564	564	594	626	660
Transfers recognised - operational	90,147	93,098	104,910	97,714	89,833	89,833	89,833	110,412	119,365	129,808
Other own revenue	5,072	8,937	5,359	9,913	8,673	8,673	8,673	5,844	6,159	6,498
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>178,449</b>	<b>225,841</b>	<b>235,982</b>	<b>257,824</b>	<b>248,703</b>	<b>248,703</b>	<b>248,703</b>	<b>274,411</b>	<b>292,220</b>	<b>312,170</b>
Employee costs	73,233	86,134	83,134	89,286	89,286	89,286	89,286	94,018	99,095	104,545
Remuneration of councillors	4,939	6,253	6,628	6,893	6,893	6,893	6,893	7,258	7,650	8,071
Depreciation & asset impairment	24,557	27,384	32,287	26,534	26,534	26,534	26,534	27,940	29,449	31,068
Finance charges	4,790	8,925	5,013	4,335	1,335	1,335	1,335	1,406	1,481	1,534
Materials and bulk purchases	41,792	45,654	53,507	53,511	35,511	35,511	35,511	56,801	69,930	73,286
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	95,367	121,020	80,636	65,871	61,740	61,740	61,740	85,339	90,188	94,810
<b>Total Expenditure</b>	<b>244,677</b>	<b>295,369</b>	<b>261,205</b>	<b>246,269</b>	<b>221,299</b>	<b>221,299</b>	<b>221,299</b>	<b>272,761</b>	<b>297,794</b>	<b>313,315</b>
<b>Surplus/(Deficit)</b>	<b>(66,229)</b>	<b>(69,528)</b>	<b>(25,223)</b>	<b>11,555</b>	<b>27,404</b>	<b>27,404</b>	<b>27,404</b>	<b>1,650</b>	<b>(5,574)</b>	<b>(1,145)</b>
Transfers and subsidies - capital (monetary alloc	73,251	63,509	-	51,263	30,913	30,913	30,913	34,019	26,621	29,447
Contributions recognised - capital & contributed a	-	-	-	2,961	3,645	2,961	2,961	1,160	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>7,022</b>	<b>(6,019)</b>	<b>(25,223)</b>	<b>65,779</b>	<b>61,962</b>	<b>61,278</b>	<b>61,278</b>	<b>36,829</b>	<b>21,047</b>	<b>28,302</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>7,022</b>	<b>(6,019)</b>	<b>(25,223)</b>	<b>65,779</b>	<b>61,962</b>	<b>61,278</b>	<b>61,278</b>	<b>36,829</b>	<b>21,047</b>	<b>28,302</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>48,497</b>	<b>64,000</b>	<b>22,725</b>	<b>51,263</b>	<b>34,558</b>	<b>34,558</b>	<b>34,558</b>	<b>35,179</b>	<b>26,621</b>	<b>29,447</b>
Transfers recognised - capital	48,497	64,000	10,754	43,768	30,913	30,913	30,913	34,019	26,621	29,447
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	11,971	7,495	3,645	3,645	3,645	1,160	-	-
<b>Total sources of capital funds</b>	<b>48,497</b>	<b>64,000</b>	<b>22,725</b>	<b>51,263</b>	<b>34,558</b>	<b>34,558</b>	<b>34,558</b>	<b>35,179</b>	<b>26,621</b>	<b>29,447</b>
<b>Financial position</b>										
Total current assets	55,017	41,568	22,858	313,801	238,333	200,750	203,299	318,070	335,245	353,684
Total non current assets	669,925	702,355	613,799	741,301	708,584	712,610	712,610	712,610	751,091	792,401
Total current liabilities	116,616	151,831	834	68,620	244,336	235,645	235,645	142,672	80,000	50,000
Total non current liabilities	38,222	37,707	3,154	1,689	31,810	33,499	33,499	1,015	263	-
Community wealth/Equity	570,104	554,385	632,668	984,792	670,772	646,765	646,765	886,992	1,006,073	1,096,085
<b>Cash flows</b>										
Net cash from (used) operating	47,686	47,704	24,649	60,867	101,919	(11,284)	(11,284)	47,963	53,047	87,327
Net cash from (used) investing	(32,688)	(59,586)	(22,500)	(42,528)	(34,808)	(34,808)	(34,808)	(34,019)	(26,621)	(29,447)
Net cash from (used) financing	(878)	(4,816)	(736)	(744)	(752)	(752)	(752)	(783)	(826)	-
<b>Cash/cash equivalents at the year end</b>	<b>17,699</b>	<b>1,001</b>	<b>-</b>	<b>18,575</b>	<b>66,359</b>	<b>(46,844)</b>	<b>(46,844)</b>	<b>13,160</b>	<b>28,673</b>	<b>77,872</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	17,699	1,001	-	1,078	(40,742)	-	2,549	985	1,038	1,095
Application of cash and investments	103,671	139,207	(14,838)	(144,218)	40,212	139,642	139,642	(58,541)	(146,497)	(236,419)
<b>Balance - surplus (shortfall)</b>	<b>(85,972)</b>	<b>(138,206)</b>	<b>14,838</b>	<b>145,296</b>	<b>(80,954)</b>	<b>(139,642)</b>	<b>(137,093)</b>	<b>59,526</b>	<b>147,535</b>	<b>237,514</b>
<b>Asset management</b>										
Asset register summary (WDV)	669,829	702,262	41,201	460,437	443,732	462,115		414,770	437,168	461,212
Depreciation	24,557	27,384	32,287	26,534	27,911	27,911		29,390	30,977	32,681
Renewal of Existing Assets	-	-	4,196	-	182	182		1,925	2,978	-
Repairs and Maintenance	7,709	11,884	10,394	11,059	11,059	11,059		13,952	14,695	15,501
<b>Free services</b>										
Cost of Free Basic Services provided	2,511	8,857	15,918	17,392	17,392	17,392	22,987	22,987	24,229	25,561
Revenue cost of free services provided	-	3,581	5,006	4,062	4,062	4,062	4,277	4,277	4,508	4,756
<b>Households below minimum service level</b>										
Water:	0	0	0	0	0	0	0	0	0	0
Sanitation/sewage:	-	2	2	2	2	2	2	2	2	2
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	20	19	18	-	-	-	-	-	-



### **Explanatory notes to MBRR Table A1 - Budget Summary**

1. 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);
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs;
3. Financial management reforms 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. The Budget Summary provides the key information in this regard;
4. After all consultation with the community and the provincial government and Provincial Treasury, the municipality has budgeted for a balanced budget which will force the municipality to better manage the cash-flow and also radically implement the cost containment measures from 1 July 2016 over the MTREF;
5. Capital expenditure is balanced by capital funding sources funded by National Government.
6. Internally generated funds will mainly provide for Township establishment infrastructure.
7. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. These places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.
8. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the community and the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2017/18 the water backlog will have improved.



**Table 9: MBRR A-2 Consolidated Budget Financial Performance (Revenue and Expenditure by Standard Classification)**

FS181 Masilonyana - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		111,389	135,034	83,362	80,955	138,779	80,955	87,894	92,640	97,735
Executive and council		84,850	(1,058)	45,656	22,952	85,579	22,911	29,372	30,958	32,660
Finance and administration		26,391	135,974	37,706	58,003	53,200	58,044	58,522	61,682	65,075
Internal audit		148	119	-	-	-	-	-	-	-
<b>Community and public safety</b>		43	1,236	141	7,363	150	149	26,441	27,869	29,402
Community and social services		-	976	140	5,588	149	149	18,759	19,772	20,860
Sport and recreation		-	-	-	1,685	-	-	4,268	4,498	4,746
Public safety		43	260	1	90	1	-	2,080	2,192	2,313
Housing		-	-	-	-	-	-	1,334	1,406	1,483
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		27,568	23,188	23,871	26,041	16,913	24,041	24,929	30,571	37,492
Planning and development		-	-	-	2,000	-	-	-	-	-
Road transport		27,568	23,188	23,871	24,041	16,913	24,041	24,929	30,571	37,492
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		112,699	129,891	114,894	197,687	127,418	173,496	159,166	167,761	176,988
Energy sources		67,570	20,270	46,581	64,365	42,888	59,365	60,532	63,801	67,310
Water management		19,167	77,832	34,758	71,174	48,145	51,983	52,495	55,329	58,373
Waste water management		17,567	20,295	20,769	36,666	22,098	36,666	28,308	29,837	31,478
Waste management		8,394	11,493	12,785	25,483	14,288	25,483	17,831	18,794	19,828
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	<b>251,699</b>	<b>289,350</b>	<b>222,268</b>	<b>312,045</b>	<b>283,259</b>	<b>278,641</b>	<b>298,430</b>	<b>318,841</b>	<b>341,617</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		210,595	172,458	207,698	67,464	185,789	59,426	80,846	88,141	91,949
Executive and council		31,656	100,734	6,628	19,291	96,179	19,311	25,624	27,008	28,493
Finance and administration		178,938	63,208	201,070	47,175	89,609	40,114	31,678	36,406	37,459
Internal audit		-	8,516	-	997	-	-	23,543	24,727	25,998
<b>Community and public safety</b>		-	13,863	12,526	34,503	-	-	35,750	38,075	40,169
Community and social services		-	9,362	12,526	29,935	-	-	28,147	30,062	31,715
Sport and recreation		-	2,164	-	2,901	-	-	3,085	3,251	3,430
Public safety		-	1,148	-	-	-	-	3,184	3,356	3,540
Housing		-	1,189	-	1,667	-	-	1,334	1,406	1,483
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	54,300	3,332	36,756	11,059	28,817	24,408	24,176	25,001
Planning and development		-	5,789	-	7,939	-	-	5,309	4,529	4,775
Road transport		-	48,510	3,332	28,817	11,059	28,817	19,099	19,647	20,226
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		34,083	54,749	49,175	107,548	24,453	59,220	131,757	147,403	156,197
Energy sources		29,424	32,150	39,214	47,186	21,613	32,186	57,930	70,786	75,517
Water management		4,659	8,434	7,873	29,874	2,840	27,034	30,085	31,710	33,441
Waste water management		-	7,588	2,088	20,094	-	-	26,749	28,059	29,466
Waste management		-	6,578	-	10,394	-	-	16,993	16,847	17,773
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	<b>244,677</b>	<b>295,370</b>	<b>272,731</b>	<b>246,270</b>	<b>221,301</b>	<b>147,463</b>	<b>272,761</b>	<b>297,794</b>	<b>313,316</b>
<b>Surplus/(Deficit) for the year</b>		<b>7,022</b>	<b>(6,020)</b>	<b>(50,463)</b>	<b>65,775</b>	<b>61,958</b>	<b>131,178</b>	<b>25,669</b>	<b>21,048</b>	<b>28,301</b>

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

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then



classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports;

2. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. However the expenditure are higher than the revenue as a result of the Debt impairment and Depreciation and assets impairment which are non-cash items. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Finance and Admin.

**Table 10: MBRR A-3 Consolidated Budgeted Financial Performance By Municipal Vote.**

FS181 Masilonyana - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council		163,894	12,866	16,761	21,723	21,723	21,723	35,149	38,361	40,471
Vote 2 - Finance and Admin		22,304	32,404	41,406	65,692	65,692	65,692	51,498	54,279	57,265
Vote 3 - Community Facilities		-	14,644	3,340	149	149	149	14,768	15,565	16,422
Vote 4 - Housing		-	1,122	1,166	-	-	-	1,334	1,406	1,483
Vote 5 - Public Safety		-	1,316	1,642	-	-	-	2,080	2,192	2,313
Vote 6 - Sports & Recreation		-	8,541	5,305	-	-	-	2,443	2,575	2,717
Vote 7 - REFUSE		8,394	11,993	20,145	23,483	23,483	23,483	17,731	18,689	19,717
Vote 8 - Waste Water Management		17,567	19,484	22,770	31,978	31,978	31,978	28,308	29,837	31,478
Vote 9 - Roads and Transport		-	48,479	48,540	1,000	1,000	1,000	1,000	-	-
Vote 10 - Water		19,167	32,606	31,901	59,436	59,436	59,436	58,315	61,466	64,846
Vote 11 - Electricity		20,864	28,626	41,858	54,364	53,124	53,124	61,785	67,850	75,460
Vote 12 - PLANNING & DEVELOPMENT		-	3,229	2,415	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>252,191</b>	<b>215,310</b>	<b>237,248</b>	<b>257,824</b>	<b>256,584</b>	<b>256,584</b>	<b>274,411</b>	<b>292,221</b>	<b>312,171</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive and Council		5,529	4,786	44,473	40,475	37,075	37,075	49,168	51,708	54,463
Vote 2 - Finance and Admin		171,966	176,035	33,549	24,172	20,532	20,532	31,678	36,406	37,459
Vote 3 - Community Facilities		-	11,705	19,726	29,935	29,935	29,935	28,147	30,061	31,715
Vote 4 - Housing		-	1,122	1,284	1,667	1,667	1,667	1,334	1,406	1,483
Vote 5 - Public Safety		-	1,316	3,208	2,816	2,816	2,816	3,184	3,356	3,540
Vote 6 - Sports & Recreation		-	2,718	4,666	2,901	2,901	2,901	3,085	3,251	3,430
Vote 7 - REFUSE		-	14,284	17,973	10,394	10,394	10,394	16,993	16,847	17,773
Vote 8 - Waste Water Management		-	26,739	21,791	20,094	20,094	20,094	26,749	28,059	29,466
Vote 9 - Roads and Transport		6,130	29,649	29,445	28,817	28,817	28,817	19,099	19,647	20,226
Vote 10 - Water		4,763	5,360	33,443	29,874	27,034	27,034	30,085	31,710	33,441
Vote 11 - Electricity		29,676	60,958	48,302	47,186	32,186	32,186	57,930	70,786	75,545
Vote 12 - PLANNING & DEVELOPMENT		-	2,101	3,241	7,939	7,939	7,939	5,309	4,529	4,775
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>218,063</b>	<b>336,773</b>	<b>261,100</b>	<b>246,269</b>	<b>221,389</b>	<b>221,389</b>	<b>272,761</b>	<b>297,767</b>	<b>313,316</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>34,128</b>	<b>(121,463)</b>	<b>(23,852)</b>	<b>11,555</b>	<b>35,195</b>	<b>35,195</b>	<b>1,650</b>	<b>(5,546)</b>	<b>(1,145)</b>

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



1. 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 Masilonyana Local Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

**Table 11: MBRR A-4 Consolidated Budgeted Financial Performance (Revenue and Expenditure by type)**



MLM: FS181 BUDGET AND MTREF 2018-2019

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue By Source</b>											
Property rates	2	16,586	35,060	30,313	42,213	42,213	42,213	42,213	44,450	46,851	49,427
Service charges - electricity revenue	2	20,864	18,770	26,558	32,888	32,888	32,888	32,888	34,631	36,501	38,508
Service charges - water revenue	2	19,167	38,875	34,758	38,145	38,145	38,145	38,145	40,167	42,336	44,664
Service charges - sanitation revenue	2	17,567	20,295	20,769	22,098	22,098	22,098	22,098	23,269	24,525	25,874
Service charges - refuse revenue	2	8,394	11,493	12,785	14,288	14,288	14,288	14,288	15,045	15,858	16,730
Service charges - other		268	(1,184)	-	-	-	-	-	-	-	-
Rental of facilities and equipment		241	253	140	149	149	149	149	157	165	174
Interest earned - external investments		384	495	530	564	564	564	564	594	626	660
Interest earned - outstanding debtors		4,721	7,612	4,563	4,757	4,757	4,757	4,757	5,179	5,459	5,759
Dividends received		5	5	5	6	6	6	6	8	8	8
Fines, penalties and forfeits		43	260	1	1	1	1	1	500	527	556
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		90,147	93,098	104,910	97,714	89,833	89,833	89,833	110,412	119,365	129,808
Other revenue	2	62	333	650	5,000	3,760	3,760	3,760	-	-	-
Gains on disposal of PPE		-	475	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>178,449</b>	<b>225,841</b>	<b>235,982</b>	<b>257,824</b>	<b>248,703</b>	<b>248,703</b>	<b>248,703</b>	<b>274,411</b>	<b>292,220</b>	<b>312,170</b>
<b>Expenditure By Type</b>											
Employee related costs	2	73,233	86,134	83,134	89,286	89,286	89,286	89,286	94,018	99,095	104,545
Remuneration of councillors		4,939	6,253	6,628	6,893	6,893	6,893	6,893	7,258	7,650	8,071
Debt impairment	3	29,493	75,794	45,000	35,000	35,000	35,000	35,000	51,324	54,095	57,071
Depreciation & asset impairment	2	24,557	27,384	32,287	26,534	26,534	26,534	26,534	27,940	29,449	31,068
Finance charges		4,790	8,925	5,013	4,335	1,335	1,335	1,335	1,406	1,481	1,534
Bulk purchases	2	34,083	33,770	43,113	42,292	24,453	24,453	24,453	42,849	55,224	57,772
Other materials	8	7,709	11,884	10,394	11,059	11,059	11,059	11,059	13,952	14,706	15,514
Contracted services		-	-	5,058	3,675	3,175	3,175	3,175	3,818	4,532	4,607
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	65,875	45,226	30,578	27,196	23,565	23,565	23,565	30,197	31,561	33,132
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>244,677</b>	<b>295,369</b>	<b>261,205</b>	<b>246,269</b>	<b>221,299</b>	<b>221,299</b>	<b>221,299</b>	<b>272,761</b>	<b>297,794</b>	<b>313,315</b>
<b>Surplus/(Deficit)</b>											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(66,229)	(69,528)	(25,223)	11,555	27,404	27,404	27,404	1,650	(5,574)	(1,145)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education)		73,251	63,509	-	51,263	30,913	30,913	30,913	34,019	26,621	29,447
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	2,961	3,645	2,961	2,961	1,160	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>7,022</b>	<b>(6,019)</b>	<b>(25,223)</b>	<b>65,779</b>	<b>61,962</b>	<b>61,278</b>	<b>61,278</b>	<b>36,829</b>	<b>21,047</b>	<b>28,302</b>
Taxation		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>7,022</b>	<b>(6,019)</b>	<b>(25,223)</b>	<b>65,779</b>	<b>61,962</b>	<b>61,278</b>	<b>61,278</b>	<b>36,829</b>	<b>21,047</b>	<b>28,302</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>7,022</b>	<b>(6,019)</b>	<b>(25,223)</b>	<b>65,779</b>	<b>61,962</b>	<b>61,278</b>	<b>61,278</b>	<b>36,829</b>	<b>21,047</b>	<b>28,302</b>
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>		<b>7,022</b>	<b>(6,019)</b>	<b>(25,223)</b>	<b>65,779</b>	<b>61,962</b>	<b>61,278</b>	<b>61,278</b>	<b>36,829</b>	<b>21,047</b>	<b>28,302</b>



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

1. Total revenue is R274 million in 2018/2019, R292 million and R312 million in 2019/2020 and 2020/2021 respectively.
2. Revenue to be generated from property rates is R44 million for 2018/2019 which represents 16% of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality totalling R113 million (41%) million for the 2018/2019.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government and they amount to R110million.

### **Table 12: MBRR A5 Consolidated Budgeted Capital Expenditure by Vote**





MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masilonyana - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
<b>Capital expenditure - Vote</b>											
<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 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		48,497	64,000	2,024	3,188	2,588	2,588	2,588	1,221	1,171	1,227
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Facilities		-	-	645	5,439	405	405	405	3,098	2,643	3,098
Vote 4 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public Safety		-	-	-	90	90	90	90	90	-	-
Vote 6 - Sports & Recreation		-	-	1,537	1,685	-	-	-	1,036	1,054	1,104
Vote 7 - REFUSE		-	-	184	2,000	2,000	2,000	2,000	2,600	-	-
Vote 8 - Waste Water Management		-	-	-	13,861	-	-	-	6,770	9,720	4,710
Vote 9 - Roads and Transport		-	-	17,082	13,861	9,091	9,091	9,091	4,132	8,693	11,394
Vote 10 - Water		-	-	928	15,000	13,634	13,634	13,634	14,232	140	-
Vote 11 - Electricity		-	-	-	10,000	6,750	6,750	6,750	1,000	3,200	7,914
Vote 12 - PLANNING & DEVELOPMENT		-	-	326	-	-	-	-	1,000	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		48,497	64,000	22,725	65,124	34,558	34,558	34,558	35,179	26,621	29,447
<b>Total Capital Expenditure - Vote</b>		48,497	64,000	22,725	65,124	34,558	34,558	34,558	35,179	26,621	29,447
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		48,497	64,000	2,024	1,000	1,588	1,588	1,588	1,221	1,171	1,227
Executive and council		48,497	64,000	2,024	-	1,188	1,188	1,188	1,151	1,171	1,227
Finance and administration		-	-	-	1,000	400	400	400	70	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	2,182	8,402	495	495	495	4,224	3,697	4,202
Community and social services		-	-	644	6,627	405	405	405	3,098	2,643	3,098
Sport and recreation		-	-	1,538	1,685	0	0	0	1,036	1,054	1,104
Public safety		-	-	-	90	90	90	90	90	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	17,407	14,861	10,091	10,091	10,091	5,132	8,693	11,394
Planning and development		-	-	326	1,000	1,000	1,000	1,000	1,000	-	-
Road transport		-	-	17,081	13,861	9,091	9,091	9,091	4,132	8,693	11,394
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	1,112	27,000	22,384	22,384	22,384	24,602	13,060	12,624
Energy sources		-	-	-	10,000	6,750	6,750	6,750	1,000	3,200	7,914
Water management		-	-	928	15,000	13,634	13,634	13,634	14,232	140	-
Waste water management		-	-	-	-	-	-	-	6,770	9,720	4,710
Waste management		-	-	184	2,000	2,000	2,000	2,000	2,600	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	48,497	64,000	22,725	51,263	34,558	34,558	34,558	35,179	26,621	29,447
<b>Funded by:</b>											
National Government		48,497	64,000	10,754	43,768	30,913	30,913	30,913	34,019	26,621	29,447
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	48,497	64,000	10,754	43,768	30,913	30,913	30,913	34,019	26,621	29,447
<b>Public contributions &amp; donations</b>	5										
<b>Borrowing</b>	6										
<b>Internally generated funds</b>				11,971	7,495	3,645	3,645	3,645	1,160	-	-
<b>Total Capital Funding</b>	7	48,497	64,000	22,725	51,263	34,558	34,558	34,558	35,179	26,621	29,447



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

1. 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.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. All capital projects falls under the single year capital
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programmes are funded from national capital grants and internally generated funds.

### **Table 13: MBRR A6 consolidated Budgeted Financial Position**



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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		17,699	1,001		980	(40,742)					
Call investment deposits	1	-	-	-				2,549	985	1,038	1,095
Consumer debtors	1	21,451	29,118	22,858	312,588	200,750	200,750	200,750	317,085	334,207	352,589
Other debtors		59	52								
Current portion of long-term receivables		15,795	11,178					78,106			
Inventory	2	13	219		233	219					
<b>Total current assets</b>		<b>55,017</b>	<b>41,568</b>	<b>22,858</b>	<b>313,801</b>	<b>238,333</b>	<b>200,750</b>	<b>203,299</b>	<b>318,070</b>	<b>335,245</b>	<b>353,684</b>
<b>Non current assets</b>											
Long-term receivables											
Investments					98						
Investment property		69,034	68,184		66,544	(4,026)					
Investment in Associate											
Property, plant and equipment	3	600,795	634,078	613,799	674,659	712,610	712,610	712,610	712,610	751,091	792,401
Agricultural											
Biological											
Intangible											
Other non-current assets		96	93								
<b>Total non current assets</b>		<b>669,925</b>	<b>702,355</b>	<b>613,799</b>	<b>741,301</b>	<b>708,584</b>	<b>712,610</b>	<b>712,610</b>	<b>712,610</b>	<b>751,091</b>	<b>792,401</b>
<b>TOTAL ASSETS</b>		<b>724,942</b>	<b>743,923</b>	<b>636,657</b>	<b>1,055,102</b>	<b>946,917</b>	<b>913,360</b>	<b>915,908</b>	<b>1,030,680</b>	<b>1,086,336</b>	<b>1,146,085</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	430	1,001	834	-	-	-	-	-	-	-
Consumer deposits		1,266	1,429			81			1,000		
Trade and other payables	4	113,419	147,555	-	68,620	235,645	235,645	235,645	141,672	80,000	50,000
Provisions		1,501	1,846			8,610					
<b>Total current liabilities</b>		<b>116,616</b>	<b>151,831</b>	<b>834</b>	<b>68,620</b>	<b>244,336</b>	<b>235,645</b>	<b>235,645</b>	<b>142,672</b>	<b>80,000</b>	<b>50,000</b>
<b>Non current liabilities</b>											
Borrowing		2,359	2,705	3,154	1,689		1,689	1,689	1,015	263	-
Provisions		35,863	35,002	-	-	31,810	31,810	31,810	-	-	-
<b>Total non current liabilities</b>		<b>38,222</b>	<b>37,707</b>	<b>3,154</b>	<b>1,689</b>	<b>31,810</b>	<b>33,499</b>	<b>33,499</b>	<b>1,015</b>	<b>263</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>154,838</b>	<b>189,538</b>	<b>3,989</b>	<b>70,309</b>	<b>276,146</b>	<b>269,144</b>	<b>269,144</b>	<b>143,688</b>	<b>80,263</b>	<b>50,000</b>
<b>NET ASSETS</b>	5	<b>570,104</b>	<b>554,385</b>	<b>632,668</b>	<b>984,793</b>	<b>670,771</b>	<b>644,216</b>	<b>646,765</b>	<b>886,992</b>	<b>1,006,073</b>	<b>1,096,085</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		570,104	554,385	632,668	984,792	670,772	646,765	646,765	886,992	1,006,073	1,096,085
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>570,104</b>	<b>554,385</b>	<b>632,668</b>	<b>984,792</b>	<b>670,772</b>	<b>646,765</b>	<b>646,765</b>	<b>886,992</b>	<b>1,006,073</b>	<b>1,096,085</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet);
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:



1. Call investments deposits;
  2. Consumer debtors;
  3. Property, plant and equipment;
  4. Trade and other payables;
  5. Provisions non-current;
  6. Changes in net assets; and
  7. Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 14: MBRR A7 Consolidated Budgeted Cash Flow**



FS181 Masilonyana - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		4,799	10,637	19,703	29,549	42,213	21,106	21,106	28,893	35,138	44,485
Service charges		34,999	20,159	64,238	75,194	107,569	53,710	53,710	73,523	80,781	102,269
Other revenue		43	6,913	794	3,886	4,325	886	886	757	798	841
Government - operating	1	109,798	92,380	92,334	97,714	89,833	89,833	89,833	110,412	119,365	129,808
Government - capital	1	34,921	58,965	22,500	43,768	30,913	30,913	30,913	24,019	26,621	29,447
Interest		5,105	8,107	3,512	3,850	4,757	2,350	2,350	3,850	4,586	5,673
Dividends		5	5		1	6	1	1	8	8	8
<b>Payments</b>											
Suppliers and employees		(138,438)	(148,535)	(173,418)	(188,760)	(176,362)	(208,748)	(208,748)	(192,092)	(212,768)	(223,642)
Finance charges		(3,545)	(927)	(5,013)	(4,335)	(1,335)	(1,335)	(1,335)	(1,406)	(1,481)	(1,563)
Transfers and Grants	1										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>47,686</b>	<b>47,704</b>	<b>24,649</b>	<b>60,867</b>	<b>101,919</b>	<b>(11,284)</b>	<b>(11,284)</b>	<b>47,963</b>	<b>53,047</b>	<b>87,327</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			474		1,240				-	-	-
Decrease (increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(32,688)	(60,060)	(22,500)	(43,768)	(34,808)	(34,808)	(34,808)	(34,019)	(26,621)	(29,447)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(32,688)</b>	<b>(59,586)</b>	<b>(22,500)</b>	<b>(42,528)</b>	<b>(34,808)</b>	<b>(34,808)</b>	<b>(34,808)</b>	<b>(34,019)</b>	<b>(26,621)</b>	<b>(29,447)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
<b>Payments</b>											
Repayment of borrowing		(878)	(4,816)	(736)	(744)	(752)	(752)	(752)	(783)	(826)	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(878)</b>	<b>(4,816)</b>	<b>(736)</b>	<b>(744)</b>	<b>(752)</b>	<b>(752)</b>	<b>(752)</b>	<b>(783)</b>	<b>(826)</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>14,121</b>	<b>(16,698)</b>		<b>17,595</b>	<b>66,359</b>	<b>(46,844)</b>	<b>(46,844)</b>	<b>13,160</b>	<b>25,601</b>	<b>57,880</b>
Cash/cash equivalents at the year begin:	2	3,578	17,699		980				650	3,072	19,992
Cash/cash equivalents at the year end:	2	17,699	1,001		18,575	66,359	(46,844)	(46,844)	13,810	28,673	77,872

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2018/2019 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term; and.
4. Cash and cash equivalents totals to a negative R783 thousands as at the end of the 2018/2019 financial year due to financial constraints that the municipality is experiencing.



**Table 15: MBRR A8 Consolidated Cash Backed Accumulated Surplus Reconciliation**

FS181 Masilonyana - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	17,699	1,001	-	18,575	66,359	(46,844)	(46,844)	13,160	28,673	77,872
Other current investments > 90 days		0	(0)	-	(17,595)	(107,101)	46,844	49,393	(12,175)	(27,634)	(76,777)
Non current assets - Investments	1	-	-	-	98	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>17,699</b>	<b>1,001</b>	<b>-</b>	<b>1,078</b>	<b>(40,742)</b>	<b>-</b>	<b>2,549</b>	<b>985</b>	<b>1,038</b>	<b>1,095</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	103,671	139,207	(14,838)	(144,218)	40,212	139,642	139,642	(58,541)	(146,497)	(236,419)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>103,671</b>	<b>139,207</b>	<b>(14,838)</b>	<b>(144,218)</b>	<b>40,212</b>	<b>139,642</b>	<b>139,642</b>	<b>(58,541)</b>	<b>(146,497)</b>	<b>(236,419)</b>
<b>Surplus(shortfall)</b>		<b>(85,972)</b>	<b>(138,206)</b>	<b>14,838</b>	<b>145,296</b>	<b>(80,954)</b>	<b>(139,642)</b>	<b>(137,093)</b>	<b>59,526</b>	<b>147,535</b>	<b>237,514</b>

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

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality’s budget must be “funded”. In Masilonyana Local Municipality’s case, there’s positive balance of R59.1 million for budget year, 147 million for 2019/2020 and 237 million for 2020/2021 respectively. Therefore this indicates that the municipality’s budget is funded.
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
  1. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2016/17 MTREF was not funded owing to the significant deficit.
  2. As part of the budgeting and planning guidelines that informed the compilation of the 2018/2019 MTREF the end objective of the medium-term framework was to ensure the budget is fully funded.

**Table 16: MBRR A9 Consolidated Asset Measurement**



MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masilonyana - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	48,497	64,000	6,697	51,263	25,981	25,078	29,558	19,027	4,914
<i>Roads Infrastructure</i>		-	-	1,785	13,861	2,696	2,696	10,145	11,321	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	10,000	6,750	6,750	1,000	3,200	4,914
<i>Water Supply Infrastructure</i>		-	-	773	15,000	13,452	13,452	10,200	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		24,984	53,748	184	3,685	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		24,984	53,748	2,742	42,546	22,898	22,898	21,345	14,521	4,914
Community Facilities		-	-	69	6,717	405	405	4,333	3,198	-
Sport and Recreation Facilities		-	-	1,537	1,000	-	-	-	-	-
<b>Community Assets</b>		-	-	1,606	7,717	405	405	4,333	3,198	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	1,000	2,678	1,775	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	1,000	2,678	1,775	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	1,451	-	-	-	3,247	1,308	-
<b>Intangible Assets</b>		-	-	1,451	-	-	-	3,247	1,308	-
<b>Computer Equipment</b>		23,513	10,252	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		-	-	899	-	-	-	634	-	-
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	4,196	-	182	182	1,925	2,978	-
<i>Roads Infrastructure</i>		-	-	3,332	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	105	-	182	182	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	184	-	-	-	100	1,182	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	3,621	-	182	182	100	1,182	-
Community Facilities		-	-	575	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	1,825	1,796	-
<b>Community Assets</b>		-	-	575	-	-	-	1,825	1,796	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-



MLM: FS181 BUDGET AND MTREF 2018-2019

Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	-	-	-	-	-	-	-	-	-
Transport Assets	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4								
<i>Roads Infrastructure</i>	-	-	5,117	13,861	9,091	9,091	13,841	18,675	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	10,000	6,750	6,750	1,000	3,200	4,914
<i>Water Supply Infrastructure</i>	-	-	877	15,000	13,634	13,634	10,200	-	-
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	24,984	53,748	369	3,685	2,000	2,000	100	1,182	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>24,984</b>	<b>53,748</b>	<b>6,363</b>	<b>42,546</b>	<b>31,474</b>	<b>31,474</b>	<b>25,141</b>	<b>23,057</b>	<b>4,914</b>
Community Facilities	-	-	644	6,717	405	405	4,333	3,198	-
Sport and Recreation Facilities	-	-	1,537	1,000	-	-	1,825	1,796	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>2,181</b>	<b>7,717</b>	<b>405</b>	<b>405</b>	<b>6,158</b>	<b>4,994</b>	<b>-</b>
<b>Heritage Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	-	-	-	1,000	2,678	1,775	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>2,678</b>	<b>1,775</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	1,451	-	-	-	3,247	1,308	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>1,451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,247</b>	<b>1,308</b>	<b>-</b>
<b>Computer Equipment</b>	<b>23,513</b>	<b>10,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Furniture and Office Equipment</b>	<b>-</b>	<b>-</b>	<b>899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>634</b>	<b>-</b>	<b>-</b>
<b>Machinery and Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Libraries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Zoo's, Marine and Non-biological Animals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>48,497</b>	<b>64,000</b>	<b>10,894</b>	<b>51,263</b>	<b>34,557</b>	<b>33,654</b>	<b>35,179</b>	<b>29,359</b>	<b>4,914</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5								
<i>Roads Infrastructure</i>	-	-	34,910	97,152	92,382	97,152	102,301	107,825	113,756
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	25,318	22,068	25,318	26,660	28,100	29,645
<i>Water Supply Infrastructure</i>	-	-	2,447	168,868	167,502	168,868	177,818	187,420	197,729
<i>Sanitation Infrastructure</i>	-	-	-	98,247	98,247	98,247	103,454	109,041	115,038
<i>Solid Waste Infrastructure</i>	-	-	-	24	(1,661)	24	25	26	28
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	506,176	536,256	1,819	-	-	-	-	-	-
<b>Infrastructure</b>	<b>506,176</b>	<b>536,256</b>	<b>39,177</b>	<b>389,609</b>	<b>378,538</b>	<b>389,609</b>	<b>410,259</b>	<b>432,413</b>	<b>456,195</b>
Community Facilities	-	-	-	-	(7,312)	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	(7,312)	-	-	-	-
<b>Community Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,312)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Heritage Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	69,034	68,184	-	-	-	-	-	-	-
<b>Investment properties</b>	<b>69,034</b>	<b>68,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biological or Cultivated Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Computer Equipment</b>	<b>94,619</b>	<b>97,822</b>	<b>2,024</b>	<b>3,879</b>	<b>3,879</b>	<b>3,879</b>	<b>4,085</b>	<b>4,306</b>	<b>4,542</b>
<b>Furniture and Office Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405</b>	<b>405</b>	<b>405</b>	<b>427</b>	<b>450</b>	<b>474</b>
<b>Machinery and Equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Transport Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,543</b>	<b>68,221</b>	<b>68,221</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Libraries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Zoo's, Marine and Non-biological Animals</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>669,829</b>	<b>702,262</b>	<b>41,201</b>	<b>460,437</b>	<b>443,732</b>	<b>462,115</b>	<b>414,770</b>	<b>437,168</b>





EXPENDITURE OTHER ITEMS										
Depreciation	7	24,557	27,384	32,287	26,534	27,911	27,911	29,390	30,977	32,681
<b>Repairs and Maintenance by Asset Class</b>	3	<b>7,709</b>	<b>11,884</b>	<b>10,394</b>	<b>11,059</b>	<b>11,059</b>	<b>11,059</b>	<b>13,952</b>	<b>14,695</b>	<b>15,501</b>
Roads Infrastructure		-	-	3,332	2,130	2,130	2,130	828	873	921
Storm water Infrastructure		-	-	-	1,415	1,415	1,415	875	922	973
Electrical Infrastructure		-	-	1,783	-	-	-	3,343	4,499	4,744
Water Supply Infrastructure		-	-	2,191	2,331	2,331	2,331	2,977	3,137	3,310
Sanitation Infrastructure		-	-	2,088	2,222	2,222	2,222	-	-	-
Solid Waste Infrastructure		7,709	11,884	-	-	-	-	1,000	1,054	1,112
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>7,709</b>	<b>11,884</b>	<b>9,394</b>	<b>8,098</b>	<b>8,098</b>	<b>8,098</b>	<b>9,023</b>	<b>10,485</b>	<b>11,060</b>
Community Facilities		-	-	1,000	-	-	-	69	73	77
Sport and Recreation Facilities		-	-	-	-	-	-	280	295	311
<b>Community Assets</b>		-	-	<b>1,000</b>	-	-	-	<b>349</b>	<b>368</b>	<b>388</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	1,064	1,064	1,064	1,095	180	189
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	<b>1,064</b>	<b>1,064</b>	<b>1,064</b>	<b>1,095</b>	<b>180</b>	<b>189</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	26	28	29
Furniture and Office Equipment		-	-	-	-	-	-	21	22	23
Machinery and Equipment		-	-	-	-	-	-	1,932	2,037	2,148
Transport Assets		-	-	-	1,897	1,897	1,897	1,505	1,576	1,662
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>32,266</b>	<b>39,268</b>	<b>42,681</b>	<b>37,593</b>	<b>38,970</b>	<b>38,970</b>	<b>43,342</b>	<b>45,672</b>	<b>48,182</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	38.5%	0.0%	24.8%	25.5%	16.0%	35.2%	0.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%	13.0%	0.0%	30.7%	30.7%	19.1%	33.4%	0.0%
<i>R&amp;M as a % of PPE</i>		1.3%	1.9%	1.7%	1.6%	1.6%	1.6%	2.0%	2.0%	2.0%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>		1.0%	2.0%	35.0%	2.0%	4.0%	4.0%	5.0%	6.0%	3.0%

References

### Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has previously recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE.

### Table 17: MBRR consolidated Basic Service Delivery Measurement



# MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masilonyana - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		15,000	15,000	11,297	11,297	11,297	11,297	11,297	11,297	11,297
Piped water inside yard (but not in dwelling)		3,145	3,145	18,829	18,829	18,829	18,829	18,829	18,829	18,829
Using public tap (at least min.service level)	2	1,009	1,309	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	7,532	7,532	7,532	7,532	7,532	7,532	7,532
<i>Minimum Service Level and Above sub-total</i>		19,154	19,454	37,658	37,658	37,658	37,658	37,658	37,658	37,658
Using public tap (< min.service level)	3	19	19	19	19	19	19	19	19	19
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		19	19	19	19	19	19	19	19	19
<b>Total number of households</b>	5	<b>19,173</b>	<b>19,473</b>	<b>37,677</b>	<b>37,677</b>	<b>37,677</b>	<b>37,677</b>	<b>37,677</b>	<b>37,677</b>	<b>37,677</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		14,662	14,662	14,762	14,762	14,762	14,762	14,762	14,762	14,762
Flush toilet (with septic tank)		572	572	572	572	572	572	572	572	572
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		1,629	1,629	1,529	1,529	1,529	1,529	1,529	1,529	1,529
<i>Minimum Service Level and Above sub-total</i>		16,863	16,863	16,863	16,863	16,863	16,863	16,863	16,863	16,863
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	1,629	1,629	1,529	1,529	1,529	1,529	1,529	1,529
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	1,629	1,629	1,529	1,529	1,529	1,529	1,529	1,529
<b>Total number of households</b>	5	<b>16,863</b>	<b>18,492</b>	<b>18,492</b>	<b>18,392</b>	<b>18,392</b>	<b>18,392</b>	<b>18,392</b>	<b>18,392</b>	<b>18,392</b>
<b>Energy:</b>										
Electricity (at least min.service level)		300	-	2,918	2,918	2,918	2,918	2,918	2,918	2,918
Electricity - prepaid (min.service level)		-	14,683	11,695	11,695	11,695	11,695	11,695	11,695	11,695
<i>Minimum Service Level and Above sub-total</i>		300	14,683	14,613	14,613	14,613	14,613	14,613	14,613	14,613
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	<b>300</b>	<b>14,683</b>	<b>14,613</b>	<b>14,613</b>	<b>14,613</b>	<b>14,613</b>	<b>14,613</b>	<b>14,613</b>	<b>14,613</b>
<b>Refuse:</b>										
Removed at least once a week		-	-	-	18,554	18,554	18,554	18,554	18,554	18,554
<i>Minimum Service Level and Above sub-total</i>		-	-	-	18,554	18,554	18,554	18,554	18,554	18,554
Removed less frequently than once a week		-	18,282	18,554	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	1,795	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	20,077	18,554	-	-	-	-	-	-
<b>Total number of households</b>	5	<b>-</b>	<b>20,077</b>	<b>18,554</b>	<b>18,554</b>	<b>18,554</b>	<b>18,554</b>	<b>18,554</b>	<b>18,554</b>	<b>18,554</b>
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		4,615	5,242	5,242	1,426	1,426	1,426	2,500	2,750	3,000
Sanitation (free minimum level service)		4,615	5,242	5,242	1,426	1,426	1,426	2,500	2,750	3,000
Electricity/other energy (50kwh per household per month)		4,615	5,242	5,242	-	-	-	2,500	2,750	3,000
Refuse (removed at least once a week)		4,615	5,242	5,242	1,426	1,426	1,426	2,500	2,750	3,000
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	3,158	3,582	3,582	3,582	3,764	3,967	4,185
Sanitation (free sanitation service to indigent households)		-	-	2,136	2,423	2,423	2,423	2,873	3,028	3,195
Electricity/other energy (50kwh per indigent household per month)		669	1,189	1,267	1,349	1,349	1,349	2,449	2,581	2,723
Refuse (removed once a week for indigent households)		-	-	1,184	1,343	1,343	1,343	2,408	2,538	2,678
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		1,841	7,667	8,173	8,696	8,696	8,696	11,494	12,114	12,781
<b>Total cost of FBS provided</b>		<b>2,511</b>	<b>8,857</b>	<b>15,918</b>	<b>17,392</b>	<b>17,392</b>	<b>17,392</b>	<b>22,987</b>	<b>24,229</b>	<b>25,561</b>
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)					15,000	15,000	15,000	15,000	15,000	15,000
Water (kilolitres per household per month)					6	6	6	6	6	6
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)					116	116	116	122	129	136
Electricity (kwh per household per month)					50	50	50	50	50	50
Refuse (average litres per week)					68	68	68			
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	3,581	3,817	4,062	4,062	4,062	4,277	4,508	4,756
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	34	1,189	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6									
<b>Total revenue cost of subsidised services provided</b>		<b>-</b>	<b>3,581</b>	<b>5,006</b>	<b>4,062</b>	<b>4,062</b>	<b>4,062</b>	<b>4,277</b>	<b>4,508</b>	<b>4,756</b>



### **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services;
2. The budget provides for 2500 households to be registered as indigent in 2018/2019, and therefore entitled to receiving Free Basic Services. The number is set to increase given the indigent roadshow that is planned to resume soon.
3. It is anticipated that these Free Basic Services will cost the municipality over R 11 million in 2018/2019. This is covered by the municipality's equitable share allocation from national government; and
4. In terms of the needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services.



## PART 2 – SUPPORTING DOCUMENTATION

Section 53 of the Municipal Finance Management Act 2003 (No. 56 of 2003) requires the Executive 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 Executive 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 Municipal Finance Management Act; 2003(No. 56 of 2003)

### 2.1 Overview of the Budget Process

#### 2.1 IDP and Service Delivery and Budget Implementation Plan

The Municipality's Integrated Development Plan (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. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

1. Registration of community needs;
2. Compilation of departmental business plans including key performance indicators and targets;
3. Financial planning and budgeting process;
4. Public participation process;
5. Compilation of the SDBIP, and
6. The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/2019 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

During the compilation of the 2018/2019 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year.

#### 2.1.1 Budget Process

The 2018/2019 MTREF is scheduled to be tabled in 30 May 2018 for consideration. The BPP was tabled before council in August 2017 where the budget activities of the 2018/2019 were presented. Council must take note although this has been tabled, some activities might not be done in line with the plan due to unforeseen and various reasons.



All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the Municipal Finance Management Act, as evidence that the budget processes and public participation indeed took place.

## 2.2 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/2019 MTREF, extensive financial modelling was undertaken to ensure affordability in the long-term and financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/2019 MTREF:

1. The municipality growth;
2. Policy priorities and strategic objectives;
3. Asset maintenance;
4. Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns);
5. Performance trends;
6. The approved 2017/2018 adjustments budget and performance against the SDBIP;
7. Cash Flow Management;
8. Debtor payment levels;
9. Investment possibilities;
10. The need for tariff increases versus the ability of the community to pay for services; and
11. Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's Municipal Finance Management Act Circulars 51, 54, 68, 70 and 72 has been taken into consideration in the planning and prioritisation process.

## 2.3 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilize integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of

Office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget.



An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development.

Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by the municipality correlates with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality's strategically complies with the key national and provincial priorities. The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipalities response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

1. Green Paper on National Strategic Planning of 2009;
2. Government Programme of Action;
3. Development Facilitation Act of 1995;
4. Provincial Growth and Development Strategy (GGDS);
5. National and Provincial spatial development perspectives;
6. Relevant sector plans such as transportation, legislation and policy;
7. National Key Performance Indicators (NKPIs);
8. Accelerated and Shared Growth Initiative (ASGISA);
9. National 2014 Vision;
10. National Spatial Development Perspective (NSDP) and
11. The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

The following highlights the IDP's five strategic objectives for the 2017/2018 MTREF and further planning refinements that have directly informed the compilation of the budget;

**Build better communities and good governance** - Strive to build a united, non-racial, non-sexist, competitive and prosperous community.



**Enhance financial sustainability** -Strategies to ensure financial stability by raising revenue strategies, asset management, and financial management, enhance cost effectiveness and capital investment programmes.

**Accelerate an inclusive growing economy** - Encouraging the creation of job opportunities, SMME's development, provide for proper service to all the resident, and land use management for all the community of Masilonyana and promote agricultural and tourism development.

### **Plan for the future**

Masilonyana must create an environment conducive for economic growth through investments in socio economic infrastructure to trigger local economic growth and forge partnership with stakeholders to invest in the local economy.

### **Develop a learning organization**

Masilonyana Municipality needs to acquire highly competent workforce to successfully implement its newly developed strategic intent. And has already took its workforce for vast training from Technical Services, for plant operations courses ABET, Municipal Finance Management Programme etc.

**Establish effective and efficient services** - Provide quality and sustainable electrical services, maintain road networks and storm water drainage system for all the community of Masilonyana effective on-going water and sanitation services, waste -management services in an effective manner, and parks and cemetery development in order to protect human health and well-being environment as aligned to government and national key objectives

Enhance effective, accountable and clean institutional management and corporate, governance. Accelerated provision of effective, efficient and quality services and encourage cooperative governance and the involvement of all other stakeholders to provide a better life for all.

In order to ensure integrated and focused service delivery between all spheres of government, it was important for the Masilonyana Local 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 sound institutional arrangements.

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:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  1. Provide electricity;
  2. Provide water;
  3. Provide sanitation;
  4. Provide waste removal;



5. Provide roads and storm water; and
6. Maintaining the infrastructure of the municipality.
  
7. Economic growth and development that leads to sustainable job creation by:
  1. Ensuring there is a clear structural plan, LED strategy for the Municipality;
  2. Ensuring planning processes function in accordance with set timeframes; and
  3. Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
  
4. Fight poverty and build clean, healthy, safe and sustainable communities through:
  5. Effective implementation of the Indigent Policy;
  6. Working with the provincial department of health to provide primary health care services;
  7. Extending waste removal services and ensuring effective municipal cleansing;
  8. Ensuring all waste water treatment works are operating optimally;
  9. Working with strategic partners such as SAPS to address crime;
  10. Ensuring safe working environments by effective enforcement of building and health regulations;
  11. Promote viable, sustainable communities through proper zoning; and
  12. Promote environmental sustainability by protecting wetlands and key open spaces

The 2018/2019 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.





**Table 18: Reconciliation of IDP strategic objectives and budget (Revenue)**



# MLM: FS181 BUDGET AND MTREF 2018-2019

**FS181 Masingonyana - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>R thousand</b>													
To ensure that 100% of households in all formal settlement(s) around Masingonyana have access to clean (basic level) of water by July 2017	100% of access to basic level of water for formal settlements households. water infrastructure required to enable achievement of the strategic objective as measured in terms of performance targets. The percentage of households earning R 3 000 per month with access to free basic service			19,167	32,606	31,901	53,483	53,483	53,483	72,547	61,606	64,846	
To ensure that 100% of households in formal settlements in Masingonyana area have access to basic level of sanitation by 2017	100% of households in formal settlements have access to basic level of sanitation. Sanitation infrastructure.			17,567	19,484	22,770	38,666	38,666	38,666	35,078	39,557	36,188	
To ensure that identified internal roads in Masingonyana area are maintained and / or upgraded to facilitate economic and social activity required for the sustainable development of the municipality; thus implementing the current Infrastructure Master Plan	Repairing of tarred roads, Paving and re-gravelling of roads in accordance with the targets and projects indicated in the MTAS.				48,479	48,540	24,041	24,041	24,041	4,132	8,693	11,394	
To create employment opportunities in Masingonyana Municipal Area; based on projects and programmes outlined in the IDP and Back to Basics document. To encourage the appropriate and effective use of land and resources.	(Number of) Employment opportunities created through targeted IDP projects. No of employment created through EPWP. Implement SDF & LUS in accordance and compliance with SPLUMA.					2,415				1,000			
To ensure good waste management in Masingonyana Municipality	Total of 5 landfill sites are licensed, and 4 landfill sites to be upgraded. 100% of households with access to refuse removal and service is at acceptable national standards. 100% of households in informal areas have access to refuse removal at acceptable national standards.			8,394	11,993	20,145	25,483	25,483	25,483	20,331	18,689	19,717	
To ensure effective management of graveyards and cemeteries in Masingonyana Municipal area & other community facilities	Adequate provision for, safe and well maintained graveyards and cemeteries. The fencing of all cemeteries in Masingonyana Municipal area. Adequate provision for new cemeteries					2,765	5,183	5,183	5,183	17,866	18,208	3098000+1642 2000	
To ensure access to well maintained, quality sporting and parks & recreational facilities in Masingonyana Municipal area	Adequate provision for, safe and well maintained sport and recreational facilities, as measured in terms of the targets set for the programmes and projects in the MTAS and IDP					5,305	1,685	1,685	1,685	2,443	2,575	2,717	
Provide appropriate HR support to directorates, to ensure healthy & safe working environment for councillors & employees, ensure effective system of municipal governance in line with applicable legislation, promote fair labour practices, ensure effective & efficient fleet management system, provide an integrated ICT system	Sustainable and continuous reports on HR development, continuous M&ev aluation of Health & Safety committees, effective municipal governance, number of LLF meeting conducted, Effective fleet management, review and approval of ICT framework and policies					1,642	5,975			3,414	3,598	3,796	
Adhere to all budget regulations, ensure that the municipality has an effective revenue collection system	Policies reviewed, monitored, evaluated and approved by Council, developed, updated			22,304	137,655	41,548	81,232	81,232	81,232	36,370	39,532	41,698	
Improve community participation in the affairs of the Municipality	Number of public participation conducted on IDP			163,820		5,921	4,866	22,911	22,911	22,911	53,624	55,333	58,369
Maintain a legitimate database of human settlement and erven waiting list	Creation of world standard towns and cities by reducing informal settlements					1,166							
Ensure that 100% of households in MLM area have access to electricity in 2018	100% of households in formal areas with access to electricity by 2018			20,448	39,133	41,025	59,365	30,579	29,895	62,785	71,050	102,892	
<b>Allocations to other priorities</b>		2											
<b>Total Revenue (excluding capital transfers and contributions)</b>		1		<b>251,700</b>	<b>289,350</b>	<b>235,982</b>	<b>312,048</b>	<b>283,262</b>	<b>282,578</b>	<b>309,590</b>	<b>318,841</b>	<b>341,617</b>	



**Table 19: Reconciliation of IDP strategic objectives and budget (Operating Expenditure)**



MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masilonyana - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
To ensure that 100% of households in all formal settlement(s) around	100% of access to basic level of water for formal settlements households, water			4,763	5,360	36,409	29,874	27,034	27,034	30,085	31,710	33,441	
To ensure that 100% of households in formal settlements in Masilonyana	100% of households in formal settlements have access to basic level of sanitation.					14,514	20,094	20,094	20,094	6,643	5,935	6,258	
To ensure that identified internal roads in Masilonyana area are maintained and / or	Repairing of tarred roads, Paving and re-gravelling of roads in accordance with the			6,130		26,311	28,817	34,967	34,967	19,099	19,647	20,226	
To create employment opportunities in Masilonyana Municipal Area; based on	(Number of) Employment opportunities created through targeted IDP projects. No of			26,613	48,230	8,621	7,939	18,164	18,164	31,678	36,406	37,459	
To ensure good waste management in Masilonyana Municipality	Total of 5 landfill sites are licensed, and 4 landfill sites to be upgraded. 100% of					14,514	10,394	10,394	10,394	16,993	16,847	17,773	
To ensure effective management of grave yards and cemeteries in	Adequate provision for, safe and well maintained grave yards and cemeteries.					7,119	29,935	24,379	24,379	28,147	30,061	31,715	
To ensure access to well maintained, quality sporting and parks & recreational	Adequate provision for, safe and well maintained sport and recreational facilities, as					2,124	2,901	2,901	2,901	3,085	3,251	3,430	
						2,834							
Provide appropriate HR support to directorates, to ensure healthy & safe working	Sustainable and continuous reports on HR development, continuous M&ev aluation of			590		15,529							
Adhere to all budget regulations, ensure that th municipality has an effective	Policies reviewed, monitored, ev aluated and approved by			171,966	176,035	52,245	47,154	40,114	40,114	49,168	51,708	54,463	
To ensure that 100% of households in formal settlements in Masilonyana	100% of households in formal settlements have access to basic level of sanitation.					9,648	20,308	9,490	9,490	26,749	28,059	29,466	
Pimprove community participation in the affairs of the Municipality	Number of public participation conducted on IDP			4,939	4,786	17,467							
Maintain a legitimate database of human settlement and erven waiting list	Creation of world standard towns and cities by reducing informal settlements					2,915	1,667	1,667	1,667	3,184	3,384	3,540	
Ensure that 100% of households in MLM area have access to electricity in 2018	100% of households in formal areas with access to electricity by 2018			29,676	60,958	50,955	47,186	32,186	32,186	57,930	70,786	75,545	
<b>Allocations to other priorities</b>													
<b>Total Expenditure</b>				1	244,677	295,369	261,205	246,269	221,390	221,390	272,761	297,794	313,316



**Table 20: Reconciliation of IDP strategic objectives and budget (Capital Expenditure)**



MLM: FS181 BUDGET AND MTREF 2018-2019

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

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Provide appropriate HR support to directorates, to ensure healthy & safe working	Sustainable and continuous reports on HR development, continuous M&evaluation of	A		63,515	5,234	394	5,292	400	400	70		
Public Safety	Public Safety	B					90	90	90	90		
To ensure that identified internal roads in Masilonyana area are maintained and / or	Repairing of tarred roads, Paving and re-gravelling of roads in accordance with the	C			390		13,861	9,091	9,091	4,132	8,693	11,394
To ensure good waste management in Masilonyana Municipality	Total of 5 landfill sites are licensed, and 4 landfill sites to be upgraded. 100% of	D					2,000	2,000	2,000	2,600		
To ensure effective management of graveyards and cemeteries in	Adequate provision for, safe and well maintained graveyards and cemeteries.	E			31,404	15,870	7,147	405	405	3,098	2,643	3,098
To ensure access to well maintained, quality sporting and parks & recreational	Adequate provision for, safe and well maintained sport and recreational facilities, as	F				1,309	1,685			1,036	1,054	1,104
To ensure that 100% of households in Masilonyana Municipal area have access	100% of households in formal areas with access to electricity by 2018	G			1,342	1,726	5,000	6,750	6,750	1,000	3,200	7,914
Good Governance and Public Participation	PMU	H			5,062	2,300	1,188	2,188	2,188	1,151	1,171	1,227
To ensure that 100% of households in all formal settlement(s) around	100% of access to basic level of water for formal settlements households, water	I			1,847		15,000	13,634	13,634	14,232	140	
LED and Planning	SPLUMA implementation and LED capacity	J		23,416	2,700	1,125				1,000		
To ensure that 100% of households in formal settlements in Masilonyana	100% of households in formal settlements have access to basic level of sanitation.	K								6,770	9,720	4,710
		L										
		M										
		N										
		O										
		P										
<b>Allocations to other priorities</b>			3									
<b>Total Capital Expenditure</b>			1	<b>86,931</b>	<b>47,979</b>	<b>22,724</b>	<b>51,263</b>	<b>34,558</b>	<b>34,558</b>	<b>35,179</b>	<b>26,621</b>	<b>29,447</b>

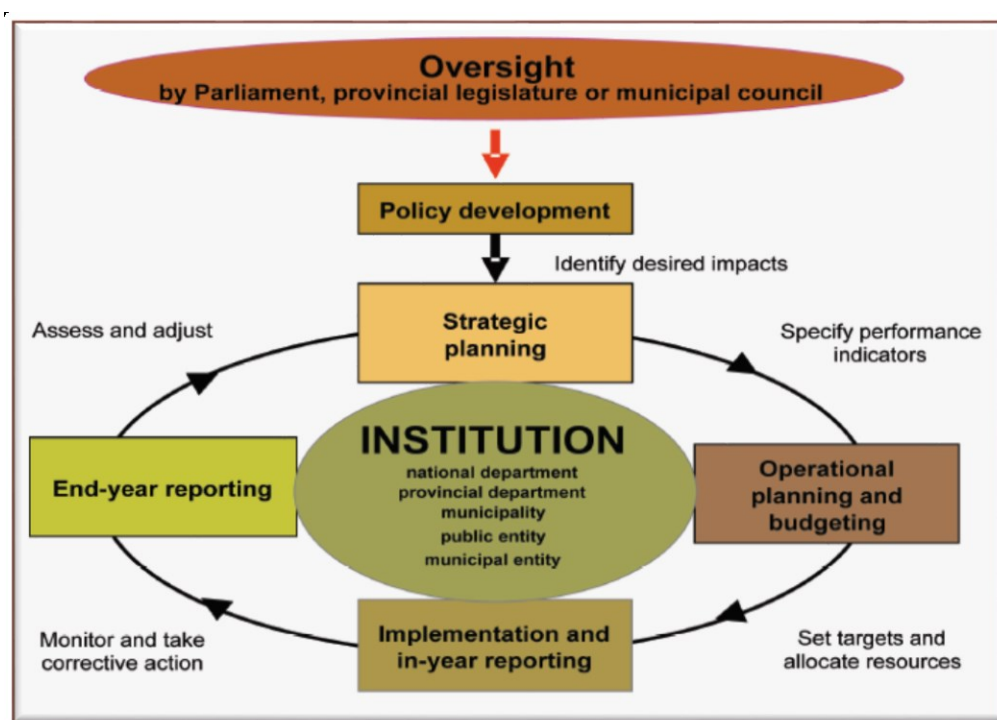


## 2.4 Measurable performance objectives and indicators

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:

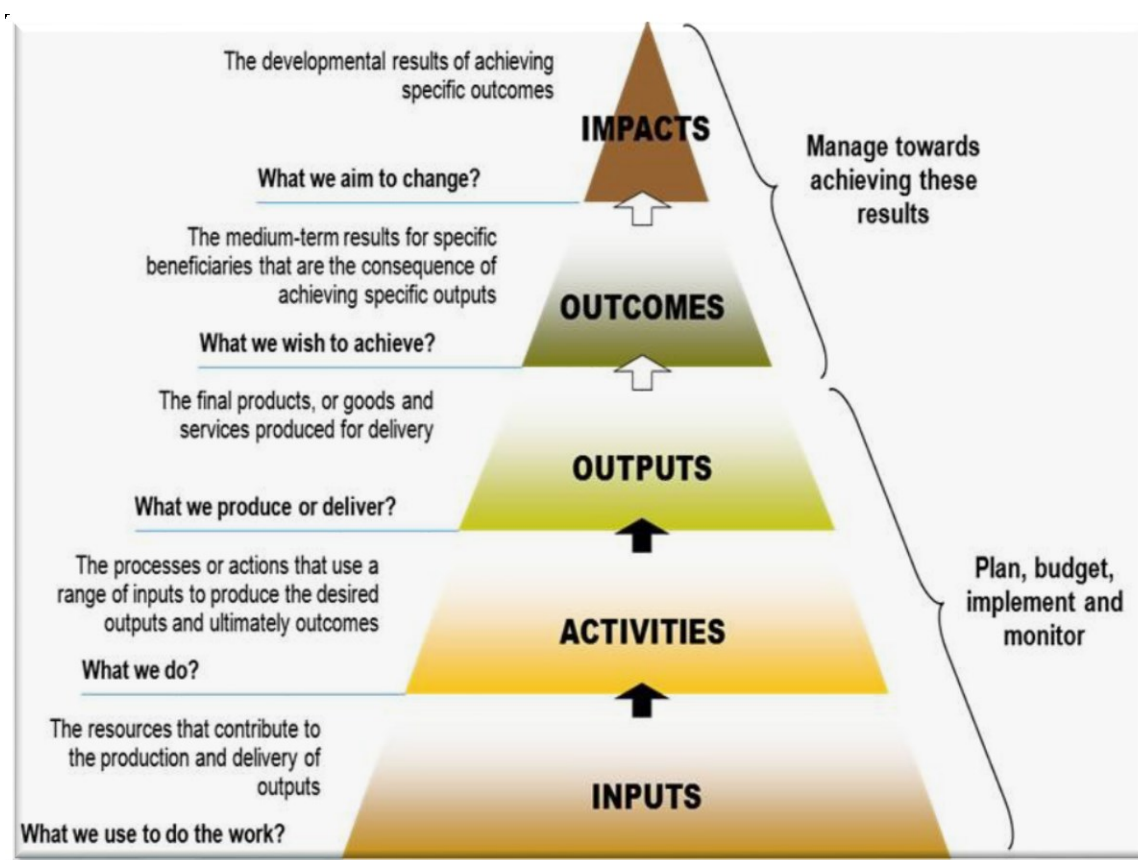


The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:



1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Review (identifying areas requiring change and improvement);
5. Reporting (what information, to whom, from whom, how often and for what purpose); and
6. Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury which is depicted below:



## 2.5 Budget related policies

Masilonyana Local Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The following policies have been reviewed and tabled to Council with the budget:

- Municipal Property rates policy
- Budget policy
- Tariff policy
- Indigent policy





- Fixed Asset management policy
- Cash management & investment policy
- Credit control & Debt Collection policy
- Supply Chain Management policy
- Unauthorized, Irregular Fruitless and Wasteful policy
- Bad debt write-off policy
- **Policy governing payments of creditors, councilors and officials**
- **Subsistence and Travel policy**
- **Disclosure Related parties' policies**
- **Events after reporting date policy and procedure manual**
- **Virements Policy**

The 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate from 30 percent to 65 percent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. Finally, debt owed by Councillors and municipal staff has been prioritised for speedy recovery and where there's such debt, deductions are made against councillors and officials of the municipality. The credit control and debt collection policy has prioritised this area to show an example of the debt collection initiatives by the Municipality.

## 2.6 Overview of the budget assumptions

### 2.6.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/2019 MTREF, namely:

1. National Government macro-economic targets;
2. The general inflationary outlook and the impact on the residents and businesses;
3. The impact of municipal cost drivers;
4. The increase in prices for bulk electricity and water; and
5. The increase in the cost of remuneration. Employee related costs comprise 35% of the total operating expenditure in the 2018/2019.

MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

### 2.6.2 Overview of Budget Funding



## MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masilonyana Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	17,699	1,001	-	18,575	66,356	(46,844)	(46,844)	13,810	28,673	77,872
Cash + investments at the yr end less applications - R'000	18(1)b	2	(85,972)	(138,206)	14,838	145,299	(4,916)	(143,032)	(140,483)	59,527	147,536	237,515
Cash year end/monthly employee/supplier payments	18(1)b	3	1.2	0.1	-	1.1	4.6	(3.2)	(3.2)	0.8	1.4	3.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	7,022	(6,019)	(25,223)	65,776	61,961	61,277	61,277	36,828	21,047	28,301
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	42.8%	(4.5%)	13.5%	(6.0%)	(6.0%)	(6.0%)	(0.7%)	(0.6%)	(0.5%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	45.3%	28.6%	64.9%	68.1%	97.4%	47.8%	47.8%	63.1%	67.8%	81.2%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	35.6%	61.5%	35.9%	23.4%	23.4%	23.4%	23.4%	32.6%	32.6%	32.6%
Capital payments % of capital expenditure	18(1)c;19	8	67.4%	93.8%	99.0%	67.2%	100.7%	100.7%	100.7%	96.7%	100.0%	100.0%
Borrowing receipts % of capital expenditure (ex cl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	8.2%	(43.3%)	1267.5%	(10.8%)	0.0%	0.0%	13.7%	5.4%	5.5%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.3%	1.9%	1.7%	1.6%	1.8%	1.8%	2.0%	2.0%	2.0%	2.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	18.5%	0.0%	0.5%	0.5%	0.0%	3.5%	4.0%	3.7%

### 2.6.3 Grant allocations and grants programmes



MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masibongwe - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>	1, 2									
<b>National Government:</b>		<b>85,168</b>	<b>92,163</b>	<b>92,334</b>	<b>97,714</b>	<b>89,833</b>	<b>89,833</b>	<b>118,482</b>	<b>119,365</b>	<b>129,888</b>
Local Government Equitable Share		81,403	88,321	79,723	86,054	78,173	78,173	103,492	113,251	123,067
Finance Management		1,800	1,800	1,825	1,900	1,900	1,900	1,970	1,970	2,402
Municipal Systems Improvement		934	930							
EPWP Incentive		1,023	1,112	1,147	1,000	1,000	1,000	1,000	-	-
Energy Efficiency and Demand Management				6,000	5,000	5,000	5,000	-	-	-
Councillors support Grant				3,639	3,760	3,760	3,760	3,950	4,144	4,339
<b>Provincial Government:</b>		-	-	-	-	<b>12,576</b>	<b>12,576</b>	-	-	-
Cogta Financial Relief grant						12,576	12,576			
Councillors support Grant										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total Operating Transfers and Grants</b>	5	<b>85,168</b>	<b>92,163</b>	<b>92,334</b>	<b>97,714</b>	<b>102,409</b>	<b>102,409</b>	<b>118,482</b>	<b>119,365</b>	<b>129,888</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>36,782</b>	<b>32,630</b>	<b>10,754</b>	<b>43,768</b>	<b>38,913</b>	<b>38,913</b>	<b>34,019</b>	<b>26,621</b>	<b>29,447</b>
Municipal Infrastructure Grant (MIG)		36,782	32,630	10,754	23,768	15,913	15,913	23,019	23,421	24,533
Regional Bulk Infrastructure					15,000	10,000	10,000			
Integrated Energy Electrification Grant					5,000	5,000	5,000	1,000	3,200	4,914
Water Services Infrastructure Grant								10,000		
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants <i>[insert description]</i>										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
<b>Total Capital Transfers and Grants</b>	5	<b>36,782</b>	<b>32,630</b>	<b>10,754</b>	<b>43,768</b>	<b>38,913</b>	<b>38,913</b>	<b>34,019</b>	<b>26,621</b>	<b>29,447</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>121,942</b>	<b>124,793</b>	<b>103,088</b>	<b>141,482</b>	<b>133,322</b>	<b>133,322</b>	<b>144,431</b>	<b>145,986</b>	<b>159,255</b>

2.6.4 Allocations on grants made by the Municipality



MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masilonyana - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Cash Transfers To Entities/Ems*</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Organisations</b>											
<i>Insert description</i>											
<b>Total Cash Transfers To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Cash Transfers to Groups of Individuals</b>											
<i>Insert description</i>											
<b>Total Cash Transfers To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL CASH TRANSFERS AND GRANTS</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other municipalities</b>											
<i>Insert description</i>	1										
<b>Total Non-Cash Transfers To Municipalities:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to Entities/Other External Mechanisms</b>											
<i>Insert description</i>	2										
<b>Total Non-Cash Transfers To Entities/Ems*</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Transfers to other Organs of State</b>											
<i>Insert description</i>	3										
<b>Total Non-Cash Transfers To Other Organs Of State:</b>		-	-	-	-	-	-	-	-	-	-
<b>Non-Cash Grants to Organisations</b>											
<i>Insert description</i>	4										
<b>Total Non-Cash Grants To Organisations</b>		-	-	-	-	-	-	-	-	-	-
<b>Groups of Individuals</b>											
<i>Insert description</i>	5										
<b>Total Non-Cash Grants To Groups Of Individuals:</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL NON-CASH TRANSFERS AND GRANTS</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS</b>	6	-	-	-	-	-	-	-	-	-	-

2.6.5 Councillors and Board members allowance and employees benefits



MLM: FS181 BUDGET AND MTREF 2018-2019

FS181 Masilonyana - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1	5,250	3,112	4,272	4,495	4,495	4,495	4,733	4,989	5,263
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions			35	37	40	40	40	42	44	47
Motor Vehicle Allowance										
Cellphone Allowance		20								
Housing Allowances										
Other benefits and allowances		1,442	1,639	2,316	2,358	2,358	2,358	2,483	2,617	2,761
<b>Sub Total - Councillors</b>		<b>6,712</b>	<b>4,786</b>	<b>6,625</b>	<b>6,893</b>	<b>6,893</b>	<b>6,893</b>	<b>7,258</b>	<b>7,650</b>	<b>8,071</b>
<b>% increase</b>	4		(28.7%)	38.4%	4.0%	-	-	5.3%	5.4%	5.5%
<b>Senior Managers of the Municipality</b>	2	1,852	3,394	3,632	3,900	3,900	3,900	4,107	4,328	4,567
Basic Salaries and Wages										
Pension and UIF Contributions		7	93	99	106	106	106	112	118	124
Medical Aid Contributions			148	158	170	170	170	179	189	199
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	1,142	1,295	1,386	1,488	1,488	1,488	1,567	1,651	1,742
Cellphone Allowance	3	34	24	26	28	28	28	29	31	33
Housing Allowances	3									
Other benefits and allowances	3	138								
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Municipality</b>		<b>3,173</b>	<b>4,953</b>	<b>5,300</b>	<b>5,692</b>	<b>5,692</b>	<b>5,692</b>	<b>5,994</b>	<b>6,317</b>	<b>6,665</b>
<b>% increase</b>	4		56.1%	7.0%	7.4%	-	-	5.3%	5.4%	5.5%
<b>Other Municipal Staff</b>		34,391	39,896	48,761	52,370	52,370	52,370	55,145	58,123	61,320
Basic Salaries and Wages										
Pension and UIF Contributions		3,634	4,891	7,305	7,846	7,846	7,846	8,262	8,708	9,187
Medical Aid Contributions		2,264	4,273	5,593	6,007	6,007	6,007	6,325	6,667	7,034
Overtime		2,237	1,898	2,680	2,878	2,878	2,878	3,031	3,194	3,370
Performance Bonus										
Motor Vehicle Allowance	3		3,708	5,064	5,438	5,438	5,438	5,726	6,035	6,367
Cellphone Allowance	3	169	452	509	546	546	546	575	606	639
Housing Allowances	3	56	16	575	618	618	618	651	686	724
Other benefits and allowances	3	6,049	2,398	3,450	3,705	3,705	3,705	3,901	4,112	4,338
Payments in lieu of leave			1,331	1,424	1,530	1,530	1,530	1,611	1,698	1,791
Long service awards			2,311	2,473	2,656	2,656	2,656	2,797	2,948	3,110
Post-retirement benefit obligations	6									
<b>Sub Total - Other Municipal Staff</b>		<b>48,800</b>	<b>61,173</b>	<b>77,834</b>	<b>83,594</b>	<b>83,594</b>	<b>83,594</b>	<b>88,024</b>	<b>92,777</b>	<b>97,880</b>
<b>% increase</b>	4		25.4%	27.2%	7.4%	-	-	5.3%	5.4%	5.5%
<b>Total Parent Municipality</b>		<b>58,685</b>	<b>70,912</b>	<b>89,759</b>	<b>96,179</b>	<b>96,179</b>	<b>96,179</b>	<b>101,276</b>	<b>106,745</b>	<b>112,616</b>
<b>% increase</b>			20.8%	26.6%	7.2%	-	-	5.3%	5.4%	5.5%
<b>Board Members of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Board Members of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>	4									
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Senior Managers of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>	4									
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
<b>Sub Total - Other Staff of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% increase</b>	4									
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>58,685</b>	<b>70,912</b>	<b>89,759</b>	<b>96,179</b>	<b>96,179</b>	<b>96,179</b>	<b>101,276</b>	<b>106,745</b>	<b>112,616</b>
<b>% increase</b>	4		20.8%	26.6%	7.2%	-	-	5.3%	5.4%	5.5%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>51,973</b>	<b>66,126</b>	<b>83,134</b>	<b>89,286</b>	<b>89,286</b>	<b>89,286</b>	<b>94,018</b>	<b>99,095</b>	<b>104,545</b>



## 2.6.6 Monthly targets for revenue, expenditure and cashflow

FS181 Masiinyana - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>Cash Receipts By Source</b>																
Property rates	2,782	614	1,680	1,661	992	1,322	1,915	1,292	1,479	1,464	1,448	12,244	28,893	35,138	44,485	
Service charges - electricity revenue	1,872	1,630	1,867	1,061	1,017	1,268	1,014	1,131	1,312	1,425	1,952	6,960	22,510	19,732	24,981	
Service charges - water revenue	1,872	1,730	1,967	1,861	1,917	1,768	1,714	1,731	1,861	1,917	1,968	5,801	26,108	30,437	38,533	
Service charges - sanitation revenue	957	1,197	862	762	955	1,007	919	882	1,007	919	882	4,774	15,125	19,752	25,006	
Service charges - refuse revenue	629	689	701	812	711	741	705	870	848	964	946	1,163	9,779	10,860	13,749	
Service charges - other																
Rental of facilities and equipment	21	12	8	4	14	7	20	12	6	4	6	143	257	271	285	
Interest earned - external investments	146	22	18	16	32	68	32	34	26	18		181	594	626	660	
Interest earned - outstanding debtors	340	312	301	217	324	321	312	345	215	237	269	64	3,256	3,960	5,013	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	8	8	8	8	
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	500	500	527	556	
Licences and permits																
Agency services																
Transfer receipts - operational	39,134	333	-	-	5,000	28,912		333	24,001			12,698	110,412	119,365	129,808	
Other revenue	190	113	227	207	244	112	378	172	165	341		(2,150)				
<b>Cash Receipts by Source</b>	<b>47,944</b>	<b>6,654</b>	<b>7,630</b>	<b>6,602</b>	<b>11,205</b>	<b>35,526</b>	<b>7,010</b>	<b>6,803</b>	<b>30,920</b>	<b>7,289</b>	<b>7,471</b>	<b>42,386</b>	<b>217,442</b>	<b>240,675</b>	<b>283,085</b>	
<b>Other Cash Flows by Source</b>																
Transfer receipts - capital	8,673					7,673			7,673				24,019	26,621	29,447	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)																
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>56,617</b>	<b>6,654</b>	<b>7,630</b>	<b>6,602</b>	<b>11,205</b>	<b>43,199</b>	<b>7,010</b>	<b>6,803</b>	<b>38,593</b>	<b>7,289</b>	<b>7,471</b>	<b>42,386</b>	<b>241,461</b>	<b>267,296</b>	<b>312,532</b>	
<b>Cash Payments by Type</b>																
Employee related costs	8,362	8,242	7,099	7,600	8,767	8,639	7,683	7,275	6,600	7,767	8,639	7,344	94,018	99,095	104,545	
Remuneration of councillors	603	609	617	648	614	596	560	596	599	592	595	629	7,258	7,650	8,071	
Finance charges	86	73	100	126	253	150	97	86	80	91	90	174	1,406	1,481	1,563	
Bulk purchases - Electricity	4,478	4,322	4,455	3,849	216	3,209	3,567	3,715	3,185	3,823	2,736	2,303	39,858	52,072	54,447	
Bulk purchases - Water & Sewer	486	173	200	166	253	450	197	186	324	191	190	175	2,990	3,152	3,325	
Other materials	1,650	1,398	460	1,175	1,445	1,880	897	1,766	878	1,078	778	546	13,952	14,706	15,514	
Contracted services	650	398	460	175	245	80	197					1,613	3,818	4,532	4,607	
Transfers and grants - other municipalities																
Transfers and grants - other																
Other expenditure	8,582	4,774	3,907	5,397	1,607	5,575	2,626	1,805	2,365	2,930	2,295	(11,666)	30,197	31,561	33,132	
<b>Cash Payments by Type</b>	<b>24,896</b>	<b>19,988</b>	<b>17,298</b>	<b>19,137</b>	<b>13,402</b>	<b>20,578</b>	<b>15,825</b>	<b>15,430</b>	<b>14,031</b>	<b>16,473</b>	<b>15,322</b>	<b>1,118</b>	<b>193,498</b>	<b>214,249</b>	<b>225,205</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	15,136	3,754	2,704	1,754	2,063	1,804	1,029	1,081	1,904	1,938	1,304	(452)	34,019	26,621	29,447	
Repayment of borrowing			196			196			196			196	783	826		
Other Cash Flows/Payments																
<b>Total Cash Payments by Type</b>	<b>40,032</b>	<b>23,742</b>	<b>20,198</b>	<b>20,891</b>	<b>15,465</b>	<b>22,578</b>	<b>16,854</b>	<b>16,511</b>	<b>16,131</b>	<b>18,411</b>	<b>16,626</b>	<b>862</b>	<b>228,300</b>	<b>241,696</b>	<b>254,652</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>16,585</b>	<b>(17,088)</b>	<b>(12,567)</b>	<b>(14,289)</b>	<b>(4,259)</b>	<b>20,622</b>	<b>(9,844)</b>	<b>(9,707)</b>	<b>22,462</b>	<b>(11,123)</b>	<b>(9,155)</b>	<b>41,524</b>	<b>13,160</b>	<b>25,601</b>	<b>57,880</b>	
Cash/cash equivalents at the monthly/year begin:	650	17,235	147	(12,421)	(26,709)	(30,969)	(10,347)	(20,191)	(29,899)	(7,436)	(18,559)	(27,713)	650	13,810	39,411	
Cash/cash equivalents at the monthly/year end:	17,235	147	(12,421)	(26,709)	(30,969)	(10,347)	(20,191)	(29,899)	(7,436)	(18,559)	(27,713)	13,810	13,810	39,411	97,291	

## 2.6.7 Contracts having future budgetary implications



FS181 Masilonyana - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding	Current Year	2018/19 Medium Term Revenue & Expenditure Framework			Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total Contract Value
		Years	2017/18	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	
R thousand	1,3	Total	Original Budget				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			42,204	39,858	52,072	54,447							188,581
CCG			947	1,702	2,301	2,254							7,204
Contract 3 etc													-
<b>Total Operating Expenditure Implication</b>		-	43,151	41,560	54,373	56,701	-	-	-	-	-	-	195,786
<b>Capital Expenditure Obligation By Contract</b>	2												
Contract 1													-
Contract 2													-
Contract 3 etc													-
<b>Total Capital Expenditure Implication</b>		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Parent Expenditure Implication</b>		-	43,151	41,560	54,373	56,701	-	-	-	-	-	-	195,786

## 2.6.8 Interest Rates on borrowing and Investment of Funds

The MFMA stipulates that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Masilonyana municipality will still be servicing the long term borrowing with the DBSA 12.5%.

### 2.6.9 Collection rate for revenue services

The base assumption is that tariffs and rates will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a percentage of annual billings. Cash flow is assumed to be 65 percent of billings, excluding an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. The municipality is aiming at increasing its collection rate by 60 percent each financial year of additional cash in-flow once the performance has been carefully monitored.

### 2.6.10 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, and real growth of the municipality, household formation growth rate and the poor household change rate.



## 2.7 Legislation compliance status

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

### 2.7.1. In year reporting

Reporting to National Treasury in electronic format will fully be complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) is fully complied with.

### 2.7.2 Internship programme

Currently the Municipality does not have interns but will be advertising and appointing before the beginning of the financial year.

### 2.7.3. Audit Committee

The council of the MLM has advertised for the audit committee as the contract of the previous has ended.

### 2.7.4. Service Delivery and Implementation Plan

A detailed SDBIP document is currently under construction and will be directly aligned and informed by the 2017/2018 MTREF budget and Integrated Development Plan. The 2018/19 SDBIP will also be drafted and aligned to the 2018/2019 MTREF. This document will be approved by the Mayor 28 days after the budget is approval by council`





## 1. QUALITY CERTIFICATE

### QUALITY CERTIFICATE

I, Pule Tsekedi, the Municipal Manager of Masilonyana Local Municipality, hereby certify that:

#### **2018/2019 MTREF Budget**

has been prepared in accordance with Section 21 & 53 of the Municipal Finance Management Act 56 of 2003 and the relevant regulations.

Name : Pule Tsekedi

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

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

### **RECOMMENDATIONS:**

That council to adopt:

1. the 2018/2019 MTREF Budget,
2. budget and non-budget related policies
3. Tariff book for 2018/2019