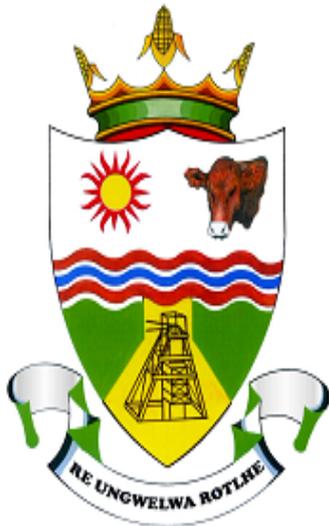


# DRAFT BUDGET OF JOE MOROLONG LOCAL MUNICIPALITY



JOE MOROLONG  
LOCAL MUNICIPALITY

(NC 451)

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

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## Glossary

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

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

**AFS**- Annual Financial Statements

**Budget** – The financial plan of the Municipality

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

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

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

**CFO** - Chief Financial Officer

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

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

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

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

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

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

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

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

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

**NT** – National Treasury

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

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

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

**SCM** – Supply Chain Management

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

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

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

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

## **PART 1**

### **MAYORAL BUDGET SPEECH**

Madam Speaker,  
Members of the Executive Committee,  
Councilors,  
Our Traditional Leaders,  
Municipal Manager,  
Senior Managers,  
Guests,  
Ladies and Gentlemen,  
Good day to you all.

Thank you for the opportunity to present the Draft Budget for the 2016/17 Financial year.

During the State of the National's address, the President of the Republic of South Africa, President Jacob Zuma, reminded us that, "The year 2016 marks as the 20<sup>th</sup> anniversary of the signing into law by Madiba, of the constitution of the Republic. The signing took place in Sharpsville on 10 December 1996"

We are mandated by the constitution, Chapter 7, Sec 152 to deliver basic services to our communities.

Madam Speaker, Our municipality is faced with challenges of drought and water shortage as a result of less rainfall. The water ponds have dried up, and as a result the livestock and people are forced to use one source of water to quench the thirst. Thus placing the municipality in a difficult predicament.

As council, in addressing the situation, we have been working together with the department of Agriculture and CoGTA as well as National MIG office to refurbish our boreholes in different villages within the municipality.

The average inflation rate for the past year was 5.6% and the headline inflation forecast for forthcoming financial year is estimated to be 6.6%, 6.2% and 5.9% respectively for 2017/18 and 2018/19.

It is with the aforementioned figures in mind that we still place strong emphasis on; value for money in all our procurement processes, the encouragement of savings and

the maximizing of all revenue sources for the 2016/17 financial year, as we are still striving to secure the economic progression of the Municipality.

The budget I am tabling here today was prepared in accordance with the prescripts of the Municipal Finance Management Act, (Act 56 of 2003) and complies with Generally Recognized Accounting Practice as applicable to Local Government.

The budget was compiled, taking into account the Macro-economic growth parameters and also addresses the National Policy frameworks and provincial priorities including the following:

- Building of capacity for long term growth through investment in infrastructure
- Focus on core service delivery activities of local government
- Job creation and sustainable economic growth
- Participation in expanded public works programs and labour intensive projects.
- Protection of the poor through viable local economic development and strengthening of the social safety net.
- Effective and participative management through the regional management model.
- Maintaining of debt levels through debtor management as well as maximizing sources of revenue.
- Securing the health of the municipal asset base by increasing spending on repairs and maintenance.

The following underlying factors were also taken into consideration with the compilation of the 2016/17 budget:

- ❖ The National Policy framework with regards to basic service delivery to all our communities.
- ❖ External factors having a direct impact on the budget such as the Eskom tariff decrease of 9.4%, bulk water tariff increase of 7.7%, consumer inflation, as well as other cost factors influencing service delivery.

## FOCUS OF THE 2016/17 BUDGET

- ❖ With the 2016/17 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.
- ❖ Maintenance and renewal of existing infrastructure should enjoy preference and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- ❖ Innovative service delivery mechanisms such as the building of internal capacity to get more value for budget allocations.
- ❖ Provision of much needed infrastructure to ensure the economic progression of our communities
- ❖ Provision of basic services, improvement of the quality infrastructures well as sustainable service delivery.

## CAPITAL BUDGET

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders and communities through a public participation process as well as ward committee processes where applicable. The capital budget for the 2016/17 financial year amounts to R 149.1 Million with the main focus on the following:

❖ Provision of water	R 102.2 Million
❖ Roads	R 20.5 Million
❖ Sanitation	R 11.7 Million
❖ Traffic Testing Centre	R 1 Million
❖ Sports & Recreations	R 5.7 Million
❖ Community Halls	R 4.0 Million
❖ Cemeteries	R 1.0 Million
❖ Computers, Offices Equipment & Other	R 1.1 Million
❖ Municipal Office Fencing	R 1.8 million

Capital projects for the 2016/17 financial year are funded from grants receivable from the National Government amounting to R 140 Million and own funding to the amount of R 9.2 Million

## **IN CONCLUSION**

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

Thank you to the Municipal Manager who I believe has done an excellent job in leading the administration in the direction we both wish to move in and to the Directors and staff for their continued hard work in delivering services in line with the Municipality's vision of "A wealthy and prosperous local community with equal access to basic services and sustainable development opportunities".

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

## **I THANK YOU**

**M.D Moremi**

**MAYOR**

## **Council's Budget Resolution**

- ❖ Council of Joe Morolong Local Municipality, acting in terms of section 24 of the Municipality Finance Management Act: Act 56 of 2003, approves and adopt the Annual Budget for 2016/17 financial year and single-year capital appropriations as set-out in the core table contained in the bound budget document with effect from the a 1 July 2016.
  - ✓ Table A2: Budgeted Financial Performance (expenditure by standard classification)
  - ✓ Table A3: Budgeted Financial Performance (expenditure by municipal vote)
  - ✓ Table A4: Budgeted Financial Performance (revenue by source)
  - ✓ Table A5: Budgeted Capital Expenditure for both multi-year and single year appropriations by vote, standard classification and funding
- ❖ The council also, acting in terms of Section 75A of the municipality System Act, Act 32 of 2000, adopted with effect from 1 July 2016.
  1. Tariffs for property rates, electricity, water supply, sanitation services and solid waste services and tariffs for other services.
  2. And the Council of Joe Morolong approved cash backing implemented through the utilisation of bulk services fees and portion of revenue generated from property rates to ensure cash backing for unspent conditional grants for effectiveness to the Municipal budget as required by the legal prescripts, Section 8 of the municipality Budget and Reporting Regulations.

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

- 1) Property Rates Policy
- 2) Banking and Investment Policy
- 3) Budget, Funding, Reserves & Virement Policy

- 4) Credit Control and Debt Collection Policy
- 5) Fixed Assets Policy
- 6) Indigent Policy
- 7) Risk Management Policy
- 8) Supply Chain Management Policy
- 9) Tariffs Policy
- 10) Fruitless and Wasteful Expenditure Policy
- 11) Cash Shortage Policy
- 12) Bad Debt Write Off Policy
- 13) Asset Management Policy
- 14) Petty Cash Policy

**BUDGET RESOLUTION: 164/2015/16**

## 1.1 Executive Summary

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

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

- **National Treasury's MFMA Circular No. 67, 70, 78 and 79 was used to guide the compilation of the 2016/17 MTREF.**
  
- **The main challenges experienced during the compilation of the 2016/17 MTREF can be summarized as follows:**
  - The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and cash position of the municipality;
  - Elimination of non-priority expenditure that does serve the interest of service delivery to communities
  - The municipality's inability to generate enough own revenue to assist the infrastructure challenges in our communities.
  - Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
  - Affordability of capital projects

- **The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:**
  - The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2016/17 draft budget
  - The budget was prepared on a zero base principle and some of the operational expenses such as some contracted service and fuel expenses were prepared based on the 2015/16 financial year performance.
  - Intermediate service level standards were used to inform the, targets and backlog eradication goals;
  - Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs. For the next financial year, tariffs and property rates have been increased and there are two separate tariffs and rates applicable to municipality; being the one for businesses and the other for residential
  - Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
  - There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the 2016/17 Medium-term Revenue and Expenditure Framework:

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

	<b>Adjustment Budget 2015/16 R '000</b>	<b>Budget Year 2016/17 R '000</b>	<b>Budget Year +1 2017/18 R 000</b>	<b>Budget Year +2 2018/19 R 000</b>
Total Operating Revenue	R 187 900	R 159 970	R 165 080	R 165 593
Total Operating Expenditure	R 177 823	R 150 791	R 156 273	R 163 816
(Surplus)/Deficit for the year	R 10 077	R 9 178	R 8 807	R 1 778
Total Capital Expenditure	R 126 501	R 149 309	R 165 071	R 194 937

Total operating revenue has decrease by R 36.4 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by R5.1 million and then increase by R 0.5 million respectively. The decrease of R 5.1 million in 2016/17 financial year is as result of reduction in the operational grants

Total operating expenditure for the 2016/17 financial year has been appropriated at R 159.9 million and translates into a budgeted surplus of R 9.2million. When compared to the 2014/15 Adjustments Budget, operational expenditure has decreased by R 27.0 million in the 2016/17 budget and will increase by R 5.5 million and R 0.5 million for each of the respective outer years of the MTREF. The operating surplus for the two outer years increases to R 8.8 million and then reduces to R 1.8 million. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 149.3 million for 2016/17 is 15 per cent more when compared to the 2015/16 Adjustment Budget. The capital programme increases to R165.1 million in the 2017/18 financial year and R194.9 million in 2018/19. The capital budget will be funded from government grants and internally generated funds (surplus) over MTREF.

## **1.2. Operating Revenue Framework**

For Joe Morolong local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough

economic times strong revenue management is fundamental to the financial sustainability of every municipality.

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

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Trading services are fully cost-reflective and ring-fenced;
- Determining the tariff escalation rate by calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of subsidised services; and
- Tariff policies of the municipality.

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

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

**NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>											
Property rates	2	6,925	3,371	12,134	10,489	16,887	16,887	–	12,863	13,634	14,452
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	5,177	4,914	4,555	6,569	4,259	4,259	–	7,038	7,602	8,210
Service charges - water revenue	2	10,262	5,315	13,571	6,798	6,798	6,798	–	15,200	15,200	15,200
Service charges - sanitation revenue	2	1,141	1,439	1,557	1,585	1,910	1,910	–	1,650	1,749	1,854
Service charges - refuse revenue	2	652	838	868	960	1,078	1,078	–	920	975	1,033
Service charges - other											
Rental of facilities and equipment		171	100	74	97	80	80		93	98	103
Interest earned - external investments		123	260	1,155		364	364				
Interest earned - outstanding debtors		3,385	3,727	4,583	50	25	25		50	53	56
Dividends received				–							
Fines				–							
Licences and permits				–							
Agency services				–	109	55	55		120	116	123
Transfers recognised - operational		70,029	74,257	195,240	147,129	147,129	147,129		120,820	124,462	123,349
Other revenue	2	3,296	1,022	751	581	9,316	9,316	–	1,215	1,191	1,213
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>101,161</b>	<b>95,241</b>	<b>234,489</b>	<b>174,368</b>	<b>187,900</b>	<b>187,900</b>	<b>–</b>	<b>159,970</b>	<b>165,080</b>	<b>165,594</b>

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

Description R thousand	Current Year 2015/16		2015/16 Medium Term Revenue & Expenditure Framework					
	ADJUSTED BUDGET	%	Budget Year 2015/16	%	Budget Year 2016/17	%	Budget Year 2017/18	%
<b>Revenue By Source</b>								
Property rates	6 303	4.62%	10 489	6.07%	11 223	6.70%	12 009	7.02%
Property rates - penalties & collection charges	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Service charges - electricity revenue	5 855	4.29%	6 598	3.82%	7 435	4.44%	8 378	4.90%
Service charges - water revenue	6 746	4.94%	6 798	3.93%	7 172	4.28%	7 566	4.42%
Service charges - sanitation revenue	1 510	1.11%	1 585	0.92%	1 664	0.99%	1 748	1.02%
Service charges - refuse revenue	915	0.67%	960	0.56%	1 008	0.60%	1 059	0.62%
Service charges - other	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Rental of facilities and equipment	95	0.07%	97	0.06%	103	0.06%	108	0.06%
Interest earned - external investments	92	0.07%	–	0.00%	–	0.00%	–	0.00%
Interest earned - outstanding debtors	352	0.26%	50	0.03%	50	0.03%	50	0.03%
Dividends received	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Fines	2	0.00%	–	0.00%	–	0.00%	–	0.00%
Licences and permits	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Agency services	–	0.00%	109	0.06%	116	0.07%	123	0.07%
Transfers recognised - operational	113 634	83.24%	145 624	84.23%	138 486	82.62%	139 604	81.63%
Other revenue	1 010	0.74%	582	0.34%	360	0.21%	381	0.22%
Gains on disposal of PPE	–	0.00%	–	0.00%	–	0.00%	–	0.00%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>136 514</b>	<b>100.00%</b>	<b>172 893</b>	<b>100.00%</b>	<b>167 617</b>	<b>100%</b>	<b>171 025</b>	<b>100%</b>
<b>Total Revenue from rates and service charges</b>	<b>21 328</b>	<b>16%</b>	<b>26 430</b>	<b>15%</b>	<b>28 503</b>	<b>17%</b>	<b>30 760</b>	<b>18%</b>

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

The municipality's revenue from operating grants and transfers totals R160 million in 2016/17 and steadily increases to R165 million by 2017/18 and increases to R165.6 by 2018/19 of total revenue of municipality generated from grants, the revenue from operating grants form a significant percentage of the revenue basket for the Joe Morolong Local Municipality. The increase in property rates revenue in relation to the updated valuation, whereby there are additional mining development in the area. In terms of services charges mainly water municipality is busy installing the meters in all government sector department (e.g. schools, clinics, etc.) where they have been receiving water for free and decided to install prepaid meter for all new water projects that they undertake in order to manage water usage.

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

**Table 4 Operating Transfers and Grant Receipts**

**NC451 Joe Morolong - Supporting Table SA18 Transfers and grant receipts**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		69,806	73,667	95,789	142,694	142,694	142,694	117,928	125,187	131,002
Local Government Equitable Share		67,506	71,227	93,255	115,253	115,253	115,253	115,068	123,042	129,952
Water Services Operating Subsidy					22,500	22,500	22,500			
Finance Management		1,500	1,550	1,600	1,675	1,675	1,675	1,810	2,145	1,050
Municipal Systems Improvement		800	890	934	930	930	930			
EPWP Incentive					2,336	2,336	2,336	1,050		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		223	590	969	1,505	9,821	9,821	-	-	-
Sport and Recreation		223	590	969	1,505	1,505	1,505			
Housing						8,316	8,316			
Other transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	70,029	74,257	96,758	144,199	152,515	152,515	117,928	125,187	131,002

### **1.2.1. Operational revenue assumptions – tariffs**

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

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

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

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

### **1.2.2. Property Rates**

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties

The following stipulations in the Property Rates Policy are highlighted:

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

**Table 5 Comparison of rates to be levied for the 2016/17 financial year**

<b>Category</b>	<b>Current Tariff (from 01 July 2015)</b>	<b>Approved Tariff (from 01 July 2016)</b>
	<b>c</b>	<b>c</b>
Residential properties	0.00818	0.00867
State owned properties	0.01497	0.01587
Business & Commercial	0.01497	0.01756
Agricultural	0.00818	0.00867
Industrial	0.01657	0.01756
Mines	0.01657	0.01756

### **1.2.3 Sales of Water and Impact of Tariff Increases**

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

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

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

A tariff increase of 12 per cent as from 1 July 2016 for water. This is based on input cost assumption of 7.7 percent increase in the cost of bulk water (Sedibeng Water) and cost related to renewal of water infrastructure. In addition 6kl of water per 30 day period will again be granted for free to all the registered indigents.

**Table 6 Approved Water Tariffs**

Category	Current Tariffs 2015/16	Approved Tariffs 2016/17
<b>Residential</b>	<b>Rand per kl</b>	<b>Rand per kl</b>
0 – 10 kl	5.00	5.75
10 – 20 kl	6.25	7.18
> 20 kl	11.94	13.73
<b>Business</b>		
0 – 10 kl	12.50	14.37
10 – 20 kl	16.16	18.59
> 20 kl	22.06	25.36
<b>Industrial</b>		
0 – 10 kl	35.00	40.25
10 – 20 kl	45.00	51.75
> 20 kl	65.00	74.75

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

A tariff increase of 6 percent for sanitation from 1 July 2016 is approved by council.

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

Categories	Current Tariffs 2015/16	Approved Tariffs 2016/17
<b>Residential</b>		
Availability charge	60.68	64.93
Basic charge	60.68	64.93
Charge per Toilet	83.93	89.81
<b>Business</b>		
Availability charge	69.75	74.64
Basic charge	69.75	74.64
Charge per Toilet	149.71	160.19

### 1.2.5 Refuse and Impact of Tariff Increases

A tariff increase of 6 percent for refuse from 1 July 2016 is approved by council

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

Categories	Current Tariffs 2015/16	Approved Tariffs 2016/17
<b>Van Zylsrus</b>		
Residential	24.39	26.09
Business (per container)	50.61	54.15
<b>Hotazel</b>		
Availability charge	41.63	44.54
Basic charge	41.63	44.54
Basic removal charge	122.83	131.43

### 1.2.6 Electricity and impact of Tariff Increases

A tariff increase of 9.6% percent for electricity from 1 July 2016 is approved by council as recommended by NERSA in MFMA Circular no: 78

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

Categories	Current Tariffs 2015/16	Approved Tariffs 2016/17
<b>Hotazel</b>		
Availability charge	87.07	95.02
<b>Single Phased pre-paid</b>		-
-basic charge	74.73	81.55
-per kwh	1.38	1.51
<b>Three phase pre-paid</b>		-
-basic charge	108.83	118.76
-per kwh	1.67	1.82
<b>Normal metered</b>		-
-basic charge	108.83	118.76
-per kwh	1.38	1.51

### **The tariffs for 2016/17 MTREF are based on the following assumptions:**

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

#### **1.2.7 Overall impact of tariff increases on households**

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

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 per cent and 9.6 per cent, with the increase for indigent households being to 6 per cent.

**Table 10– Table SA14 Household bills**

**NC451 Joe Morolong - Supporting Table SA14 Household bills**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates			94.19	99.84	106.83	106.83	106.83	6.0%	113.24	120.03	127.23
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption			1,632.35	1,811.91	2,011.22	2,011.22	2,011.22	12.0%	2,252.57	2,522.87	2,825.62
Sanitation			314.05	332.89	356.19	356.19	356.19	6.0%	377.56	400.22	400.22
Refuse removal			165.30	175.22	187.49	187.49	187.49	6.0%	198.73	210.66	210.66
Other											
<b>sub-total</b>		-	<b>2,205.89</b>	<b>2,419.86</b>	<b>2,661.73</b>	<b>2,661.73</b>	<b>2,661.73</b>	<b>10.5%</b>	<b>2,942.10</b>	<b>3,253.78</b>	<b>3,563.73</b>
VAT on Services			308.82	338.78							
<b>Total large household bill:</b>		-	<b>2,514.71</b>	<b>2,758.64</b>	<b>2,661.73</b>	<b>2,661.73</b>	<b>2,661.73</b>	<b>10.5%</b>	<b>2,942.10</b>	<b>3,253.78</b>	<b>3,563.73</b>
<b>% increase/-decrease</b>			-	9.7%	(3.5%)	-	-	10.5%	10.5%	10.6%	9.5%
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates			57.17	57.17	61.17	61.17	61.17	6.0%	64.84	68.73	72.86
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption			501.76	501.76	556.95	556.95	556.95	12.0%	623.79	698.64	782.48
Sanitation								-	-	-	-
Refuse removal			24.50	24.50	26.22	26.22	26.22	6.0%	27.79	29.46	29.46
Other											
<b>sub-total</b>		-	<b>583.43</b>	<b>583.43</b>	<b>644.34</b>	<b>644.34</b>	<b>644.34</b>	<b>11.2%</b>	<b>716.42</b>	<b>796.83</b>	<b>884.79</b>
VAT on Services											
<b>Total small household bill:</b>		-	<b>583.43</b>	<b>583.43</b>	<b>644.34</b>	<b>644.34</b>	<b>644.34</b>	<b>11.2%</b>	<b>716.42</b>	<b>796.83</b>	<b>884.79</b>
<b>% increase/-decrease</b>			-	-	10.4%	-	-	11.2%	11.2%	11.2%	11.0%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates											
Electricity: Basic levy											
Electricity: Consumption			57.00	57.00	63.95	63.95	63.95	9.6%	70.09	76.82	84.20
Water: Basic levy			-	-							
Water: Consumption			4.06	4.06	4.51	4.51	4.51	12.0%	5.05	5.65	6.33
Sanitation			53.12	53.12	56.84	56.84	56.84	6.0%	60.25	63.86	67.70
Refuse removal			21.50	21.50	23.01	23.01	23.01	6.0%	24.39	25.85	27.40
Other											
<b>sub-total</b>		-	<b>135.68</b>	<b>135.68</b>	<b>148.30</b>	<b>148.30</b>	<b>148.30</b>	<b>7.7%</b>	<b>159.77</b>	<b>172.19</b>	<b>185.62</b>
VAT on Services											
<b>Total small household bill:</b>		-	<b>135.68</b>	<b>135.68</b>	<b>148.30</b>	<b>148.30</b>	<b>148.30</b>	<b>7.7%</b>	<b>159.77</b>	<b>172.19</b>	<b>185.62</b>
<b>% increase/-decrease</b>			-	-	9.3%	-	-	7.7%	7.7%	7.8%	7.8%

### 1.3 Operating Expenditure Framework

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

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

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

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

**NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Expenditure By Type</b>											
Employee related costs	2	27,974	37,025	47,447	49,199	51,705	51,705	-	53,375	50,945	54,181
Remuneration of councillors		6,718	7,504	8,531	8,538	9,713	9,713		9,221	9,959	10,756
Debt impairment	3	32,578	2,336	(59,839)	3,960	3,960	3,960		3,053	3,297	3,561
Depreciation & asset impairment	2	20,507	24,326	26,491	10,000	10,000	10,000	-	10,000	10,580	10,000
Finance charges		96	232	202	934	974			943	953	962
Bulk purchases	2	8,926	11,018	-	10,847	9,674	9,674	-	12,085	13,228	13,576
Other materials	8										
Contracted services		82	168	466	20,398	18,700	18,700	-	22,585	23,832	25,181
Transfers and grants		115,727	13,705	18,379	4,730	4,927	-	-	4,938	5,391	5,376
Other expenditure	4, 5	57,503	61,354	48,457	55,048	73,381	73,381	-	34,590	38,088	40,223
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>270,111</b>	<b>157,668</b>	<b>90,134</b>	<b>163,655</b>	<b>183,035</b>	<b>177,134</b>	<b>-</b>	<b>150,791</b>	<b>156,273</b>	<b>163,816</b>

The budgeted allocation for employee related costs for the 2016/17 financial year totals R53.4 million. The previous year's collective SALGBC wage increase averaged above inflation. Salary increases have been factored into this budget at a

percentage increase of 7.0 per cent for the 2016/17 financial year. An annual increase of 6.0 per cent has been included in the two outer years of the MTREF.

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

The provision of debt impairment was determined based on an annual collection rate of 95 percent and the Debt Write-off Policy of the municipality.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges which is R0.9million for 2016/17 and increases to R1.0 million by 2017/18.

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

Other expenditure comprises of various line items relating to the daily operations of the municipality including repairs and maintenance. This group of expenditure has also been investigated as a possible avenue where savings and efficiencies can be achieved but the cost under these items are relatively fixed due to the fact that we were already very conservative when compiling the budget, growth has been limited to average increase of 6.0 per cent for 2016/17 unless there was a specific reason for such line item to be more than inflation.

### 1.3.1 Repairs and Maintenance

**Table 12 Repairs and Maintenance per asset class**

NC451 Joe Morolong - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	<b>1</b>									
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>6,129</b>	<b>15,228</b>	<b>7,145</b>	<b>26,268</b>	<b>30,811</b>	<b>30,811</b>	<b>3,874</b>	<b>4,511</b>	<b>5,180</b>
Infrastructure - Road transport		152	78	314	243	161	161	146	277	277
Infrastructure - Electricity		-	-	-	200	270	270	630	979	1,035
Infrastructure - Water		3,763	14,289	1,693	25,700	30,150	30,150	2,953	3,124	3,617
Infrastructure - Sanitation		-	13	84	110	165	165	145	116	234
Infrastructure - Other		2,215	848	5,053	15	65	65	-	16	17
Community		<b>16</b>	<b>187</b>	<b>2</b>	<b>80</b>	<b>25</b>	<b>25</b>	<b>21</b>	<b>22</b>	<b>24</b>
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		<b>5,538</b>	<b>2,800</b>	<b>3,992</b>	<b>210</b>	<b>713</b>	<b>713</b>	<b>530</b>	<b>662</b>	<b>744</b>
Agricultural assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	110	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>11,683</b>	<b>18,215</b>	<b>11,248</b>	<b>26,558</b>	<b>31,548</b>	<b>31,548</b>	<b>4,425</b>	<b>5,195</b>	<b>5,948</b>

For the 2016/17 financial year, R4.4 million of total repairs and maintenance will be spent on infrastructure assets. Water infrastructure has received a significant proportion of this allocation totalling up to R3 million, followed by roads and electricity infrastructure, other infrastructure and sanitation. Community assets has been allocated R0.002 million and other assets has been allocated R0.5 million of total repairs and maintenance.

## 1.4 Capital expenditure

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

**Table 13 2016/17 Medium-term capital budget per vote**

NC451 Joe Morolong - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description			2016/17 Medium Term Revenue & Expenditure Framework						
	R thousand	Adjusted Budget	%	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
<b>Capital Expenditure - Standard</b>									
Executive and council			0.00%	40	0%	–	0%	–	0%
Budget and treasury office	10		0.01%	150	0%	320	0%	50	0%
Corporate services	1,075		0.77%	2,510	2%	910	1%	1,010	1%
Community and social services	6,536		4.71%	5,270	4%	4,803	3%	45	0%
Sport and recreation	–		0.00%	5,761	4%	8,680	5%	8,680	4%
Public safety	2,433		1.75%	1,000	1%	2,329	1%		0%
Planning and development			0.00%		0%		0%		0%
Road transport	25,826		18.61%	20,474	14%	20,474	12%	4,215	2%
Environmental protection			0.00%		0%		0%		0%
Electricity			0.00%		0%		0%		0%
Water	82,010		59.10%	102,454	69%	124,487	72%	164,919	84%
Waste water management	20,874		15.04%	11,652	8%	11,652	7%	17,357	9%
Waste management			0.00%		0%		0%		0%
<b>Total Capital Expenditure - Standard</b>	<b>138,765</b>	<b>0</b>		<b>149,310</b>	<b>0</b>	<b>173,655</b>	<b>0</b>	<b>196,275</b>	<b>100%</b>

For 2016/17 an amount of R 149 million has been budgeted for the capital expenses and increases to R 173.6 million in 2017/18. For 2016/17 financial year water receives the highest allocation of R 69.1 million, which represent 54.9 per cent followed by waste water management at R 21.1 million at 16.8 per cent and then roads at R 17.5 million at 14 per cent.

Total budget for capital expenditure amount to R149 million.

Capital budget for the 2016/17 financial year amounts to R149 Million with the main focus on the following:

- ❖ Provision of water R 102.2 Million
- ❖ Roads R 20.5 Million
- ❖ Sanitation R 11.7 Million
- ❖ Traffic Testing Centre R 1 Million
- ❖ Sports & Recreations R 5.7 Million
- ❖ Community Halls R 4.0 Million

- ❖ Cemeteries R 1.0 Million
- ❖ Computers, Offices Equipment & Other R 1.1 Million
- ❖ Municipal Office Fencing R 1.8 million

Capital projects for the 2016/17 financial year are funded from grants receivable from the National Government amounting to R 140 Million and own funding to the amount of R 9.2 Million

## 1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2016/17 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

NC451 Joe Morolong - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	6,925	3,371	12,134	10,489	16,887	16,887	–	12,863	13,634	14,452
Service charges	17,232	12,505	20,551	15,912	14,045	14,045	–	24,809	25,526	26,298
Investment revenue	123	260	1,155	–	364	364	–	–	–	–
Transfers recognised - operational	70,029	74,257	195,240	147,129	147,129	147,129	–	120,820	124,462	123,349
Other own revenue	6,852	4,849	5,409	838	9,476	9,476	–	1,479	1,458	1,495
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>101,161</b>	<b>95,241</b>	<b>234,489</b>	<b>174,368</b>	<b>187,900</b>	<b>187,900</b>	<b>–</b>	<b>159,970</b>	<b>165,080</b>	<b>165,594</b>
Employee costs	27,974	37,025	47,447	49,199	51,705	51,705	–	53,375	50,945	54,181
Remuneration of councillors	6,718	7,504	8,531	8,538	9,713	9,713	–	9,221	9,959	10,756
Depreciation & asset impairment	20,507	24,326	26,491	10,000	10,000	10,000	–	10,000	10,580	10,000
Finance charges	96	232	202	934	974	–	–	943	953	962
Materials and bulk purchases	8,926	11,018	–	10,847	9,674	9,674	–	12,085	13,228	13,576
Transfers and grants	115,727	13,705	18,379	4,730	4,927	–	–	4,938	5,391	5,376
Other expenditure	90,163	63,858	(10,917)	79,406	96,042	96,042	–	60,228	65,216	68,965
<b>Total Expenditure</b>	<b>270,111</b>	<b>157,668</b>	<b>90,134</b>	<b>163,655</b>	<b>183,035</b>	<b>177,134</b>	<b>–</b>	<b>150,791</b>	<b>156,273</b>	<b>163,816</b>
<b>Surplus/(Deficit)</b>	<b>(168,950)</b>	<b>(62,426)</b>	<b>144,355</b>	<b>10,714</b>	<b>4,865</b>	<b>10,766</b>	<b>–</b>	<b>9,179</b>	<b>8,807</b>	<b>1,777</b>
Transfers recognised - capital	136,743	127,472	66,249	115,669	115,669	115,669	–	140,131	165,071	194,937
Contributions recognised - capital & contributed	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(32,207)</b>	<b>65,046</b>	<b>210,605</b>	<b>126,383</b>	<b>120,534</b>	<b>126,435</b>	<b>–</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>(32,207)</b>	<b>65,046</b>	<b>210,605</b>	<b>126,383</b>	<b>120,534</b>	<b>126,435</b>	<b>–</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>246,156</b>	<b>131,146</b>	<b>181,772</b>	<b>126,383</b>	<b>138,765</b>	<b>138,765</b>	<b>–</b>	<b>149,310</b>	<b>173,655</b>	<b>196,275</b>
Transfers recognised - capital	227,008	100,292	140,166	115,669	118,575	118,575	–	141,331	165,391	194,987
Public contributions & donations	–	29,340	26,712	10,714	9,985	9,985	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	19,148	1,514	14,893	–	10,204	10,204	–	7,979	8,264	1,288
<b>Total sources of capital funds</b>	<b>246,156</b>	<b>131,146</b>	<b>181,772</b>	<b>126,383</b>	<b>138,765</b>	<b>138,765</b>	<b>–</b>	<b>149,310</b>	<b>173,655</b>	<b>196,275</b>
<b>Financial position</b>										
Total current assets	39,103	47,757	65,453	19,921	19,921	19,921	–	31,804	42,426	43,624
Total non current assets	1,052,533	1,159,368	1,228,744	1,262,412	1,401,177	1,401,177	–	1,644,589	1,809,681	2,004,648
Total current liabilities	96,704	52,311	58,225	14,675	14,675	14,675	–	14,525	15,071	15,071
Total non current liabilities	5,087	4,194	3,368	4,145	4,145	4,145	–	3,834	3,520	3,320
Community wealth/Equity	989,844	1,150,620	1,232,604	1,263,513	1,402,277	1,402,277	–	1,658,035	1,833,515	2,029,880
<b>Cash flows</b>										
Net cash from (used) operating	230,544	149,643	174,898	137,242	143,370	143,370	–	160,405	185,725	208,163
Net cash from (used) investing	(246,156)	(130,784)	(181,312)	(126,383)	(138,900)	(138,900)	–	(149,310)	(173,655)	(196,275)
Net cash from (used) financing	(611)	(1,225)	(638)	(784)	(784)	(784)	–	(784)	(784)	(784)
<b>Cash/cash equivalents at the year end</b>	<b>(2,930)</b>	<b>15,065</b>	<b>8,164</b>	<b>13,173</b>	<b>6,785</b>	<b>6,785</b>	<b>–</b>	<b>34,150</b>	<b>45,435</b>	<b>56,538</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	(2,568)	14,703	(15,431)	13,430	13,430	13,430	–	24,099	35,365	36,368
Application of cash and investments	51,647	(18,912)	(134,850)	8,485	9,075	9,075	–	8,279	8,568	8,568
<b>Balance - surplus (shortfall)</b>	<b>(54,216)</b>	<b>33,615</b>	<b>119,418</b>	<b>4,945</b>	<b>4,355</b>	<b>4,355</b>	<b>–</b>	<b>15,820</b>	<b>26,797</b>	<b>27,800</b>
<b>Asset management</b>										
Asset register summary (WDV)	1,052,533	1,159,368	1,064,882	1,262,412	1,281,463	1,275,965	1,416,310	1,416,310	1,575,166	1,755,845
Depreciation & asset impairment	20,507	24,326	26,491	10,000	10,000	10,000	10,000	10,000	10,580	10,000
Renewal of Existing Assets	–	–	–	–	–	–	–	–	–	–
Repairs and Maintenance	11,683	18,215	11,248	26,558	31,548	31,548	4,425	4,425	5,195	5,948
<b>Free services</b>										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	23,212	28,771	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	2	2	2	2	2	2	1	1	1	1
Sanitation/sewage:	3	3	3	3	3	3	3	3	3	3
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	23	23	24	24	24	24	24	24	24	24

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

### **Explanatory notes: Table A1 Budget Summary**

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

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

**NC451 Joe Morolong - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description R thousand	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		<b>82,970</b>	<b>82,034</b>	<b>114,151</b>	<b>128,791</b>	<b>144,373</b>	<b>144,373</b>	<b>128,426</b>	<b>131,779</b>	<b>132,327</b>
Executive and council		3,642	4,581	5,317	5,998	5,998	5,998	6,315	6,279	6,564
Budget and treasury office		79,176	77,307	108,622	122,522	138,096	138,096	121,796	125,219	125,471
Corporate services		152	146	212	271	279	279	315	281	291
<b>Community and public safety</b>		<b>8,414</b>	<b>608</b>	<b>2,953</b>	<b>4,003</b>	<b>12,246</b>	<b>12,246</b>	<b>1,213</b>	<b>162</b>	<b>171</b>
Community and social services		225	608	2,953	3,893	3,876	3,876	1,093	46	48
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	109	55	55	120	116	123
Housing		8,188	-	-	-	8,316	8,316	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>62,211</b>	<b>66,204</b>	<b>69,106</b>	<b>58,615</b>	<b>68,562</b>	<b>68,562</b>	<b>57,929</b>	<b>62,155</b>	<b>65,698</b>
Planning and development		62,211	66,204	69,106	58,615	68,562	68,562	57,929	62,155	65,698
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>84,309</b>	<b>73,868</b>	<b>114,529</b>	<b>98,629</b>	<b>103,780</b>	<b>103,780</b>	<b>110,723</b>	<b>133,461</b>	<b>156,367</b>
Electricity		5,177	4,914	4,555	6,569	4,259	4,259	7,038	7,602	8,210
Water		77,339	66,677	107,550	89,515	96,533	96,533	101,114	123,135	145,270
Waste water management		1,141	1,439	1,557	1,585	1,910	1,910	1,650	1,749	1,854
Waste management		652	838	868	960	1,078	1,078	920	975	1,033
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	<b>237,904</b>	<b>222,714</b>	<b>300,739</b>	<b>290,038</b>	<b>328,962</b>	<b>328,962</b>	<b>298,291</b>	<b>327,556</b>	<b>354,563</b>
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		<b>104,178</b>	<b>80,554</b>	<b>18,799</b>	<b>63,967</b>	<b>72,849</b>	<b>72,849</b>	<b>70,370</b>	<b>69,569</b>	<b>71,656</b>
Executive and council		13,664	17,185	17,807	16,419	20,548	20,548	17,713	18,875	20,041
Budget and treasury office		72,040	41,299	(11,394)	35,237	37,322	37,322	38,792	41,531	41,811
Corporate services		18,474	22,070	12,386	12,311	14,979	14,979	13,865	9,163	9,805
<b>Community and public safety</b>		<b>11,703</b>	<b>10,276</b>	<b>8,865</b>	<b>7,871</b>	<b>15,903</b>	<b>15,903</b>	<b>6,685</b>	<b>7,241</b>	<b>7,590</b>
Community and social services		6,528	5,643	8,865	6,963	9,001	9,001	5,752	6,162	6,519
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	907	534	534	933	1,080	1,071
Housing		5,175	4,634	-	-	6,369	6,369	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>54,302</b>	<b>13,759</b>	<b>23,715</b>	<b>9,931</b>	<b>9,728</b>	<b>9,728</b>	<b>6,507</b>	<b>6,232</b>	<b>6,859</b>
Planning and development		54,302	13,759	23,715	9,931	9,728	9,728	6,507	6,232	6,859
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>99,929</b>	<b>53,079</b>	<b>40,241</b>	<b>81,885</b>	<b>84,514</b>	<b>84,514</b>	<b>64,527</b>	<b>68,796</b>	<b>72,726</b>
Electricity		2,194	7,002	6,753	8,375	8,941	8,941	10,405	11,558	11,647
Water		97,735	46,077	33,487	71,914	73,996	73,996	52,366	55,403	59,000
Waste water management		-	-	-	587	770	770	702	704	883
Waste management		-	-	-	1,010	807	807	1,055	1,132	1,197
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	3	<b>270,111</b>	<b>157,668</b>	<b>91,620</b>	<b>163,655</b>	<b>182,995</b>	<b>182,995</b>	<b>148,089</b>	<b>151,838</b>	<b>158,832</b>
<b>Surplus/(Deficit) for the year</b>		<b>(32,207)</b>	<b>65,046</b>	<b>209,119</b>	<b>126,383</b>	<b>145,966</b>	<b>145,966</b>	<b>150,202</b>	<b>175,718</b>	<b>195,731</b>

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

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

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

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

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

**NC451 Joe Morolong - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>	1									
Vote 1 - Executive & Council		3,642	4,581	5,317	5,998	5,998	5,998	6,315	6,279	6,564
Vote 2 - Budget & Treasury Office		80,676	78,857	111,156	122,522	138,096	138,096	121,796	125,219	125,471
Vote 3 - Corporate Support Services		152	146	212	271	279	279	315	281	291
Vote 4 - Community Services		10,207	2,884	5,377	6,548	15,234	15,234	4,834	2,886	3,059
Vote 5 - Technical Services		56,502	63,708	69,106	58,615	68,562	68,562	57,929	61,065	68,978
Vote 6 - Electricity Services		5,177	4,914	4,555	6,569	4,259	4,259	7,038	7,602	8,210
Vote 7 - Water Services		77,339	66,677	107,550	89,515	96,533	96,533	101,114	123,135	145,270
Vote 8 - Development & Town Planning Services		5,709	2,496	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>239,404</b>	<b>224,264</b>	<b>303,273</b>	<b>290,038</b>	<b>328,962</b>	<b>328,962</b>	<b>299,341</b>	<b>326,466</b>	<b>357,843</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive & Council		13,664	17,185	17,807	16,419	20,548	20,548	17,713	18,875	20,041
Vote 2 - Budget & Treasury Office		72,040	41,299	(11,394)	35,237	37,322	37,322	38,792	41,531	41,811
Vote 3 - Corporate Support Services		18,474	22,070	12,386	12,311	14,979	14,979	13,865	9,163	9,805
Vote 4 - Community Services		11,703	10,276	8,865	9,468	17,481	17,481	8,442	9,077	9,670
Vote 5 - Technical Services		44,949	3,847	-	5,702	5,808	5,808	5,286	5,727	5,900
Vote 6 - Electricity Services		2,194	7,002	6,753	8,375	8,941	8,941	10,405	11,558	11,647
Vote 7 - Water Services		99,610	54,077	33,487	71,914	73,996	73,996	52,366	55,403	59,000
Vote 8 - Development & Town Planning Services		9,353	9,912	2,189	4,229	3,920	3,920	4,113	3,551	4,178
<b>Total Expenditure by Vote</b>	2	<b>271,986</b>	<b>165,668</b>	<b>70,094</b>	<b>163,655</b>	<b>182,995</b>	<b>182,995</b>	<b>150,981</b>	<b>154,884</b>	<b>162,050</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(32,582)</b>	<b>58,596</b>	<b>233,179</b>	<b>126,383</b>	<b>145,966</b>	<b>145,966</b>	<b>148,360</b>	<b>171,582</b>	<b>195,792</b>

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

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

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

**NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	1										
<b>Revenue By Source</b>											
Property rates	2	6,925	3,371	12,134	10,489	16,887	16,887	–	12,863	13,634	14,452
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	5,177	4,914	4,555	6,569	4,259	4,259	–	7,038	7,602	8,210
Service charges - water revenue	2	10,262	5,315	13,571	6,798	6,798	6,798	–	15,200	15,200	15,200
Service charges - sanitation revenue	2	1,141	1,439	1,557	1,585	1,910	1,910	–	1,650	1,749	1,854
Service charges - refuse revenue	2	652	838	868	960	1,078	1,078	–	920	975	1,033
Service charges - other											
Rental of facilities and equipment		171	100	74	97	80	80		93	98	103
Interest earned - external investments		123	260	1,155		364	364				
Interest earned - outstanding debtors		3,385	3,727	4,583	50	25	25		50	53	56
Dividends received				–							
Fines				–							
Licences and permits				–							
Agency services				–	109	55	55		120	116	123
Transfers recognised - operational		70,029	74,257	195,240	147,129	147,129	147,129		120,820	124,462	123,349
Other revenue	2	3,296	1,022	751	581	9,316	9,316	–	1,215	1,191	1,213
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>101,161</b>	<b>95,241</b>	<b>234,489</b>	<b>174,368</b>	<b>187,900</b>	<b>187,900</b>	<b>–</b>	<b>159,970</b>	<b>165,080</b>	<b>165,594</b>
<b>Expenditure By Type</b>											
Employee related costs	2	27,974	37,025	47,447	49,199	51,705	51,705	–	53,375	50,945	54,181
Remuneration of councillors		6,718	7,504	8,531	8,538	9,713	9,713		9,221	9,959	10,756
Debt impairment	3	32,578	2,336	(59,839)	3,960	3,960	3,960		3,053	3,297	3,561
Depreciation & asset impairment	2	20,507	24,326	26,491	10,000	10,000	10,000	–	10,000	10,580	10,000
Finance charges		96	232	202	934	974			943	953	962
Bulk purchases	2	8,926	11,018	–	10,847	9,674	9,674	–	12,085	13,228	13,576
Other materials	8										
Contracted services		82	168	466	20,398	18,700	18,700	–	22,585	23,832	25,181
Transfers and grants		115,727	13,705	18,379	4,730	4,927	–	–	4,938	5,391	5,376
Other expenditure	4, 5	57,503	61,354	48,457	55,048	73,381	73,381	–	34,590	38,088	40,223
Loss on disposal of PPE											
<b>Total Expenditure</b>		<b>270,111</b>	<b>157,668</b>	<b>90,134</b>	<b>163,655</b>	<b>183,035</b>	<b>177,134</b>	<b>–</b>	<b>150,791</b>	<b>156,273</b>	<b>163,816</b>
<b>Surplus/(Deficit)</b>		<b>(168,950)</b>	<b>(62,426)</b>	<b>144,355</b>	<b>10,714</b>	<b>4,865</b>	<b>10,766</b>	<b>–</b>	<b>9,179</b>	<b>8,807</b>	<b>1,777</b>
Transfers recognised - capital		136,743	127,472	66,249	115,669	115,669	115,669		140,131	165,071	194,937
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(32,207)</b>	<b>65,046</b>	<b>210,605</b>	<b>126,383</b>	<b>120,534</b>	<b>126,435</b>	<b>–</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>(32,207)</b>	<b>65,046</b>	<b>210,605</b>	<b>126,383</b>	<b>120,534</b>	<b>126,435</b>	<b>–</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(32,207)</b>	<b>65,046</b>	<b>210,605</b>	<b>126,383</b>	<b>120,534</b>	<b>126,435</b>	<b>–</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>(32,207)</b>	<b>65,046</b>	<b>210,605</b>	<b>126,383</b>	<b>120,534</b>	<b>126,435</b>	<b>–</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>

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

Total operating revenue is R 160. Million for 2016/17 and increase to R 165 and then increases to R 166 Million by 2017/18 and 2018/19 respectively.

Revenue to be generated from property rates will be R 12.9 Million in the 2016/17 and increase to R 13.6 million by 2017/18 financial year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes R 24.9 million in 2016/17 and increases to R 25.5 million in 2017/18. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

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

The total operational expenditure amounts to R 148.6 million for 2016/17 and increase to R151.8 million by 2017/18.

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

**NC451 Joe Morolong - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Support Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community Services		10,957	19,386	17,018	29,425	20,874	20,874	-	17,412	20,331	26,037
Vote 5 - Technical Services		74,917	29,361	40,570	17,555	25,826	25,826	-	20,474	20,474	4,215
Vote 6 - Electricity Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Water Services		137,636	80,822	109,290	68,890	81,860	81,860	-	102,245	124,266	164,685
Vote 8 - Development & Town Planning Services		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>223,510</b>	<b>129,569</b>	<b>166,879</b>	<b>115,869</b>	<b>128,560</b>	<b>128,560</b>	<b>-</b>	<b>140,131</b>	<b>165,071</b>	<b>194,937</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		861	667	621	-	-	-	-	40	-	-
Vote 2 - Budget & Treasury Office		528	521	(15)	50	10	10	-	150	320	50
Vote 3 - Corporate Support Services		372	327	1,881	1,205	1,075	1,075	-	2,510	910	1,010
Vote 4 - Community Services		14,810	-	12,405	9,009	8,969	8,969	-	6,270	7,133	45
Vote 5 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Electricity Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Water Services		-	-	-	250	150	150	-	209	221	234
Vote 8 - Development & Town Planning Services		59	62	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>16,630</b>	<b>1,577</b>	<b>14,893</b>	<b>10,514</b>	<b>10,204</b>	<b>10,204</b>	<b>-</b>	<b>9,179</b>	<b>8,584</b>	<b>1,338</b>
<b>Total Capital Expenditure - Vote</b>		<b>240,140</b>	<b>131,146</b>	<b>181,772</b>	<b>126,383</b>	<b>138,765</b>	<b>138,765</b>	<b>-</b>	<b>149,310</b>	<b>173,655</b>	<b>196,275</b>
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		<b>1,761</b>	<b>1,515</b>	<b>2,488</b>	<b>1,255</b>	<b>1,085</b>	<b>1,085</b>	<b>-</b>	<b>2,700</b>	<b>1,230</b>	<b>1,060</b>
Executive and council		861	667	621	-	-	-	-	40	-	-
Budget and treasury office		528	521	(15)	50	10	10	-	150	320	50
Corporate services		372	327	1,881	1,205	1,075	1,075	-	2,510	910	1,010
<b>Community and public safety</b>		<b>14,810</b>	<b>-</b>	<b>12,405</b>	<b>17,360</b>	<b>8,969</b>	<b>8,969</b>	<b>-</b>	<b>12,031</b>	<b>15,813</b>	<b>8,725</b>
Community and social services		14,810	-	12,405	6,576	6,536	6,536	-	5,270	4,803	45
Sport and recreation		-	-	-	8,350	-	-	-	5,761	8,680	8,680
Public safety		-	-	-	2,433	2,433	2,433	-	1,000	2,329	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>74,976</b>	<b>29,423</b>	<b>40,570</b>	<b>17,555</b>	<b>25,826</b>	<b>25,826</b>	<b>-</b>	<b>20,474</b>	<b>20,474</b>	<b>4,215</b>
Planning and development		59	62	-	-	-	-	-	-	-	-
Road transport		74,917	29,361	40,570	17,555	25,826	25,826	-	20,474	20,474	4,215
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>154,609</b>	<b>100,208</b>	<b>126,309</b>	<b>90,214</b>	<b>102,885</b>	<b>102,885</b>	<b>-</b>	<b>114,105</b>	<b>136,138</b>	<b>182,275</b>
Electricity		6,016	-	-	-	-	-	-	-	-	-
Water		137,636	80,822	109,290	69,140	82,010	82,010	-	102,454	124,487	164,919
Waste water management		10,957	19,386	17,018	21,074	20,874	20,874	-	11,652	11,652	17,357
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>											
<b>Total Capital Expenditure - Standard</b>	3	<b>246,156</b>	<b>131,146</b>	<b>181,772</b>	<b>126,383</b>	<b>138,765</b>	<b>138,765</b>	<b>-</b>	<b>149,310</b>	<b>173,655</b>	<b>196,275</b>
<b>Funded by:</b>											
National Government		147,194	100,292	140,166	115,669	118,575	118,575	-	141,331	165,391	194,987
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		79,814	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	<b>227,008</b>	<b>100,292</b>	<b>140,166</b>	<b>115,669</b>	<b>118,575</b>	<b>118,575</b>	<b>-</b>	<b>141,331</b>	<b>165,391</b>	<b>194,987</b>
<b>Public contributions &amp; donations</b>	5		29,340	26,712	10,714	9,985	9,985	-			
<b>Borrowing</b>	6										
Internally generated funds		19,148	1,514	14,893	-	10,204	10,204	-	7,979	8,264	1,288
<b>Total Capital Funding</b>	7	<b>246,156</b>	<b>131,146</b>	<b>181,772</b>	<b>126,383</b>	<b>138,765</b>	<b>138,765</b>	<b>-</b>	<b>149,310</b>	<b>173,655</b>	<b>196,275</b>

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

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

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

Capital expenditure has been appropriated at R 149.3 million for the 2016/17 financial year and increases over the MTREF to R 173.6 million and R 196.2 million respectively for the two outer years.

Unlike multi-year capital appropriations, all of our capital projects are expected to be completed with a single year 2016/17. Included in our single-year appropriations is an expenditure that will be incurred in the 2016/17 budget year such as the procurement of computers and office furniture. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

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

**Table 19- Table A6 Budget Financial position**

**NC451 Joe Morolong - Table A6 Budgeted Financial Position**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		28	3,099	692	13,173	13,173	13,173		23,839	35,102	36,102
Call investment deposits	1	1,980	17,475	-	257	257	257	-	260	263	266
Consumer debtors	1	19,126	23,976	58,131	4,916	4,916	4,916	-	5,155	5,406	5,406
Other debtors		16,657	1,245	4,832							
Current portion of long-term receivables											
Inventory	2	1,312	1,962	1,798	1,575	1,575	1,575		2,550	1,655	1,850
<b>Total current assets</b>		<b>39,103</b>	<b>47,757</b>	<b>65,453</b>	<b>19,921</b>	<b>19,921</b>	<b>19,921</b>	<b>-</b>	<b>31,804</b>	<b>42,426</b>	<b>43,624</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	1,052,533	1,159,054	1,228,269	1,261,992	1,400,757	1,400,757	-	1,644,189	1,809,261	2,004,198
Agricultural											
Biological											
Intangible		-	314	474	420	420	420		400	420	450
Other non-current assets											
<b>Total non current assets</b>		<b>1,052,533</b>	<b>1,159,368</b>	<b>1,228,744</b>	<b>1,262,412</b>	<b>1,401,177</b>	<b>1,401,177</b>	<b>-</b>	<b>1,644,589</b>	<b>1,809,681</b>	<b>2,004,648</b>
<b>TOTAL ASSETS</b>		<b>1,091,635</b>	<b>1,207,125</b>	<b>1,294,197</b>	<b>1,282,333</b>	<b>1,421,098</b>	<b>1,421,098</b>	<b>-</b>	<b>1,676,393</b>	<b>1,852,106</b>	<b>2,048,271</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	4,577	5,871	16,123							
Borrowing	4	627	627	785	784	784	784	-	784	784	784
Consumer deposits											
Trade and other payables	4	90,855	45,120	40,151	13,214	13,214	13,214	-	13,740	14,287	14,287
Provisions		645	693	1,166	677	677	677				
<b>Total current liabilities</b>		<b>96,704</b>	<b>52,311</b>	<b>58,225</b>	<b>14,675</b>	<b>14,675</b>	<b>14,675</b>	<b>-</b>	<b>14,525</b>	<b>15,071</b>	<b>15,071</b>
<b>Non current liabilities</b>											
Borrowing		3,536	2,310	1,803	2,516	2,516	2,516	-	2,124	1,724	1,424
Provisions		1,551	1,884	1,565	1,629	1,629	1,629	-	1,710	1,796	1,896
<b>Total non current liabilities</b>		<b>5,087</b>	<b>4,194</b>	<b>3,368</b>	<b>4,145</b>	<b>4,145</b>	<b>4,145</b>	<b>-</b>	<b>3,834</b>	<b>3,520</b>	<b>3,320</b>
<b>TOTAL LIABILITIES</b>		<b>101,791</b>	<b>56,505</b>	<b>61,592</b>	<b>18,820</b>	<b>18,820</b>	<b>18,820</b>	<b>-</b>	<b>18,359</b>	<b>18,591</b>	<b>18,391</b>
<b>NET ASSETS</b>	5	<b>989,844</b>	<b>1,150,620</b>	<b>1,232,604</b>	<b>1,263,513</b>	<b>1,402,277</b>	<b>1,402,277</b>	<b>-</b>	<b>1,658,035</b>	<b>1,833,515</b>	<b>2,029,880</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		989,844	1,150,620	1,232,604	1,263,513	1,402,277	1,402,277		1,658,035	1,833,515	2,029,880
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>989,844</b>	<b>1,150,620</b>	<b>1,232,604</b>	<b>1,263,513</b>	<b>1,402,277</b>	<b>1,402,277</b>	<b>-</b>	<b>1,658,035</b>	<b>1,833,515</b>	<b>2,029,880</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

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

**Table 20- Table A7 Budgeted Cash Flow**

**NC451 Joe Morolong - Table A7 Budgeted Cash Flows**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		2,453	3,371	8,989	8,916	6,515	6,515		12,219	12,953	13,730
Service charges		28,098	45,458	11,545	13,526	13,609	13,609		23,568	24,250	24,983
Other revenue		3,426	3,355	85,346	714	9,371	9,371		1,357	1,335	1,367
Government - operating	1	70,029	74,257	96,758	147,129	155,445	155,445		120,820	124,462	123,349
Government - capital	1	327,252	127,487	116,771	115,669	132,751	132,751		140,131	165,071	194,937
Interest		123	260	1,155	40	364	364		48	50	53
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(200,742)	(104,313)	(127,083)	(143,873)	(169,779)	(169,779)		(97,266)	(97,964)	(103,695)
Finance charges		(96)	(232)	(202)	(149)	(177)	(177)		(943)	(953)	(962)
Transfers and Grants	1			(18,379)	(4,730)	(4,730)	(4,730)		(39,529)	(43,479)	(45,599)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>230,544</b>	<b>149,643</b>	<b>174,898</b>	<b>137,242</b>	<b>143,370</b>	<b>143,370</b>	<b>-</b>	<b>160,405</b>	<b>185,725</b>	<b>208,163</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments			362						-	-	-
<b>Payments</b>											
Capital assets		(246,156)	(131,146)	(181,312)	(126,383)	(138,900)	(138,900)		(149,310)	(173,655)	(196,275)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(246,156)</b>	<b>(130,784)</b>	<b>(181,312)</b>	<b>(126,383)</b>	<b>(138,900)</b>	<b>(138,900)</b>	<b>-</b>	<b>(149,310)</b>	<b>(173,655)</b>	<b>(196,275)</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		(611)	(1,225)	(638)	(784)	(784)	(784)		(784)	(784)	(784)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(611)</b>	<b>(1,225)</b>	<b>(638)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>	<b>-</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(16,223)</b>	<b>17,634</b>	<b>(7,052)</b>	<b>10,074</b>	<b>3,686</b>	<b>3,686</b>	<b>-</b>	<b>10,311</b>	<b>11,285</b>	<b>11,103</b>
Cash/cash equivalents at the year begin:	2	13,293	(2,568)	15,216	3,099	3,099	3,099		23,839	34,150	45,435
Cash/cash equivalents at the year end:	2	(2,930)	15,065	8,164	13,173	6,785	6,785		34,150	45,435	56,538

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

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

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

**NC451 Joe Morolong - Table A8 Cash backed reserves/accumulated surplus reconciliation**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	(2,930)	15,065	8,164	13,173	6,785	6,785	-	34,150	45,435	56,538
Other current investments > 90 days		362	(362)	(23,595)	257	6,645	6,645	-	(10,051)	(10,070)	(20,170)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>(2,568)</b>	<b>14,703</b>	<b>(15,431)</b>	<b>13,430</b>	<b>13,430</b>	<b>13,430</b>	<b>-</b>	<b>24,099</b>	<b>35,365</b>	<b>36,368</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	51,647	(18,912)	(134,850)	8,485	9,075	9,075	-	8,279	8,568	8,568
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
<b>Total Application of cash and investments:</b>		<b>51,647</b>	<b>(18,912)</b>	<b>(134,850)</b>	<b>8,485</b>	<b>9,075</b>	<b>9,075</b>	<b>-</b>	<b>8,279</b>	<b>8,568</b>	<b>8,568</b>
<b>Surplus(shortfall)</b>		<b>(54,216)</b>	<b>33,615</b>	<b>119,418</b>	<b>4,945</b>	<b>4,355</b>	<b>4,355</b>	<b>-</b>	<b>15,820</b>	<b>26,797</b>	<b>27,800</b>

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

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

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

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

**Table 22- Table A9 Asset Management**

**NC451 Joe Morolong - Table A9 Asset Management**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	246,156	131,146	181,772	125,683	138,515	138,515	149,270	173,335	196,225
Infrastructure - Road transport		74,917	29,361	40,570	17,555	25,826	25,826	20,474	20,474	4,215
Infrastructure - Electricity		6,016	-	-	-	-	-	-	-	-
Infrastructure - Water		135,118	80,616	109,290	69,140	82,010	82,010	102,454	124,487	164,919
Infrastructure - Sanitation		10,957	19,386	17,018	20,874	20,674	20,674	11,652	11,652	17,357
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		227,008	129,362	166,879	107,569	128,510	128,510	134,579	156,612	186,491
Community		14,805	-	11,649	14,721	6,371	6,371	10,831	13,483	8,725
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	4,342	1,416	2,998	3,028	3,288	3,288	3,460	2,819	560
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	367	246	365	345	345	400	420	450
<b>Total Renewal of Existing Assets</b>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	246,156	131,146	181,772	125,683	138,515	138,515	149,270	173,335	196,225
Infrastructure - Road transport		74,917	29,361	40,570	17,555	25,826	25,826	20,474	20,474	4,215
Infrastructure - Electricity		6,016	-	-	-	-	-	-	-	-
Infrastructure - Water		135,118	80,616	109,290	69,140	82,010	82,010	102,454	124,487	164,919
Infrastructure - Sanitation		10,957	19,386	17,018	20,874	20,674	20,674	11,652	11,652	17,357
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		227,008	129,362	166,879	107,569	128,510	128,510	134,579	156,612	186,491
Community		14,805	-	11,649	14,721	6,371	6,371	10,831	13,483	8,725
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	4,342	1,416	2,998	3,028	3,288	3,288	3,460	2,819	560
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	367	246	365	345	345	400	420	450
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	246,156	131,146	181,772	125,683	138,515	138,515	149,270	173,335	196,225
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	710,368	732,287	690,749	734,776	753,828	753,828	774,302	794,776	798,991
Infrastructure - Electricity		5,792	5,551	247,026	5,499	5,499	5,499	5,499	5,499	5,499
Infrastructure - Water		196,665	279,208	-	377,526	377,526	377,526	479,771	604,037	764,285
Infrastructure - Sanitation		10,441	9,886	5,311	9,764	9,764	9,764	11,652	11,652	17,357
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		923,266	1,026,932	943,086	1,127,565	1,146,616	1,141,118	1,271,223	1,415,963	1,586,131
Community		118,754	114,448	110,606	118,710	118,710	118,710	128,470	141,866	150,546
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		10,512	17,673	10,716	15,717	15,717	15,717	16,217	16,917	18,717
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	314	474	420	420	420	400	420	450
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	1,052,533	1,159,368	1,064,882	1,262,412	1,281,463	1,275,965	1,416,310	1,575,166	1,755,845
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		20,507	24,326	26,491	10,000	10,000	10,000	10,000	10,580	10,000
<b>Repairs and Maintenance by Asset Class</b>	3	11,683	18,215	11,248	26,558	31,548	31,548	4,425	5,195	5,948
Infrastructure - Road transport		152	78	314	243	161	161	146	277	277
Infrastructure - Electricity		-	-	-	200	270	270	630	979	1,035
Infrastructure - Water		3,763	14,289	1,693	25,700	30,150	30,150	2,953	3,124	3,617
Infrastructure - Sanitation		-	13	84	110	165	165	145	116	234
Infrastructure - Other		2,215	848	5,053	15	65	65	-	16	17
Infrastructure		6,129	15,228	7,145	26,268	30,811	30,811	3,874	4,511	5,180
Community		16	187	2	80	25	25	21	22	24
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	5,538	2,800	4,102	210	713	713	530	662	744
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		32,190	42,541	37,739	36,558	41,548	41,548	14,425	15,775	15,948
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>R&amp;M as a % of PPE</b>		1.1%	1.6%	0.9%	2.1%	2.3%	2.3%	0.3%	0.3%	0.3%
<b>Renewal and R&amp;M as a % of PPE</b>		1.0%	2.0%	1.0%	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%

### **Explanatory notes to Table A9 - Asset Management**

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

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

The total repairs and maintenance amounts to 0.3% of the total value Property, Plant and Equipment in the 2016/17 budget and remains 0.3% in the following year. We acknowledge that the municipality should provide at least 8% of the total value of assets for repair and maintenance as stated on MFMA Circular No 70.

## Table 23- Table A10 Basic Service Delivery Measurement

NC451 Joe Morolong - Table A10 Basic service delivery measurement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		3,718	3,718	3,718	3,818	3,818	3,818	3,868	3,918	4,018
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	18,048	18,048	18,048	18,248	18,248	18,248	18,448	18,698	18,998
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		21,766	21,766	21,766	22,066	22,066	22,066	22,316	22,616	23,016
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		1,941	1,941	1,941	1,691	1,691	1,691	1,491	1,241	1,041
<i>Below Minimum Service Level sub-total</i>		1,941	1,941	1,941	1,691	1,691	1,691	1,491	1,241	1,041
<b>Total number of households</b>	5	<b>23,707</b>	<b>23,707</b>	<b>23,707</b>	<b>23,757</b>	<b>23,757</b>	<b>23,757</b>	<b>23,807</b>	<b>23,857</b>	<b>24,057</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		18,254	18,254	18,254	18,254	18,254	18,254	18,454	18,654	18,954
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		20,385	20,385	20,385	20,385	20,385	20,385	20,585	20,785	21,085
Bucket toilet		469	469	469	419	419	419	369	319	299
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		2,432	2,432	2,432	2,753	2,753	2,753	2,653	2,453	2,253
<i>Below Minimum Service Level sub-total</i>		2,901	2,901	2,901	3,172	3,172	3,172	3,022	2,772	2,562
<b>Total number of households</b>	5	<b>23,286</b>	<b>23,286</b>	<b>23,286</b>	<b>23,557</b>	<b>23,557</b>	<b>23,557</b>	<b>23,607</b>	<b>23,557</b>	<b>23,637</b>
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
<i>Minimum Service Level and Above sub-total</i>		19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384	19,384
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	<b>19,384</b>	<b>19,384</b>	<b>19,384</b>	<b>19,384</b>	<b>19,384</b>	<b>19,384</b>	<b>19,384</b>	<b>19,384</b>	<b>19,384</b>
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		19,146	19,146	19,146	19,146	19,146	19,146	19,146	19,146	19,146
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		2,707	2,707	2,980	2,980	3,117	3,226	3,335	3,444	3,553
<i>Below Minimum Service Level sub-total</i>		23,434	23,434	23,707	23,707	23,844	23,953	24,062	24,171	24,280
<b>Total number of households</b>	5	<b>23,434</b>	<b>23,434</b>	<b>23,707</b>	<b>23,707</b>	<b>23,844</b>	<b>23,953</b>	<b>24,062</b>	<b>24,171</b>	<b>24,280</b>
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195	8,195
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of 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		23,212	28,771	-	-	-	-	-	-	-
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)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
<b>Total revenue cost of subsidised services provided</b>	6	<b>23,212</b>	<b>28,771</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

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

It is anticipated that these Free Basic Services will cost the municipality R 4.9 million in 2016/17, increasing to R 5.4 million in 2017/18. This is covered by the municipality's equitable share allocation from national government..

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

## **Part 2 – Supporting Documentation**

### **2.1 Overview of the annual budget process**

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

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

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

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

### **2.2 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on August 2015.

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

### **2.3 Intergrated Development Plan**

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

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

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

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

### **2.4 IDP and Service Delivery and Budget Implementation Plan**

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

comprehensive efforts have been made towards ensuring that the two documents are closely link.

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

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

When compiling of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the midyear of 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

## **2.5 Community Consultation**

The 2016/17 MTREF will be tabled before council on the 24 March 2016 together with community consultation time table. Consultation time table will be published in the municipal website and local newspaper and hard copies for draft budget will be available in the main municipal office and satellite offices and draft budget softcopy was loaded on the municipal website ([www.joemorolong.gov.za](http://www.joemorolong.gov.za)).

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

Ward Committees were utilised to facilitate the community consultation process from 04 to 15 April 2016. The applicable dates and venues will be published in all the local newspapers and notice board of public places. Other stakeholders involved in the consultation will include Agri Kuruman, sector departments, mining houses and churches and community-based organisations.

## **2.6 Overview of alignment of annual budget with IDP**

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

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

### **The following IDP's five strategic objectives that have directly informed the compilation of 2016/17 MTREF budget**

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

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

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

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	139,018	135,299	183,635	154,699	151,524	151,524	168,652	195,616	222,065
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	10,207	2,884	5,317	6,548	6,548	6,548	6,315	6,279	6,564
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	3,794	4,727	3,164	6,269	7,400	7,400	3,338	3,038	6,430
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	5,709	2,496		-					
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	79,176	77,307	108,622	122,522	138,096	138,096	121,796	125,219	125,471
<b>Allocations to other priorities</b>										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>237,904</b>	<b>222,714</b>	<b>300,739</b>	<b>290,038</b>	<b>303,569</b>	<b>303,569</b>	<b>300,101</b>	<b>330,152</b>	<b>360,531</b>

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

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	144,878	56,926	40,241	87,588	106,968	106,968	64,527	68,796	72,726
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	11,703	10,276	17,807	7,871	7,871	7,871	17,713	18,875	20,041
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	32,137	39,255	34,615	28,730	28,730	28,730	23,074	19,830	21,649
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	9,353	9,912	8,865	4,229	4,229	4,229	6,685	7,241	7,590
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	72,040	41,299	(11,394)	35,237	35,237	35,237	38,792	41,531	41,811
<b>Allocations to other priorities</b>										
<b>Total Expenditure</b>		<b>270,111</b>	<b>157,668</b>	<b>90,134</b>	<b>163,655</b>	<b>183,035</b>	<b>183,035</b>	<b>150,791</b>	<b>156,273</b>	<b>163,816</b>

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

Strategic Objective	Goal	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads	218,628	110,245	169,381	107,769	120,150	120,150	134,429	156,292	186,441
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	25,767	19,386	12,405	17,360	17,360	17,360	2,700	1,230	1,060
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	1,233	994	–	1,205	1,205	1,205			
Local Economic Development	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	–	–	–	–	–	–	12,031	15,813	8,725
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	528	521	(15)	50	50	50	150	320	50
<b>Allocations to other priorities</b>										
<b>Total Capital Expenditure</b>		<b>246,156</b>	<b>131,146</b>	<b>181,772</b>	<b>126,383</b>	<b>138,765</b>	<b>138,765</b>	<b>149,310</b>	<b>173,655</b>	<b>196,275</b>

## **2.7 Measurable performance objectives and indicators**

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

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

**Table 27– Table SA7: Measurable performance objectives**

**NC451 Joe Morolong - Supporting Table SA7 Measureable performance objectives**

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Vote 1 - Executive &amp; Council</b>										
<b>Function 1 - Council</b>										
<b>Sub-function 1 - (name)</b>										
Tabling & Approval of IDP & Budget for each budget year	Approval before 31 May each year	1	1	1	1	1	1	1	1	1
Hold quartely council meeting	Number of meeting held	4	4	4	4	4	4	4	4	4
Approval of Sec 72 Reports by 25 January each year	Approved Report & Resolution	1	1	1	1	1	1	1	1	1
Tabling & Approval of Adjusted Budget	Number of Adjusted Budget	1	1	1	1	1	1	1	1	1
<b>Sub-function 2 - Municipal Manager</b>										
The keeping and compilation of minutes of all meetings of Council and its committee	Number of minutes	20	20	20	20	20	20	20	20	20
Publication of four newsletter in financial year	Number of newsletter	4	4	4	4	4	4	4	4	4
<b>Vote 2 - Budget &amp; Treasury Office</b>										
<b>Sub-function 1 - Budget &amp; Treasury</b>										
Financial Statements by 31 August 2014 and submitted to the Auditor-General	Submitted AFS	1	1	1	1	1	1	1	1	1
All salaries and third party payments paid on time	Number	12	12	12	12	12	12	12	12	12
Monthly sec 71 reports	Number of report	12	12	12	12	12	12	12	12	12
Compile Quaterly reports	7 reports per quarter	28	28	28	28	28	28	28	28	28
<b>Vote 3 - Corporate Services</b>										
<b>Function 1 - Corporate</b>										
Maintenance of an effective record and registry system.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Administration of Human Resource recruitment and selection.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Update of Skills Development Plan	Number				1	1	1	1	1	1
Oversee that training in terms of the Skills Development Plan is being implemented.	Continuous				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reclaim all monies due in term of Skills Development Plan.	4				4	4	4	4	4	4
<b>Vote 4 - Community Service</b>										
<b>Function 1 - Community</b>										
Number with VIP toilets	Number							1494	1200	2545
Construction of sportfields	Number							2	2	2
Construction of phase 1 Testing station	Complete testing staion							1	1	
This indicator reflects the number of single residential properties that the Municipality is aware of which are receiving a weekly door to door refuse removal service.	Number (1500)				1500	1500	1500	1500	1500	1500
<b>Vote 5 - Technical Service</b>										
<b>Function 1 - Technical</b>										
Construction of internal roads	Kilomeetre							6	5	1.5
Construction of bridge	Number							1		
<b>Vote 7 - Water Unit</b>										
<b>Function 1 - Water</b>										
Water control and management – breaks and losses – daily, weekly and monthly.	Continuous				95%	95%	95%	95%	95%	95%
Water breaks must be repaired within twelve (12) hours after break has been reported.	Continuous				95%	95%	95%	95%	95%	95%
Managing total water supply system to ensure sufficient water provision.	Continuous				95%	95%	95%	95%	95%	95%
Monitoring of water quality and testing	Monthly				12	12	12	12	12	12
<b>And so on for the rest of the Votes</b>										

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF

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

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

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.3%	0.9%	0.9%	1.1%	1.0%	0.4%	0.0%	1.1%	1.1%	1.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.3%	6.9%	2.1%	6.3%	4.3%	1.9%	0.0%	4.4%	4.3%	4.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	0.4	0.9	1.1	1.4	1.4	1.4	-	2.2	2.8	2.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.4	0.9	1.1	1.4	1.4	1.4	-	2.2	2.8	2.9
Liquidity Ratio	Monetary Assets/Current Liabilities	0.0	0.4	0.0	0.9	0.9	0.9	-	1.7	2.3	2.4
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		126.5%	307.6%	62.8%	85.0%	65.1%	65.1%	0.0%	95.0%	95.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		126.5%	307.6%	62.8%	85.0%	65.1%	65.1%	0.0%	95.0%	95.0%	95.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	35.4%	26.5%	26.9%	2.8%	2.6%	2.6%	0.0%	3.2%	3.3%	3.3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))				100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		-3100.7%	296.0%	491.8%	96.1%	186.6%	186.6%	0.0%	38.6%	30.1%	24.2%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	27.7%	38.9%	20.2%	28.2%	27.5%	27.5%	0.0%	33.4%	30.9%	32.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	11.5%	19.1%	4.8%	15.2%	16.8%	16.8%		2.8%	3.1%	3.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	20.4%	25.8%	11.4%	6.3%	5.8%	5.3%	0.0%	6.8%	7.0%	6.6%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	21.0	11.7	47.6	23.7	23.7	23.7	-	46.9	48.5	50.4
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	147.1%	157.9%	192.2%	18.6%	15.9%	15.9%	0.0%	13.7%	13.8%	13.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.4)	2.2	6.3	1.4	0.7	0.7	-	3.6	4.7	5.5

## **Borrowing Management**

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, municipality borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2015/16 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.
  
- *Capital charges to own revenue* is a measure of the cost of borrowing in relation to the municipality's own revenue.

## **Revenue Management**

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

## **Creditors Management**

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

## Other Indicators

- Electricity and Water losses: the municipality is still busy installing the meters that will assist in measuring the losses of both electricity and electricity with the assistance DBSA programme.
- Employee costs as a percentage of operating revenue fluctuate over the 2016/17 MTREF.
- Repairs and maintenance as percentage of operating revenue fluctuate over the 2016/17 MTREF.

## **2.8 Overview budget related policies**

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

### **a) Budget, Funding, Reserves and Virement Policy**

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

### **b) Banking and Investment Policy**

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

### **c) Credit Control and Debt Collection Policy**

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

#### **d) Tariffs Policy**

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

#### **e) Fruitless and Wasteful Expenditure Policy**

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

#### **f) Supply Chain Management Policy**

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

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

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

## **2.9 Overview of budget assumptions**

### **a) Inflation**

There are some factors that have been taken into consideration in the compilation of the 2016/17 budget:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipal residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 35 per cent of total operating expenditure in the 2016/17 MTREF. The wage agreement has not yet been concluded between SALGBC and municipal workers unions which can be a little risky based on the previous agreements that was signed.

### **b) Collection rate for revenue services**

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

The rate of revenue collection currently has been budgeted at 95 per cent of annual billings for rates, services, rents, and for other revenue. The performance of arrear collections have been budgeted at 95 per cent collection for 2016/17 MTREF.

### **c) Salary increases**

The wage agreement has not yet been concluded between SALGBC and municipal workers unions which can be a little risky based on the previous agreements that was signed. The municipality has budgeted salary increase of 7.0 percent and in case the agreement will be below the budgeted increase,

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

**d) Impact of national, provincial and local policies**

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

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

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

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

It is estimated that spending rate at an average of at least 98 per cent is to be achieved on operating expenditure and average of 99 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

## 2.10 Overview of budget funding

### a) Operating Revenue

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

**Table 29 – Breakdown of the operating revenue over medium term**

Description	2016/17 Medium Term Revenue & Expenditure Framework						
	R thousand	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
<b>Revenue By Source</b>							
Property rates	12,863	8%	13,634	8%	14,452	9%	
Service charges	24,809	16%	25,526	15%	26,298	16%	
Rental of facilities and equipment	93	0%	98	0%	103	0%	
Interest earned - outstanding debtors	50	0%	53	0%	56	0%	
Agency services	120	0%	116	0%	123	0%	
Transfers recognised - operational	120,820	76%	124,462	75%	123,349	74%	
Other revenue	1,215	1%	1,191		1,213	1%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>159,970</b>		<b>165,080</b>		<b>165,594</b>	<b>100%</b>	
<b>Operating Expenditure</b>	<b>150,791</b>		<b>156,273</b>		<b>163,816</b>		
<b>Surplus/(Deficit)</b>	<b>9,179</b>		<b>8,807</b>		<b>1,777</b>		

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

### b) Capital Revenue

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

**Table 30 – Breakdown of the capital funding over medium term**

Vote Description	2016/17 Medium Term Revenue & Expenditure Framework						
	R thousand	Budget Year 2016/17	%	Budget Year +1 2017/18	%	Budget Year +2 2018/19	%
<b>Funded by:</b>							
National Government	141,331	95%	165,391	95%	194,987	99%	
Transfers recognised - capital	141,331		165,391		194,987		
Public contributions & donations		0%		0%		0%	
Borrowing		0%		0%		0%	
Internally generated funds	7,979	5%	8,264	5%	1,288	1%	
<b>Total Capital Funding</b>	<b>149,310</b>		<b>173,655</b>		<b>196,275</b>		

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

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

NC451 Joe Morolong - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>										
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		122,457	116,221	124,044	141,099	144,006	144,006	143,023	169,265	194,937
Municipal Infrastructure Grant (MIG)		56,479	55,253	57,058	58,599	58,599	58,599	57,839	62,060	65,597
Regional Bulk Infrastructure		58,398	43,436	5,017		2,907	2,907			
Municipal Water Infrastructure Grant		5,705	7,036	50,000	60,000	60,000	60,000			
EPWP			2,496	1,969						
Water Operation and Subsidy Grant		1,875	8,000	10,000	22,500	22,500	22,500			
Water Services Infrastructure Grant								85,184	107,205	129,340
<b>Provincial Government:</b>		-	-	-		-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		6,098	11,252	7,067	-	14,176	14,176	-	-	-
<i>ACIP Sanitation</i>		6,098	2,796							
<i>South 32 mine</i>			8,455	7,067	-	4,221	4,221			
<i>kumba resources mine</i>						9,955	9,955			
<b>Total Capital Transfers and Grants</b>	5	128,555	127,472	131,110	141,099	158,181	158,181	143,023	169,265	194,937
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		198,583	201,729	227,868	285,298	310,696	310,696	260,951	294,452	325,939

### c) Cash Flow Management

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

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

The table below shows that cash and cash equivalent of the municipality. The 2015/16 MTREF show a steadily increase in cash and cash equivalent at the end of financial years. The budgeted cash flow for 2016/17 provide for a net increase in cash of R 23.8 million resulting in an overall projected positive cash position of R 34.0 million.

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

**NC451 Joe Morolong - Table A7 Budgeted Cash Flows**

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates, penalties & collection charges		2,453	3,371	8,989	8,916	6,515	6,515		12,219	12,953	13,730
Service charges		28,098	45,458	11,545	13,526	13,609	13,609		23,568	24,250	24,983
Other revenue		3,426	3,355	85,346	714	9,371	9,371		1,357	1,335	1,367
Government - operating	1	70,029	74,257	96,758	147,129	155,445	155,445		120,820	124,462	123,349
Government - capital	1	327,252	127,487	116,771	115,669	132,751	132,751		140,131	165,071	194,937
Interest		123	260	1,155	40	364	364		48	50	53
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(200,742)	(104,313)	(127,083)	(143,873)	(169,779)	(169,779)		(97,266)	(97,964)	(103,695)
Finance charges		(96)	(232)	(202)	(149)	(177)	(177)		(943)	(953)	(962)
Transfers and Grants	1			(18,379)	(4,730)	(4,730)	(4,730)		(39,529)	(43,479)	(45,599)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>230,544</b>	<b>149,643</b>	<b>174,898</b>	<b>137,242</b>	<b>143,370</b>	<b>143,370</b>	<b>-</b>	<b>160,405</b>	<b>185,725</b>	<b>208,163</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments			362						-	-	-
<b>Payments</b>											
Capital assets		(246,156)	(131,146)	(181,312)	(126,383)	(138,900)	(138,900)		(149,310)	(173,655)	(196,275)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(246,156)</b>	<b>(130,784)</b>	<b>(181,312)</b>	<b>(126,383)</b>	<b>(138,900)</b>	<b>(138,900)</b>	<b>-</b>	<b>(149,310)</b>	<b>(173,655)</b>	<b>(196,275)</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		(611)	(1,225)	(638)	(784)	(784)	(784)		(784)	(784)	(784)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(611)</b>	<b>(1,225)</b>	<b>(638)</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>	<b>-</b>	<b>(784)</b>	<b>(784)</b>	<b>(784)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(16,223)</b>	<b>17,634</b>	<b>(7,052)</b>	<b>10,074</b>	<b>3,686</b>	<b>3,686</b>	<b>-</b>	<b>10,311</b>	<b>11,285</b>	<b>11,103</b>
Cash/cash equivalents at the year begin:	2	13,293	(2,568)	15,216	3,099	3,099	3,099		23,839	34,150	45,435
Cash/cash equivalents at the year end:	2	(2,930)	15,065	8,164	13,173	6,785	6,785		34,150	45,435	56,538

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

NC451 Joe Morolong Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(2,930)	15,065	8,164	13,173	6,785	6,785	-	34,150	45,435	56,538
Cash + investments at the yr end less applications - R'000	18(1)b	2	(54,216)	33,615	119,418	4,945	4,355	4,355	-	15,820	26,797	27,800
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.4)	2.2	6.3	1.4	0.7	0.7	-	3.6	4.7	5.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	(32,207)	65,046	210,605	126,383	120,534	126,435	-	149,310	173,879	196,714
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(40.3%)	99.9%	(25.2%)	11.2%	(6.0%)	(106.0%)	15.8%	(2.0%)	(1.9%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	109.6%	251.8%	277.9%	85.0%	73.0%	73.0%	0.0%	94.9%	94.9%	94.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	134.9%	14.7%	(183.1%)	15.0%	12.8%	12.8%	0.0%	8.1%	8.4%	8.7%
Capital payments % of capital expenditure	18(1)c;19	8	102.5%	100.0%	99.7%	100.0%	100.1%	100.1%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. 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.	(29.5%)	149.6%	(92.2%)	0.0%	0.0%	(100.0%)	4.9%	4.9%	0.0%
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	1.1%	1.6%	0.9%	2.1%	2.3%	2.3%	0.0%	0.3%	0.3%	0.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Cash and Cash equivalents**

The municipality’s cash position was discussed as part of the budgeted cash flow statement. If the municipality’s forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 shows R 23.8 million,

**Cash and Investments less applications**

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. A positive” cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

### **Cash at year end/monthly employee and supplier payments**

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Remarkably, the ratio has been fluctuating for the period 2013/14 to 2014/15 moving from 1.2 to (2.2) with the adopted 2014/15 outcome. In 2015/16 adopted budget the ratio was at positive and after revised budget increased to 2.0, as part of the 2016/17 MTREF the municipality continues to strive in improve cash position though the ratio to move downwards to 1.8 and then continue to increase over the MTREF. As indicated above the municipality will be able to cover the municipality's employee and supplier payments.

### **Surplus/deficit excluding depreciation offsets**

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. For the 2016/17 MTREF the suggestive outcome is a surplus of R149.1 million, R173.7 million and R196.2 million.

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

### **Service charge revenue as a percentage increase less macro inflation target**

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in revenue, which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3-6 per cent). The result is intended to be an approximation

of the real increase in revenue. From the table above it can be seen that the percentage increase to 17.9 then decreases slightly to 1.8 then increase to 1.9 per cent for the respective two outer financial years. The increase in revenue is as results of property rate which was informed by the updated valuation roll whereby the rates revenue decreased by 34 per cent in 2015/16 financial year. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in water at 12 per cent. This trend will have to be carefully monitored and managed with the implementation of the budget.

### **Cash receipts as a percentage of ratepayer and other revenue**

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

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

### **Debt Impairment expense as % of billable revenue**

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 5.0, 4.9 and 4.8 per cent over the MTREF.

### **Capital payments percentage of capital expenditure**

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

### **Borrowing Receipts % of Capital Expenditure**

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

### **Transfers / Grants Revenue as a % of Government Grants Available**

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

### **Current Consumer Debtors % change**

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The municipality is currently data cleansing which will reduce the debtor's arrears. The consumer will increase by 4.0 percent for 2015/16 then 4.9 percent for the outer years.

### **Repairs and Maintenance expenditure levels**

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

sustainable in the medium to long term because the revenue budget is not being protected.

### **Asset renewal as % of capital budget**

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

## 2.11 Expenditure on grants and reconciliations of unspent funds

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

NC451 Joe Morolong - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>69,806</b>	<b>73,667</b>	<b>95,789</b>	<b>142,694</b>	<b>142,694</b>	<b>142,694</b>	<b>117,928</b>	<b>125,187</b>	<b>131,002</b>
Local Government Equitable Share		67,506	71,227	93,255	115,253	115,253	115,253	115,068	123,042	129,952
Water Services Operating Subsidy					22,500	22,500	22,500			
Finance Management		1,500	1,550	1,600	1,675	1,675	1,675	1,810	2,145	1,050
Municipal Systems Improvement		800	890	934	930	930	930			
EPWP Incentive					2,336	2,336	2,336	1,050		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		<b>223</b>	<b>590</b>	<b>969</b>	<b>1,505</b>	<b>9,821</b>	<b>9,821</b>	<b>-</b>	<b>-</b>	<b>-</b>
Sport and Recreation		223	590	969	1,505	1,505	1,505			
Housing						8,316	8,316			
Other transfers/grants [insert description]										
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Other grant providers:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Total operating expenditure of Transfers and Grants:</b>		<b>70,029</b>	<b>74,257</b>	<b>96,758</b>	<b>144,199</b>	<b>152,515</b>	<b>152,515</b>	<b>117,928</b>	<b>125,187</b>	<b>131,002</b>
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		<b>64,059</b>	<b>72,785</b>	<b>119,027</b>	<b>141,099</b>	<b>141,099</b>	<b>141,099</b>	<b>143,023</b>	<b>169,265</b>	<b>194,937</b>
Municipal Infrastructure Grant (MIG)		56,479	55,253	57,058	58,599	58,599	58,599	57,839	62,060	65,597
Municipal Water Infrastructure Grant		5,705	7,036	50,000	60,000	60,000	60,000			
EPWP			2,496	1,969						
Water Operation and Subsidy Grant		1,875	8,000	10,000	22,500	22,500	22,500			
Water Services Infrastructure Grant								85,184	107,205	129,340
<b>Provincial Government:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
[insert description]										
<b>Other grant providers:</b>		<b>6,098</b>	<b>11,252</b>	<b>7,067</b>	<b>-</b>	<b>14,176</b>	<b>14,176</b>	<b>-</b>	<b>-</b>	<b>-</b>
ACIP Sanitation		6,098	2,796			4,221	4,221			
South 32 mine			8,455	7,067	-	9,955	9,955			
kumba resources mine										
<b>Total capital expenditure of Transfers and Grants</b>		<b>70,157</b>	<b>84,036</b>	<b>126,094</b>	<b>141,099</b>	<b>155,275</b>	<b>155,275</b>	<b>143,023</b>	<b>169,265</b>	<b>194,937</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>140,186</b>	<b>158,293</b>	<b>222,852</b>	<b>285,298</b>	<b>307,789</b>	<b>307,789</b>	<b>260,951</b>	<b>294,452</b>	<b>325,939</b>

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

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	69,806	73,667	95,789	142,694	142,694	142,694	117,928	125,187	131,002
<b>Conditions met - transferred to revenue</b>	<b>69,806</b>	<b>73,667</b>	<b>95,789</b>	<b>142,694</b>	<b>142,694</b>	<b>142,694</b>	<b>117,928</b>	<b>125,187</b>	<b>131,002</b>
Conditions still to be met - transferred to liabilities									
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	223	590	969	1,505	9,821	9,821			
<b>Conditions met - transferred to revenue</b>	<b>223</b>	<b>590</b>	<b>969</b>	<b>1,505</b>	<b>9,821</b>	<b>9,821</b>	-	-	-
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Total operating transfers and grants revenue</b>	<b>70,029</b>	<b>74,257</b>	<b>96,758</b>	<b>144,199</b>	<b>152,515</b>	<b>152,515</b>	<b>117,928</b>	<b>125,187</b>	<b>131,002</b>
<b>Total operating transfers and grants - CTBM</b>	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	64,059	72,785	119,027	141,099	141,099	141,099	143,023	169,265	194,937
<b>Conditions met - transferred to revenue</b>	<b>64,059</b>	<b>72,785</b>	<b>119,027</b>	<b>141,099</b>	<b>141,099</b>	<b>141,099</b>	<b>143,023</b>	<b>169,265</b>	<b>194,937</b>
Conditions still to be met - transferred to liabilities									
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
<b>Conditions met - transferred to revenue</b>	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts	6,098	11,252	7,067	-	14,176	14,176			
<b>Conditions met - transferred to revenue</b>	<b>6,098</b>	<b>11,252</b>	<b>7,067</b>	-	<b>14,176</b>	<b>14,176</b>	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	<b>70,157</b>	<b>84,036</b>	<b>126,094</b>	<b>141,099</b>	<b>155,275</b>	<b>155,275</b>	<b>143,023</b>	<b>169,265</b>	<b>194,937</b>
<b>Total capital transfers and grants - CTBM</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>140,186</b>	<b>158,293</b>	<b>222,852</b>	<b>285,298</b>	<b>307,789</b>	<b>307,789</b>	<b>260,951</b>	<b>294,452</b>	<b>325,939</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	-	-	-	-	-	-	-	-	-

**Table 36 – Table SA 24 – Summary of personnel numbers**

NC451 Joe Morolong - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2014/15			Current Year 2015/16			Budget Year 2016/17		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		29		29	29		29	29		29
Board Members of municipal entities	4									
<b>Municipal employees</b>	5									
Municipal Manager and Senior Managers	3	6		6	6		6	6		6
Other Managers	7	16	10	1	14	14		12	12	-
Professionals		11	8	-	15	15	-	16	17	7
<i>Finance</i>		3	2		5	5		6	7	7
<i>Spatial/town planning</i>										
<i>Information Technology</i>					1	1				
<i>Roads</i>										
<i>Electricity</i>					1	1				
<i>Water</i>		3	2					1	-	
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		5	4		8	8		9	10	-
Technicians		61	45	-	64	64	-	63	64	-
<i>Finance</i>										
<i>Spatial/town planning</i>		1						1		
<i>Information Technology</i>		1	1		1	1		1	1	
<i>Roads</i>		3	1		2	2		2	2	
<i>Electricity</i>		1	1		3	3		4	4	
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>					3	3				
<i>Other</i>		55	42		55	55		56	57	
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades		40	30		26	26		26	26	
Plant and Machine Operators		80	41		80	80		90	90	
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>	9	<b>243</b>	<b>134</b>	<b>36</b>	<b>234</b>	<b>199</b>	<b>35</b>	<b>242</b>	<b>209</b>	<b>42</b>
<b>% increase</b>					(3.7%)	48.5%	(2.8%)	3.5%	4.9%	20.7%
<b>Total municipal employees headcount</b>	6, 10									
Finance personnel headcount	8, 10	<b>36</b>	<b>24</b>		<b>37</b>	<b>32</b>	<b>5</b>	<b>37</b>	<b>37</b>	<b>5</b>
Human Resources personnel headcount	8, 10	<b>17</b>	<b>15</b>		<b>18</b>	<b>18</b>		<b>20</b>	<b>20</b>	

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

### Table 37 – Table SA 25 – Budgeted monthly revenue and expenditure

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

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue By Source</b>																
Property rates			12,863											12,863	13,634	14,452
Property rates - penalties & collection charges																
Service charges - electricity revenue		587	587	587	587	587	587	587	587	587	587	587	587	7,038	7,602	8,210
Service charges - water revenue		1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	15,200	15,200	15,200
Service charges - sanitation revenue		138	138	138	138	138	138	138	138	138	138	138	138	1,650	1,749	1,854
Service charges - refuse revenue		77	77	77	77	77	77	77	77	77	77	77	77	920	975	1,033
Service charges - other																
Rental of facilities and equipment		8	8	8	8	8	8	8	8	8	8	8	8	93	98	103
Interest earned - external investments																
Interest earned - outstanding debtors		4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Dividends received																
Fines																
Licences and permits																
Agency services		10	10	10	10	10	10	10	10	10	10	10	10	120	116	123
Transfers recognised - operational		60,410				36,246				24,164				120,820	124,462	123,349
Other revenue		101	101	101	101	101	101	101	101	101	101	101	101	1,215	1,191	1,213
Gains on disposal of PPE																
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>62,601</b>	<b>15,053</b>	<b>2,191</b>	<b>2,191</b>	<b>38,437</b>	<b>2,191</b>	<b>2,191</b>	<b>2,191</b>	<b>26,355</b>	<b>2,191</b>	<b>2,191</b>	<b>2,191</b>	<b>159,970</b>	<b>165,080</b>	<b>165,594</b>
<b>Expenditure By Type</b>																
Employee related costs		4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	53,375	50,945	54,181
Remuneration of councillors		768	768	768	768	768	768	768	768	768	768	768	768	9,221	9,959	10,756
Debt impairment		254	254	254	254	254	254	254	254	254	254	254	254	3,053	3,297	3,561
Depreciation & asset impairment		833	833	833	833	833	833	833	833	833	833	833	833	10,000	10,580	10,000
Finance charges		79	79	79	79	79	79	79	79	79	79	79	79	943	953	962
Bulk purchases		1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	12,085	13,228	13,576
Other materials																
Contracted services		1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	22,585	23,832	25,181
Transfers and grants		412	412	412	412	412	412	412	412	412	412	412	412	4,938	5,391	5,376
Other expenditure		2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	34,590	38,088	40,223
Loss on disposal of PPE																
<b>Total Expenditure</b>		<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>12,566</b>	<b>150,791</b>	<b>156,273</b>	<b>163,816</b>
<b>Surplus/(Deficit)</b>		<b>50,035</b>	<b>2,487</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>25,871</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>13,789</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>9,179</b>	<b>8,807</b>	<b>1,777</b>
Transfers recognised - capital		70,066				42,039				28,026				140,131	165,071	194,937
Contributions recognised - capital																
Contributed assets																
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>120,100</b>	<b>2,487</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>67,910</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>41,815</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>120,100</b>	<b>2,487</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>67,910</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>41,815</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>(10,375)</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>

**Table 38 – Table SA 26 – Budgeted monthly revenue and expenditure (municipal vote)**

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

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue by Vote</b>																
Vote 1 - Executive & Council		526	526	526	526	526	526	526	526	526	526	526	526	6,315	6,279	6,564
Vote 2 - Budget & Treasury Office		10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	121,796	125,219	125,471
Vote 3 - Corporate Support Services		26	26	26	26	26	26	26	26	26	26	26	26	315	281	291
Vote 4 - Community Services		403	403	403	403	403	403	403	403	403	403	403	403	4,834	2,886	3,059
Vote 5 - Technical Services		4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	57,929	61,065	68,978
Vote 6 - Electricity Services		587	587	587	587	587	587	587	587	587	587	587	587	7,038	7,602	8,210
Vote 7 - Water Services		8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	101,114	123,135	145,270
Vote 8 - Development & Town Planning Services														-	-	-
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Total Revenue by Vote</b>		<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>24,945</b>	<b>299,341</b>	<b>326,466</b>	<b>357,843</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive & Council		1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	17,713	18,875	20,041
Vote 2 - Budget & Treasury Office		3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	38,792	41,531	41,811
Vote 3 - Corporate Support Services		1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	13,865	9,163	9,805
Vote 4 - Community Services		703	703	703	703	703	703	703	703	703	703	703	703	8,442	9,077	9,670
Vote 5 - Technical Services		440	440	440	440	440	440	440	440	440	440	440	440	5,286	5,727	5,900
Vote 6 - Electricity Services		867	867	867	867	867	867	867	867	867	867	867	867	10,405	11,558	11,647
Vote 7 - Water Services		4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	52,366	55,403	59,000
Vote 8 - Development & Town Planning Services		343	343	343	343	343	343	343	343	343	343	343	343	4,113	3,551	4,178
Vote 9 - [NAME OF VOTE 9]														-	-	-
Vote 10 - [NAME OF VOTE 10]														-	-	-
Vote 11 - [NAME OF VOTE 11]														-	-	-
Vote 12 - [NAME OF VOTE 12]														-	-	-
Vote 13 - [NAME OF VOTE 13]														-	-	-
Vote 14 - [NAME OF VOTE 14]														-	-	-
Vote 15 - [NAME OF VOTE 15]														-	-	-
<b>Total Expenditure by Vote</b>		<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>12,582</b>	<b>150,981</b>	<b>154,884</b>	<b>162,050</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>148,360</b>	<b>171,582</b>	<b>195,792</b>
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>12,363</b>	<b>148,360</b>	<b>171,582</b>	<b>195,792</b>

**Table 39 – Table SA 27 – Budgeted monthly revenue and expenditure (standard classification)**

NC451 Joe Morolong - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Revenue - Standard</b>																
<b>Governance and administration</b>		10,702	10,702	10,702	10,702	10,702	10,702	10,702	10,702	10,702	10,702	10,702	10,702	128,426	131,779	132,327
Executive and council		526	526	526	526	526	526	526	526	526	526	526	526	6,315	6,279	6,564
Budget and treasury office		10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	10,150	121,796	125,219	125,471
Corporate services		26	26	26	26	26	26	26	26	26	26	26	26	315	281	291
<b>Community and public safety</b>		101	101	101	101	101	101	101	101	101	101	101	101	1,213	162	171
Community and social services		91	91	91	91	91	91	91	91	91	91	91	91	1,093	46	48
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		10	10	10	10	10	10	10	10	10	10	10	10	120	116	123
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	57,929	62,155	65,698
Planning and development		4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	4,827	57,929	62,155	65,698
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	9,227	110,723	133,461	156,367
Electricity		587	587	587	587	587	587	587	587	587	587	587	587	7,038	7,602	8,210
Water		8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	8,426	101,114	123,135	145,270
Waste water management		138	138	138	138	138	138	138	138	138	138	138	138	1,650	1,749	1,854
Waste management		77	77	77	77	77	77	77	77	77	77	77	77	920	975	1,033
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>		24,858	24,858	24,858	24,858	24,858	24,858	24,858	24,858	24,858	24,858	24,858	24,858	298,291	327,556	354,563
<b>Expenditure - Standard</b>																
<b>Governance and administration</b>		5,864	5,864	5,864	5,864	5,864	5,864	5,864	5,864	5,864	5,864	5,864	5,864	70,370	69,569	71,656
Executive and council		1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	1,476	17,713	18,875	20,041
Budget and treasury office		3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	3,233	38,792	41,531	41,811
Corporate services		1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	1,155	13,865	9,163	9,805
<b>Community and public safety</b>		557	557	557	557	557	557	557	557	557	557	78	1,036	6,685	7,241	7,590
Community and social services		479	479	479	479	479	479	479	479	479	479	-	959	5,752	6,162	6,519
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		78	78	78	78	78	78	78	78	78	78	78	78	933	1,080	1,071
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		542	542	542	542	542	542	542	542	542	542	542	542	6,507	6,232	6,859
Planning and development		542	542	542	542	542	542	542	542	542	542	542	542	6,507	6,232	6,859
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	5,377	64,527	68,796	72,726
Electricity		867	867	867	867	867	867	867	867	867	867	867	867	10,405	11,558	11,647
Water		4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	4,364	52,366	55,403	59,000
Waste water management		59	59	59	59	59	59	59	59	59	59	59	59	702	704	883
Waste management		88	88	88	88	88	88	88	88	88	88	88	88	1,055	1,132	1,197
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>		12,341	12,341	12,341	12,341	12,341	12,341	12,341	12,341	12,341	12,341	11,861	12,820	148,089	151,838	158,832
<b>Surplus/(Deficit) before assoc.</b>		12,517	12,517	12,517	12,517	12,517	12,517	12,517	12,517	12,517	12,517	12,996	12,037	150,202	175,718	195,731
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	1	12,517	12,517	12,517	12,517	12,517	12,517	12,517	12,517	12,517	12,517	12,996	12,037	150,202	175,718	195,731

**Table 40 – Table SA 28 – Budgeted monthly capital expenditure (municipal votes)**

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

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
<b>Multi-year expenditure to be appropriated</b>	1																
Vote 1 - Executive & Council														-	-	-	-
Vote 2 - Budget & Treasury Office														-	-	-	-
Vote 3 - Corporate Support Services														-	-	-	-
Vote 4 - Community Services		1,451	1,451	1,451	1,451	1,451	1,451	1,451	1,451	1,451	1,451	1,451	1,451	17,412	20,331	26,037	
Vote 5 - Technical Services		1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	20,474	20,474	4,215	
Vote 6 - Electricity Services														-	-	-	
Vote 7 - Water Services		8,520	8,520	8,520	8,520	8,520	8,520	8,520	8,520	8,520	8,520	8,520	8,520	102,245	124,266	164,685	
Vote 8 - Development & Town Planning Services														-	-	-	
Vote 9 - [NAME OF VOTE 9]														-	-	-	
Vote 10 - [NAME OF VOTE 10]														-	-	-	
Vote 11 - [NAME OF VOTE 11]														-	-	-	
Vote 12 - [NAME OF VOTE 12]														-	-	-	
Vote 13 - [NAME OF VOTE 13]														-	-	-	
Vote 14 - [NAME OF VOTE 14]														-	-	-	
Vote 15 - [NAME OF VOTE 15]														-	-	-	
<b>Capital multi-year expenditure sub-total</b>	2	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,678	11,678	140,131	165,071	194,937	
<b>Single-year expenditure to be appropriated</b>																	
Vote 1 - Executive & Council				40										-	40	-	-
Vote 2 - Budget & Treasury Office				150										-	150	320	50
Vote 3 - Corporate Support Services				836,666.67						837			837	2,510	910	1,010	
Vote 4 - Community Services		523	523	523	523	523	523	523	523	523	523	523	523	6,270	7,133	45	
Vote 5 - Technical Services														-	-	-	
Vote 6 - Electricity Services														-	-	-	
Vote 7 - Water Services			104										104	209	221	234	
Vote 8 - Development & Town Planning Services														-	-	-	
Vote 9 - [NAME OF VOTE 9]														-	-	-	
Vote 10 - [NAME OF VOTE 10]														-	-	-	
Vote 11 - [NAME OF VOTE 11]														-	-	-	
Vote 12 - [NAME OF VOTE 12]														-	-	-	
Vote 13 - [NAME OF VOTE 13]														-	-	-	
Vote 14 - [NAME OF VOTE 14]														-	-	-	
Vote 15 - [NAME OF VOTE 15]														-	-	-	
<b>Capital single-year expenditure sub-total</b>	2	523	627	1,549	523	523	523	523	523	1,359	523	523	1,464	9,179	8,584	1,338	
<b>Total Capital Expenditure</b>	2	12,200	12,304	13,227	12,200	12,200	12,200	12,200	12,200	13,037	12,200	12,200	13,141	149,310	173,655	196,275	

**Table 41 – Table SA 29 – Budgeted monthly capital expenditure (standard classification)**

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

Description	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital Expenditure - Standard</b>	1															
<i>Governance and administration</i>		-	-	1,027	-	-	-	-	-	837	-	-	837	2,700	1,230	1,060
Executive and council				40									-	40	-	
Budget and treasury office				150									-	150	320	
Corporate services				837						837			837	2,510	910	
<i>Community and public safety</i>		1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	1,003	12,031	15,813	8,725
Community and social services		439	439	439	439	439	439	439	439	439	439	439	439	5,270	4,803	45
Sport and recreation		480	480	480	480	480	480	480	480	480	480	480	480	5,761	8,680	8,680
Public safety		83	83	83	83	83	83	83	83	83	83	83	83	1,000	2,329	-
Housing													-	-	-	-
Health													-	-	-	-
<i>Economic and environmental services</i>		1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	20,474	20,474	4,215
Planning and development													-	-	-	-
Road transport		1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706	20,474	20,474	4,215
Environmental protection													-	-	-	-
<i>Trading services</i>		9,509	9,509	9,509	9,509	9,509	9,509	9,509	9,509	9,509	9,509	9,509	9,509	114,105	136,138	182,275
Electricity													-	-	-	-
Water		8,537,793.67	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	8,538	102,454	124,487	164,919
Waste water management		970,960.83	971	971	971	971	971	971	971	971	971	971	971	11,652	11,652	17,357
Waste management													-	-	-	-
<i>Other</i>													-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	12,217	12,217	13,244	12,217	12,217	12,217	12,217	12,217	13,054	12,217	12,217	13,054	149,310	173,655	196,275
<b>Funded by:</b>																
National Government		11,777,587.50	11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	141,331	165,391	194,987
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	11,778	141,331	165,391	194,987
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds		664,892.83	665	665	665	665	665	665	665	665	665	665	665	7,979	8,264	1,288
<b>Total Capital Funding</b>		12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	149,310	173,655	196,275

**Table 42– Table SA 30 – Budgeted monthly cash flow**

NC451 Joe Morolong - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>													1		
<b>Cash Receipts By Source</b>															
Property rates		12,219											12,219	12,953	13,730
Property rates - penalties & collection charges															
Service charges - electricity revenue	557	557	557	557	557	557	557	557	557	557	557	557	6,687	7,221	7,799
Service charges - water revenue		1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203	1,203	2,407	14,440	14,440
Service charges - sanitation revenue													1,568	1,568	1,762
Service charges - refuse revenue													874	874	982
Service charges - other															
Rental of facilities and equipment													88	88	97
Interest earned - external investments															
Interest earned - outstanding debtors													48	48	53
Dividends received															
Fines															
Licences and permits															
Agency services													114	114	117
Transfer receipts - operational	60,410				36,246				24,164					120,820	123,349
Other revenue	96,219.17	96	96	96	96	96	96	96	96	96	96	96	1,155	1,131	1,153
<b>Cash Receipts by Source</b>	<b>61,063</b>	<b>14,076</b>	<b>1,857</b>	<b>1,857</b>	<b>38,103</b>	<b>1,857</b>	<b>1,857</b>	<b>1,857</b>	<b>26,021</b>	<b>1,857</b>	<b>1,857</b>	<b>5,752</b>	<b>158,012</b>	<b>163,049</b>	<b>163,481</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	70,066				42,039				28,026					140,131	194,937
Contributions recognised - capital & Contributed assets															
Proceeds on disposal of PPE															
Short term loans															
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
<b>Total Cash Receipts by Source</b>	<b>131,129</b>	<b>14,076</b>	<b>1,857</b>	<b>1,857</b>	<b>80,142</b>	<b>1,857</b>	<b>1,857</b>	<b>1,857</b>	<b>54,047</b>	<b>1,857</b>	<b>1,857</b>	<b>5,752</b>	<b>298,143</b>	<b>328,121</b>	<b>358,418</b>
<b>Cash Payments by Type</b>															
Employee related costs	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	4,448	53,375	50,945	54,181
Remuneration of councillors	768	768	768	768	768	768	768	768	768	768	768	768	9,221	9,959	10,756
Finance charges	79	79	79	79	79	79	79	79	79	79	79	79	943	953	962
Bulk purchases - Electricity	535	535	535	535	535	535	535	535	535	535	535	535	6,422	7,237	7,237
Bulk purchases - Water & Sewer	472	472	472	472	472	472	472	472	472	472	472	472	5,663	5,991	6,339
Other materials															
Contracted services	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	1,882	22,585	23,832	25,181
Transfers and grants - other municipalities	412	412	412	412	412	412	412	412	412	412	412	412	4,938	5,391	5,376
Transfers and grants - other	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	2,883	34,590	38,088	40,223
Other expenditure															
<b>Cash Payments by Type</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>11,478</b>	<b>137,738</b>	<b>142,396</b>	<b>150,256</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	12,442	149,310	173,655	196,275
Repayment of borrowing						392							392	784	784
Other Cash Flow s/Payments															
<b>Total Cash Payments by Type</b>	<b>23,921</b>	<b>23,921</b>	<b>23,921</b>	<b>23,921</b>	<b>23,921</b>	<b>24,313</b>	<b>23,921</b>	<b>23,921</b>	<b>23,921</b>	<b>23,921</b>	<b>23,921</b>	<b>24,313</b>	<b>287,833</b>	<b>316,835</b>	<b>347,316</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>107,208</b>	<b>(9,844)</b>	<b>(22,064)</b>	<b>(22,064)</b>	<b>56,221</b>	<b>(22,456)</b>	<b>(22,064)</b>	<b>(22,064)</b>	<b>30,126</b>	<b>(22,064)</b>	<b>(22,064)</b>	<b>(18,561)</b>	<b>10,311</b>	<b>11,285</b>	<b>11,103</b>
Cash/cash equivalents at the month/year begin:	23,839	131,047	121,203	99,139	77,075	133,296	110,840	88,776	66,712	96,839	74,775	52,711	23,839	34,150	45,435
Cash/cash equivalents at the month/year end:	131,047	121,203	99,139	77,075	133,296	110,840	88,776	66,712	96,839	74,775	52,711	34,150	34,150	45,435	56,538

### **2.13 Contracts having future budgetary implication**

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

### **2.14 Capital expenditure details**

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

**Table 43: Table SA 34a - Capital expenditure on new assets by asset class**

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

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>	1	<b>227,008</b>	<b>129,362</b>	<b>166,879</b>	<b>107,569</b>	<b>128,510</b>	<b>128,510</b>	<b>134,579</b>	<b>156,612</b>	<b>186,491</b>
<b>Infrastructure</b>		<b>74,917</b>	<b>29,361</b>	<b>40,570</b>	<b>17,555</b>	<b>25,826</b>	<b>25,826</b>	<b>20,474</b>	<b>20,474</b>	<b>4,215</b>
Infrastructure - Road transport		74,917	29,361	40,570	17,555	25,826	25,826	20,474	20,474	4,215
Roads, Pavements & Bridges		74,917	29,361	40,570	17,555	25,826	25,826	20,474	20,474	4,215
Storm water										
Infrastructure - Electricity		6,016	-	-	-	-	-	-	-	-
Generation		6,016								
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		135,118	80,616	109,290	69,140	82,010	82,010	102,454	124,487	164,919
Dams & Reservoirs										
Water purification										
Reticulation		135,118	80,616	109,290	69,140	82,010	82,010	102,454	124,487	164,919
Infrastructure - Sanitation		10,957	19,386	17,018	20,874	20,674	20,674	11,652	11,652	17,357
Reticulation		10,957	19,386	17,018	20,874	20,674	20,674	11,652	11,652	17,357
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
<b>Community</b>		<b>14,805</b>	<b>-</b>	<b>11,649</b>	<b>14,721</b>	<b>6,371</b>	<b>6,371</b>	<b>10,831</b>	<b>13,483</b>	<b>8,725</b>
Parks & gardens					35	35	35	20	42	45
Sportsfields & stadia					8,350	-	-	5,761	8,680	8,680
Swimming pools										
Community halls		14,805		11,649	4,000	4,000	4,000	4,000	4,761	
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries					2,336	2,336	2,336	1,050		
Social rental housing										
Other										
<b>Heritage assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings										
Other										
<b>Investment properties</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing development										
Other										
<b>Other assets</b>		<b>4,342</b>	<b>1,416</b>	<b>2,998</b>	<b>3,028</b>	<b>3,288</b>	<b>3,288</b>	<b>3,460</b>	<b>2,819</b>	<b>560</b>
General vehicles		3,566	621	1,378			200			
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment			141		200	160	160	60	140	160
Computers - hardware/equipment		776	654	(15)	180	5	5	400	350	400
Furniture and other office equipment					160	185	185			
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings					2,433	2,883	2,883	2,800	2,329	
Other Land										
Surplus Assets - (Investment or Inventory)										
Other				1,635	55	55	55			
<b>Agricultural assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class										
<b>Biological assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
List sub-class										
<b>Intangibles</b>		<b>-</b>	<b>367</b>	<b>246</b>	<b>365</b>	<b>345</b>	<b>345</b>	<b>400</b>	<b>420</b>	<b>450</b>
Computers - software & programming			367	246	365	345	345	400	420	450
Other (list sub-class)										
<b>Total Capital Expenditure on new assets</b>	1	<b>246,156</b>	<b>131,146</b>	<b>181,772</b>	<b>125,683</b>	<b>138,515</b>	<b>138,515</b>	<b>149,270</b>	<b>173,335</b>	<b>196,225</b>
<b>Specialised vehicles</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Refuse										
Fire										
Conservancy										
Ambulances										

**Table 44: Table SA 34b - Capital expenditure on renewal existing assets by asset class**

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

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>	1									
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges										
Storm water										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation										
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation	2									
Gas										
Other	3									
<b>Community</b>		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other										
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		-	-	-	-	-	-	-	-	-
General vehicles										
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment										
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other	10									
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
<b>Total Capital Expenditure on renewal of existing</b>	1	-	-	-	-	-	-	-	-	-
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
<b>Renewal of Existing Assets as % of total capex</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Renewal of Existing Assets as % of deprecn"</b>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

**Table 45: Table SA 34c – Repairs and maintenance expenditure by asset class**

NC451 Joe Morolong - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>	1	6,129	15,228	7,145	26,268	30,811	30,811	3,874	4,511	5,180
<b>Infrastructure</b>										
Infrastructure - Road transport		152	78	314	243	161	161	146	277	277
Roads, Pavements & Bridges		152	78	314	243	161	161	146	277	277
Storm water										
Infrastructure - Electricity		-	-	-	200	270	270	630	979	1,035
Generation										
Transmission & Reticulation					200	270	270	630	979	1,035
Street Lighting										
Infrastructure - Water		3,763	14,289	1,693	25,700	30,150	30,150	2,953	3,124	3,617
Dams & Reservoirs										
Water purification					650	550	550			
Reticulation		3,763	14,289	1,693	25,050	29,600	29,600	2,953	3,124	3,617
Infrastructure - Sanitation		-	13	84	110	165	165	145	116	234
Reticulation			13	84	110	165	165	145	116	234
Sewerage purification										
Infrastructure - Other		2,215	848	5,053	15	65	65	-	16	17
Waste Management			303		15	65	65		16	17
Transportation	2									
Gas										
Other	3	2,215	545	5,053						
<b>Community</b>		16	187	2	80	25	25	21	22	24
Parks & gardens										
Sportsfields & stadia		16	36	0	20	5	5	21	22	24
Swimming pools										
Community halls			152	1	25	-	-			
Libraries										
Recreational facilities										
Fire, safety & emergency					20	20	20			
Security and policing										
Buses	7									
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing	8									
Other					15					
<b>Heritage assets</b>		-	-	-	-	-	-	-	-	-
Buildings										
Other	9									
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Housing development										
Other										
<b>Other assets</b>		5,538	2,800	3,992	210	713	713	530	662	744
General vehicles		1,059	506	656	70	73	73	200	212	224
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		3	40	27						
Computers - hardware/equipment		121	92	-	10	210	210	80	100	120
Furniture and other office equipment										
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings		292	262	343	130	430	430	250	350	400
Other Land		-	-	970						
Surplus Assets - (Investment or Inventory)										
Other		4,063	1,900	1,996						
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Biological assets</b>		-	-	-	-	-	-	-	-	-
List sub-class										
<b>Intangibles</b>		-	-	110	-	-	-	-	-	-
Computers - software & programming				110						
Other (list sub-class)										
<b>Total Repairs and Maintenance Expenditure</b>	1	11,683	18,215	11,248	26,558	31,548	31,548	4,425	5,195	5,948
<b>Specialised vehicles</b>		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
<b>R&amp;M as a % of PPE</b>		1.1%	1.6%	0.9%	2.1%	2.3%	2.3%	0.3%	0.3%	0.3%
<b>R&amp;M as % Operating Expenditure</b>		4.3%	11.6%	12.5%	16.2%	17.2%	17.8%	2.9%	3.3%	3.6%

**Table 46: Table SA 36 – Detailed capital budget per municipal vote**

Municipal Vote/Capital project	Program/Project description	Asset Class	Asset Sub-Class	GPS co-ordinates	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
					Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand		3	3	5							
<b>Parent municipality: Water Unit</b>	Maseohatshe Water Reticulation	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-27°03,46'54" E°58,28'18"			7,120		-		New
<b>Water Unit</b>	Manyeding Water Reticulation	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°49,47'27" E-23°32,24,72"			4,620		-		New
<b>Water Unit</b>	Setshwatshwaneng Water Reticulation	<i>Infrastructure - Water</i>	<i>Reticulation</i>				5,320				
<b>Water Unit</b>	Kome Water Reticulation	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°26,06'38" E-23°05,53,57"			-	7,120			New
<b>Water Unit</b>	Makhubung Water Reticulation	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°19,04'90" E-23°06,07,29"			-	4,620			New
<b>Water Unit</b>	Water Reticulation						-		164,406		
<b>Water Unit</b>	Perth Water Reticulation	<i>Infrastructure - Water</i>	<i>Reticulation</i>	S-26°27,28'20" E-23°05,15,57"			-	5,320			New
Technical Service	Makhubung Road	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-26°19,08'55" E-23°06,09,18"			5,000	-	-		New
Technical Service	Gamakgatle Road	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-27°05,15'05" E-23°55,31,74"			6,000		-		New
Technical Service	Churchill Roads	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-26°49,17'16" E-23°12,24,05"			5,000		-		New
Technical Service	Dithakong Road	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>				4,474	-	-		New
Technical Service	Padstow Road	<i>Infrastructure - Road transport</i>	<i>Roads, Pavements &amp; Bridges</i>	S-26°49,17'63" E-23°12,24,40"			-	-	4,215		New
Community Service	Magobing West Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°05,27'85" E-23°4,46,31"			2,250	-	-		New
Community Service	Van zyl Rus Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>				930	-	-		New
Community Service	Tsineng Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>				4,000	-	-		New
Community Service	Maipeing Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°8,3'95" E-23°07,23,27"			1,776	-	-		New
Community Service	Rusfontein Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-26°55,02'20" E-23°15,37,38'			465	-	-		New
Community Service	Wesselsvlei Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>				1,280	-	-		New
Community Service	Damrose Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	0			930	-	-		New
Community Service	Bendel Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-26°59,50'68" E-23°38,44,88'				8,976	-		New
Community Service	Mosekeng Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°12,39'0" E-22°19,02,0'				465	-		New
Community Service	Kokfontein Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°14,43'10" E-22°33,30,83'				1,280	-		New
Community Service	Dithakong Sanitation	<i>Infrastructure - Sanitation</i>	<i>Reticulation</i>	S-27°05,15'05" E-23°55,31,74'				930	-	17,357	New

Community Service	Loopeng Sport Field	Community	Sportsfields & stadia	S-26°48,29'6" E-23°24,50,13'	5,760,	–	–	New
Community Service	Penryn Sport Field	Community	Sportsfields & stadia	S-26°52,15'96" E-23°24,15,96'		8,680	–	New
Community Service	Bendel Sport Field	Community	Sportsfields & stadia	S-26°59,50'68" E-23°38,44,88'			8,680	New
Water Unit	Gakoe/Garamotsokwana Water Supply	Infrastructure - Water	Reticulation	S-27°07'47,89" E-23°54,32,34'	19,041		–	New
Water Unit	Laxey Water Supply	Infrastructure - Water	Reticulation	S-26°43'26,01" E-23°09,32,56'	9,820		–	New
Water Unit	Ga- Sehunelo Wyk 1 Water Supply	Infrastructure - Water	Reticulation		2,788		–	New
Water Unit	Ga- Sehunelo Wyk 4 Water Supply	Infrastructure - Water	Reticulation		3,253		–	New
Water Unit	Loopeng Water Supply	Infrastructure - Water	Reticulation		6,017		–	New
Water Unit	Gamasepa Water Supply	Infrastructure - Water	Reticulation		8,657		–	New
Water Unit	Water Refurbishment	Infrastructure - Water	Reticulation		12,487		–	Renewal
Water Unit	Dithakong Water Supply	Infrastructure - Water	Reticulation		23,182		–	New
Water Unit	Bush Buck Water Supply	Infrastructure - Water	Reticulation			5,420	–	New
Water Unit	Camden Water Supply	Infrastructure - Water	Reticulation	S-27°21'51,29" E-23°53,49,67'		5,387	–	New
Water Unit	Bojelapotsane Water Supply	Infrastructure - Water	Reticulation			4,520	–	New
Water Unit	Churchill Water Supply	Infrastructure - Water	Reticulation	S-26°49'17,16" E-23°12,24,05'		6,754	–	New
Water Unit	Deurward Water Supply	Infrastructure - Water	Reticulation	S-27°36'56,51" E-23°37,03,04'		6,754	–	New
Water Unit	Metsimantsi Wyk 1 Water Supply	Infrastructure - Water	Reticulation	S-26°59'21,54" E-23°07,40,04'		2,937	–	New
Water Unit	Makhubung Water Supply	Infrastructure - Water	Reticulation	S-27°28'54,93" E-23°45,11,28'		4,075	–	New
Water Unit	Metsimantsi Wyk 3 Water Supply	Infrastructure - Water	Reticulation	S-26°56'17,93" E-23°09,48,65'		5,600	–	New
Water Unit	Metsimantsi Wyk 4 Water Supply	Infrastructure - Water	Reticulation			4,367	–	New
Water Unit	Metsimantsi Wyk 5 Water Supply	Infrastructure - Water	Reticulation	S-26°53'47,40" E-23°12,37,53'		5,120	–	New
Water Unit	Metsimantsi Wyk 6 Water Supply	Infrastructure - Water	Reticulation	S-26°57'11,47" E-23°12,42,89'		4,350	–	New
Water Unit	Metsimantsi Wyk 7 Water Supply	Infrastructure - Water	Reticulation	S-27°00'28,08" E-23°12,31,89'		4,061	–	New
Water Unit	Laxey Water Supply	Infrastructure - Water	Reticulation	S-26°43'26,01" E-23°09,32,56'		12,805	–	New
Water Unit	Logobate Water Supply	Infrastructure - Water	Reticulation	S-27°10'15,97" E-23°24,50,85'		10,900	–	New
Water Unit	Water Refurbishment	Infrastructure - Water	Reticulation			44,593	–	New
Water Unit	Purchase of PVC Tanks	Infrastructure - Water	Other		208,	221	234	New
Community Service	Construction of Hall	Community	Community halls		4,000	4,761	–	New
Community Service	Construction of Cemeteries	Community	Cemeteries		1,050		–	New
Community Service	Construction of Traffic testing station	Other Assets	Buildings		1,000	2,329	–	New
Community Service	Purchase of tractor and trailer	Other Assets	General vehicles		200		–	New
Community Service	Purchase of equipment	Other Assets	Plant & equipment		20	42	45	New
Budget & Treasury Office	Purchase of Computer	Other Assets	Computers - hardware/equipment		10	38	50	New

Budget & Treasury Office	Purchase of Software	Other Assets	Computers - software & programming				40	-	229		New
Corporate Service	Fencing of municipal yard	Other Assets	Other Buildings				1,800				Renewal
Corporate Service	Purchase of Office Furniture	Other Assets	Furniture and other office equipment				60	140	160		New
Corporate Service	Purchase of Computer	Other Assets	Computers - hardware/equipment				250	350	400		New
Corporate Service	Purchase of Software	Other Assets	Computers - hardware/equipment				400	420	450		New
<b>Municipal Manager</b>	<b>Purchase of Camera</b>	Other Assets	Computers - hardware/equipment				40				
<b>Parent Capital expenditure</b>								-	-		
<b>Entities:</b> <i>List all capital projects grouped by Entity</i>											
<b>Entity A</b> Water project A											
<b>Entity B</b> Electricity project B											
<b>Entity Capital expenditure</b>							R	-	-		
<b>Total Capital expenditure</b>							149,271	173,335	196,2250		

## **2.14 Legislation Compliance Status**

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

1. In year reporting

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

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Budget & Treasury Office. Since the introduction of the Internship programme the municipality has successfully employed 7 of the trained 17 interns through whereby 5 interns resigned during the programme and a majority of those who completed the programme were appointed in the municipality.

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

6. Annual Report

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

## Table SA 3 – Supporting details to Budgeted Financial Position

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

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Call investment deposits</b>											
Call deposits < 90 days		1,980	17,475		257	257	257		260	263	266
Other current investments > 90 days											
<b>Total Call investment deposits</b>	2	<b>1,980</b>	<b>17,475</b>	<b>-</b>	<b>257</b>	<b>257</b>	<b>257</b>	<b>-</b>	<b>260</b>	<b>263</b>	<b>266</b>
<b>Consumer debtors</b>											
Consumer debtors		128,416	135,603	58,131	6,238	6,238	6,238		6,549	6,877	6,987
Less: Provision for debt impairment		(109,290)	(111,626)		(1,322)	(1,322)	(1,322)		(1,394)	(1,471)	(1,581)
<b>Total Consumer debtors</b>	2	<b>19,126</b>	<b>23,976</b>	<b>58,131</b>	<b>4,916</b>	<b>4,916</b>	<b>4,916</b>	<b>-</b>	<b>5,155</b>	<b>5,406</b>	<b>5,406</b>
<b>Debt impairment provision</b>											
Balance at the beginning of the year											
Contributions to the provision											
Bad debts written off											
<b>Balance at end of year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property, plant and equipment (PPE)</b>											
PPE at cost/valuation (excl. finance leases)		1,116,041	1,246,819	1,228,269	1,356,115	1,494,880	1,494,880		1,644,189	1,809,261	2,004,198
Leases recognised as PPE											
Less: Accumulated depreciation		63,508	87,765		94,123	94,123	94,123				
<b>Total Property, plant and equipment (PPE)</b>	2	<b>1,052,533</b>	<b>1,159,054</b>	<b>1,228,269</b>	<b>1,261,992</b>	<b>1,400,757</b>	<b>1,400,757</b>	<b>-</b>	<b>1,644,189</b>	<b>1,809,261</b>	<b>2,004,198</b>
<b>LIABILITIES</b>											
<b>Current liabilities - Borrowing</b>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		627	627	785	784	784	784		784	784	784
<b>Total Current liabilities - Borrowing</b>		<b>627</b>	<b>627</b>	<b>785</b>	<b>784</b>	<b>784</b>	<b>784</b>	<b>-</b>	<b>784</b>	<b>784</b>	<b>784</b>
<b>Trade and other payables</b>											
Trade and other creditors		90,855	44,594	40,151	12,664	12,664	12,664		13,170	13,697	13,697
Unspent conditional transfers									-	-	-
VAT			526		550	550	550		570	590	590
<b>Total Trade and other payables</b>	2	<b>90,855</b>	<b>45,120</b>	<b>40,151</b>	<b>13,214</b>	<b>13,214</b>	<b>13,214</b>	<b>-</b>	<b>13,740</b>	<b>14,287</b>	<b>14,287</b>
<b>Non current liabilities - Borrowing</b>											
Borrowing		3,536	2,310	1,803	2,516	2,516	2,516		2,124	1,724	1,424
Finance leases (including PPP asset element)											
<b>Total Non current liabilities - Borrowing</b>		<b>3,536</b>	<b>2,310</b>	<b>1,803</b>	<b>2,516</b>	<b>2,516</b>	<b>2,516</b>	<b>-</b>	<b>2,124</b>	<b>1,724</b>	<b>1,424</b>
<b>Provisions - non-current</b>											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation		1,551	1,884	1,565	1,629	1,629	1,629		1,710	1,796	1,896
Other											
<b>Total Provisions - non-current</b>		<b>1,551</b>	<b>1,884</b>	<b>1,565</b>	<b>1,629</b>	<b>1,629</b>	<b>1,629</b>	<b>-</b>	<b>1,710</b>	<b>1,796</b>	<b>1,896</b>
<b>CHANGES IN NET ASSETS</b>											
<b>Accumulated Surplus/(Deficit)</b>											
Accumulated Surplus/(Deficit) - opening balance		1,022,051	1,085,574	1,232,604	1,137,129	1,275,894	1,275,894				
GRAP adjustments											
Restated balance		1,022,051	1,085,574	1,232,604	1,137,129	1,275,894	1,275,894		-	-	-
Surplus/(Deficit)		(32,207)	65,046	210,605	126,383	120,534	126,435		149,310	173,879	196,714
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
<b>Accumulated Surplus/(Deficit)</b>	1	<b>989,844</b>	<b>1,150,620</b>	<b>1,443,209</b>	<b>1,263,512</b>	<b>1,396,428</b>	<b>1,402,329</b>	<b>-</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>
<b>Reserves</b>											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
<b>Total Reserves</b>	2	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>989,844</b>	<b>1,150,620</b>	<b>1,443,209</b>	<b>1,263,512</b>	<b>1,396,428</b>	<b>1,402,329</b>	<b>-</b>	<b>149,310</b>	<b>173,879</b>	<b>196,714</b>
<b>Total capital expenditure includes expenditure on nationally significant priorities:</b>											
Provision of basic services											

## 2.15 Municipal Manager's Quality Certificate

JOE MOROLONG LOCAL MUNICIPALITY



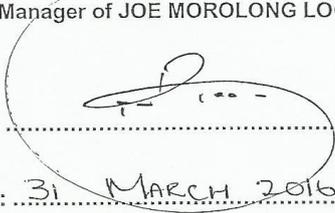
JOE MOROLONG  
LOCAL MUNICIPALITY

NC 451

### QUALITY CERTIFICATE

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

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

Signature: 

Date : 31 MARCH 2016

JOE MOROLONG  
LOCAL MUNICIPALITY

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